BancoBNI
Paixão pelo futuro

Passion for Business

REPORT & ACCOUNTS 2013

BNI. PASSION FOR BUSINESS

It is the passion for business that drives us each day to become better. More innovative, more competitive, stronger, capable of being winners in one of Africa's most stimulating economies, at a fundamental time in Angola's history.

It is the passion for business that guarantees our success and is the force behind Banco BNI's growth.

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A new ambition

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Chairman's Message

Economic Background

In 2013, the Angolan economy continued to grow at a brisk considerable pace with GDP growth in the order of 5.3%, the country one of the African continent's best performers despite the international economic and financial crisis, with the oil and gas sector being the biggest contributor to this performance. As regards oil production, Angola occupies second place in sub-Saharan Africa (after Nigeria) with an output of some 2 million barrels/day.

The Government continued its drive aimed at leveraging the non-oil sector, intensified through the public investment programme directed at the completion of construction works and basic infrastructure improvement projects.

Transversally, the Government made progress with the introduction of legislation, namely that directed at encouraging and fostering the private sector, simultaneously with macroeconomic reforms, amongst which the Angola Investe Programme, the main goal of which is to diversify the economy and create and strengthen micro, small and medium-sized enterprises, making them capable of generating employment and thus contribute to the country's development.

Monetary Policy

Exchange rates stabilised at the same time as interest rates fell gradually with 3-month Treasury Bills descending from 24% in February to 5.2% in February 2013 and to 3.5% in February 2014. LUIBOR - introduced in October 2011 at a rate of 10.5% - was situated in January 2012 at 10.25%, having dropped to 10.00% in January 2013 and to 9.25% in January 2014.

At the end of 2013 the inflation rate, benefiting from the local currency's stability and a more rigid fiscal policy, sank to a historical low of 7.7%.

Net foreign reserves posted a decline of 6% to be situated at USD 29,978 million in February 2014 against USD 32,020 million in February 2013.

It is estimated that the Balance of Payments will present a surplus in 2014 and that imports will decline as a consequence of the new customs tariffs. This trend will have an impact on foreign currency reserves with an increase in Angola's net assets vis-à-vis the exterior, which will permit attaining an accumulated balance of gross reserves of USD 35.6 billion in 2014 according to government forecasts.

Mário Palhares, Chairman of the Board of Directors

Banking Sector

Today the banking sector now plays a more prominent role in the Angolan economy through its extensive distribution network coverage of 1,130 branches split between 23 banks, revealing an improvement in the level of the populations' recourse to banking operations and the favourable growth indices relating to the monetary aggregates.

As regards loans extended to the economy, 2013 saw banks exercising greater caution, as reflected in the more moderate growth when compared to previous years. With respect to Liabilities, of particular note was the decrease in the compulsory reserves ratio in local currency from 20% to 15% at the beginning of the second quarter of 2013, mirroring a less restrictive monetary policy. The Angolan economy's "de-dollarisation" process is beginning to be felt with particular incidence on the weight of deposits and loans in local currency relative to foreign currencies.

Turning to the sector's regulation, it is worth highlighting the drive embarked on by Banco Nacional de Angola aimed at instilling stability into a sector whose importance for the Angolan economy is constantly increasing, as well as its regulatory development. New regulations were promulgated in 2013 relating to the Payments System, Corporate Governance, Internal Control and External Audit.

The new foreign exchange regime for the oil and gas sector (Law 02/2012) could help to develop the financial system and foster greater integration of the oil sector into the economy, thereby contributing to the sound health of banks and to their consolidation.

The materialisation of the capital market is one of the major challenges faced by banks, not only from the standpoint of the adaptations which should occur to their structures, but also in the adaptation and modernisation of the services that should be provided and the products that could be made available.

Banco BNI

The Bank closed the 2013 financial year with total assets of USD 1,886,690 thousand, which represents growth of 11.5% relative to 2012.

Customer resources were situated at USD 1,367,565 thousand while regulatory own funds grew 2.2% relative to 2012, to be situated now at USD 221,400 thousand. The capital adequacy ratio stood at 14.9%.

2013 net income was USD 28,600 thousand, down 18.3% on the previous financial year, having been adversely impacted by the decline in market interest rates and by the commitment to expanding our branch network.

During the 7th year of its operations, the Bank adopted a more conservative posture in granting credit owing to the high level of default observed at national banking level.

In 2013, our strategy prioritised internal reorganisation and the pursuance of the focus on in-house training aimed at improving our workforce's preparedness which in the meantime grew by 29.2%.

Our present penetration into 14 of the country's Provinces equates to a total of 77 branches, while in 2014 we enVisage total coverage of the four remaining provinces where we still do not have a presence. Hence, our policy of proximity to our customers means that we will surpass the 100 branches mark.

The Bank maintained its positioning as a prominent partner of the Angolan Government, welcoming and creating conditions in terms of its internal structures for the good performance of the programmes promoting the national economy's growth, such as the Angola Investe and Bankita.

Several targets have been set for the year 2014, of which we highlight the continuing training of our employees, the expansion of our branch network, the investment in new technologies, the formation of the Bank's insurance company, consolidation in the Oil and Gas segment, reinforcing the Bank's share capital to USD 150,000 thousand, the start-up of BNI Europa's operations and the modernisation of our portfolio of products and services, paving the way for the creation of new synergies with various companies, thereby boosting the cross-selling possibilities.

The ongoing adjustment of our structures to the most recent and future challenges of a regulatory nature - stemming from the process of narrowing the gap between Angolan banks and international standards, as well as for the realisation of the Angolan capital market - are challenges that the market will have to face, and which will require special attention from the viewpoint of BNI's strategy management.

Finally, my thanks to our Customers for their patronage, to our Shareholders for their support in our mission, to my colleagues on the Board of Directors and to the Bank's Employees for their dedication and hard work in this project undergoing continuous growth.

Mário A. Palhares
Chairman of the Board of Directors

Financial Highlights

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Net total assets	184 175 934	1 886 690	162 144 578	1 692 075
Weighted net total assets	143 878 738	1 473 888	124 373 377	1 297 910
Own funds	18 359 485	188 074	15 831 373	165 210
Regulatory own funds (1)	21 612 701	221 400	21 151 671	220 730
Total loans	85 963 777	880 609	75 825 141	791 280
Customer resources	133 499 669	1 367 565	125 102 191	1 305 516
Total resources (2)	138 719 482	1 421 037	130 376 721	1 360 559
Net interest income	5 944 272	61 614	5 684 889	59 572
Trading margin	2 682 562	27 805	2 152 678	22 558
Margin on services	2 426 184	25 148	2 317 226	24 282
Net operating revenue	11 053 016	114 568	10 154 793	106 412
Operating costs	7 436 305	77 080	6 029 255	63 181
Cash flow	5 361 894	55 578	4 369 351	45 786
Net income for the year	2 759 277	28 600	3 378 526	35 404

	2013	2012
Return on total assets (ROA)	1,50%	2,08%
Return on shareholders' equity (ROE)	12,77%	15,97%
Cost-To-Income	70,17%	58,32%
Capital adequacy ratio	14,92%	14,73%
Overdue loans / Total loans	2,10%	2,64%
Provisioning cover for overdue loans	93,04%	102,55%
Provisioning cover for total loans	1,95%	2,10%
Risk cost	0,79%	0,54%
Transformation ratio (3)	63,32%	59,96%
No. of employees	735	569
No. of business centres	6	6
No. of branches	43	46
No. of Postos	28	10
No. of customers	127 667	95 896

(1) Own Funds calculated according to BNA instructions;
(2) Caption composed of Customer resources, Institutions, Securitised debt and Amounts owed to other entities;
(3) Transformation ratio includes Customer deposits and other amounts owed to financial institutions.

Banco de Negócios Internacional

Governing Bodies

General Meeting Committee

Chairman
João de Matos

Vice-Chairman
Mário Dias

Supervisory Board

Chairman
Luís Manuel Neves

Member
Licínio de Assis

Member
Dina Maria Leote de Oliveira

Board of Directors

Chairman
Mário A. Palhares

Vice-Chairman
José Boyol

Vice-Chairman
Carlos Rodrigues

Director
Sandro Africano

Director
Lara Boyol

Director
Pedro Palhares

Director
Bruno Inglês

Auditors

KPMG – Auditores e Consultores, SARL

Mission, Strategy, Values and Social Responsibility

Vision

BNI aspires to become a model of financial sustainability, operational efficiency and reputational image in the national and international marketplace.
We endeavour to contribute to the success of our Customers', Shareholders' and Employees' initiatives, offering innovative and competitive solutions. We seek to expand our involvement into new business segments, forging sound partnerships.

Mission

We are a leading (key) bank in Angola. We have a profound knowledge of the financial sector and the markets in which we operate. We create value for our Customers, Partners, Shareholders and Employees through our range of innovative products and services, adhering to high standards of conduct and to the corporate principles of transparency and rigour.

Values

Focus on the Customer – we create products centred on our customers' needs, demonstrating a total commitment to their expectations so as to guarantee their satisfaction and loyalty.

Trust – Our customers are our most important asset. We forge relationships for the future, based on trust, on business sustainability, on confidentiality and transparency.

Rigour – We act with ethics, conscience, responsibility and professionalism.

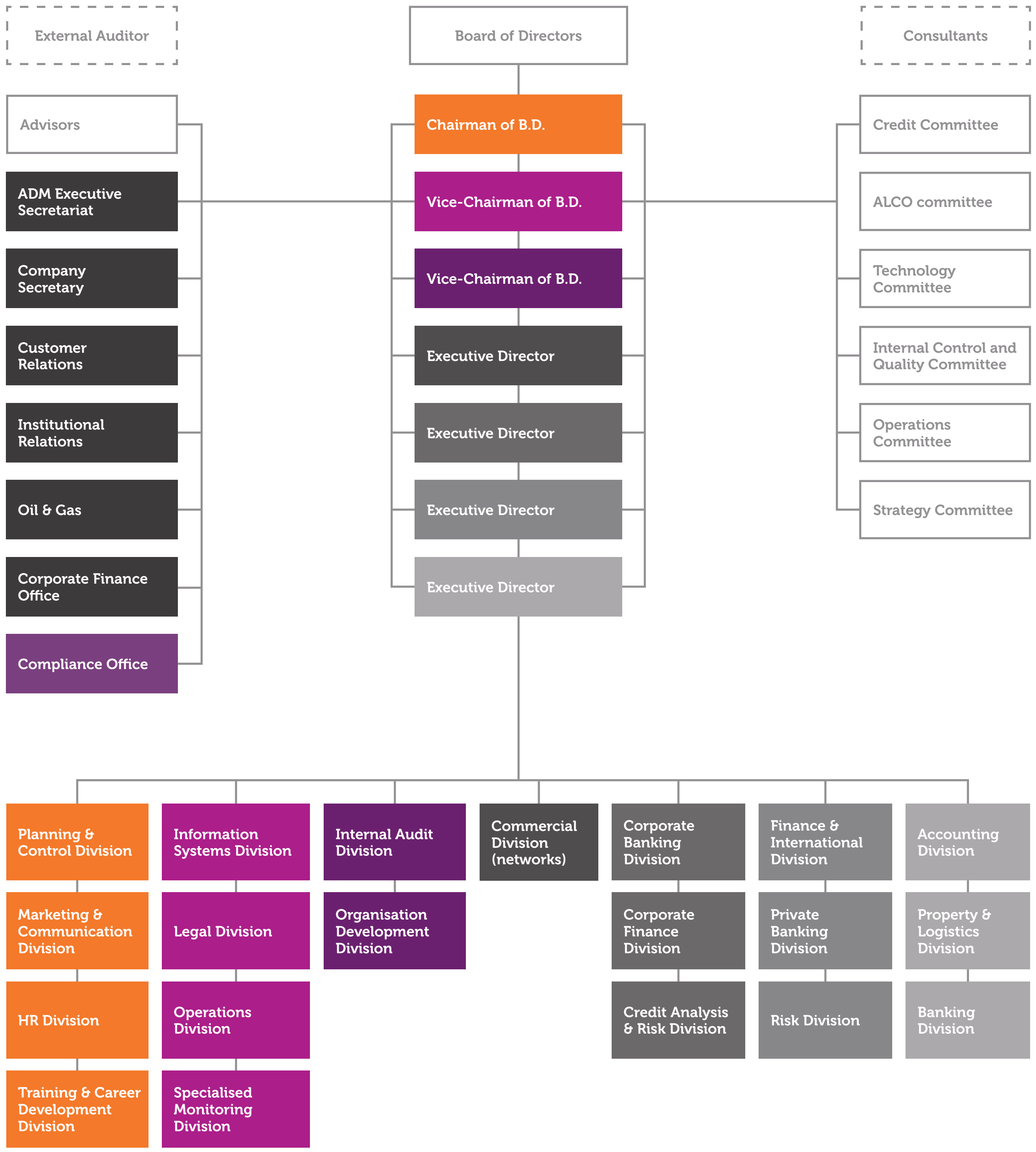
Innovation – We are geared to innovation, striving to create new tools, methodologies, products and services, which place us at the vanguard (forefront) of the Angolan and international financial market.

Teamwork – We respect people. We share the responsibility of improving our performance in order to attain the defined goals, for the success of all.

A trustworthy team

// Organic Structure
// Corporate Management Model
// Historical Milestones
// Geographic Presence and Branch Network

Organic Structure



Corporate Management Model

BNI's governance model complies with and meets the requirements laid down in the Financial Institutions Act (Law no.13/05 of September).

The Governing Bodies are made up of the General Meeting, the Board of Directors, the General Board and the Supervisory Board.

The members of the governing bodies are elected by the General Meeting for a term of 4 years, with re-election being possible.

BNI's structure is composed of: the General Meeting; the Board of Directors; the Supervisory Board; the General Board; the Advisors; the Executive Secretariat and 24 Divisions, as well as the existence of 4 committees (Loan Committee, ALCO Committee, Technology Committee and the Internal Control and Quality Committee).

General Meeting

BNI's General Meeting is composed of all the individual or corporate members whose names appear on the shares listed in the company's share register and which confer the right to vote. This registration has to be done, as set out in the Bank's statutes, up to 10 days prior to the meeting date.

At the General Meetings matters of importance for the company are discussed by the Shareholders. The Shareholders without voting rights can take part in the deliberations when the chairman of the General Meeting committee and the other members so authorise.

The General Meeting is responsible, besides the provisions laid down in the law, for observing the functions embodied in Banco de Negócios Internacional's statutes:

a) Electing the members of the General Meeting Committee, the Board of Directors, the Supervisory Board and to appoint the respective Chairmen;

b) Electing the General Board members;

c) Appointing only the members of the Remuneration Committee;

d) Approving the annual Directors' Report and Accounts, as well as the Supervisory Board's report;

e) Deliberating on the share capital increases which may be proposed by the Board of Directors.

Executive Management

Board of Directors

BNI's Board of Directors is the governing body charged with overseeing the company's general interests, performing all the necessary or appropriate acts for the conduct of the activities enVisaged in the company's objects. According to the statutes, the Board of Directors safeguards the Shareholders' interests while also being the body responsible for the bank's overall management, proposing and ensuring the implementation of the approved Business Plan.

This board is composed of 7 members elected by the General Meeting.

Without impinging upon the functions generally attributed by the law and others by the statutes of Banco de Negócios Internacional, the Board of Directors' terms of reference include:

- Defining the Bank's general policies and approving the annual and multi-year operating plans and budgets;
- Setting up the Bank's internal organisation and delegating powers to other levels of the hierarchical chain;
- Managing the Bank's business, executing all the acts and operations which form part of its business object;
- Appointing attorneys or authorised signatories for the purpose of performing certain acts;
- Executing and ensuring compliance with legal and statutory provisions and with the General Meeting's resolutions;
- Proposing to the General Meeting the continuity of the governing bodies whenever these are justified after careful consideration;
- Exercising the other functions entrusted to it by the General Meeting.

The members of the Board of Directors also form part of the Loan Committee and the Internal Control and Quality Committee, presided over by the Chairman of the Board of Directors who also chairs the Audit Committee.

Oversight

Supervisory Board

The oversight of BNI's business is carried out in terms of the law by a Supervisory Board composed of three members in office and one or two alternate members. The Supervisory Board meets in the periods prescribed by law and extraordinarily whenever requested by the chairman, by the majority of its members or by the Board of Directors.

Resolutions are passed by the majority of the votes and in the mandatory presence of more than half of its members in office.

General Board

This Board is composed of an even number of persons, not more than fifteen. The members in office of the General Board are: the Chairman of the Board of Directors and the Supervisory Board Chairman.

In terms of the law, BNI's General Board members cannot exercise functions at other financial institutions, except where the exercise of such functions is at a financial institution in which BNI has a direct or indirect participating interest.

Historical Milestones

2006

Creation of Banco de Negócios Internacional.

2007

Opening of the first Business Centre;

Creation of the Network Expresso 24 brand, catering for the retail segment;

The Bank entered into a partnership agreement with Fortis Bank for the development of new financial products;

Credit line with Deustche Bank (USD 500.000 thousand), destined to finance infrastructural projects;

Credit line with Fortis Bank (USD 50,000 thousand);

Conclusion of an agreement with the BDA for the commercialisation, via our branch network, of BDA's services and products;

Banco de Negócios Internacional signed an exclusivity agreement for Angola with Mastercard, in which the BNI did the issue and acquiring of Mastercard credit cards.

2008

Banco de Negócios Internacional is approved as Member of Visa and Acquiring POS;

The Bank issues the first Visa electron debit card in kwanzas in the country;

Accord signed between BNI and GA Seguros – cross-selling partnership for selling insurance;

Approval of the Bank's capital increase (USD 20.000 thousand);

Opening of branches in the following provinces: Benguela, Huila, Cunene, Zaire.

2009

Issue of the prepaid Visa Kwanza debit card, the first prepaid card in local currency in the country;

Opening of branches in the following provinces: Cabinda, Kwanza Sul.

2010

New share capital increase (USD 20,000 thousand);

Issue of subordinated bonds (USD 50,000 thousand);

Continuation of the branch expansion network.

2011

Participation in the Banking Syndicate financing TAAG, for the acquisition of new jetliners;

Licence to operate in Portugal;

Attained the milestone of 50 branches;

Adherence to the "Bankita" programme and fostering home ownership.

2012

Rebranding, the Bank adopts a new image, a new identity and a new logo;

Inauguration of the Bank's new head office building;

Creation of a protocol with Hertz, covering all the Visa and Mastercard gold cards, offering discounts and advantages to customers in car hire around the world;

Creation of a Mastercard co-branded debit card - TAAG-BNI -, the first co-branded card in Angola;

Signing of a partnership with the Angolan government under the programme entitled Angola Investe, the object of which is the financing of Micro, Small and Medium-sized Enterprises in priority sectors of the national economy.

2013

Awards

The Bizz 2013 – World Business Leader given by the World Confederation of Business (Houston, Texas);

The Bizz 2013 – Inspirational Company awarded by the World Confederation of Business (Houston, Texas);

The Majestic Five Continents Award for Quality / Excellence given by the Chairman of the Association Otherways Management / Consulting (Geneva);

Total quality aptitude seal for the high quality performance / best customer satisfaction (Geneva);

Best Enterprise – Socrates Committee – in the field of Bank Services (Oxford, UK).

Other highlights

Creation of the School Branch (Balcão Escola);

Development and launching of the 4th phase of the "DESAFIO CRESCER" (Grow Challenge) project;

Adherence to the "Angola Investe" Project;

Participation at the Banking & Insurance Fair (18/22 November);

Production of the new graphic image of the Multicaixa and Visa Electron debit cards, as well as of the Visa GOLD and Mastercard GOLD credit cards;

Creation of the SILO AUTO BNI at the New Head Office Building 1, for customer and employee parking;

Creation of an e-learning platform for BNI;

Participation in the organisation of the Young Entrepreneurs Forum workshop;

Participation in the BNA Savings Forum by way of a 3mx3m stand with the object of elucidating about our savings products with the offer of leaflets and gifts;

Presence at the ceremony for the awarding of the SIRIUS Prizes, with finalists in the category Angola's Best Bank and the Best Report and Accounts 2012;

BNI was rated the 2nd best Angolan Commercial Bank in customer attendance according to a KPMG survey;

Creation of the Oil and Gas Office;

Opening of 15 new branches;

Intake of 31,771 new customers;

Admission of 166 new employees.

Social Responsibility

As part of the social solidarity initiatives, the gift of 50 Magalhães computers to the Hospital Pediátrico David Bernardino and 15 to the Lar Kuzola, as well as the cash donation through the advertisement in the Livro de Honra da Fundação Lwini at the Foundation's Gala

Outlook for 2014

BNI foresees for 2014 a promising and challenging year, in which the Bank has as its goal the maintenance of sound growth for its balance sheet and the branch network, as well as the penetration into new segments of the financial sector. The following are the salient features of BNI's strategy for 2014 :

- The start-up of BNI Europa's operations;
- To mark a presence in the country's 18 provinces;
- Reinforcing the Bank's share capital to the equivalent of USD 150,000 thousand;
- Formation of an Insurance company in the life and non-life branches;
- Launch of the Real Estate Investment Fund.

Geographic presence and Branch Network

BNI's strategy is centred on being close to its customers, adhering to a policy of sustained growth. At the end of 2013 the Bank had a total of 77 Branches (15 more than in 2012).

In Luanda, the Bank operated 2 Business Centres, 23 agencies and 19 branches, against 4 Business Centres, 20 agencies and 9 branches in the country's other provinces.

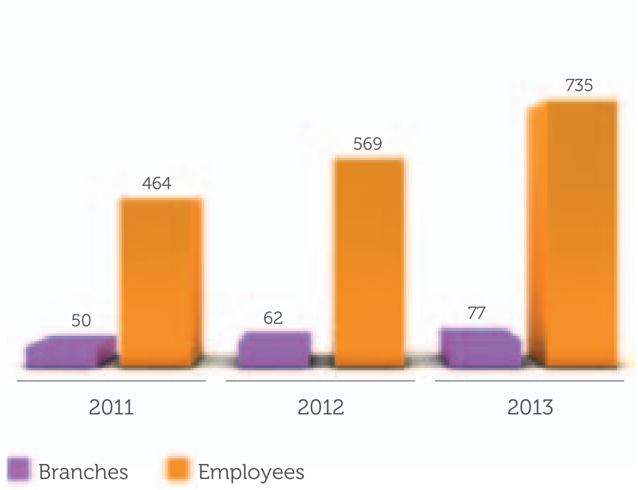
A winning attitude

// Business Review
// Business Areas
// Distribution Channels

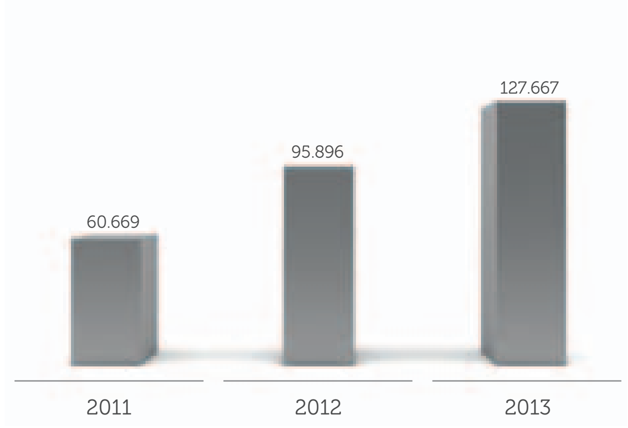
Business Review

Brief notes on the main indicators
(*) Figures in USD'000.

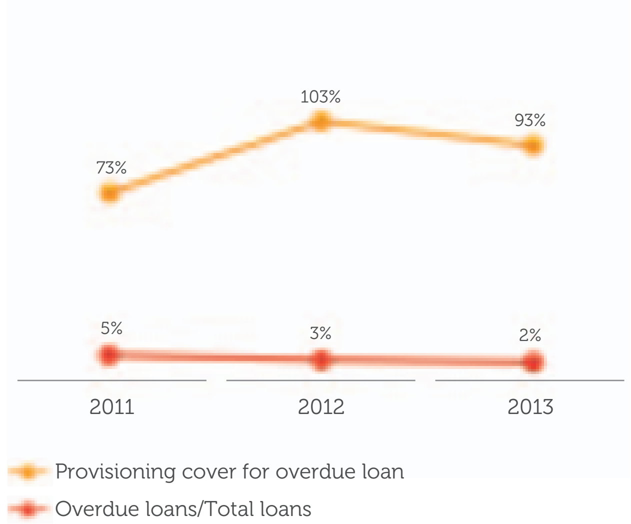
Branches and Employees



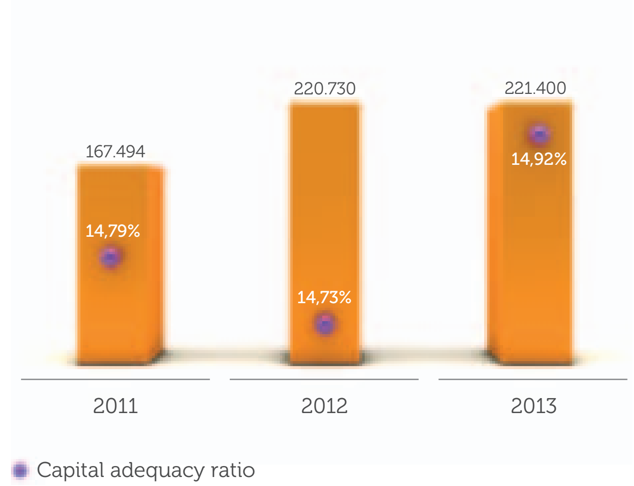
Customers



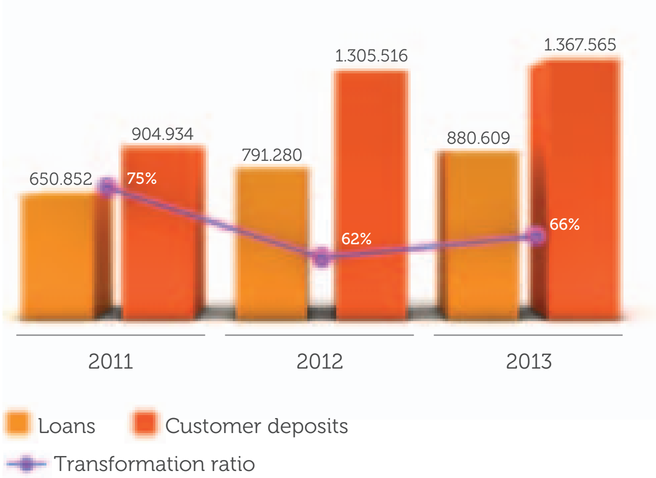
Loan Quality



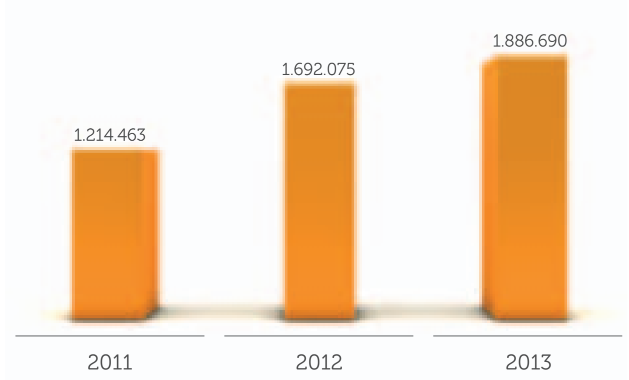
Total Own Funds (*)



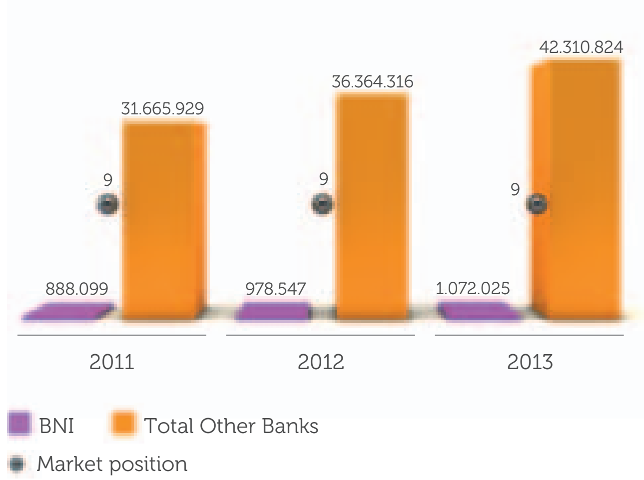
Business with Customers (*)



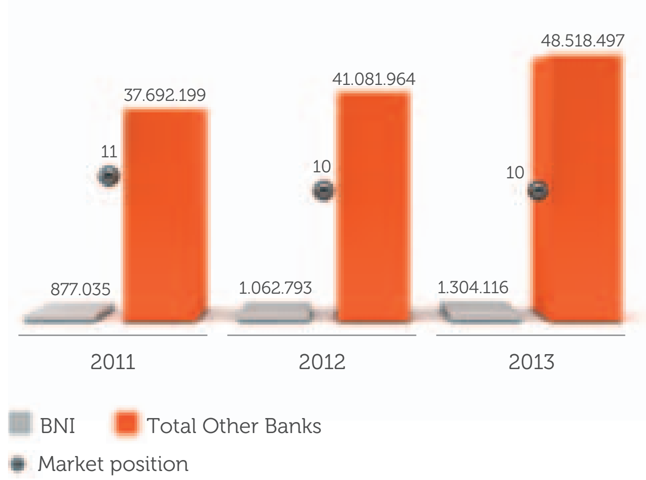
Total Assets (*)



Market Position Loans (*)



Market position Resources (*)

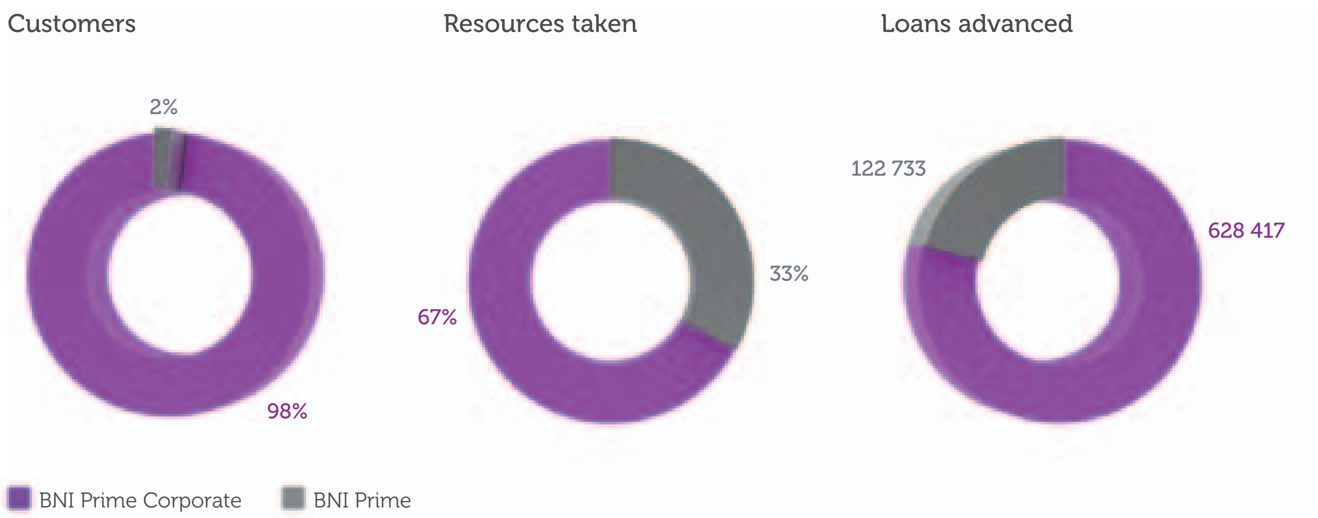


Business Areas

Banco de Negócios Internacional devotes itself to the taking of third-party resources and operates in the market through strategic business units, backed by clear criteria and segmentation and differentiation objectives, in the form of deposits or other services. It is dedicated to taking targeted customer resources in the form of deposits or others, promoting their application in loan operations, financing and other lending operations on the interbank and secondary markets.

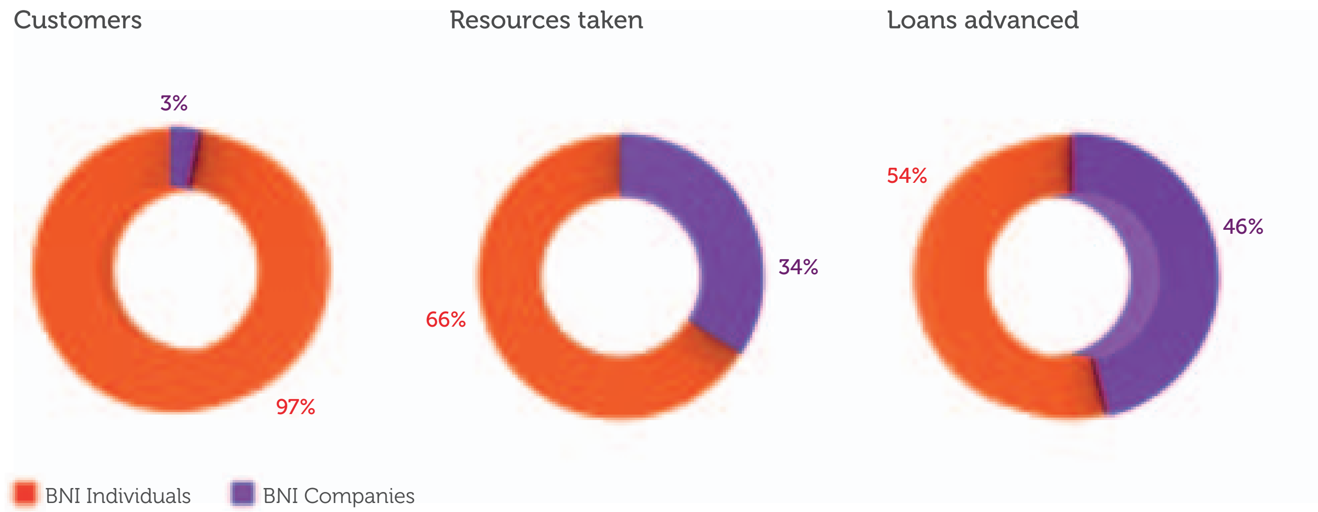
Business units

BNI Prime - dedicates itself to the large companies and high-income individuals segment. At the end of 2013, it recorded a total of 4,595 customers (3.60% of the Bank's network), USD 782,085 thousand in customer resources (57.51% of the network) and USD 645,039 thousand in loans advanced (74.06% of the network);



BNI Prime Corporate - dedicated to a selective group of companies with special treatment, given the specific nature of the businesses and the volume of resources transacted by them. At the end of 2013, the Prime Corporate business unit had 72 customers (0.06% of the network), attained USD 389,232 thousand in customer resources (28.62% of the bank's network) and USD 166,990 thousand in loans advanced (19.17% of the bank's network);

BNI Retail - dedicated to the retail segment, with 123,000 customers (96.34% of the network), USD 188,514 thousand in customer resources (12.94% of the network) and USD 58,914 thousand in loans advanced (6.76% of the network).



At the end of the year, the Bank boasted 127,667 Customers, 31,771 more than in 2012, which represents 33.13% growth. The branch network across the country increased from 62 to 77 units, that is, a total of 15 new branches were opened in 2013.

Customer deposits posted 4.75% growth in 2013, rising to USD 1,367,565 thousand. Customer deposits in local and foreign currency represented 72% and 28%, respectively, of the total portfolio.

The Loan portfolio registered 11.29% growth to USD 880,609 thousand. Loans advanced to customers in local currency accounted for 79%, roughly USD 699,337 thousand, of the gross portfolio in 2013. BNI had at the end of December 2013, a market share of 2.69% in customer deposits and 2.53% in loans.

Oil & Gas

The foreign exchange Law no. 2/12 for the Oil & Gas sector obliges the Oil & Gas industries and the sector's service providers, national and foreign, to make the payments for all tax charges and goods supplied by resident and non-resident entities from the Angolan market's financial institutions.

With a view to catering for this specific market niche, the Bank embarked on a process aimed at offering the best solutions in products and services tailored to the sector's requirements:

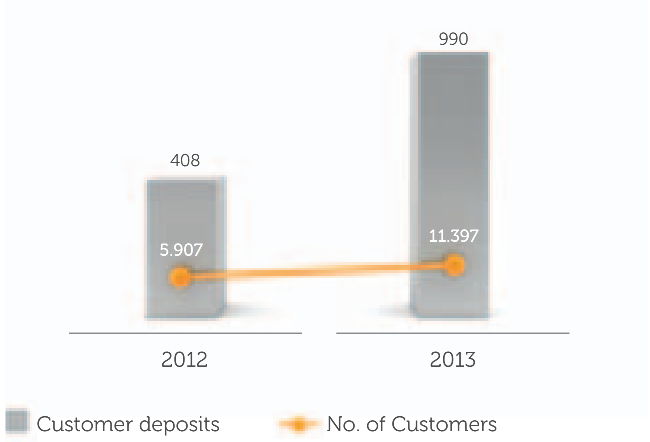
- Creation of the Oil and Gas Office, whose mission is to serve and accompany companies in the oil and gas business, formulating strategies which permit the reactivation of the accounts of the self-same companies and the capturing of and boosting the loyalty of new customers.
- Development of a strategic operating plan in the market. The Certification ISO271001 (Information Security Standard) is in progress, as are the Compliance procedures with the prerequisites demanded by the Oil and Gas operators.
- Implementation of Plataform 360T which permits foreign-currency dealing with real-time execution, on-line electronic trading.
- Implementation of Plataform Web Oil and Gas which includes a VPN connection between the Bank and the Customer, thereby enabling the automation and execution of operations in real time and the management of accounts remotely.

"Bankita" Programme

During 2013 the Bank gave continuity to the proliferation of Bankita products, concluding the year with 11,397 "Bankita" accounts opened, 5,490 more than in the same period a year earlier, corresponding to 92.94% growth.

"Bankita" Customer deposits posted 142.56% growth in 2013, or some USD 582 thousand to total USD 990 thousand, compared with USD 408 thousand in 2012. In 2013, sight and term deposits represented 78% and 22%, respectively, of total "Bankita" customer deposits.

Customers
(*) Amounts in USD'000



"Angola Investe" Programme

With the object of spurring the national economy, the "Angola Investe" Programme has as its main aim fostering and diversifying the National Economy through the funding of the investment projects of micro, small and medium-sized companies and entrepreneurs.

At 31 December 2013 BNI has approved 3 financing operations, having advanced to 1 the amount of AOA 115 million.

Distribution Channels

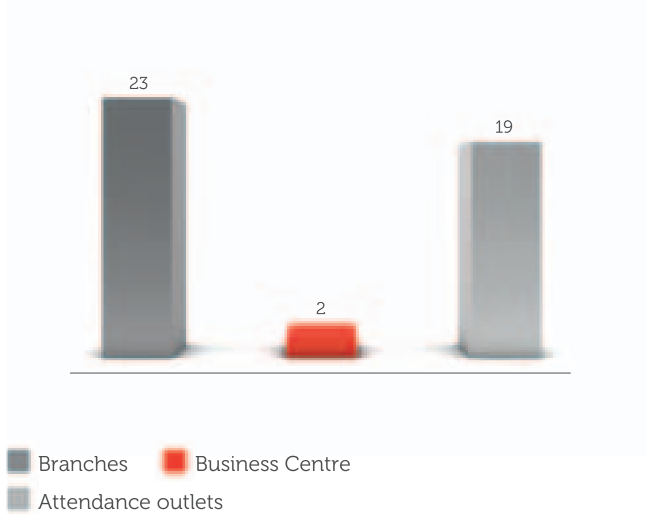
BNI remains strongly committed to the development of solutions for the purpose of providing greater satisfaction with our services offered to the customer through the creation of attractive and convenient products and channels for all the segments.

BNI's distribution network is composed of:

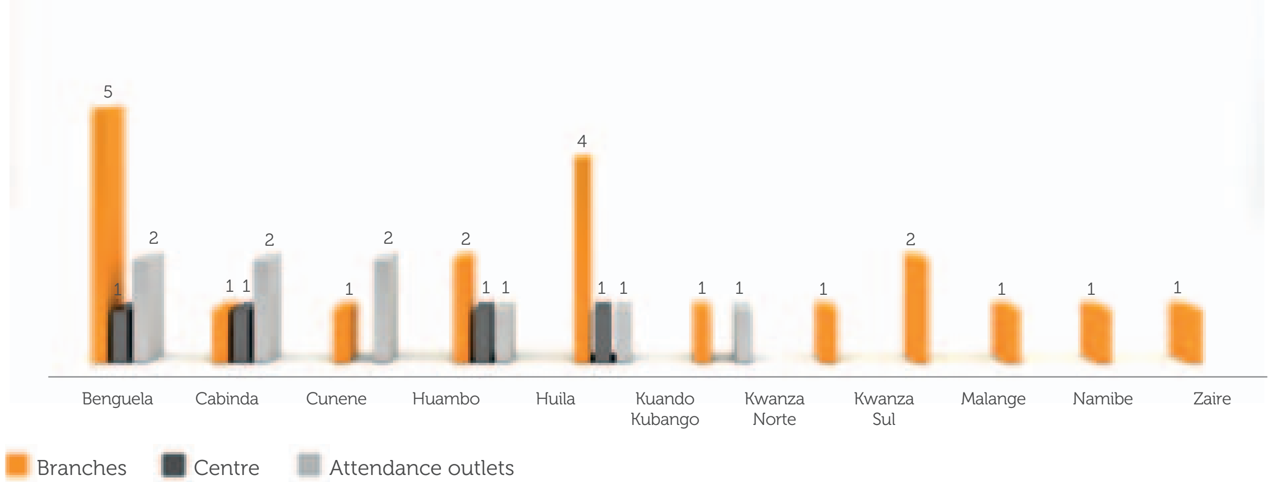
Branches

At the end of 2013, the Bank had a total of 77 branches (15 more than in 2012), of which 6 are Business Centres, 43 are agencies and 28 are branches Postos de atendimento, functioning in 14 provinces in the country. In Luanda the Bank operates 2 Business Centres, 23 agencies and 19 branches.

Branches in Luanda



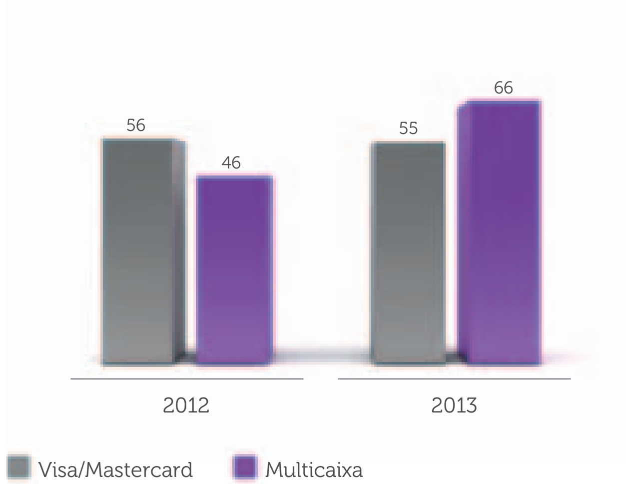
Branches in the other Provinces



Cash dispensing machines (ATM'S)

At 31 December, the Bank had 121 ATM's, of which 55 correspond to the Visa/Mastercard network and 66 to the Multicaixa network, distributed amongst 25 municipalities (the national network comprises 2,173 ATM's).

ATM's



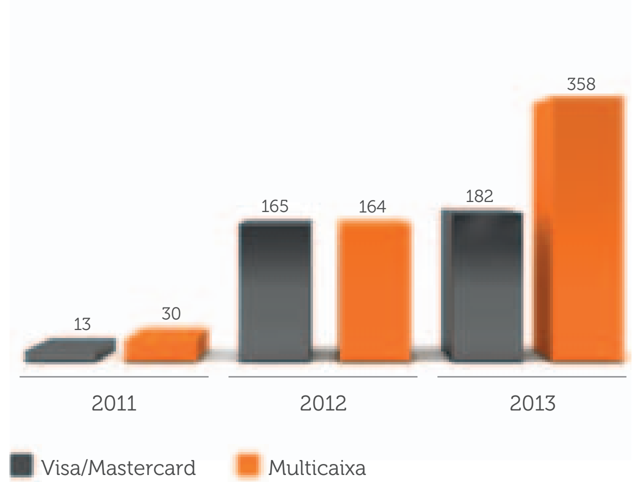
Automatic Payment Terminals (APT's)

The APT network comprises 540 terminals, of which 182 correspond to the Visa/Mastercard and 358 to the Multicaixa networks.

The network of terminals contracted under the Visa system in 2013 attained an operationality rate of 72%, having recorded a total of 34,131 valid purchases, corresponding to a total amount transacted equivalent to USD 22,526 thousand, reaching a monthly average of USD 1,877 thousand.

Over the same period, the terminals contracted by the Multicaixa network registered 293,508 valid transactions, while the amount transacted totalled the equivalent of USD 50,775 thousand, attaining a monthly average of USD 4,231 thousand.

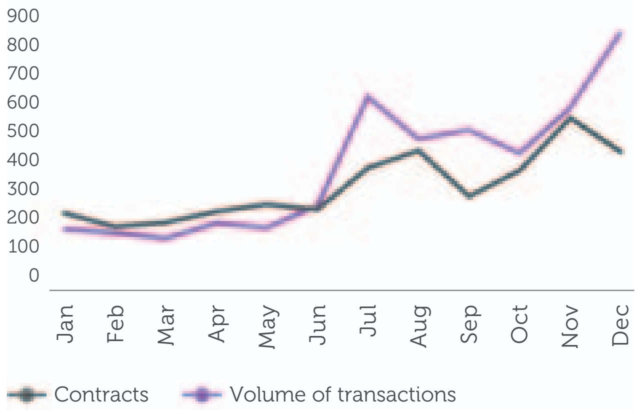
APT's



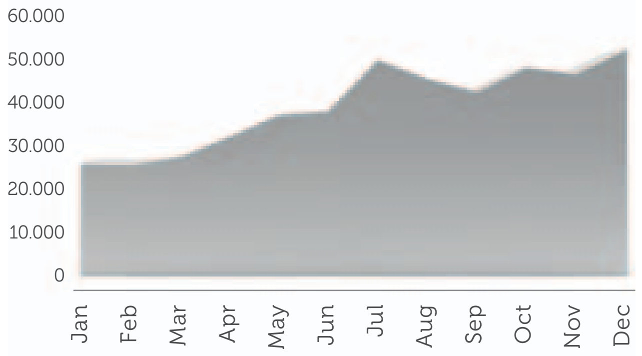
Internet Banking (BNI Online)

At the end of 2013, the Bank had recorded 458,913 operations via BNI online compared with 204,541 (registered in 2012), with around 3,556 active contracts, making a total volume transacted of USD 4,333 thousand.

Contracts and Volume of Transactions
2013



Number of Transactions
2013



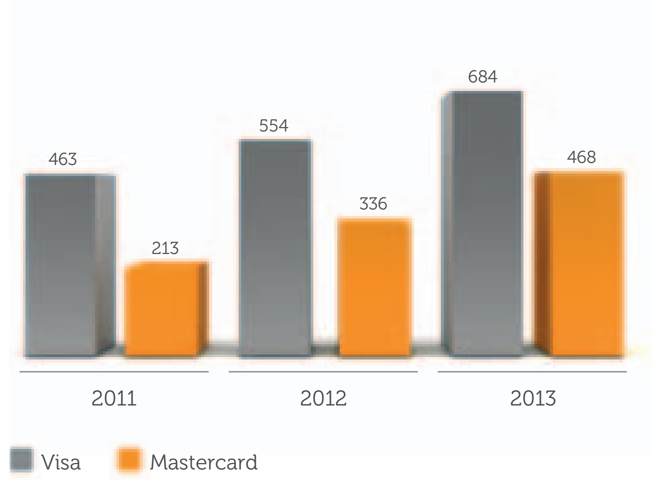
Credit cards (Visa and Mastercard)

In 2013, the Bank recorded the issue of 684 credit cards under the Visa banner, of which 352 form part of the Prime network and 332 of the BNI Retail network.

Under the Mastercard banner, 468 cards were issued, of which 223 correspond to the Prime network and 245 to the BNI retail network.

In December 2013, the number of Bank credit cards was 1,152 - 262 more cards than in the same period of the previous year.

Credit cards

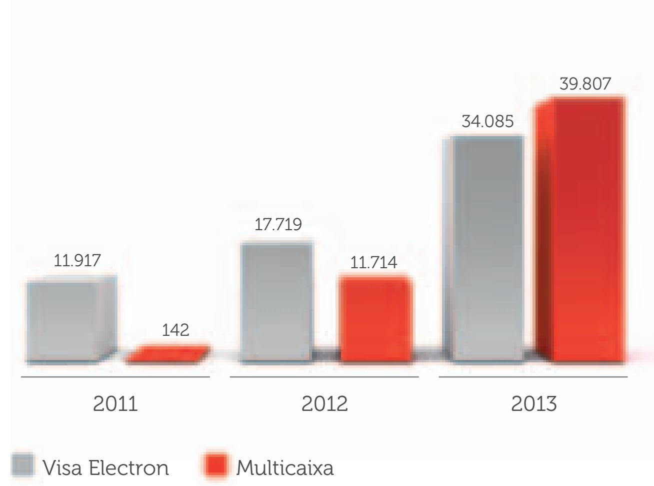


Debit cards (Multicaixa and Visa Electron)

In 2013, valid Multicaixa network BNI debit cards totalled 39,807, 28,093 more than at the end of 2012.

Visa Electron network debit cards numbered 34,085 valid cards, 16,366 more than in the same period last year, of which 1,230 cards relate to the Prime network and 32,855 to the BNI network.

Debit cards



A vision of the future

// Business Support Areas
// Risk Management

Business Support Areas

Human Resources

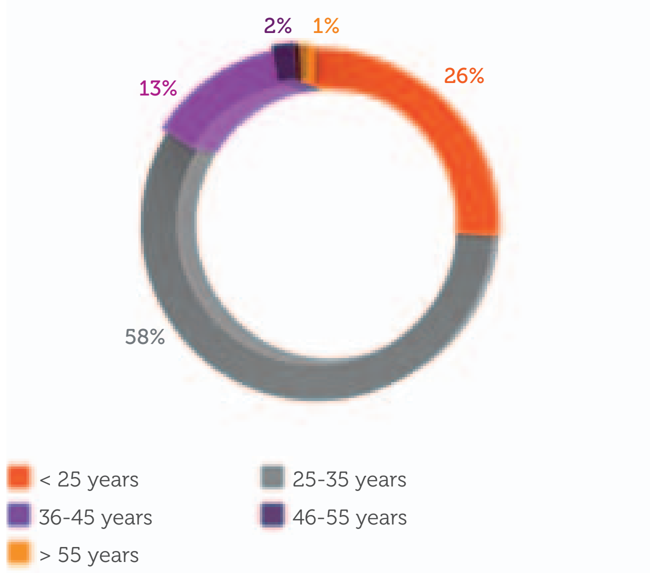
The Human Resources Division is composed of the Personnel Management Sub-division, the Recruitment and Employment Department, the Planning Policies and Projects Department. Considering all the challenges faced by Human Capital in 2013 and BNI's strategic plan, the Human Resources Division was restructured and reorganised so as to respond in a positive manner to the expectations of both the Board of Directors and the Shareholders, as well as of the universe of this Institution's employees.

The following are the most salient aspects of the Human Resources Division's activities during 2013:

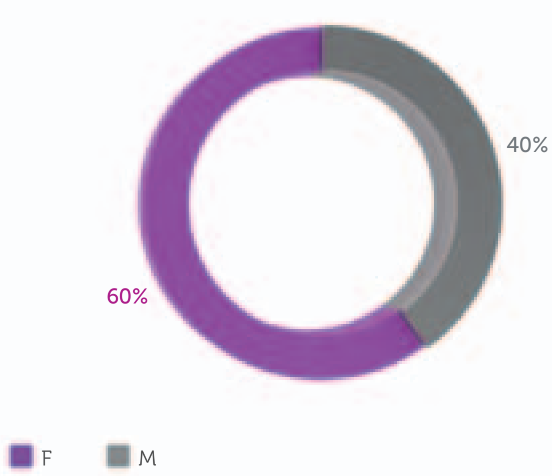
- The area's restructuring and formulation of the new organic structure;
- Contracting of senior professional staff, including the Manager, Sub-Manager and Departmental Heads;
- Start to the parameterisation of the HR Management System and training of technical staff;
- Optimisation of the Attendance Assiduity Control System;
- Recruitment and selection of 241 new employees;
- Compiling of the Employee Manual;
- Creation and implementation of the Commercial Division's Employee Rotation Plan;
- Optimisation of the Retainer Management System and the revision of its contractual situation;
- Optimisation of the Expatriates Management System (Employees and Consultants) and the revision of their contractual situation;
- Drafting and approval of the Job Function Specifications;
- Definition and approval of the Organisational Competencies
- Drafting and approval of the Performance Evaluation and Bonus Model;
- Drafting and approval of the Recruitment & Selection Model and the R&S Plan;
- Preparation of the BNI Growth Challenge Project – Organisational Change, Motivation and Employee Retention;
- Creation of the Health, Hygiene and Safety at Work area;
- Formation and Appointment of the Work Accidents Prevention Commission;
- Opening of BNI Medical Post;
- Drafting of the Remuneration and Benefits Model, and the respective study of the impact on the payroll costs;
- Reformulation of the bonus-award mechanism (Profit Sharing scheme);
- Creation of a reporting model for the Characterisation of the BNI Employee, and its quarterly dissemination to the Directors, Managers and Employees in general.

At 31 December 2013, BNI's staff complement was made up of 735 workers, 166 more than in the same period of 2012.

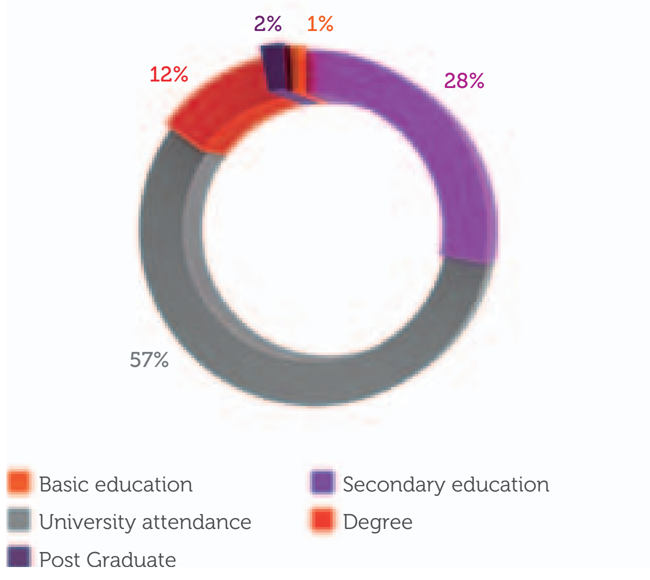
Age grouping



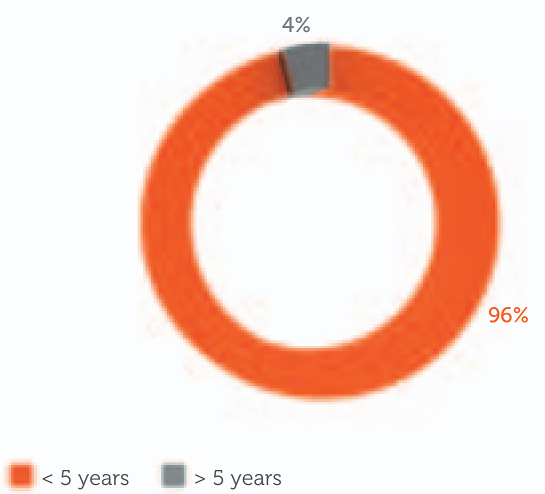
Gender



Academic qualifications



Length of service



"BNI Growth Challenge – Organisation Change" Project

The Growth Project is Banco de Negócios Internacional's in-house project developed by the Human Resources, Marketing and Training Divisions. It embraces the universe of the institution's staff and seeks to utilise internal communication as a management tool which helps in the alignment of the workforce around an ambitious and shared vision. In this context, the project reveals the tools, practices and actions that should be adopted by BNI in order to permit an alignment of the human resources with the Brand's strategic vision, taking into consideration the principal findings of the Internal Climate and Culture Report on the survey conducted previously at the Bank.

This is an aggregator Programme which supports the organisational change plan:

- Aspirational – Transmits the Vision, the Values and fosters the desired Business Practices at BNI;
- Unifier – Applies to all who work at BNI, irrespective of the business area or function;
- Consistent – As regards content, tone and communication image.

The Objectives of the Grow Project:
1. Boosting knowledge about the organisation;
2. Fostering the consolidation of the organisational culture;
3. Reinforcing the visibility of Leadership;
4. Elevating the levels of competencies in the communication of the leaderships lideranças;
5. Creating consistency in the Internal Communication so that changes can be made.

Oil&Gas Office

The Oil&Gas Office was created at the end of 2013, directed at companies in the oil and gas sector, as well as service providers in the same field.

The main aspects of the Oil&Gas Office's activities in 2013 were:

- Completion of the implementation of the Plataforma 360T (Foreign-currency dealing platform with real-time execution, on-line electronic trading);
- Finalisation of the implementation of the Plataforma Web Oil&Gas (this platform establishes a dedicated VPN link between the Bank and the Customer, thereby permitting the automation and execution of operations in real time, and enabling customers to manage their accounts remotely).
- Reactivation of the BNI accounts of companies engaged in the Oil&Gas sector, the attraction and loyalty of new customers in the Oil&Gas sector;
- Creation of a data base of Oil&Gas customers;
- Development of a Strategic Operating Plan in the market;
- Currently under way is the ISO271001 Certification process (Information Security Standard);
- Currently underway is the implementation of Compliance procedures with the prerequisites demanded by the Oil & Gas Operators.

Information and Technology Systems

The main highlights of the Information Systems and Technologies Division's activity in 2013 are summarised as follows:

- Reorganisation of the entire security perimeter at the Head Office I Data Centre;
- Change of the head office II Principal Data Centre;
- Opening of new branches;
- Implementation of a Back-up solution for the Servers/ Storage equipment;
- Implementation of the Disaster Recovery solution for the Core Banking operations;
- Beginning of the Fax Server project;
- Installation of Payment Files Management at all the Managers;
- Automation of the Collection of Maintenance Expenses in arrears on current accounts;
- Implementation of the new Accounting Platform for the ATM's network.

Projects initiated to be concluded in 2014

- Implementation of the Bizcard Front-end support with automated integration "automatizada" via WebServices into Biz and Banka;
- Installation of the Compliance Link;
- Implementation of the Provisions and Impairments management system;
- EPAL Payments System;
- DLI Payments System DLI (Branches and Internet Banking).

Cards Department

Highlights of the activity undertaken by the **Cards Department** in 2013 correspond to:

- CHIP Technology, Visa EMV Certification and Mastercard EMV Certification;
- Synchronisation of the Status of the Visa Electron Banka Cards vs Bizcard;

Projects initiated to be concluded in 2014

- Launch of the co-branded Intermarket card (pilot);
- Launch of the new POS – with the Bank's image.

Internal audit

2013 saw the approval of a new Organic and Functional Structure at the Internal Audit, Inspection and Administrative Control Division (Portuguese initials DAI).

Amongst the various activities carried on by the DAI during 2013, we highlight the following:

- Supervision of the work done by the audit executive in his visits to the branches, thereby permitting attainment of the goals set, as well as the monitoring of the quality of the services provided at the branches;
- Continuous assessment of the technical knowledge of the Division's professional staff;
- Implementation of procedures for ramping up internal control at the branch network;
- Implementation of the "AuditBank" consultation software that allows the real-time monitoring of all the banking transactions executed by the branches;
- Realisation of the Inspection processes at 80% of the branch network;
- Technical training in Internal Audit.

Compliance

During the course of 2013, the Compliance Office was involved in several initiatives, amongst which:

- Consolidation of the Monitoring and Filtering programme of the customer data base to check with the main sanctions lists in force on the international financial markets.
- Recording and updating of BNI's corporate information and comparing this with international institutions devoted to the promotion and dissemination of good banking practices, efficiency in international payments and compliance solutions. (Bankers Almanac, Wolfsberg Group, We Comply, amongst others.)
- Drafting 35 reports on the institution's internal organisation; entry into force of new rules (internal and external);
- Implementation of the Justificatory Declaration of the Origin and Destination of Funds for cash transactions of the equivalent of USD 15 thousand or more;
- Submission to 5 foreign international institutions and one national entity of the processes relating to KYC (Know Your Customer);
- Resolution of 24 cases referring to the request for information/Investigation relating to international payment operations;
- Effective participation in work referring to the conformity of standardised cheques in conformity with prevailing legislation.
- Participation in the work involving the updating of the Internal Control manual, in conformity with the BNA's new regulations;
- Monitoring the conformity process relating to cash remittances via MoneyGram;
- Keeping abreast of the implementation of the Financial Cockpit;
- Involvement in the compilation of the ISSO 27001 conformity report in collaboration with KPMG consultants.

Accounting

In 2013, the Accounting Division was restructured and now comprises 3 departments: Payments Department, Pure Accounting and Reconciliations.

Salient facts during 2013:

- Renovation of the team with the entry of 4 employees into the Reconciliation Department and 1 for the Pure Accounting Department;
- Implementation of mechanisms for the autonomisation of the area's processes;
- Construction and implementation of tools which permit statistics and definition of quantitative criteria for the realisation of performance evaluations;
- Definition and consolidation of the Office's new structure, as well as the attribution and division of work functions;
- Implementation of a work system with resolution of all day-to-day situations.

As regards the Training Programmes, the staff benefited from the following modules during 2013:

- Bank accounting;
- Financial derivatives.

International Finance

The International Finance Division (Portuguese initials DFI) develops and undertakes the implementation of the Bank's financial programme. It also fosters and maintains relations with banks outside and inside the country, pursuing the business goals, and is responsible for treasury management and giving support to the management of assets and liabilities (Assets and Liabilities Committee), namely as concerns liquidity, interest rate and foreign currency risks.

BNI's financial management is embodied in a series of documents shared with the Management Bodies, namely daily information where the key market information is summarised, the crucial movements and operations occurring during the day as they relate to the money, currency, capital market, as well as compliance with the Compulsory Reserve requirement.

In 2013, the following are most noteworthy aspects of the DFI's activities:

- Management and control of market risks;
- Foreign exchange market:
  - Noteworthy increase in the purchases of foreign currencies (USD) from BNA - in 2013 we bought USD 1.6 billion compared with the previous year (USD 1.4 billion);
  - Additional control over the limit of foreign currency exposure and withdrawals in notes;
  - Drafting of the DFI's Procedures Manual as regards its three departments: Markets Room, Back Office and Central Treasury;
  - Division of the Central Treasury into two groups (1999 and 2012) taking into account the division by denomination, in order to drain with more efficiency and efficacy the notes belonging to the Kwanza Velha Família (Old Family);
  - Creation of procedures for BNA failures in recounting. These failures are imputed by face value.

Operations

The Operations Division is composed of 2 departments: the National Operations Department and the Foreign Operations Department.

Given the shortage (scarcity) of Human Capital and bearing in mind the future challenges, the Operations Division engaged 6 new employees.

In 2013, the National Operations Department realised the following operations:

	AOA'000			Quantities		
	2013	2012	Var.%	2013	2012	Var.%
Loans loaded in the system	**26 073 721**	**11 624 065**	**124%**	**436**	**645**	**-32%**
SPTR	**141 990 674**	**97 548 570**	**46%**	**7 185**	**6 993**	**3%**
Issued	70 869 813	52 537 865	35%	1 816	2 159	-16%
Received	71 120 860	45 010 705	58%	5 369	4 834	11%
STC	**13 954 131**	**7 136 791**	**96%**	**19 324**	**9 455**	**104%**
Issued	7 214 952	3 957 344	82%	9 396	4 823	95%
Received	6 739 179	3 179 447	112%	9 928	4 632	114%
Payments subsystem and asset clearing						
Credit clearing	50 867 246	49 554 329	3%	-	-	-
Debit clearing	13 196 406	8 857 673	49%	-	-	-

In 2013, the Foreign Operations Department realised the following operations:

	AOA'000			Quantities		
	2013	2012	Var.%	2013	2012	Var.%
Documentary credit for imports	7 491 472	8 909 466	-16%	41	94	-56%
Documentary remittances issued for imports	27 392 166	14 469 433	89%	1 284	907	42%
OPE - Issued	123 860 812	103 372 917	20%	12 108	9 947	22%
OPR - Received	25 197 764	29 346 115	-14%	6 188	6 916	-11%
Total	**183 942 214**	**156 097 931**	**18%**	**19 621**	**17 864**	**10%**

Legal

The Legal Division (Portuguese initials DJU) was involved in the following operations during 2013:

- Alteration to the area's organic structure, changing its name to the "Legal Division";
- Drafting of Partnership Agreements with strategic customers - Total of 7 Accords;
- Handling the formalisation of loan processes– Total of 180 processes dealt with;
- Revision of the general conditions of the Bank Cards products, taking into account the new requirements prescribed by the BNA;
- Preparation of the general utilisation conditions of 7 new products;
- Response to 203 official dispatches addressed to BNI from various public entities;
- Drafting of diverse contracts: rental (2), building works supervision (2), Provision of services (6) building works (3) and others requested by the Bank's different areas and division– Total of 14 contracts;
- Drafting of loan contracts - Total of 17;
- Preparation of several opinions on guarantees for compliance with obligations – total of 80;
- Opinion on the Investment Funds Management Company's statutes;
- Preparation of related criminal proceedings and serious violation of procedures – Total of 14 proceedings;
- Issue of various bank guarantees - Total of 52 guarantees issued;
- Institution of employee disciplinary proceedings - Total of 57 cases;
- Constitution of companies supporting the Bank's operations - 5 new companies formed;
- Legal proceedings- 10 court cases while the other cases are being dealt with extra judicially – total of 26.

Noteworthy aspects

1. A change to the Division's organisation chart is in progress which will comprise three Departments: Contracting Department, Handling Department Agenciamento and Legal Proceedings Department;
2. The Legal Division forms part of the working group for the implementation of the Internal Control System and Corporate Governance. An exhaustive survey was conducted covering all BNI's proceedings in progress and the 1st Report sent to the BNA setting out the factual situation. The formalisation is under way of the back-up manuals of the activities in accordance with the provisions of BNA Notices 1 and 2/13;
3. Human Resources: Under way is the recruitment of 2 more qualified technical staff members to reinforce the hiring and lawsuits Departments;
4. Preparation of a monthly Newsletter for publication on the intranet of all national legislation pertaining to the Bank's business activity;
5. We collected with the provision of xxx services carried out by the Legal Division AOA 6 million.

Electronic banking

The Electronic Banking Division undertakes the management of payment means, which encompasses the Automatic Payment Terminals (APT) and the Cash Dispensing Machines or the Automatic Teller Machines (ATM), from the implementation phase to the transactional phase, disputes and occurrence of anomalies, thus ensuring the good functioning of the internal network. In 2013, BNI's payment means were developed with a view to becoming increasingly more efficient, bolstered fundamentally by the possibility of making payments by electronic means.

The Division is composed of 4 departments, namely:

- Acceptance/Acquiring Department comprising 5 employees, the Fraud Department with 4 employees, BNI Online with 5 employees and the Cards Department with 11 employees.
- The Division is responsible for:

Process Management

- Reception and validation of application forms;
- Insertion of contract details into the APT data base;
- Routine installation control;
- Creation of the OTP for the collection of the monthly fees for APT's/ATM's after their installation;
- Maintenance of the physical archive.

Disputes Management

- Analysis of the complaint and/or request for clarification;
- Solicitation of the documentation supporting the complaint if necessary;
- Channelling the complaint to the handler whether it is a national or international matter;
- Routine monitoring of dispute resolution.

Transaction Management

- Monthly number and amounts of transactions effected on the APT/ATM equipment for statistical use and complaint validation.

Customer Support

- Reception and analysis of complaints and/or requests for clarification on the part of customers by the helpline– 943620093 and the commercial network through the internal channels.

Call Back

- After the analysis is done, the customer or branch is contacted for the purpose of informing about the findings /outcome of the complaints and/or clarification requests.

Quality Control

- Dispatch of information to the commercial network of the APT's which have not made accounting closings for more than one month;
- Management of requests for technical assistance;
- Control of the refusal of monthly fee collections.

Payment Systems

- Technical Assistance of ATM's/POS's;
- Chip Cards – A start was made to the process of migrating the current cards which the Bank puts at the disposal of customers to the Chip technology (making the cards more secure and in accordance with the current Visa and Mastercard security standards);
- DataCard – A new machine was acquired for the production of chip cards which boosts the capacity to respond to the production of cards;
- Fraud Issuing – Updating of the Fraud Issuing model in order to permit the control of withdrawals by country and type of card;
- POS network – we gave continuity to the expansion of our POS network, permitting in this manner that our customers (and customers of other banks) can make payments with Visa/Mastercard/Multicaixa cards at various establishments;
- TAAG Cards – We launched the prepaid card in dollars for TAAG's cabin crews, which allows the airline's crews to receive their per diem allowances on the card;
- Call Centre – The Call Centre was given an application, which permits consultation of the main operations/utilisation limits of the Bank's customers;
- Visa Money Transfer – A Visa standard was implemented which enables our debit cards to receive funds from other cards.

The following were the most salient aspects relating to the DBE during 2013:

- Process restructuring;
- Recruitment of 3 new employees to bolster the Fraud and Acceptance/Acquiring Departments;
- Implementation of system for the collection of the Card Annual Fee on the act of subscribing for a debit card;
- Mandatory collection in the urgent requests for the issue of Visa Gold and Visa electron cards;
- Implementation of the reporting of cards expiring at the end of the month (with the objective of permitting prior contacts with customers for renewal);
- Implementation of monthly reporting to the Commercial Division of the listing of accounts with no associated cards, as well as of internet accesses (permitting the boosting of sales);
- Implementation of quarterly reporting relating to the sales of cards by branches;
- Revision of the procedure of the Internet Banking service;
- Mastercard Viagem (Travel) Card (Awaiting BNA approval);
- Launching of the Intermarket Card (in the finalisation phase);
- Training sessions at the branches for the APT product;
- Realisation of the Workshop about the products managed by the DBE;
- Implementation of the Umbi Umbi card (launched scheduled for 2014);
- Implementation of the Multibonus Product (launching scheduled for 2014);
- Drafting the Internet Banking User Manual;
- Implementation of the call centre;
- Updating the card application forms.

Marketing and Communication Division

The Marketing and Communication division comprises 4 Departments: Operational Marketing, Communication and Brand, Complementary Channels and Administrative Management.

In 2013, the most noteworthy events relating to the Marketing and Communication Division were as follows:

- Updating all the product and card forms;
- Revision of all the application contracts annexed to the forms;
- Revision and maintenance of the intranet and internet homepage content, as well as the respective contents;
- Launching of various products and of the first term deposit with online subscription: the BNI NET;
- Alteration and revamping of the cheque lay-out and features, cheque holders and security packages;
- Development and launch of the 4th phase of the Grow Challenge DESAFIO CRESCER, in collaboration with Human Resources, with the object of creating and fostering In-house communication at BNI;
- Definition of the image and production of a new interior decoration furniture line of BNI Retail's branches;
- Reformulation of the internal image of the BNI Prime / Corporate branches for launching in 2014;
- Production of a new graphic design image for the Multicaixa and Visa Electron debit cards, as well as for the Visa Gold and Mastercard Gold credit cards;
- Graphic decoration of the Training Room at the Head Office 2 in Talatona;
- Creation of an e-learning platform for BNI;

Miscellaneous sponsorships, namely

- Ecowave event (kitesurf and environmental conservation);
- Cash donation to the Associação "Os Jovens da Marginal" for a more solidarity-oriented Christmas;
- Cash donation to the Associação "Jovens Lavadores de Carros" as part of social solidarity-oriented initiatives;
- Cash donation to the Population of Cunene, in a solidarity gesture following the damages provoked by the floods;
- Sponsorship of the German-Angolan Economic Forum.

Property and Logistics Division (DPL)

The Property area comprises 25 employees, segmented by the DPL fleet, office stationery, secretariat, maintenance, building works and security.

Projects in progress:

1. Cost reduction project, with the renegotiation of all the contracts with suppliers and service providers. At the present time, the DPL has managed to significantly reduce the fixed costs, more than in proportion to BNI's growth;
2. Implementation of a procurement sector which aims to centralise everything from proposed requisitions through to the final order, so that BNI can increase its bargaining power in terms of deadlines and prices and thus increase the quantity;
3. Project for drawing up the inventory of the bank's assets and fixed assets;
4. Launch of the EXCIS integrated management software (accounting and fixed assets). The DPL is responsible for the quotations and ordering procedures;
5. Preparation of the auction of BNI vehicles and the scrapping of fully-depreciated vehicles;
6. Implementation of the "Outsourcing" of Office Supplies with a commercial partner;
7. Creation of a security room for monitoring all the BNI branches.

Planning and Control

2013 was a satisfactory year for the Planning and Control Office, in which we highlight the following aspects:

- Appointment of the area's Manager;
- Reengineering the Office, which entailed the review and reformulation of in certain cases retrieval processes and procedures, production and reporting of management information for each one of the Departments making up the Office. The Office's positioning and jurisdiction within the organisation were also revised;
- Training Initiatives: advanced bank accounting, planning and budget management;
- Admission of a new technical staff member for the area who was allocated to the Planning Department;
- Compilation of the Bank's 2012 Annual Report and Accounts, which for the second time was honoured by being rated amongst the 10 best management documents at national level, in the Sirius Award sponsored by the consultancy firm Deloitte;
- Preparation of the Bank's 2013 Budget;
- Following a decision of the Board of Directors the Office is now part of the working groups for: Cost cutting, Increasing deposits, Raising profitability.

Risk and Credit Analysis

During the course of 2013, the following were the salient aspects:

- Reinforcing the teams deployed at the credit analysis (1 more employee) and loan recovery units (1 more employee);
- Implementation of the new CIRC software;
- Monitoring the "Angola Investe" programme;
- Public Debt Monitoring Programme: continuous interaction with reporting to the Ministry of Finance of loan exposures and direct (or indirect) liabilities of public entities;
- Study and analysis of the "Projecto Kiwi", a software which will permit the computerisation of the entire loan granting and monitoring process, from its origin at the branch through to approval.

Risk Management

Financial institutions face a variety of risks in the routine management of their businesses. In particular, we highlight Market Risk (interest rates and foreign exchange rates) stemming from adverse movements in prices, operational risk, a reflection of maladjusted processes and systems, unfavourable developments on the regulatory front and frauds.

At BNI risk management not only seeks to avert unfavourable events, but also to contribute to ensuring value and/or profit, to maintain business continuity, to avoid insolvency, to manage the effects arising from changes in the Bank's external context and consequently facilitating the fulfilment of the goals laid down in the strategy.

Operational risk

Operational risks can be defined as the possibility of incurring direct or indirect losses as a result of weaknesses or shortcomings in proper internal process and controls; and also losses stemming from external events, namely catastrophes, social upheavals, problems with public infrastructures, systemic crises.

In line with the Bank's strategy relating to the management of the risks inherent in operations and given the attention currently paid to the operational risk topic, BNI - in the quest to attain greater security and control - issued a set of guidelines and initiatives during 2013 directed at adapting systems, processes and human resources, thereby permitting a gradual decrease in operational risk.

In this respect, the Bank centred its attention on three pillars upon which it sought to implement measures for their creation, strengthening and functioning. The topics which merited more intensive involvement were the following:

- Organic and Functional Structure;
- Internal Control system;
- Filtering and monitoring of entities and transactions..

As concerns the organic structure, the Bank endeavoured to endow itself with coordinated units which best adapt to its strategy and could approach the market in an organised manner according to the nature of the business and, internally, to ensure the fair allocation of positions and the proper segregation of functions.

In this domain, the Compliance Office played a leading role, monitoring the entire process and guaranteeing that the measures introduced were in harmony with the series of legal and regulatory enactments in force.

Turning to the Internal Control System, the main concern of which revolved around the risk of internal fraud, the Internal Audit and Inspection Office performed a review of the profiles attributed to the users of the IT applications earmarked for the launch of the universe of the operations realised by the Bank where, according to the irregularities identified, corrections emerged which were implemented.

Technologically, we introduced a new Operational Control tool that allows the Audit Office and the Bank's other control areas to monitor at any moment any transaction previously parameterised, generating alerts which prompt reviews of an investigative nature.

Also with the object of mitigating operational risk, continuity was given to the systematic review of certain internal regulations so as to adapt them to current requirements.

In this domain, work began in 2012 on updating of the work flow of processes and the tasks of the Bank's distinct operating areas that will permit better precision and standardisation of procedures in the execution of the Bank's activity.

Special attention was also paid to the matter of money laundering and the combat against terrorism financing. In this regard, BNI purchased an IT application that allows the filtering of entities based on various international sanction lists and to simultaneously carry out the monitoring of domestic and overseas transactions.

Finally, it is worth noting that the bank maintains a regular process involving the production of internal and external reports compiled for the supervisory authority and similar entities when required. Through the Customer Relations Office, the Bank has responded to the concerns and complaints lodged at the portal set up for this purpose, thereby demonstrating its great preoccupation with its image and reputation.

Credit Risk

Credit risk can be defined as the probability that the Bank will incur losses generated by the deterioration in the debtor's financial situation, the customer's smaller participation in its specific markets, fraud or the economy's downturn.

The risk of financial settlement is also associated with credit risk, given that it corresponds to the risk that the institution will not receive the loan advanced to the customer due to failure in the customer's payment system and/or the institution's receipt.

The credit risk management and mitigation process at BNI arises before the start of the commercial relationship with customers at the time of the gathering, treatment and analysis of the information relating to them and the circumstances surrounding them.

After the beginning of the commercial relationship via the loan, the credit monitoring and recovery department gives continuity to the control of customers' credit risk, with this process only being concluded when the underlying debt is fully repaid. Currently, this area's activity forms part of the business chain, with its functions extending to the whole life cycle of the customer relationship.

Those functions actually commence prior to any action of an operational nature with the definition of the credit policy.

In 2013 the loan monitoring and recovery department continued the revision of the guiding and operating procedures relating to overdue loans which are transversal to all loan-decision levels. Fruit of these actions, the Bank closed 2013 with a portfolio of overdue loans of USD 18,833 thousand (representing 2.10% of the portfolio) against USD 21,450 thousand (2.642% of the portfolio) in the same period of 2012.

	2013	2013	Share	2012	2012	Share	Δ
	AOA'000	USD'000	(%)	AOA'000	USD'000	(%)	%
Net loans	**85 963 777**	**880 609**	-	**75 825 141**	**791 280**	-	**13%**
Provisions for loans	**(1 710 555)**	**(17 523)**	-2%	**(2 107 864)**	**(21 997)**	-3%	**-19%**
Gross loans	**87 674 332**	**898 132**	-	**77 933 005**	**813 277**	-	**12%**
Loans falling due	85 835 854	879 299	100%	75 877 565	791 827	100%	13%
Loans in arrears	1 838 478	18 833	2%	2 055 440	21 450	3%	-11%
No. of days in arrears							
15-30	357 671	3 664	19%	348 237	3 634	17%	3%
30-60	27 110	278	1%	263 455	2 749	13%	-90%
60-90	103 932	1 065	6%	112 809	1 178	5%	-8%
90-150	298 435	3 057	16%	330 886	3 453	16%	-10%
150-180	277 652	2 844	15%	161 856	1 689	8%	72%
>180	773 678	7 926	42%	838 197	8 747	41%	-8%

(*) The weight presented reflects the total loan book net of provisions.

Additionally and with a view to mitigating the portfolio's risk, new credit limit rules were instituted in 2013 amongst the structures which are extremely conservative, defined by approval thresholds, with the exception of standardised products, namely motor vehicle finance and salary (payday) credit for the employees of companies with salaries domiciled at BNI.

The remaining loan applications are analysed individually at the Credit Risk and Analysis Division and submitted to the level 1 Credit Committee.

Together with the Bank's other policies, it is in this phase that the various factors and strategic decisions are duly pondered which permit maintaining the credit management in line with the Bank's overall objectives.

Complementing the credit management process, comprising the evaluation, monitoring and control of credit and as guarantee of its success, it is imperative to undertake the ongoing monitoring of the results obtained so as to adjust the defined goals and strategies, as well as the disclosure of information and results relating to the areas which are directly or indirectly involved in the granting of loans.

The procurement of opinions concerning these with respect to the credit management process also forms an integral part of the process.

					2013	
					USD'000	
Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
Total		**879 299**	**18 833**	**898 132**	**17 523**	**-**
Nil	A	1 452	22	1 475	0	0%
Very reduced	B	827 327	3 392	830 718	9 143	1%
Reduced	C	19 878	4 231	24 109	756	3%
Moderate	D	695	1 193	1 889	193	10%
High	E	663	3 082	3 744	764	20%
Very high	F	1 089	3 123	4 212	2 148	50%
Loss	G	1 005	3 424	4 430	4 519	100%
Interest receivable		**27 190**	**366**	**27 556**	**-**	**-**

					2012	
					USD'000	
Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
Total		**791 826**	**21 450**	**813 276**	**21 997**	**-**
Nil	A	39 840	149	39 989	-	0%
Very reduced	B	687 624	2 975	690 599	7 264	1%
Reduced	C	35 659	4 802	40 461	1 184	3%
Moderate	D	23	2 976	2 999	296	10%
High	E	1 638	2 826	4 464	875	20%
Very high	F	368	3 588	3 956	1 946	50%
Loss	G	7 403	3 298	10 701	10 433	100%
Interest receivable		**19 271**	**836**	**20 107**	**-**	**-**

Currency Risk

Currency risk arises from the possibility of fluctuations in market exchange rates originating the decrease in the counter values of the asset and liability positions in the local currency balance sheet, as well as of the liabilities denominated in foreign currency.

The management of currency-risk structural positions or those resulting from business operations with the Bank's customers has been delegated to the International Finance Division –IFD, taking into account the limits prescribed by the BNA. In this way, the Bank seeks to minimise currency risk, ensuring that for each currency, its asset and liability positions are balanced.

As concerns foreign currency, BNI essentially works with North American dollars while the exposure to the other currencies is of a residual nature.

This monitoring is done by way of an internal daily control of the foreign currency position and currency exposure, as well as for purposes of reporting to the BNA by means of reports covering currency exposure and foreign currency purchase operations.

Liquidity or Funding Risk

Liquidity or funding risk includes all the situations associated with the fact of an institution finding itself unable to comply with its obligations in time or only to do so by recourse to emergency loans, probably at a high cost.

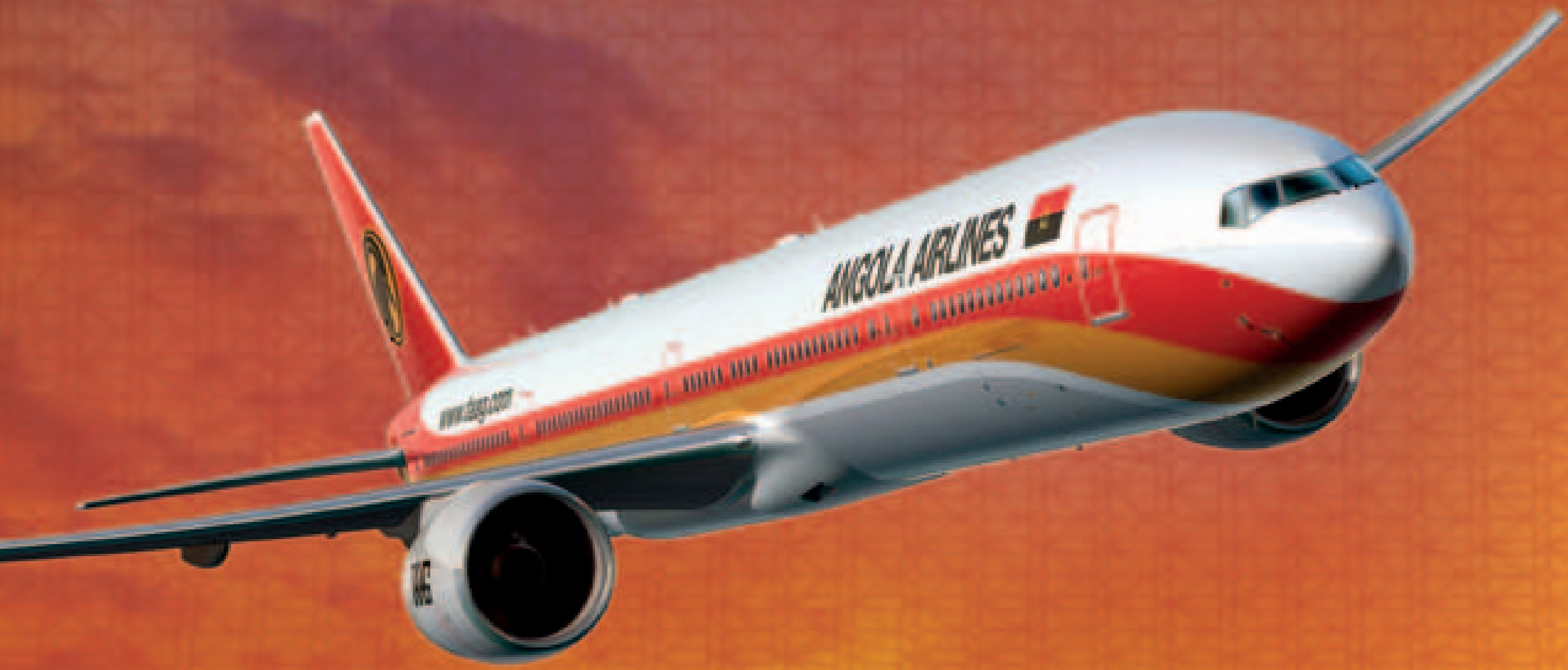
Liquidity management is conducted on a daily basis by way of a system of synchronised management that permits the monitoring of the Bank's treasury assets, forecasting cash flows, controlling the main liquidity ratios thereby enabling an efficient treasury management capable of responding to the Bank's operations without placing at risk our customers' short and long-term needs.

Compliance Risk

Compliance risk is defined as the risk of legal sanctions, material financial losses or the damage to the Bank's reputation suffered as a result of its failure to comply with the laws, its own regulations, code of conduct and the standards of the best practices.

Compliance risk is at times also referred to as integrity risk because a bank's reputation is intimately linked to its adherence to the principles of integrity and legality.

According to the Basel Committee on Banking Supervision "The compliance function must have a formal statute in order to give it a suitable position, authority and independence. This can be defined in the compliance policy on the part of the bank or in any other formal document. The document must be communicated to all the employees throughout the bank.



A solid reputation

// Regulatory Framework
// Economic and Financial Background
// Financial Review

Regulatory Background

Principal limits and prudential ratios in force at 31 December 2013

Liquidity

- **Compulsory reserves** (Instruction no.03/2013 of 1 July) – The compulsory reserves ratio to be applied to the daily balances of the items which form the basis of calculation defined in numbers 2 and 3 , with the exception of the central government, local government and municipalities accounts, is 15% for LC and for FC. The compulsory reserves ratio relating to central and local government and municipalities' deposits in LC is 100% (FC 100%), and 50% (FC 100%) respectively on these institutions' account daily balances.

Loans

- **Maximum exposure per customer** (Notice no. 08/07 of 12 September) – Limit of 25% of Regulatory Own Funds (ROF). The surplus shall be deducted in the calculation of the ROF;

- **Maximum overall exposure** (Notice no. 08/07 of 12 September) – Limit of 300% of the ROF for the 20 biggest debtors;

- **Loans in foreign currency** (Notice no. 03/12 28 of March) – No loans in FC are permitted for any maturity period for the following purposes: financial assistance for liquidity, including amongst others collateralised current accounts, motor car finance, consumer loans, micro credit, advances to depositors or overdrafts and other forms of financial credit of a short-term nature (less than one year);

- **Loan provisions** (Notice no. 3/12 of 28 March) – Loans granted and guarantees given should be classified according to their ascending order of risk, taking into account the characteristics and risks of the operation and the borrower. The classification of loans according to risk levels should be reviewed annually, based on the quality of the customer and as regards the operation, and monthly as regards any delay noted in the payment of principal or interest.

Own funds

- **Minimum amount of own funds** (article 75 of Law no. 13/05 of 30 September and Notice no. 4/07 of 12 September) –Equal to the required minimum share capital;

- **Legal reserve** (art. 327 of Law 1/04 of 13 February and art. 76 of Law 15/05 of 30 September) – Reserve constituted by the appropriation of a minimum percentage of net income each year (20%) until the accumulated balance is equal to the total amount of share capital;

- **Definition of Regulatory Own Funds** (ROF) (Notice No. 5/07 of 12 September and Instruction No. 3/11 of 8 June – (see note 1);

Basis own funds BOF Tier 1

add	**Art.3.1.1**
Capital	
Share capital monetary revaluation reserve	a)
Retained earnings and losses	b)
Legal reserve, special reserve and other reserves	c)
Net income for the current year	d)
deduct	**Art.3.1.2**
Treasury shares or quotas	a)
Not applicable (Note 1)	b)
Quasi-capital loans	c)
Financial fixed assets	d)
Tax credits arising from tax losses	e)
Intangible assets	f) e g)
Other assets to be determined by the BNA	h)

Complementary own funds (Tier 2) < 100% BOF

add	**Art.3.2**
Not applicable (Note 1)	a)
Not applicable (Note 1)	b)
Property for own use revaluation reserves (1st) 25% of BOF and (2nd) < 50% of its value	c)
Subordinated debts and hybrid equity instruments (1st) 50% of BOF and (2nd) < 50 % value div. 5 previous years	d)
Other funds	e)

Note1: Alteration introduced by Instruction No. 3/11 of 8 June (see possibility of including the calculation of the capital adequacy ratio).

- **Regulatory Solvency** (Capital adequacy) Ratio (RSR) (Notice No. 05/07 of 12 September, Instruction No. 3/11 of 8 June and Instruction No. 6/07 of 12 September) – The RSR calculation is done in the following manner: RSR = ROF / (Credit risk + (Currency risk and gold/10%)).

Currency Risk

- **Currency conversion** (Notice no. 2/09 of 08 May) – The financial statements must recognise every month the effects of the change in the local currency's purchasing power based on the consumer price index (CPI) in case of the change greater (inflation) than 100% in the last 3 (three) years, through the adjustment of the book value of the fixed assets and own funds' accounts.

- **Currency exposure** (Notice No. 05/10 of 10 November and Directive no. 33/DSI/11 of 1 April) – The currency exposure calculation encompasses all asset and liability positions, including off-balance sheet items, up to the limit of 30%, which result in liabilities constituted or indexed to foreign currency and gold. The limit is 20% of ROF for asset positions (long) and for liability positions (short).

Fixed assets

Fixed assets ratio (Notice No. 07/12 of 30 March) – The net investments in tangible and intangible fixed assets cannot exceed 100% of ROF.

Principal financial sector regulatory alterations approved in 2013

Date	Notices	Subject
19 April	01 /2013	Prescribes the policies and processes that financial institutions must implement as part of their corporate
19 April	02 /2013	Aims to regulate the obligation to implement an internal control system by financial institutions supervised by the Banco Nacional de Angola.
22 April	03 /2013	Lays down the scope of the supervision on a consolidated basis for prudential purposes, according to the competencies attributed to the Banco Nacional de Angola under the Financial Institutions Act.
22 April	05 /2013	Provides that, henceforth, all interbank credit transfers must mandatorily be effected through the Credit Transfers Sub-system (Subsistema de Transferências a Crédito - STC) or the Real-Time Payments System (Sistema de Pagamentos em Tempo Real - SPTR).
09 June	10 /2013	Sets out the requirements and procedures relating to the acquisition and increase, direct or indirect, in equity interest, as well as the merger or demerger of financial institutions under the Banco Nacional de Angola's supervision.
11 July	12 /2013	Sets out the requirements and procedures for the authorisation of alterations to the statutes of financial institutions subject to supervision of the Banco Nacional de Angola.
31 July	13 /2013	Prescribes the rules and procedures that must be observed in the realisation of acts, business or transactions related to travelling, and current transfers as well as payments of services and income when they are effected between national territory and overseas.
15 November	14 /2013	Defines the amount of AOA 2,500,000,000.00 (Two thousand and five hundred million Kwanzas) as the minimum share capital of banking financial institutions

Date	Decrees	Subject
13 December	Presidential Decree no 212/13	Sets out the organisation and functioning of the Financial Information Unit.

Date	Instructions	Subject
22 March	01 /2013	Lays down the regulations for the submission of information to the Banco Nacional de Angola on the part of financial institutions within the scope of the provisions relating to corporate governance and the internal control system, enVisaged in Notices no. 01/2013 of 22 March and no. 02/2013 of 22 March, respectively.
1 July	03 /2013	Prescribes (Instruction No. 03/2013 of 01 July) the Compulsory Reserves ratio to be applied to the daily balance of the captions which form the basis of calculation as defined in numbers 2 and 3, except for the accounts of central and local governments and municipalities, at 15% for LC and FC. The Compulsory Reserves ratio to be applied to the daily balance of the accounts of central and local governments and municipalities in LC is 100% (FC 100%) and 50% (FC 100%), respectively, on these institutions' account daily balances.
26 August	05 /2013	Aims to secure the maintenance of adequate liquidity levels for safeguarding the stability of the financial system and the preservation of the value of the local currency.
19 November	09 /2013	Defines the limits of the amount of cheque issues and the clearing sub-system
20 November	08 /2013	Prescribes the obligation to issue a document proving a transfer instruction, the terms and conditions of information details and the requirements for their certification by the ordering financial institution.

Source: BNA

Economic and Financial Background

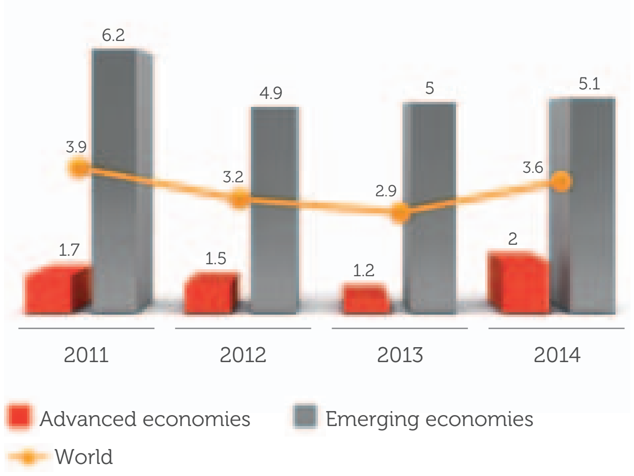
Global Economic Background - Recent Developments and Outlook

The world economy grew 2.9% during 2013 according to the World Economic Outlook (WEO), only 0.3 points below the 2012 figure when growth was 3.2%.

World growth, besides reflecting the recent slowdown in the emerging economies (5.0%), also mirrors the anaemic growth posted by the advanced economies (1.2%), which have not yet fully recovered from the 2008 international financial crisis.

The emerging and developing economies, which had recorded good performances in the past few years, revealed some problems arising from capacity, the contraction in credit to the economy and the volatility in commodity prices.

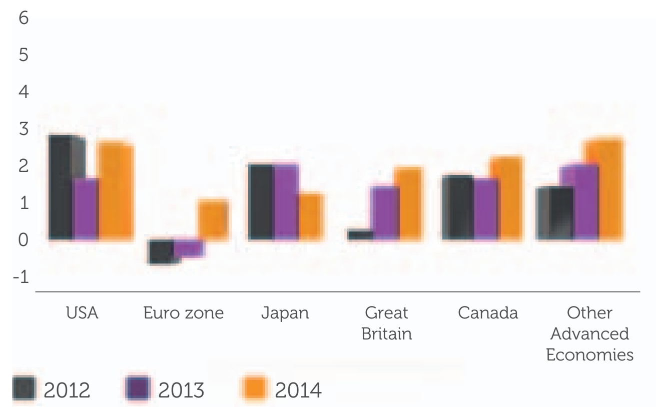
World economic growth rates, advanced and emerging countries



Source: WEO

Even in an uncertain climate, analysts forecast that the global economy will recover in 2014 to rates in the order of 3-6%, with virtually the same growth for the emerging economies in 2013 and 2014 of around five per cent and an acceleration in growth in the advanced economies, which should expand 2%, versus the 1.2%, 1.5% and 1.7% noted in 2013, 2012 and 2011, respectively.

GDP performance in the principal economies (rates of change)



Source: WEO

In 2013 the Euro zone continued to present negative GDP growth, albeit to a lesser degree than in the preceding year, that is, -0.4% against – 0.6%, while it is expected to expand 1% in 2014.

The United States of America presented a deceleration in 2013 when compared to the previous year, that is, 1.6% against 2.8%, although the economy is projected to recover in 2014 to rates in the vicinity of 2.6%.

Conversely, Japan - after having recorded growth rates of around 2% in 2012 and 2013 - will expand by a mere 1.2% in 2014.

The economic difficulties of the developed countries also have negative repercussions on the developing countries, notably via the decline in exports and the increased volatility in capital flows.

The large developing countries also face certain internal problems, as is the case of China, the world's second global power, with a decline in investment and financing restrictions in certain sectors of the economy.

Thus, in spite of the positive prospects for 2014, there are still numerous uncertainties, challenges and risks that could put a brake on global economic growth in 2014.

Advanced economies: Real GDP growth, inflation and unemployment (as%)

	GDP mp Forecasts			Inflation Projections			Unemployment Projections		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
USA	2,8	1,6	2,6	2,1	1,4	1,5	8,1	7,6	7,4
Euro Zone	-0,6	-0,4	1,0	2,5	1,5	1,5	11,4	12,3	12,2
Japan	2,0	2,0	1,2	0,0	0,0	2,9	4,4	4,2	4,3
Great Britain	0,2	1,4	1,9	2,8	2,7	2,3	8,0	7,7	7,5
Canada	1,7	1,6	2,2	1,5	1,1	1,6	7,3	7,1	7,1
Other Advanced Economies	1,4	2,0	2,7	2,1	1,7	2,1	1,5	1,0	1,1

Source: WEO

The crisis in global unemployment continues. Unemployment remains very high throughout the world and in particular in the developed countries, where the average unemployment rate hovered around 8% in 2012 and 2013, above all in Europe, where the situation is more critical.

Besides the well-publicised crises in Greece, Ireland and Portugal, the large economies, such as France, Italy and Spain are also emitting worrying signs.

In the Euro zone, the estimated unemployment rate for 2013 is in the order of 12.3%, and forecast to be situated at 12.2% in 2014.

In Japan, it is estimated that 4.2% of the labour force was unemployed in 2013, with the jobless rate expected to remain relatively unchanged in 2014 at 4.3%.

In the USA, provisional unemployment data, although higher, were on a downward trajectory, falling from 8.1% in 2012 to 7.6% and 7.4% in 2013 and 2014, respectively.

For 2014, resolving the problem of creating lasting and sustainable jobs should be one of the priorities of developed countries' economic policies. Since the economic growth rates will remain low, it is probable that jobless rates will hover at high levels until 2016. This scenario is also of concern in the less advanced countries which are more exposed to the fluctuations in commodity prices and receive less external aid, due to the difficulties and tough austerity measures of the developed countries. Inflation presented moderate rates in the majority of developed countries.

The declines in wages, consumption, demand in general and low output are reflected in the maintenance of low prices, a situation that should prevail in the next few years. In the US, it is expected that inflation will fall from 2.1% in 2012 to 1.4% in 2013 and to 1.5% in 2014. In the Euro zone, inflation will also trend downwards, dropping from 2.5% in 2012 to 1.5% in 2013 and 2014, respectively.

The reverse trend is observed in Japan, with inflation rising from zero in 2012 and 2013 to 2.9% in 2014 due to the drive to stimulate the economy.

In the majority of developing countries, inflation although having fallen in 2012 still hovers at a relatively high level.

2013 saw an increase in world food prices as a consequence in particular of the drought in certain producer regions and the high crude oil prices, which in turn exerted inflationary pressure primarily in the developing countries and which also have more robust economies.

The Terms of Trade, which measure the prices which a country receives for its exports compared with what its pays for imports, were more favourable for the emerging and developing countries.

Annual change in the prices of goods and Terms of Trade

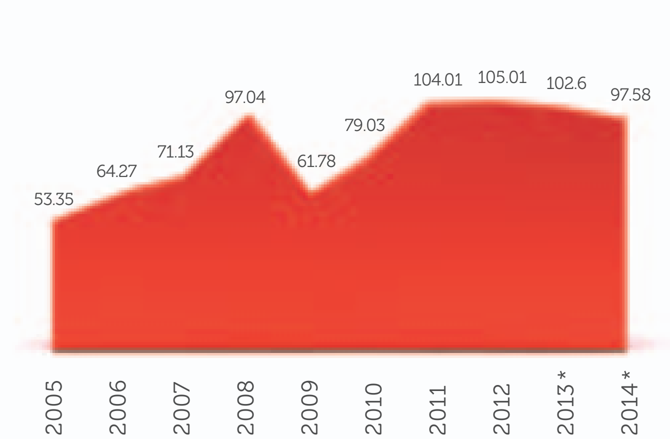
	2011	2012	2013	2014*
Change in prices				
Manufactured products	6,6	-1	0,2	-1
Crude Oil	31,6	1	-0,5	-3
Non-energy primary products	17,9	-9,9	-1,5	-4,2
Foodstuffs	19,9	-2,2	0,6	-6,4
Beverages	16,6	-18,6	-14,7	-3,2
Primary agricultural products	22,7	-12,7	1,3	2,6
Metal	13,5	-16,8	-3,9	-4,6
Change in Terms of Trade				
Advanced economies	-1,6	-0,7	0	-0,2
Emerging and developing economies	3,2	0,5	-0,5	-0,4

*Forecast Source: WEO

Forecasts for 2013 and 2014 reveal a drop in the prices of non-energy primary products, although less than in 2012, with special mention of "Beverages" and "Metal", due to the positive prospects for growth in the advanced economies.

The crude oil price could also be affected by this trend, and could fall by around -0.5% in 2013 and -3.0% in 2014, after having risen by 31.6% in 2011 and 1.0% in 2012, although it still remains high according to the IMF (International Monetary Fund).

Crude oil price



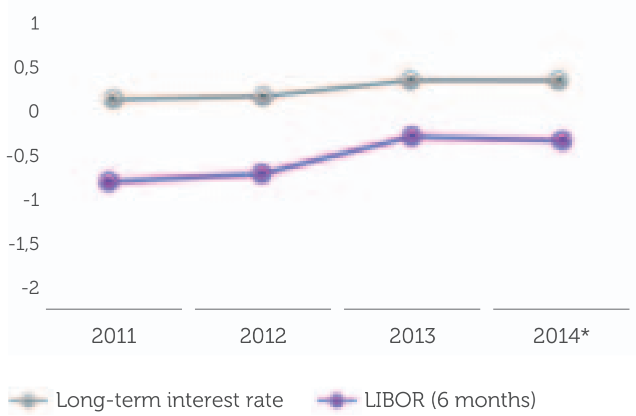
*Forecast Source: FMI

Insofar as interest rates are concerned and also according to the IMF, these continue to adhere to a stable behaviour and a policy of keeping rates low. The advanced economies have interest rates of close to zero.

The Euro zone benchmark rate declined from 1% in 2011 to 0.5% in 2013, due primarily to the decision of the European Central bank to cut interest rates in the wake of the sovereign debt crisis of this zone's countries.

For identical reasons, the US had interest rates in 2012 in the order of 0.25% as a measure to stimulate the economy decreed by the Federal Reserve, with this trend expected to remain intact in 2013 and 2014 .

Interest rates



*Forecast Source: FMI

Still on the subject of interest rates and according to the IMF, the six-month LIBOR (London Interbank Offered Rate) in US dollars was, on average, 0.5% in 2013 and is expected to remain unchanged in 2014. Rates on three-month deposits in euro were situated at 0.2% in 2013 and will climb to around 0.4% in 2014. For its part, the rate on six-month deposits in yen should be in the vicinity of 0.2% in 2013 and 2014.

Angolan Economy

In 2013 the Angolan economy continued to grow at a very brisk pace, with inflation situated at a new historical low - at the same time as it successfully pursued the strategy of economic stabilisation.

2013 was effectively marked by the consolidation of the macroeconomic stabilisation policy initiated with the IMF's support and which had already been successfully implemented in 2011 and 2012.

The key indicators, namely inflation, exchange rate, the level of foreign exchange reserves and the public accounts revealed in 2013 a convergence in this stabilisation tendency owing to the economic policy pursued, namely within the scope of monetary and budgetary policies.

The Angolan economy's trajectory has since 2013 also formed part of the medium term National Development Plan for the period 2013 to 2017.

In this Plan, the major options consist of the broadening of the economic growth base, in the correction of the main imbalances which still persist in the economy's real sector so as to reduce the great dependence on the oil and gas sector, developing the other structural sectors of the economy, giving priority to the manufacturing labour factor on both the training and productivity fronts, as well as by the creation new jobs, above all in the non-oil and gas sector.

All this strategy entails promoting the development of the private sector through the introduction of improvements, even to the structure of the business and entrepreneurial environment (Law no. 20/11 of 20 May- Private Investment), the Small Business Support Programme (PROAPEN), including the Single Entrepreneur Branch (Balcão Único do Empreendedor - BUE), the tax reform (PERT-Projecto Executivo para a Reforma Tributária), in addition to a policy of import substitution and a greater involvement of the Angolan economy on the international economic stage.

The increase of Angolan-sourced private investment is one of chief strategic objectives, reflected in Law no. 30/11 of 12 September governing Micro, Small and Medium-sized Companies, closely pursuing the Angola Investe programme which, despite having approved some 200 processes, still has much potential.

In the past six months, the Angolan economy has posted good growth rates and notwithstanding the global economic and financial crisis, it was the non-oil and gas sector that most contributed to this performance, which is also praiseworthy from the standpoint of the economy's much-needed diversification.

After overcoming the international crisis which led to GDP growing at low rates both in 2009 with 2.4%, and in 2010 and 2011, with 3.4%, we witnessed a substantial revival in the tempo of economic activity in 2012 and 2013 with growth rates of around 5%.

Real GDP growth rates (%)

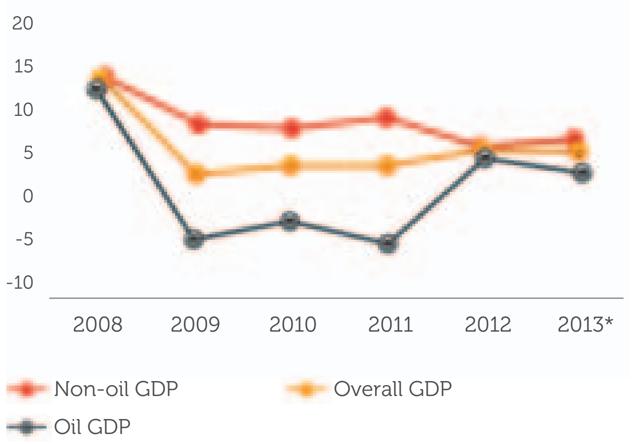
	2008	2009	2010	2011	2012	2013*
GDP mp	**13,8**	**2,4**	**3,4**	**3,4**	**5,3**	**5,1**
Oil and Gas sector	**12,3**	**-5,1**	**-3,0**	**-5,6**	**4,3**	**2,6**
Non-Oil sector	**14,0**	**8,3**	**7,8**	**9,1**	**5,6**	**6,5**
Agriculture	1,9	29,0	6,0	11,4	-22,5	8,6
Fishing & Derivatives	-2,4	-8,7	1,3	3,5	9,7	9,8
Diamonds and others	-8,2	4,6	-10,3	-3,3	0,3	6,6
Manufacturing	11,0	5,3	10,7	3,8	6,5	8,0
Construction	25,6	23,8	16,1	6,8	7,5	7,6
Energy	26,1	21,3	10,9	15,0	23,9	22,4
Retail services	26,9	-1,4	8,7	12,3	10,0	5,4
Other	1,9	5,9	4,7	8,2	8,3	5,0

*Forecast Source: MPDT

Indeed Gross Domestic Product (GDP) in 2013 grew by 5.1% according to the most recent projections of the Planning and Territorial Development Ministry (Ministério do Planeamento e Desenvolvimento Territorial-MPDT), well above the world average (2.9%), and not comparable with the Euro zone where this was in fact negative (-0,4%), while outpacing the US (1.6%) and Japan (2,0%). It was also in line with the average growth rates of the emerging economies (5%) and on a par with sub-Saharan African oil-exporting countries.

This behaviour was less underpinned by the growth in the Oil & Gas sector, which posted growth of 2.6% in 2013 against the 4.3% observed in the previous year, and increasingly more by the non-oil and gas sector (6.5%).

GDP trends (real growth rates (as %)



*Forecast Source: MPDT

Within these, noteworthy were the sectors "Energy", with a real growth rate of 22.4%, "Fishing and Derivatives" with 9.8% and "Agriculture" with 8.6%, which continued to benefit from a public investment policy, followed by "Manufacturing" with 8.0% and "Construction" with 7.6%.

Amongst the most promising sectors of economic activity within the scope of the National Reconstruction Plan (Programa de Reconstrução Nacional -PRN) and private investment projects, we highlight Construction and Infrastructure Modernisation, Real Estate, Building Materials and Cement, Agro-Industry, Food and Beverages and Distribution.

These facts also reflect the concern regarding the economy's diversification and as such the need to recoup the infrastructures, keeping inflation in check and stimulating structural-oriented investment, namely private, as well as the creation of national economic groups.

The pace of economic expansion was slightly below that initially forecast, also in part due to the deceleration in lending to the economy by banks which is mainly attributable to the scarcity of financeable projects and a lower execution of the State's capital expenditure.

With the object of bolstering national output, improving the population's living standards and achieving the gradual and desirable self-sufficiency of the Angolan economy, the government continued to implement a diversified array of investments, namely in the electricity sector with the construction and repair of disused structures and the reinforcement of the three main electricity systems of the North, Centre and South of the country.

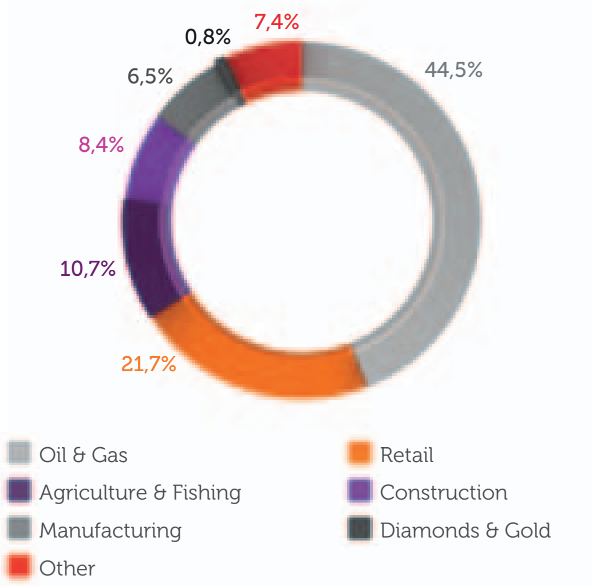
It should be noted that the energy sector still reveals major shortcomings, namely as regards supply, in the low rate of access to electricity, in the limitations to power generation with high production costs and heavy subsidies.

Investments are projected to take place in other alternative energy sources, such as solar, wind, natural gas and biofuels.

Work continues on the combat against the informal economy and a major drive is being directed at improving the distribution networks. As concerns transportation infrastructure, the main investment focus was centred on the rehabilitation of roads, railways and seaports.

Turning to the sectorial structure of Gross Domestic Product, despite there continuing to be bright growth prospects for the non-oil and gas sector, crude oil production still represented roughly 44.5% of GDP in 2012, while oil exports continued to constitute the primary source of funding for government spending.

GDP breakdown by sectors
2012



*Forecast Source: MPDT

For its part, the Oil & Gas sector has been stimulated by several new discoveries and there should be new exploration licences long into the future for the development of new oil fields.

Angola is the second largest oil producer in sub-Saharan Africa, after Nigeria, with a daily output of some 2 million barrels.

The breakdown of GDP by sectors - and according to BNA - also reveals that the second biggest sector of activity is that of "Commerce", with 21.7%.

The Angolan economy's good dynamism and stability, the domestic market growth and an emerging middle class present the commerce (trade) sector with multiple opportunities.

The rise in spending power is clearly illustrated by the increase in "GDP per capita" which, according to the IMF, climbed from USD 585 in 2000 to USD 5,061 in 2011, and could reach USD 6,392 in 2016.

Within the "Commerce" sector, the main advances were the new distribution structures, namely retail stores, the co-called proximity convenience stores, the wholesale markets, the logistics centres and ever so necessary networks for access to inside and outside the country, namely roads, railways and shipping.

In addition to the government's considerable effort to endow Angola with ever more commercial facilities, there were also several and hefty private investments which will continue.

"Agriculture and Fishing", with 10.7%, is Angola's second biggest non-oil production sector, with immense potential still not exploited, possessing resources that will enable Angola not only to become self-sufficient but also one of Africa's richest farming countries.

Another very dynamic sector and also with tremendous potential is "Telecommunications", which has been an Angolan economic and social policy priority and which will be pursued in coming years.

Despite its strong progress, the Angolan telecommunications system also presents some weaknesses, with the need to recoup and improve the infrastructures, so as to upgrade the communications systems that are becoming increasingly important in a globalised economy with a view to attenuating the regional inequalities disparities and where the shortage of motorways has to be transcended by communication systems.

"Construction" was the third most dynamic non-oil sector with 8.4%. The process involving the country's reconstruction following 30 years of civil war has led to the pressing need to create and restore not only homes but also the transportation and communications infrastructures, social facilities, water and energy basic sanitation and health and education amenities.

This thrust will definitely be pursued.

Controlling inflation was one of the government's objectives of economic policy notwithstanding the considerable economic growth. According to the National Statistics Institute (INE), annual inflation was situated at around 9% in 2013. The conjugation of monetary, currency and budgetary policies has facilitated these good results, which benefit all economic agents, both consumers and investors, and are extremely important for preserving the purchasing power of the more disadvantaged classes, at the same time as it reinforced confidence in the national currency.

CPI variations (%)

	2009	2010	2011	2012	2013				
					I Trim.	II Trim.	III Trim.	IV Trim.	Proj. anual
Total CPI	13,99	15,31	11,38	9,02	9,02	2,11	1,91	n.d.	99,02
Year-on-year CPI *	13,72	15,73	11,91	9,65					8,97

* August year-on-year CPI Source: BNA, INE

It is hoped that this trend will continue notwithstanding the entry into force of the new protectionist Customs Tariffs on 1 March 2014.

The need to protect national manufacturing by creating customs barriers in order to develop the national economy's secondary and primary sectors is consistent with the need to preserve purchasing power, above all of the low-income classes, with the result that the so-called Basic Basket does not suffer any increase.

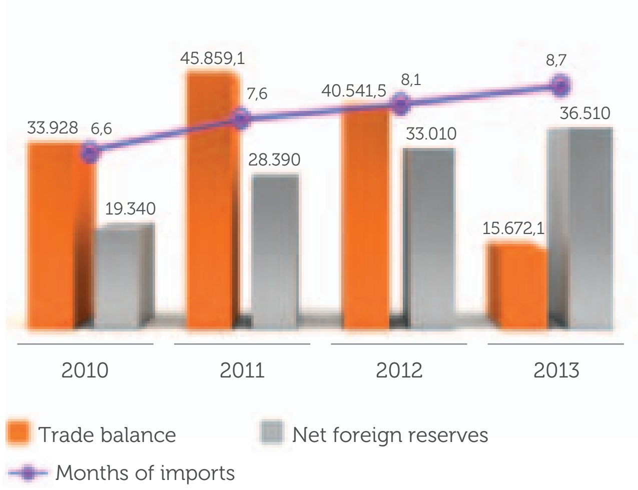
As regards the balance of payments, in global terms it is estimated that there will be a surplus in 2014 and a fall in imports as a consequence of the New Customs Tariffs compared with a nil balance projected for 2013.

This trend will have an impact on reserves, with an increase in Angola's net assets vis-à-vis the exterior which will permit attaining an accumulated balance on gross reserves in the order of USD 33 billion in 2013 and USD 35.6 billion in 2014, according to the BNA - Banco Nacional de Angola.

The favourable trend in official foreign currency reserves is an important factor inducing confidence in the value of the national currency.

This confidence is reflected favourably also and amongst other factors in a small differential between official and parallel market exchange rates.

Trend in reserves
(in USD millions)



* Forecast Source: BNA

Monetary and foreign exchange policies were directed at preserving purchasing power in 2013 and responding to the market's liquidity needs. BNA has made a concerted effort directed at controlling the inflation induced by the velocity of money circulation , which led to the cautious monitoring of the principal factors influencing the monetary base.

As concerns exchange-rate policy, a certain amount of stability was also recorded with a view to responding to the foreign currency needs on the market and the maintenance of the USD/AOA exchange rate at around 96.4, which even revealed a slight depreciation. In the second half of 2013, due to the new foreign exchange regime applicable to oil & gas companies, there was an increase in the supply of foreign currency and hence less pressure on the BNA.

Turning to monetary policy and with respect to the primary market up until August 2013 - with the exception of Treasury Bills (TB) which registered significant net issues between May and August - this was expansionist for all the other public securities due to net redemption operations.

The interruption of Central Bank Bond issues (CBB) for liquidity management purposes created conditions for increasing the national Treasury's securitised debt. The public treasury's funding conditions recorded a slight improvement.

The Treasury Bonds (Tbonds) market issued in kwanzas and indexed to foreign currency fluctuations presented interest rates hovering around the 7% mark for all the maturities, in line with 2011.

The Tbills market registered between May and August 2013 slight declines in interest rates in all maturities, in tandem with the improving trend in the public treasury's funding conditions initiated some years ago.

Transaction in these public debt securities will receive a boost from Angola's new Debt and Stock Exchange (Bolsa de Dívida e de Valores de Angola - BODIVA), scheduled for 2014 which, as with Angola's Securities Exchange (Central de Valores Mobiliários de Angola - CEMAVA), were approved by the Council of Ministers' Economic Commission in January 2014.

As for the secondary market, the BNA's interventions on the interbank market with a view to influencing the monetary conditions offered by the banking system to the general public, namely the application of lower lending rates – even for controlling inflation – had a cumulative effect on monetary contraction.

The rediscount rate almost halved, falling from 20% to 11%, by decision of the Monetary Policy Committee in the middle of 2013 and yet again on 25 November to 10.25%.

The interbank market saw declines in the LUIBOR in all the maturities, which besides the decrease in the Basic Interest Rate from 9.75% to 9.25% and the maintenance of the Permanent Liquidity Absorption Facility Rate at 0.75%, was wholly consistent with inflation's downward inflation.

Net foreign reserves improved.

Money aggregates

Monetary situation (in millions of Kwanzas)	2013		
	II Quarter	III Quarter	IV Quarter
Net external assets	**3 509,54**	**3 590,06**	**3 801,92**
Net foreign reserves	3 124,03	3 201,97	3 267,45
Billion dollars	32,44	33.25	33.93
Net internal assets	**555**	**539**	**827**
Net domestic loans	1 840	1 964	2 524
Central Government loans	-1 280	-1 123	-1 021
Loans to the economy	2 753	2 721	3 171
Means of Payment M3	**4 065**	**4 127**	**4 629**

Source: BNA

Other stocks of Net External Assets (Activos Externos Líquidos - AEL) were situated in the third and fourth quarters of 2013 at AOA 3.590,06 and AOA 3.801,92 thousand million, respectively. This was primarily due to a significant increase in commercial bank deposits in foreign currency due to the implementation of the final phase of the new Foreign Exchange Regime for oil and gas companies which, in part, also led to more banks starting up activity in Angola.

Banking is one of Angola's most dynamic and sophisticated sectors, having grown exponentially (appreciably) in the past decade. There has been increasing competition and a substantial improvement in the rate of banking utilisation which, in spite of everything, still remains low. The leading banks have expanded significantly, both in the number of branches and in the quest to be present in Angola's 18 provinces.

Finally, as regards the Means of Payments and according to BNA (Table 6), the money aggregates M1, M2 and M3 in local currency presented in the first two quarters of 2013 a contraction relative to the same periods of the previous year.

Means of Payments

Means of Payments (Mil Milhões de Kwanzas)	2012	2013		
		II Quarter	III Quarter	IV Quarter
Means of Payment M3 (in Bn)	**3 876**	**4 065**	**4 127**	**4 629**
Means of Payment M2	2 048	2 023	2 206	2 480
M2 in Bn		1 984	2 162	2 431
Coins M1	2 009	2 387	2 590	2 880
M1 in Bn	1 286	1 225	1 365	1 572
Notes and coins in public circulation	245	201	225	286
Sight deposits	1 970	2 186	2 364	2 594
Sight deposits LC	1 041	1 024	1 139	1 286
Sight deposits FC	929	1 162	1 225	1 308
Quasi Money (QM)	1 584	1 604	1 753	1 802
Term deposits LC	724	759	797	859
Term deposits FC	861	845	956	943
Other financial instruments	77	74	84	92
Other financial instruments LC	39	39	45	49
Total deposits	3 555	3 790	3 818	4 251
Deposits LC	1 765	1 783	1 926	2 290
Deposits FC	1 790	2 007	1 891	1 961

Source: BNA

However the caption Sight Deposits in foreign currency presented a strong expansion in the second quarter, undoubtedly justified by the anticipation of the oil companies' operations stemming from the introduction of the new Foreign Exchange Law in July 2013.

Turning to the capital market, a very important legislative package was published in October setting out the definition of the regulatory framework for this market's start-up and functioning in Angola.

Accordingly the Presidential Legislative Decrees (Decretos Legislativos Presidenciais -DLP) nos. 4 and 5 of 9 October, approved the bases for the Public Debt Regulated Market and the Legal Regime for Stockbroking and Stock Distributor Companies (Mercado Regulamentado da Dívida Pública) and (Regime Jurídico das Sociedades Corretoras e Distribuidoras de Valores Mobiliários), respectively.

DLP no. 6/13 of 10 October, approved the legal regime governing Regulated Financial Services and Securities Markets Management Companies (Sociedades Gestoras de Mercados Regulamentados de Services Financeiros sobre Valores Mobiliários) which integrate Clearing House Management Companies, Settlement Systems Management Companies and Centralised Securities System Management Companies (Sociedades Gestoras de Câmaras de Compensação, Sociedades Gestoras de Sistemas de Liquidação and Sociedades Gestoras do Sistema Centralizado de Valores Mobiliários).

Finally, DLP no. 7/13 of 11 October approved the Legal Regime for OIC - Organismos de Investimento Colectivo (Collective Investment Undertakings), which can be Unit Trust Funds or Investment Companies.

It is hoped that the capital market in Angola will start up during 2014 , although initially only for public-debt securities.

Financial Review

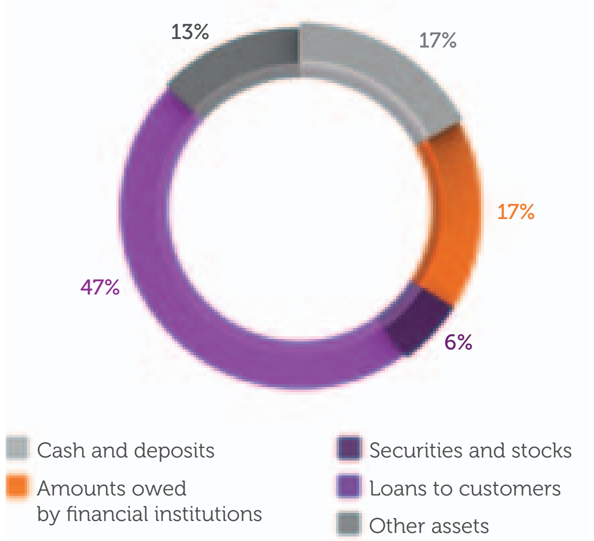
2013 was an extremely positive year for Angola's financial sector in which, despite the series of measures imposed by the Banco Nacional de Angola designed to enable it to better regulate banking activity in accordance with international norms and best practices, the system maintained the pace of growth of the past few years.

For Banco de Negócios Internacional, the year 2013 was marked by the conservative posture in the granting of credit as a result of the high level of default observed in the domestic banking business.

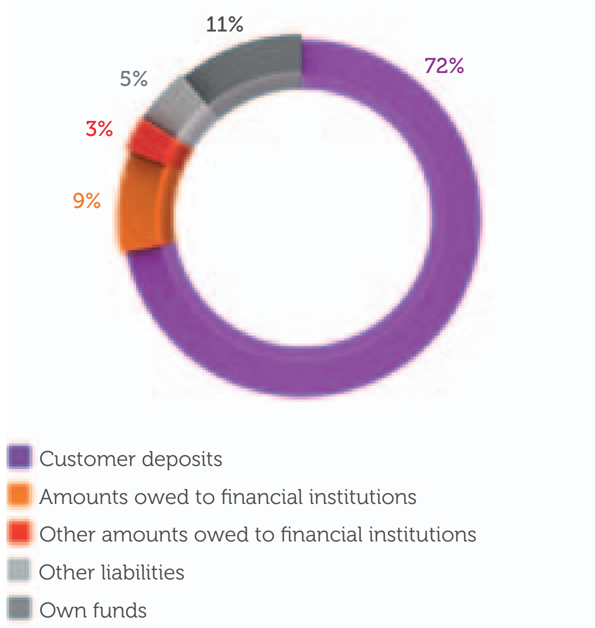
Established in 14 provinces with a total headcount of 735 employees and 82 agencies, BNI served a total of 127 667 customers in 2013. These indicators – coupled with a bold management in tandem with good governance and customer satisfaction practices - permitted attaining gratifying results, such as surpassing the USD 1 500 000 thousand mark in customer resources, attaining net total assets of USD 1 886 690 thousand, Own funds of USD 221 400 thousand and a capital adequacy (solvency) ratio of 14.92% (14.73% in 2012).

Composition of the 2013 balance sheet

Assets



Liabilities



Assets

In December 2013 the Bank's net total assets amounted to AOA 184 175 934 thousand (USD 1 886 690 thousand) against AOA 162 144 578 thousand (USD 1 692 075 thousand) in 2012, corresponding to growth of 13.59%, that is, AOA 22 031 356 thousand (USD 194 615 thousand), essentially fuelled by the loans advanced to customers of AOA 85 963 777 thousand (USD 880 609 thousand), representing 46.76% (2012: 46.76%) of the Bank's net total assets.

The Bank's assets are primarily funded by customer deposits, with a weight of 72%.

	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Total assets	**184 175 934**	**1 886 690**	**-**	**162 144 578**	**1 692 075**	**-**	**14%**
Cash and deposits	31 438 716	322 057	17%	44 785 881	467 367	28%	-30%
Amounts owed by financial institutions	32 040 647	328 223	17%	5 676 096	59 233	4%	464%
Securities and stocks (held to maturity)	10 247 433	104 974	6%	12 818 929	133 773	8%	-20%
oans to the payments system	600	6	0%	10 405	109	0	-94%
Foreign currency operations	780 948	8 000	0%	774 166	8 079	0	1%
Total loans	85 963 777	880 609	47%	75 825 141	791 280	47%	13%
Other assets	8 094 746	82 922	4%	6 792 528	70 884	4%	19%
Fixed assets	15 609 068	159 899	8%	15 461 432	161 349	10%	1%

Cash and deposits

Cash and deposits totalled AOA 31 438 716 thousand (USD 322 057 thousand) down by 29.80% equivalent to AOA 13 347 165 thousand (USD 145 310 thousand), representing 17.41% (2012: 27.62%) of net total assets.

This decrease is explained by the decline in Amounts owed by financial institutions, with a total of AOA 5 472 103 thousand (USD 56 055 thousand), presenting a decrease of AOA (14 855 239) thousand (USD (156 072) thousand) and a weight of 2.97% (2012: 12.54%) of net total assets.

	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Cash and deposits	**31 438 716**	**322 057**	**-**	**44 785 881**	**467 367**	**-**	**-30%**
Cash	6 137 012	62 867	20%	5 330 194	55 624	12%	15%
Deposits at the Central Bank	19 829 601	203 134	63%	19 128 345	199 616	43%	4%
Deposits at financial institutions	5 472 103	56 056	17%	20 327 342	212 128	45%	-73%

Amounts owed by financial institutions

Amounts owed by financial institutions amounted to AOA 32 040 647 thousand (USD 328 223 thousand) benefiting from 464.48% growth, AOA 26 364 551 thousand (USD 268 990 thousand). This increase will permit the surplus liquidity in FC to earn interest and similarly to meet the new foreign exchange exposure limits imposed by Banco Nacional de Angola. Amounts owed by financial institutions accounted for 17.40% of the Bank's total assets. Amounts owed by financial institutions represent 17.40% of the Bank's total assets. Accordingly, AOA 5 000 000 thousand (USD 51 220 thousand) represent the amounts placed in Kwanzas, AOA 26 207 307 thousand (USD 268 467 thousand) represented the amounts placed with institutions abroad in North American dollars and AOA 833 340 (USD 8 537 thousand) in euro.

Securities

BNI's securities portfolio is composed of Angolan public debt securities held to maturity amounting to AOA 10 247 433 thousand (USD 104 974 thousand) against AOA 12 818 929 thousand (USD 133 773 thousand) in 2012, posting a negative year-on-year change of 20.06%, around AOA 2 571 496 thousand (USD 28 799 thousand), representing 5.56% (7.91% in 2012) of net total assets.

Short-term securities (Treasury Bills and Central Bank Bonds) represented 20.88% of the Bank's security portfolio, with the remaining 79.14% referring to medium-term securities (Treasury Bonds).

As concerns the currency, the securities in LC (CBBonds, Tbills and readjusted Tbonds and Tbonds indexed to the CPI) represent 92.65% (94.21% in 2012) of the portfolio, whereas securities denominated in FC (Treasury Bonds) represent the remaining 7.35% (5.79% in 2012).

The Bank classifies securities in the held-to-maturity category given that it has the intention and financial capability to hold them until the respective maturity.

Loans

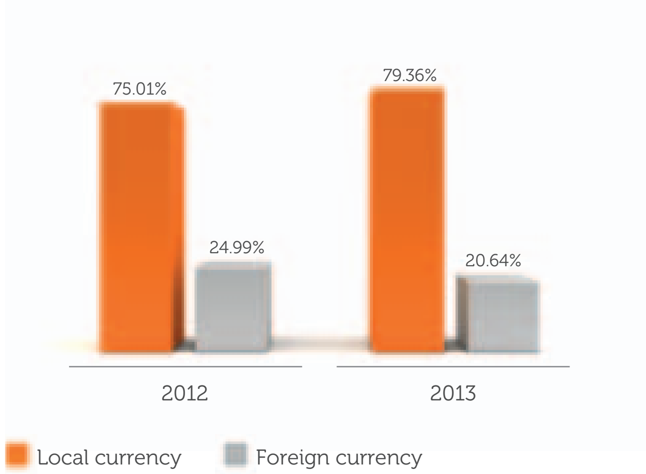
In December 2013, total loans were AOA 85 963 777 thousand (USD 880 609 thousand) posting a growth rate of 13.37%, that is, AOA 10 138 636 thousand (USD 89 239 thousand), relative to the same period of 2012, and now representing 46.67% of the bank's net total assets.

Gross loans in 2013 totalled AOA 87 674 332 thousand (USD 898 132 thousand), reflecting 12.50% growth, that is AOA 9 741 327 thousand (USD 84 855 thousand) relative to the same period a year earlier.

	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Total loans	85 963 777	880 609	-	75 825 141	791 280	-	13%
Perf. and non-perform. loans	87 674 332	898 132	-	77 933 005	813 277	-	12%
In local currency	67 702 350	693 540	79%	56 778 073	592 513	75%	19%
Companies	61 187 435	626 802	71%	50 969 526	531 897	67%	20%
Individuals	6 514 915	66 738	8%	5 808 547	60 616	8%	12%
In foreign currency	17 282 016	177 036	20%	19 228 149	200 657	25%	-10%
Companies	16 361 306	167 604	19%	17 903 138	186 830	23%	-9%
Individuals	920 710	9 432	1%	1 325 011	13 827	2%	-31%
Interest receivable	2 689 966	27 556	3%	1 926 783	20 107	3%	40%
Provision for doubtful debts (Note 24)	(1 710 555)	(17 523)	-2%	(2 107 864)	(21 997)	-3%	-19%

At 31 December 2013, loans in LC amounted to AOA 67 702 350 thousand (USD 693 540 thousand), and loans in FC AOA 17 282 016 thousand (USD 177 036 thousand), with shares of 78.76% (2012: 74.88%) and 20.10% (2012: 25.36%) of total loans, respectively, reflecting the bank's drive aimed at reducing the exposure of loans in FC.

Composition of loans by currency



At 31 December 2013, overdue loans amounted to AOA 1 838 478 thousand (USD 18 833 thousand) against AOA 2 055 440 thousand (USD 21 450 thousand) in 2012, reflecting a 10.56% slowdown, around AOA 216 962 thousand (USD 2 617 thousand) reaching an overdue loans ratio of 2.10% (2.64% in 2012).

The work done on recovering non-performing loans during 2013 also benefited the ratio of loans covered by provisions for doubtful debts, which was situated at 93.04% compared with 102.55% in the period a year earlier.

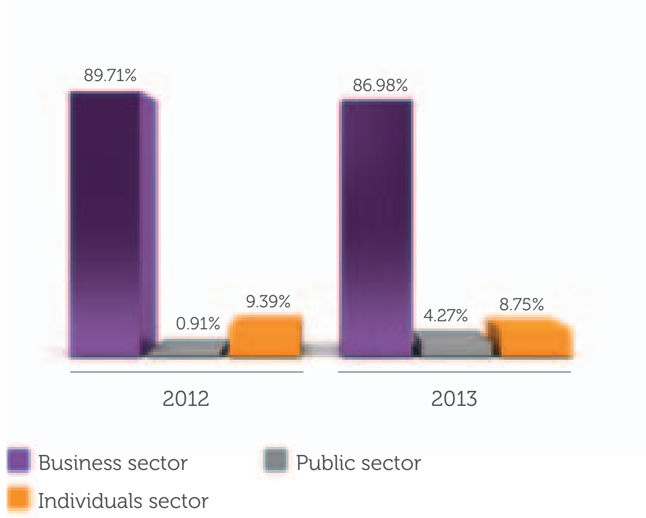
Quality of loans

	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Net loans	85 963 777	880 609	-	75 825 141	791 280	-	13%
Provisions for loans	(1 710 555)	(17 523)	-2%	(2 107 864)	(21 997)	-3%	-19%
Gross loans	87 674 332	898 132	-	77 933 005	813 277	-	12%
Loans falling due	85 835 854	879 299	100%	75 877 565	791 827	100%	13%
Loans in arrears	1 838 478	18 833	2%	2 055 440	21 450	3%	-11%
No. of days in arrears							
15-30	357 671	3 664	19%	348 237	3 634	17%	3%
30-60	27 110	278	1%	263 455	2 749	13%	-90%
60-90	103 932	1 065	6%	112 809	1 178	5%	-8%
90-150	298 435	3 057	16%	330 886	3 453	16%	-10%
150-180	277 652	2 844	15%	161 856	1 689	8%	72%
>180	773 678	7 926	42%	838 197	8 747	41%	-8%

(*) The weighting presented reflects the total loan portfolio net of provisions.

Specific provisions in 2013 were situated at AOA 1 710 555 thousand (USD 17 523 thousand), representing a credit risk cost of 0.79% (1.75% in 2012) and covering 93.04% of overdue loans (102.55% in 2012).

Composition of loans by sector



Liabilities

The Bank closed 2013 with liabilities of AOA 163 057 172 thousand (USD 1 367 565 thousand) benefiting from 14.08% growth, up AOA 20 122 494 thousand (USD 178 743 thousand) on the same period last year.

Leveraging liabilities were customer deposits of AOA 133 499 669 thousand (USD 1 367 565 thousand), with a share of 81.87% (87.52% in 2012), followed by Amounts owed to financial institutions amounting to AOA 15 749 888 thousand (USD 161 341 thousand), with a 9.66% share of the Bank's total liabilities.

	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Total liabilities	**163 057 172**	**1 670 351**	**-**	**142 934 679**	**1 491 609**	**-**	**14%**
Deposits	133 499 669	1 367 565	82%	125 102 191	1 305 516	88%	7%
Amounts owed to financial institutions	15 749 888	161 341	10%	6 201 050	64 712	4%	154%
Liabilities in the payments system	1 083 198	11 096	1%	2 241 542	23 392	2%	-52%
Foreing currency operations	782 904	8 020	0%	776 155	8 100	1%	1%
Other amounts owed to financial institutions	5 219 814	53 472	3%	5 274 529	55 043	4%	-1%
Other liabilities	6 355 123	65 102	4%	2 961 851	30 908	2%	115%
Provisions for contingent liabilities	366 577	3 755	0%	377 361	3 938	0%	-3%

Customer deposits

Customer deposits in 2013 totalled AOA 133 499 669 thousand (USD 1 367 565 thousand), thanks to growth of 6.71%, that is, AOA 8 397 478 thousand (USD 62 049 thousand) representing 81.87% of the Bank's total liabilities.

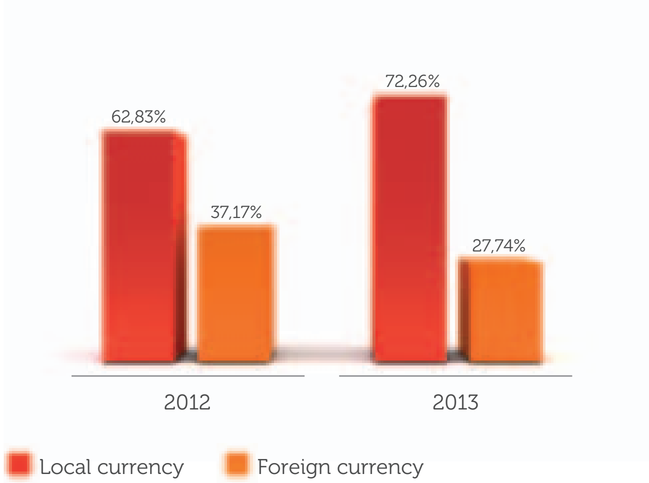
The deposits' portfolios is composed of sight, term and other deposits, with shares of 47.66%, 52.34% and 0.00%, respectively.

Sight deposits stood at AOA 63 626 375 thousand (USD 651 786 thousand), posting 25.88% growth when compared with the same period last year. Term deposits totalled AOA 69 870 655 thousand (USD 715 752 thousand), recording growth in the order of 18.17% relative to the same period a year earlier.

Other deposits were situated at AOA 2 639 thousand (USD 27 thousand), down 99.98%, roughly AOA (15 426 529) thousand (USD (160 986) thousand) relative to a year earlier.

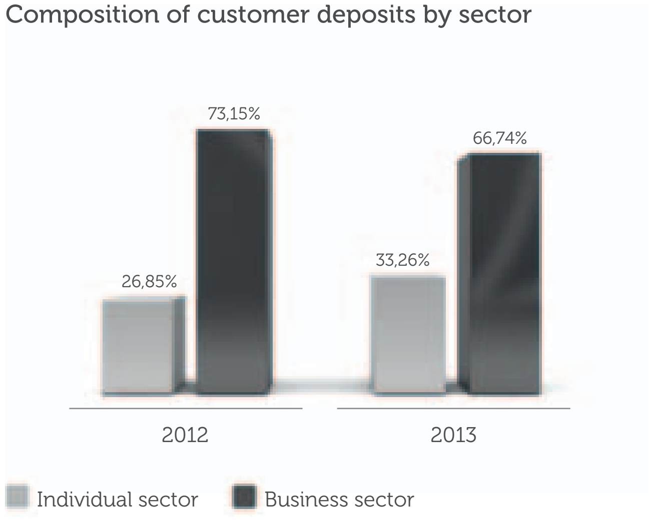
	2013 AOA'000	2013 USD'000	Share (%)	2012 AOA'000	2012 USD'000	Share (%)	Δ %
Customer deposits	**133 499 669**	**1 367 565**	**-**	**125 102 191**	**1 305 516**	**-**	**7%**
Sight deposits	63 626 375	651 786	48%	50 545 499	527 472	40%	26%
Term deposits	69 870 655	715 752	52%	59 127 524	617 031	47%	18%
Other deposits	2 639	27	0%	15 429 168	161 013	12%	-100%

Composition of customer deposits by currency



Deposits in FC represent 27.74% (31.17% in 2012) of total deposits, while the remaining 72.26% (62.83% in 2012) relate to resources in LC, reflecting a decrease in deposits in FC when compared with the Angolan currency. The transformation ratio of customers' deposits was fixed at 65.67%, against 62.30% in 2012.

Composition of customer deposits by sector



As a result of the agreement entered into in 2011 between Banco de Negócios Internacional and Banco Nacional de Angola, with the object of boosting the index of the population resorting to banking services in the country, in December 2013 the number of Bankita current accounts amounted to 11 236 (2012: 5 844) and 161 (2012: 63) Bankita term deposits growing, making a total placed of AOA 96 661 thousand (USD 990 thousand).

Net interest income

Net interest income totalled in 2013 AOA 5 944 272 thousand (USD 61 614 thousand) against AOA 5 684 889 thousand (USD 59 572 thousand) noted in the same period a year earlier, achieving 4.56% growth, that is, AOA 259 383 thousand (USD 2 042 thousand).

Contributing to this was the 15.44% rise in income from loans, roughly AOA 1 282 412 thousand (USD 12 349 thousand) relative to 2012, as well as the income from other amounts owed by financial institutions, which grew by 1809%, around AOA 394 429 thousand (USD 4 086 thousand).

	2013	2013	Share	2012	2012	Share	Δ
	AOA'000	USD'000	(%)	AOA'000	USD'000	(%)	%
Net interest income	**5 944 272**	**61 614**	**-**	**5 684 889**	**59 572**	**-**	**5%**
Income from financial instrument assets	10 660 824	110 503	-	9 162 645	96 015	-	16%
Income from amounts owed by Financial Institutions	416 227	4 314	4%	21 798	228	0%	1809%
Income from securities and stocks	657 705	6 817	6%	836 368	8 764	9%	-21%
Income from loans	9 586 892	99 372	90%	8 304 479	87 023	91%	15%
(-) Cost of financial instrument liabilities	(4 716 552)	(48 889)	-	(3 477 756)	(36 443)	-	36%
Costs of deposits	(3 787 404)	(39 258)	80%	(2 787 543)	(29 210)	80%	36%
Cost of amounts owed due to fin. Institutions	(638 059)	(6 614)	14%	(402 332)	(4 216)	12%	59%
Costs of other resources taken	(291 089)	(3 017)	6%	(287 881)	(3 017)	8%	1%

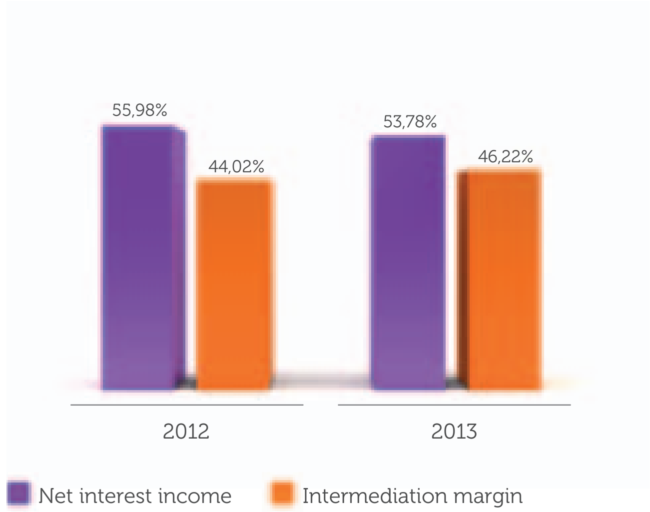
Complementary margin

The complementary margin totalled 5 108 746 thousand (USD 52 954 thousand) against AOA 4 469 904 thousand (USD 46 840 thousand) in 2012, achieving growth of 14.29%, that is, AOA 638 842 thousand (USD 6 114 thousand) relative to the same period in the preceding year.

	2013	2013	Share	2012	2012	Share	Δ
	AOA'000	USD'000	(%)	AOA'000	USD'000	(%)	%
Complementary margin	**5 108 746**	**52 954**	**-**	**4 469 904**	**46 840**	**-**	**14%**
Net gains from trading and fair value adjustments	-	-	-	26 132	274	1%	-
Net gains/losses from foreign currency operations	2 682 562	27 805	53%	2 126 546	22 284	48%	26%
Net income/loss from provision of financial services	2 426 184	25 148	47%	2 317 226	24 282	52%	5%

Result of financial intermediation

Compared with the corresponding period last year, the net profit from financial intermediation benefited from a 6.51% increase, that is, AOA 633 775 thousand (USD 5 461 thousand).



Operating costs

Operating costs comprise personnel costs, outside supplies, depreciation and amortisation and other costs, making a total of AOA 7 436 305 thousand (USD 77 080 thousand) against AOA 6 029 255 thousand (USD 63 181 thousand) in 2012, recording 23.34% growth, that is, AOA 1 407 050 thousand (USD 13 899 thousand).

The rise in costs is essentially explained by the expansion of the commercial structure, the increase in the workforce, the inauguration of the second Head Office and the wear-and-tear allowance on the Bank's fixed assets.

The cost-to-income ratio stood at 70.17% against 58.320% in 2012.

	2013	2013	Share	2012	2012	Share	Δ
	AOA'000	USD'000	(%)	AOA'000	USD'000	(%)	%
Operating costs	**7 436 305**	**77 080**	**-**	**6 029 255**	**63 181**	**-**	**23%**
Personnel costs	2 688 542	27 868	36%	1 893 030	19 837	31%	42%
Third party supplies	3 273 571	33 932	44%	2 518 753	26 394	42%	30%
Taxes and levies	110 231	1 141	1%	13 110	137	0%	741%
Penalties	33 968	352	0%	5 324	56	0%	538%
Depreciation and amortisation	1 329 993	13 786	18%	1 599 037	16 756	27%	-17%

Earnings

The bank closed 2013 with net income of AOA 2 759 277 thousand (USD 28 600 thousand) against AOA 3 378 526 thousand (USD 35 404 thousand) earned in 2012, corresponding to a decline of 18.33% , down AOA 619 249 thousand (USD 6 804 thousand) on the same period last year.

For 2013, corporate income tax is estimated at AOA 1 458 254 thousand (USD 15 115 thousand).

	2013	2013	2012	2012	Δ
	AOA'000	USD'000	AOA'000	USD'000	%
Net income					
Net interest income	5 944 272	61 614	5 684 889	59 572	5%
Complementary margin	5 108 746	52 954	4 469 904	46 840	14%
Net operating revenue	**11 053 018**	**114 568**	**10 154 793**	**106 412**	**9%**
(-) Provisions	(688 691)	(7 139)	(424 242)	(4 446)	62%
Net income from financial intermediation	**10 364 327**	**107 428**	**9 730 551**	**101 966**	**7%**
(-) Operating costs	(7 436 305)	(77 080)	(6 029 255)	(63 181)	23%
(-) Provisions for other assets	(44 148)	(458)	198 132	(2 076)	-78%
(-) Recovery costs	157 732	1 635	57 044	598	177%
(-) Other operating income and costs	1 631 597	16 912	384 901	4 033	324%
Net operating income	**4 673 203**	**48 437**	**3 945 110**	**41 341**	**18%**
Non operating items	(455 672)	(4 723)	183 567	1 924	148%
(-) Provisions for corporate income tax	(1 458 254)	(15 115)	(750 151)	(7 861)	94%
Net income	**2 759 277**	**28 600**	**3 378 526**	**35 404**	**-18%**

The return on shareholders' equity (ROE) was situated at 12.77% versus 15.97% in 2012. The return on assets (ROA) was 1.49%, down 0.59 p.p relative to a year ago, boosted by the increase seen in the Bank's assets during 2013.

	2013	2012	Δ p.p
	%	%	
Earnings			
ROA	1,50%	2,08%	-0,59%
ROE	12,77%	15,97%	-3,21%
RAI/Shareholders' equity	22,97%	26,08%	-3,11%

Regulatory own funds and solvency

The Bank's regulatory own funds calculated according to instruction no. 3 / 2011 of Banco Nacional de Angola, amounted to AOA 21 612 701 thousand (USD 221 400 thousand) in 2013 against AOA 21 151 671 thousand (USD 220 730 thousand) in 2012, posting growth of 2.18% fuelled by the appropriation of 2012 net income to the legal reserve (20%), to retained earnings (57.50%) and dividends (22.50), as well as by 2013 net income.

Risk-weighted assets totalled AOA 143 878 738 thousand (USD 1 473 888 thousand) according to the new calculation model, based on instruction no. 3 / 2011 of 08 June.

Trend in regulatory own funds and risk-weighted assets

	2013	2013	2012	2012	Δ
	AOA'000	USD'000	AOA'000	USD'000	%
Regulatory capital adequacy ratio	**14,92%**	**-**	**14,73%**	**-**	**1%**
Regulatory own funds	21 612 701	221 400	21 151 671	220 730	2%
Weighted net assets	143 878 738	1 473 888	124 373 377	1 297 910	16%
Currency-risk capital requirement	101 951	1 044	1 922 783	20 065	-95%

The capital adequacy ratio, calculated based on the same Banco Nacional de Angola instruction, was situated at 14.93 % against 14.73% in 2012.

A good investment

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Financial Statements

Balance sheet
at 31 December 2013 and 2012

	Notes	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Assets					
Cash and deposits	3	31 438 716	322 057	44 785 881	467 367
Amounts owed by financial institutions		32 040 647	328 223	5 676 096	59 233
Inter-financial money market operations	4	32 040 647	328 223	5 676 096	59 233
Stocks and securities		10 247 433	104 974	12 818 929	133 773
Held to maturity	5	10 247 433	104 974	12 818 929	133 773
Loans in the payments system	6	600	6	10 405	109
Foreign currency operations	7	780 948	8 000	774 166	8 079
Total loans		85 963 777	880 609	75 825 141	791 280
Performing and non-performing loans	8	87 674 332	898 132	77 933 005	813 277
Provision for doubtful debts	8	(1 710 555)	(17 523)	(2 107 864)	(21 997)
Other assets	9	8 094 746	82 922	6 792 528	70 884
Financial fixed assets	10	3 226 943	33 057	1 637 265	17 086
Tangible and in progress fixed assets	11	12 098 254	123 934	13 326 005	139 065
Intangible assets	11	283 870	2 908	498 162	5 199
Total assets		**184 175 934**	**1 886 690**	**162 144 578**	**1 692 075**
Liabilities					
Deposits		133 499 669	1 367 565	125 102 191	1 305 516
Sight deposits	12	63 626 375	651 786	50 545 499	527 472
Term deposits	12	69 870 655	715 752	59 127 524	617 031
Other deposits	12	2 639	27	15 429 168	161 013
Amounts owed to financial institutions		15 749 888	161 341	6 201 050	64 712
Inter-financial money market operations	13	15 749 888	161 341	6 201 050	64 712
Liabilities in the payments system	14	1 083 198	11 096	2 241 542	23 392
Foreign currency operations	7	782 904	8 020	776 155	8 100
Other amounts owed to financial institutions		5 219 814	53 472	5 274 529	55 043
Subordinated debt	15	4 959 881	50 809	4 867 157	50 792
Other resources contracted	15	259 933	2 663	407 372	4 251
Other liabilities	16	6 355 123	65 102	2 961 851	30 908
Provisions for contingent liabilities	17	366 577	3 755	377 361	3 938
Total liabilities		**163 057 172**	**1 670 351**	**142 934 679**	**1 491 609**
Share capital	18	6 039 104	61 865	6 039 104	63 022
Reserves and funds	19	4 536 729	46 474	3 865 657	40 340
Conversion gains/(losses)	2	-	(335)	-	(148)
Retained earnings	19	7 869 264	80 612	5 926 612	61 848
(-) Own shares or quotas		(85 612)	(877)	-	-
Net income for the year		2 759 277	28 600	3 378 526	35 404
Total own funds		**21 118 762**	**216 339**	**19 209 899**	**200 466**
Total liabilities and shareholders' equity		**184 175 934**	**1 886 690**	**162 144 578**	**1 692 075**

The accompanying notes form an integral part of the financial statements.

Income statement
For the years ended 31 December 2013 and 2012

	Notes	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Income from financial instrument assets		**10 660 824**	**110 503**	**9 162 645**	**96 015**
Income from amounts owed by financial institutions	20	416 227	4 314	21 798	228
Income from stocks and securities	20	657 705	6 817	836 368	8 764
Income from loans	20	9 586 892	99 372	8 304 479	87 023
(-) Costs of financial instrument liabilities		**(4 716 552)**	**(48 889)**	**(3 477 756)**	**(36 443)**
Cost of deposits	21	(3 787 404)	(39 258)	(2 787 543)	(29 210)
Cost of amounts owed to financial institutions	21	(638 059)	(6 614)	(402 332)	(4 216)
Cost of other resources	21	(291 089)	(3 017)	(287 881)	(3 017)
Net interest income		**5 944 272**	**61 614**	**5 684 889**	**59 572**
Net trading gains and fair value adjustments		-	-	26 132	274
Net income from currency operations	22	2 682 562	27 805	2 126 546	22 284
Net income from financial services	23	2 426 184	25 148	2 317 226	24 282
(-) Provisions for doubtful debts and guarantees given	8 e 24	(688 691)	(7 139)	(424 242)	(4 446)
Net operating revenue		**10 364 327**	**107 428**	**9 730 551**	**101 966**
(-) Personnel	25	(2 688 542)	(27 868)	(1 893 030)	(19 837)
(-) Outside supplies	26	(3 273 571)	(33 932)	(2 518 753)	(26 394)
(-) Non-profit related taxes and levies		(110 231)	(1 141)	(13 110)	(137)
(-) Penalties applied by the regulatory authorities		(33 968)	(352)	(5 324)	(56)
(-) Depreciation and amortisation	27	(1 329 993)	(13 786)	(1 599 037)	(16 756)
(-) Provisions for contingent liabilities	28	(44 148)	(458)	198 132	2 076
Costs recouped		157 732	1 635	57 044	598
Other operating income and costs	29	1 631 597	16 912	384 901	4 033
Operating profit		**4 673 203**	**48 437**	**3 945 110**	**41 341**
Non-operating profit	30	(455 672)	(4 723)	183 567	1 924
Income before taxation and other charges		4 217 531	43 715	4 128 677	43 264
(-) Charges on net operating income	31	(1 458 254)	(15 115)	(750 151)	(7 861)
Net income for the year		**2 759 277**	**28 600**	**3 378 526**	**35 404**

The accompanying notes form an integral part of the financial statements.

Statement of changes in Own Funds
For the years ended 31 December 2013 and 2012

AOA'000	Share capital	Reserves	Social fund	Retained earnings	Total reserves and funds	Net income for the year	Own shares or quotas	Total own funds
Balances at 31 December 2011	**6 039 104**	**3 171 532**	**31 540**	**4 074 711**	**13 316 887**	**3 220 695**	**-**	**16 537 582**
Distribution of dividends		-	-	-	-	(698 509)	-	(698 509)
Constitution of the social fund		-	26 146	-	26 146	(26 146)	-	-
Utilisation of the social fund		-	(7 700)	-	7 700	-	-	(7 700)
Constitution of reserves		644 139	-	-	644 139	(644 139)	-	-
Transfer of 2011 net income		-	-	1 851 901	1 851 901	(1 851 901)	-	-
2012 net income		-	-	-	-	3 378 526	-	3 378 526
Balances at 31 December 2012	**6 039 104**	**3 815 671**	**49 986**	**5 926 612**	**15 831 373**	**3 378 526**	**-**	**19 209 899**
Distribution of dividends	-	-	-	-	-	(713 265)	-	(713 265)
Constitution of the social fund	-	-	46 903	-	46 903	(46 903)	-	-
Utilisation of the social fund	-	-	(51 537)	-	(51 537)	-	-	(51 537)
Constitution of reserves	-	675 706	-	-	675 706	(675 706)	-	-
Transfer of 2012 net income	-	-	-	1 942 652	1 942 652	(1 942 652)	-	-
Own shares or quotas		-	-	-	-	-	(85 612)	(85 612)
2013 net income		-	-	-	-	2 759 277	-	2 759 277
Balances at 31 December 2013	**6 039 104**	**4 491 377**	**45 352**	**7 869 264**	**18 445 097**	**2 759 277**	**(85 612)**	**(21 118 762)**

USD'000	Share capital	Reserves	Social Fund	Retained earnings	Total reserves and funds	Net income for the year	Own shares or quotas	Conversion reserve	Total own funds
Balances at 31 December 2011	**63 381**	**33 286**	**331**	**42 765**	**139 763**	**34 301**	**-**	**(499)**	**173 565**
Distribution of dividends		-	-	-	-	(7 441)	-	-	(7 441)
Constitution of the social fund		-	278	-	278	(278)	-	-	-
Utilisation of the social fund		-	80	-	80	-	-	-	80
Constitution of reserves		6 860	-	-	6 860	(6 860)	-	-	-
Transfer of 2011 net income		-	-	19 722	19 723	(19 722)	-	-	-
Currency depreciation		(327)	(7)	(640)	(1 333)	-	-	352	(982)
2012 net income		-	-	-	-	35 404	-	-	35 404
Balances at 31 December 2012	**63 022**	**39 818**	**522**	**61 848**	**165 209**	**35 404**	**-**	**(148)**	**200 466**
Distribution of dividends	-	-	-	-	-	(7 474)	-	-	(7 474)
Constitution of the social fund	-	-	492	-	492	(492)	-	-	-
Utilisation of the social fund	-	-	(540)	-	(540)	-	-	-	(540)
Constitution of reserves	-	7 081	-	-	7 081	(7 081)	-	-	-
Transfer of 2012 net income	-	-	-	20 357	20 357	(20 357)	-	-	-
Currency depreciation	(1 157)	(890)	(9)	(1 593)	(3 650)	-	-	(187)	(3 816)
Own share or quotas	-	-	-	-	-	-	(877)	-	(897)
2013 net income	-	-	-	-	-	28 600	-	-	28 600
Balances at 31 December 2013	**61 865**	**46 009**	**465**	**80 612**	**188 950**	**28 600**	**(877)**	**(335)**	**(216 339)**

The accompanying notes form an integral part of the financial statements.

Cash flow statement
For the years ended 31 December 2013 and 2012

	2013	2012	2013	2012
	AOA'000	AOA'000	USD'000	USD'000
I Cash flow from net interest income (I+II)	**4 601 246**	**4 514 190**	**47 135**	**47 108**
II Income received from financial instrument assets (1+2+3+4)	**9 567 857**	**8 109 513**	**98 013**	**84 628**
1 Income received from amounts owed by financial institutions	41 172	19 237	422	201
2 Income received from stocks and securities	747 283	861 096	7 655	8 986
4 Income received from loans	8 779 402	7 229 180	89 936	75 441
III Payments of financial instrument liability costs (5+6+7+8+9)	**(4 966 611)**	**(3 595 323)**	**(50 878)**	**(37 519)**
5 Payments of deposit costs	(4 072 817)	(2 934 318)	(41 722)	(30 621)
6 Payments of costs of amounts owed to financial institutions	(605 799)	(402 332)	(6 206)	(4 199)
7 Payments of costs of stocks and securities	-	-	-	-
8 Payments of derivative financial instrument costs	-	-	-	-
9 Payments of costs of other amounts owed to financial institutions	(287 995)	(258 673)	(2 950)	(2 699)
IV Cash flow from net trading gains and fair value adjustments	**-**	**26 132**	**-**	**273**
V Cash flow from net income from foreign currency operations	**2 682 510**	**2 126 546**	**27 480**	**22 192**
VI Cash flow from net income from financial services provided	**2 426 184**	**2 317 226**	**24 854**	**24 182**
VII Cash flow from net income from insurance, capitalisation and supplementary health plans	**-**	**-**	**-**	**-**
VIII Operating Cash Flow From Net Operating Revenue (I+IV+V+VI+VII)	**9 709 940**	**8 984 094**	**99 468**	**93 754**
IX Cash Flow From Net Income From Commodities, Products and Other Services	**-**	**-**	**-**	**-**
10 Payments of administrative and selling costs	(5 696 193)	(3 846 721)	(58 352)	(40 143)
11 Payments of other charges on income	(1 458 254)	(750 151)	(14 938)	(7 828)
12 Cash flow from the settlement of operations in the payments system	(1 148 539)	1 375 810	(11 766)	14 357
13 Cash flow from other assets and other liabilities	1 826 076	(4 232 424)	18 706	(44 168)
14 Income received for financial fixed assets	-	-	-	-
15 Cash flow relating to other operating costs and income	1 631 597	384 902	16 714	4 017
X Receipts and Payments Relating to Other Operating Income and Costs (10+11+12+13+14+15)	**(4 845 313)**	**(7 068 584)**	**(49 635)**	**(73 765)**
XI Cash Flow from Operations (VIII+IX+X)	**4 864 627**	**1 915 510**	**49 833**	**19 989**
16 Cash flow from amounts owed by financial institutions	(26 364 551)	(507 012)	(270 077)	(5 291)
17 Cash flow from investments in stocks and securities	2 571 496	(194 035)	26 342	(2 025)
18 Cash flow from investments in derivative financial instruments	-	-	-	-
19 Cash flow from investments in foreign currency operations	(6 782)	(774 166)	(69)	(8 079)
20 Cash flow from investments in loans	(9 741 327)	(13 035 863)	(99 790)	(136 037)
XII Cash Flow from Investments in Net Operating Revenue (16+17+18+19+20)	**(33 541 164)**	**(14 511 076)**	**(343 594)**	**(151 432)**
XIII Cash Flow from Investments in Other Assets	**-**	**-**	**-**	**-**
21 Cash flow relating to investments in fixed assets	(1 314 428)	(6 590 067)	(13 465)	(68 771)
22 Cash flow from net gains on disposal of fixed assets	-	-	-	-
23 Cash flow from other non-operating gains and losses	(455 672)	183 567	(4 668)	1 916
XIV Cash Flow from Fixed Assets (21+22+23)	**(1 770 100)**	**(6 406 500)**	**(18 133)**	**(66 856)**
XV Cash Flow Relating to Investing Activities (XII+XIII+XIV)	**(35 311 264)**	**(20 917 576)**	**(361 727)**	**(218 287)**
24 Cash flow from funding with deposits	8 397 477	39 024 919	86 023	407 248
25 Cash flow from funding with amounts owed to financial institutions	9 548 838	6 201 050	97 818	64 712
26 Cash flow from funding with stocks and securities issued	-	-	-	-
27 Cash flow from funding with derivative financial instruments	-	-	-	-
28 Cash flow from funding with foreign currency operations	6 749	772 353	69	8 060
29 Cash flow from funding with other amounts owed to financial institutions	(54 715)	(5 120 893)	(560)	(53 440)
XVI Cash Flow from Funding of Net Operating Revenue (24+25+26+27+28+29)	**17 898 349**	**40 877 429**	**183 350**	**426 580**
XVII Cash Flow from Funding with Minority Shareholders	**-**	**-**	**-**	**-**
30 Proceeds from capital increases	-	-	-	-
31 Payments relating to capital reductions	-	-	-	-
32 Payments of dividends	(713 265)	(698 509)	(7 307)	(7 289)
33 Receipts from the sale of treasury shares or quotas	2 677 301	-	27 426	-
34 Payments for the acquisition of treasury shares or quotas	(2 762 913)	-	(28 303)	-
XVIII Cash Flow from Funding with Own Funds (30+31+32+33+34)	**(798 877)**	**(698 509)**	**(8 184)**	**(7 289)**
XIX Cash Flow from Funding with Other Liabilities	**-**	**-**	**-**	**-**
XX Cash Flow Relating to Financing Activities (XVI+XVII+XVIII+XIX)	**17 099 472**	**40 178 920**	**175 166**	**419 291**
Balance of Cash and Cash Equivalents at beginning of the period	**44 785 881**	**23 609 027**	**458 785**	**246 374**
Balance of Cash and Cash Equivalents at end of the period (Note 4)	**31 438 716**	**44 785 881**	**322 057**	**467 367**
Changes in Cash and Cash Equivalents (XI+XV+XX)	**(13 347 165)**	**21 176 854**	**(136 728)**	**220 993**

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements

For the years ended 31 December 2013 and 2012

1. Incorporation and business

Banco de Negócios Internacional, S.A., hereinafter referred to as the Bank, with head office in Luanda, is a privately-owned bank incorporated on 02 February 2006, whose business object is the conduct of banking activity, in terms and within the limits of Angolan law. Commercial operations commenced on 13 November 2006.

2. Principal accounting policies

2.1 Basis of presentation

The accompanying financial statements were prepared on the going concern basis from the books and records kept by the Bank, in accordance with the accounting principles prescribed in the Chart of Accounts for Financial Institutions (Portuguese acronym CONTIF), as defined in Instruction no. 09/07 of 19 September of the Banco Nacional de Angola (hereinafter referred to as BNA) which came into effect as from 1 January 2010 and subsequent amendments, namely Directive no. 04/DSI/2011, which prescribes the obligation to adopt the International Financial Reporting Standards (IFRS) in all matters relating to the accounting procedures and criteria which are not covered by the CONTIF. These principles could differ from those generally accepted in other countries.

CONTIF aims to standardise accounting records and financial disclosures and bring them into line with international practices through the convergence of accounting principles to the International Financial Reporting Standards (IFRS).

The financial statements now being presented reflect the results of the Bank's operations for the years ended 31 December 2013 and 2012and were prepared in accordance with the assumption of the going concern and accrual basis, whereby items are recognised as assets, liabilities, own funds, income and costs when they meet the definitions and recognition criteria for these items contained in the conceptual framework, in conformity with the qualitative characteristics of understandability, relevance, materiality, faithful representation, true and fair view, substance over form, neutrality, prudence, completeness and comparability.

BNI's financial statements for the year ended 31 December 2013 were approved by the Board of Directors on 12 March 2014.

The accounting policies presented in this note were applied consistently in all the periods of the financial statements now presented.

The Bank's financial statements at 31 December 2013 and 2012 are expressed in thousands of Kwanzas, in conformity with BNA Notice no. 15/2007, Art. 5, while assets and liabilities denominated in foreign currency were converted using the indicative average exchange rate published by the Banco Nacional de Angola on those dates in conformity with accounting policy 2.2 b).

The financial statements were prepared in thousands of Kwanzas (AOA'000) in conformity with the historical cost convention and in accordance with the accounting principles and standards of the Chart of Accounts for the Banking System as prescribed by the Banco Nacional de Angola.

In order to present the disclosure of the financial statements on the basis of a universal comparison, the financial statements are also presented in thousands of American dollars (USD'000), in accordance with the following conversion policy.

The following were the AOA/USD exchange rates utilised in the preparation of the financial information in USD:

Year ended	Average rate	Year-end rate
31.12.12	95,429	95,826
31.12.13	96,475	97,619

The financial statements expressed in AOA were converted into USD using the following exchange rates:

- Year-end rate – for all assets, liabilities and shareholders' equity;
- Average rate – for the income statement.

The currency differences arising from the conversion into USD were included in the Shareholders' equity caption "Conversion reserve".

2.2 Accounting policies

The principal accounting policies utilised in the preparation of the financial statements are described as follows:

a) Accrual accounting

Income and costs are recognised in the period to which the operations refer, in accordance with the accrual accounting principle, and recorded when they are due, irrespective of the moment of their receipt or payment. Income is deemed to be realised when: a) in transactions with third parties, the payment is made or a firm commitment assumed to make it; b) in the discharge, partial or total, of a liability, whatever the motive, without the simultaneous disappearance of an asset of an equal or greater amount; c) in the natural generation of new assets, irrespective of the involvement of third parties; or d) in the actual receipt of donations and subventions.

Costs for their part, are deemed to be incurred when: a) the corresponding asset value ceases to exist by transferring ownership thereof to a third party; b) by the diminution or extinguishment of the economic value of an asset; or c) by the emergence of a liability without the corresponding asset.

b) Transactions in foreign currency

Transactions expressed in foreign currency are recorded in accordance with the multi-currency system, in terms of which each operation is recorded on the basis of the currencies involved. Transactions in foreign currency are converted based on the exchange rate ruling on the date of the operation (operation exchange rate). The monetary assets and liabilities denominated in foreign currency are converted using the exchange rate ruling on the balance sheet date.

The income and costs arising from assets and liability operations indexed to the currency variation (not realised in foreign currency) are recorded in the accounts representing the income or cost of the placement or deposit-taking made.

Non-monetary assets and liabilities, except financial investments, are recorded at historical cost.

Non-monetary assets and liabilities recorded at historical cost, acquired in foreign currency, are converted into Kwanzas at the exchange rate published by the BNA on the transaction date. On their contracting date, purchases and sales of spot and forward foreign currency are immediately recorded in the spot or forward currency position, the contents and valuation criteria of which are as follows:

Spot currency position

The spot currency position in each currency corresponds to the net balance of the assets and liabilities expressed in that currency, as well as the spot operations pending settlement and the forward operations maturing in the following two business days. The spot currency position is valued daily based on the average exchange rate published by the BNA on that date, giving rise to an entry in the currency position account (local currency), with a corresponding entry in the income statement.

Forward currency position

The forward currency position in each currency corresponds to the net balance of the forward operations pending settlement, with the exclusion of those maturing in the following two business days. All the contracts relating to these operations (currency forwards) are revalued at market forward exchange rates or, in their absence, by means of their calculation based on the interest rates applicable to the residual maturity of each operation. The difference between the counter values in Kwanzas at the forward revaluation rates applied, and the counter values at the contracted rates, which represent the cost or income of the forward currency position revaluation, is recorded under the asset or liability captions "Foreign currency operations", with a corresponding entry in the income statement.

c) Loans

Classification of loans

Loans advanced to customers are financial assets recorded at the contracted values when originated by the Bank or by the amounts paid when acquired from other entities.

The interest component is the object of separate accounting disclosure in the respective balance sheet accounts, with the respective income accrued/deferred over the life of the loan operations irrespective of the moment it is received or paid.

Loans are recorded at their initial amount, net of repayments and impairment losses.

The liabilities relating to bank guarantees are recorded in off-balance sheet accounts at the amount at risk, while the flows of interest, commissions or other income are recorded in income statement captions over the life of the operations.

Since the entry into force of Notice no. 4/2011, of 8 June, revoked by Notice no. 3/2012 of 28 March, lending operations by way of cash disbursement, are granted in local currency for all entities, with exception of the State and companies with proven revenues and receipts in foreign currency, for the following purposes:

- Financial assistance for liquidity, including, amongst others, the collateralised current accounts;
- Motor car finance;
- Consumer loans;
- Micro credit;
- Advances to depositors or overdrafts;
- Other financial credit modes of a short-term nature (less than one year).

Customer loan operations, including bank guarantees, are classified according to their risk and subjected to the setting aside of provisions in accordance with BNA Notice no. 3/2012 of 28 March which revoked BNA Notice no. 4/2011 of 8 June, dealing with the methodology and classification of loans advanced to customers and the calculation of the respective provisions.

In terms of Notice no. 3/2012, the Bank classifies loans and bank guarantee operations by ascending order of risk, according to the following levels:

Level	Risk
A	Nil
B	Very reduced
C	Reduced
D	Moderate
E	High
F	Very high
G	Loss

Loan operations which record default are classified according to the risk levels associated with the loan falling due and overdue of each operation on the financial reporting date, considering for this purpose the classification attributed in the loan granting phase and the age of the default, respectively.

The classification of loan operations to the same customer or economic group, for purposes of the setting aside of provisions, is effected in the class which presents the greatest risk.

The review and reclassification of an operation's risk level stem from the assessment made at the Bank, taking into consideration the risk perception associated with the loan operation and the existence of any guarantees which serve as collateral for the loan at the Bank.

Without prejudice to the review described above, the classification of loan operations is reviewed monthly according to the time elapsed since the operations' date of entry into default.

The reclassification of loans to a lower risk category according to the decrease in the delay is limited to the level established in the initial classification or stemming from the monthly evaluation.

For loans granted to customers for periods of more than two years, the time elapsed since the entry into default is considered to be double that relative to the time period referred to above.

Provision for doubtful debts and guarantees given

Provisions for doubtful debts are designed to cover the potential risks existing in the loan book, including bank guarantees, and are adjusted monthly, resulting from the product stemming from the application of provisioning percentages to the book value of each loan, thereby considering the amount receivable from the borrower, plus the income and charges of whatever nature not received, including those stemming from currency variation, if applicable.

The minimum provisioning levels to be applied to each loan operation, according to the relevant risk level in which it is classified, are the following:

Risk levels	A	B	C	D	E	F	G
% of minimum provision	0%	1%	3%	10%	20%	50%	100%
Time lapsed since default date	up to 15 days	from 15 to 30 days	from 1 to 2 months	from 2 to 3 months	from 3 to 5 months	from 5 to 6 months	more than 6 months

Provisions for doubtful debts calculated in this manner ensure compliance with the requirements laid down by the BNA via Notice no. 3/2012 of 28 March.

The provisions for loans advanced are classified under assets, in the caption "Provision for doubtful debts" (Note 8), while the provisions for guarantees given and import documentary credits not guaranteed at balance sheet date and irrevocable credit limits, are presented on the liabilities side, under the caption "Provisions for contingent liabilities on guarantees given" (Note 17).

Loans written off

Six months after the classification of an operation under Class G, provided that it is in arrears for more than 180 days, the Bank writes this loan off from assets and utilises the respective provision (transfer of loan to the income statement). Additionally, these loans remain recorded in an off-balance sheet caption for a minimum period of ten years.

Renegotiation of loans written off

The operations which are the object of renegotiation are kept at least at the same risk level at which they were classified in the month immediately prior to the renegotiation. The reclassification to the lower risk class only occurs if there is a regular and substantial repayment of the liabilities. The gains or losses resulting from the renegotiation are only recorded when they are actually realised.

Recovery of loans

In the situations in which there are recoveries of loans previously written off assets by utilisation of the provision, the amounts received are recorded under the caption "Non operating net income".

Appropriation of income

The Bank cancels interest in arrears for more than 60 days, as well as not recognising interest with effect from that date, for defaulting (non-performing) loans until such time as the customer remedies the situation.

d) Stocks and securities

Classification of stocks and securities

Stocks and securities acquired by the Bank are recorded at the amount actually paid, including brokerage and fees. The Board of Directors decides the classification of its investments on initial recognition, in one of the following categories, taking into consideration the characteristics of the securities and its intention when they were acquired:

i. Trading securities;
ii. Available-for-sale securities:
iii. Securities held to maturity.

The income generated by the stocks and securities relating to interest earned over the period till maturity or declared dividends must be recognised directly in the income statement for the period, regardless of the category they were classified as, while that relating to equities acquired less than six months ago must be recognised as a credit in the appropriate account where the corresponding acquisition cost is recorded.

Similarly, the Bank classifies stocks and securities in ascending order of risk, in the following levels:

Level	Risk
A	Nil
B	Very reduced
C	Reduced
D	Moderate
E	High
F	Very high
G	Loss

The Bank classifies Angolan State and Banco Nacional de Angola debt securities as falling under Level A.

Trading securities

Trading securities are those which are acquired with the object of being actively and frequently traded.

Securities held for trading are initially recognised at acquisition cost, including costs directly attributable to the asset's acquisition. Subsequently, they are stated at fair value, while the respective income or loss arising from the revaluation is recognised in the income statement for the period.

Available-for-sale securities

Available-for-sale securities are those securities which are capable of eventually being sold and which do not fall under any other category.

They are initially recorded at acquisition cost, and then subsequently stated at fair value. The changes in fair value are recorded under shareholders' equity, while gains and losses are recognised in the income statement of the period in which the definitive sale of the asset occurs.

Securities held to maturity

Securities held to maturity are those which are acquired for the purpose of holding them in portfolio until their maturity, provided that the Bank has the financial means to do so.

Securities held to maturity are recorded at their acquisition cost plus income earned during their maturity term (including the accrual of interest and the premium/discount recognised in the income statement), with the Bank recognising any future profits or losses calculated on the maturity date corresponding to the difference between the realised price and the respective book value.

In the case of the eventual sale of stocks and securities classified in the held-to-maturity category before redemption, any profits or losses arrived at on the date of sale representing the difference between the sale price and their book value must be recorded. The Bank cannot classify any securities and stocks in the held-to-maturity category if, during the current financial year or in any other of the preceding two financial years, it sold or reclassified a substantial part of them before their maturity, except the cases where the acquisition costs of the securities plus the income earned do not represent a significant difference relative to the market value.

Central Bank Bonds and Treasury Bills are issued at the discounted value and recorded at their acquisition cost. The difference between this and nominal value - which constitutes the Bank's remuneration - is recognised in the accounts as income over the period between the purchase date and the securities' maturity date, in a separate account entitled "Income receivable".

Treasury Bonds issued in local currency indexed to the United States dollar exchange rate are subjected to currency revaluation. The result of the currency revaluation of the security's nominal amount, the discount and the accrued interest, is reflected in the income statement of the period in which it occurs under the caption "Income from stocks and securities".

Treasury Bonds issued in local currency indexed to the consumer price index (CPI) are subject to the revaluation of the security's nominal value according to that index's variation. In this manner, the result of the aforesaid revaluation of the security's nominal value and the accrued interest are reflected in the income statement of the year in which it occurs, under the caption "Income from securities and stocks".

Market value

The methodology used by the Bank for arriving at the securities' market value (fair value) is as follows:

i) Average trading price on the calculation day or, when not available, the average trading price of the previous business day;

ii) Probable net realisable value arrived at by the adoption of an internal valuation technique or model

a. Price of a similar financial instrument, taking into consideration at the very least the payment and maturity periods, the credit risk and the currency or benchmark; and

iii) Price laid down by the Banco Nacional de Angola.

In the case of securities with a maturity of less than one year for which there is no price in an active market with regular transactions, and which have minimal maturities, these are valued on the basis of the acquisition cost because this is deemed to be the best approximation to their market value.

Transfer of securities between categories

Transfers from one category to another can only occur for an exceptional reason, not habitual, non-recurring and which could not be reasonably anticipated, occurring after the classification date, with the documentation which served as the basis for the reclassification being kept available for the BNA duly accompanied by document setting out the motives of the Bank's Board of Directors.

The eventual transfer to another category must take into account the Bank's intention and financial means and must be effected at the security's or stock's market value, while also observing the following procedures:

1) in the event of the transfer of a trading security to another category, it is not possible to cancel the amounts already recorded in the income statement derived from unrealised gains or losses;

2) in the event of the transfer of available-for-sale securities, unrealised gains and losses recorded as a separate component of shareholders' equity, must be recognised in the income statement for the period:

i. immediately, when transferred to the trading securities category;

ii. according to the remaining period to maturity, when transferred to the category held-to-maturity securities;

3) in the event of the transfer from the held-to-maturity securities category to other categories, the unrealised gains and losses must be recognised:

i. immediately in the income statement for the period, when transferred to the trading securities category;

ii. as a separate component in shareholders' equity, when transferred to the category of available-for-sale securities.

Impairment

Losses of a permanent nature in stocks and securities must be recognised immediately in the income statement of the period, ensuring that the adjusted amount stemming from the recognition of the aforesaid losses begins to constitute the new base value for the purposes of the appropriation of income.

e) Financial fixed assets

Investments in associated and similar companies

Investments in associated and similar companies are deemed to be those investments in companies in which the Bank holds, directly or indirectly, an interest of 10% or more of the respective voting capital, but without controlling it.

The Bank applies the equity method for valuing its investments in associated and similar companies in the following situations:

a) When the equity investments have a group relationship; or

b) when the equity investments are important and the Bank has influence in their management, or when the percentage of the investment, direct or indirect, represents 20% (twenty per cent) or more of the investee company's voting capital.

An investment in a company is deemed to be in a group relationship when control is exercised over the company, reflected by way of an operational control, in cases where they have a common administration or management, or by a corporate control, when control is obtained through the sum of the percentage held directly by the Bank, by its directors, controllers and affiliated companies.

A participating interest is deemed to be important when:

a) Its book value is 10% or more of the Bank's own funds; or

b) The book value of the various associated companies, when considered jointly, is 15% or more than the Bank's own funds.

According to the equity method, the financial investments are initially recorded at acquisition cost and subsequently adjusted according to the changes observed after the acquisition in the Bank's proportional interest in the net assets of the investee companies concerned. The Bank's results include its share in the net income/loss of those companies.

In addition, the Bank must set aside a provision for losses when there is a negative shareholders' equity situation and it is the bank's intention to maintain its financial support for the company.

The equity method ceases to be applied to the participating interest in associated and similar companies where there is actual and clear evidence that they are no longer going concerns or in cases where these are operating under severe long-term restrictions which significantly jeopardise their ability to transfer resources to the investor.

In situations in which valuation by the equity method is not applicable, financial fixed assets are recorded at acquisition cost, net of provisions for losses.

When this is denominated in foreign currency, it is the object of revaluation, with the result of this currency revaluation being reflected under a specific caption of own funds.

Investments in other companies

Investments in other companies are deemed to be investments in companies in which the Bank holds, directly or indirectly, less than 10% of the respective voting capital.

Investments in other companies are valued at acquisition cost, net of a provision for losses.

The income derived from these investments relating to dividends declared, must be included directly in the income statement for the period. Investments acquired with proposed dividends and not yet paid (ex-dividend) must have these dividends recognised as acquisition cost, with a corresponding entry in the respective income statement account for the period.

When this is denominated in foreign currency, it is the object of revaluation, with the result of this currency revaluation being reflected under a specific caption of own funds.

Other investments

This caption includes rights of whatever nature not classified in the other asset captions, or in tangible or intangible fixed assets, such as the art collection.

f) Intangible and tangible fixed assets

Intangible assets

Intangible assets correspond essentially to expenditure on key money, organisation and expansion, improvements to leasehold properties and software, whenever the Bank can demonstrate that these will generate future economic benefits. These expenses are recorded at acquisition cost and amortised on a straight-line basis every month over a period of three years, with the exception of leasehold improvements which are amortised over the expected term of the rental contract or over their useful lives if less.

Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost, with their revaluation pursuant to applicable legal provisions being permitted.

Depreciation is calculated using the straight-line basis at the maximum rates accepted for tax purposes, in accordance with the Industrial Tax Code, which correspond to the following estimated useful lives:

	Years of useful life
Properties for own use (Buildings)	50
Equipment:	
Furniture and fittings	10
Machines and tools	6 and 10
Computer equipment	6
Interior fixtures	10
Transport equipment, vehicles	3
Security equipment	10

Fixed assets in progress, which essentially correspond to buildings and branches/attendance centres under construction and the respective furnishings, are recorded at acquisition costs, with their depreciation commencing when the respective buildings and branches/attendance centres enter into service.

g) Decrease in the recoverable amount of other assets (Impairment)

The Bank periodically values its assets, especially on the occasion of the preparation of the financial assets, with a view to identifying assets which present a recoverable value below that of their book value. The recognition of the decrease in the book value (impairment) of an asset occurs whenever its book value exceeds its recoverable amount, with a corresponding charge in the income statement.

In evaluating the degree of impairment, the institution must consider at the very least the following indications:

1) significant decline in the value of an asset, more than expected from its normal use;

2) significant changes in the technological, economic or legal environment, with adverse effects for the Bank;

3) increase in interest rates or other market rates, with effects on discount rates and consequent decrease in the present value or on the recoverable amount of assets;

4) book value of net assets greater than the market value;

5) evidence available of obsolescence or loss of an asset's physical capacity;

6) significant alterations in the manner the asset is used, with discontinuity or restructuring, with adverse effects for the Bank;

7) Indication that the asset's economic performance is worse than expected.

h) Reserve for monetary indexation of fixed assets and own funds

In terms of Banco Nacional de Angola Notice no. 2/2009 of 8 May relating to inflation indexation, which revokes Notice no. 19/2007 of 26 September, financial institutions must, in the case where inflation exists, take into account every month the effects of changes in the purchasing power of the local currency, based on the application of the consumer price index, on fixed assets and on the balances of capital, reserves and retained earnings.

The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be expressed in terms of the current measurement unit at balance sheet date. Hyperinflation is indicated by the characteristics of the economic environment of a country which includes, but without limiting, the following situations:

i. The population in general prefers to keep its wealth in non-monetary assets or in relatively stable foreign currency. The amounts of the local currency held are immediately invested in order to maintain purchasing power;

ii. The population in general sees monetary quantities in terms of stable foreign currency. Prices must be quoted in that currency;

iii. Credit sales and purchases take place at prices which compensate for the expected loss in purchasing power during the credit period, even where the period is short;

iv. Interest rates, salaries and prices are linked to a price index; and

v. The accumulated inflation rate during the last 3 years is close to or exceeds 100%.

The amount resulting from the inflation indexation of fixed assets must be reflected monthly to the credit of the account "Result of monetary indexation", with a corresponding entry to the gross values and accumulated depreciation of the relevant fixed assets.

The value resulting from the monetary indexation must be reflected monthly to the debit of the income statement account "Result of monetary indexation", with a corresponding entry increasing the own funds balances, with the exception of the caption "Share capital", which must be classified in a specific caption ("Reserve for monetary indexation of share capital") and which can only be utilised for a subsequent capital increase. In 2013 and 2012, the Bank did not carry out the monetary indexation of its financial fixed assets and its own funds on the grounds that the current inflation rate, as well as the behaviour of the currency which occurred throughout the period, did not indicate that Angola could be considered as being a hyperinflationary economy in terms of prevailing legislation.

i) Employee benefits

Retirement pension liabilities

Law no. 07/04 of 15 October, which revokes Law no. 18/90 of 27 October, which regulates Angola's social security system, enVisages the granting of retirement pensions to all Angolan workers enrolled with the Social Security. The amount of the pensions is calculated based on a table proportional to the numbers of years worked, applied to the average of the monthly gross salaries earned in the periods immediately prior to the date on which the worker ceased to work. Pursuant to Decree no. 7/99 of 28 May, the contribution rates to this system are 8% for the employer and 3% for the employee.

In addition, according to Law 2/2000 and with articles 218 and 262 of the General Labour Law, the compensation payable by the Bank in the event of the expiry of the employment contract due to the employee's retirement is calculated by multiplying 25% of the basic monthly salary earned on the date on which the worker reaches the legal retirement age by the number of years' service.

Variable remuneration paid to employees and directors

The Bank pays variable remuneration to its employees and directors based on their performance (performance bonuses). The Board of Directors is responsible for setting the respective allocation criteria for each employee and director whenever this is awarded. The variable remuneration awarded to employees and directors is recorded in the income statement of the period to which they refer notwithstanding being payable in the following year.

Provision for holiday pay and related subsidy

The General Labour Law, in force on 31 December 2013, provides that the amount of the holiday subsidy payable to employees in a particular year is a right acquired by them in the immediately preceding year. Consequently, the Bank records in the accounts of the year the amounts relating to holiday pay and related subsidy payable in the following year (Note 16).

j) Income tax

The Bank is subject to Corporate Tax, and is considered to be a Group A taxpayer. The taxation of its income is effected in terms of article 72(1) and (2) of Law no. 18/92 of 3 July. The tax rate applicable is currently 35% following the changes introduced by Law no. 5/99 of 6 August (Note 31).

The tax losses computed in a particular year can, in terms of the provisions of article 46 of the Industrial Tax code, be deducted from the taxable profits of the subsequent three years.

Tax returns are subject to review and correction by the tax authorities during a period of 5 years, and due to different interpretations of tax legislation, could result in corrections to the taxable profits relating to the 2008 to 2012 financial years. However, no correction relating to those years is expected to be made and, if they do occur, the expected impacts on the financial statements are not expected to be material.

Current taxation

Current taxation is calculated based on the taxable income for the year, which differs from the accounting profit due to adjustments resulting from costs or income which are not considered for tax purposes or which are only considered in other accounting periods.

Deferred taxation

The total income taxes recorded in the income statement include current and deferred taxation.

Deferred taxation corresponds to the impact on taxation recoverable/payable in future periods resulting from temporary differences deductible or taxable between the balance sheet value of assets and liabilities and their tax base, utilised in the computation of taxable income. Deferred tax assets and liabilities are calculated based on the tax rates in force for the period in which the respective asset or liability is expected to be realised. Tax loss carry-forwards also give rise to deferred tax assets.

Deferred tax liabilities are normally recorded for all taxable timing differences, while deferred tax assets are only recognised providing that it is probable that there will be sufficient future taxable profit against which the corresponding tax loss or credit carry-forwards can be utilised. In addition, deferred tax assets are not recognised in cases in which their recoverability is questionable due to other situations, including issues relating to the interpretation of prevailing tax legislation.

Nevertheless, deferred tax assets or liabilities relating to timing differences originating from the initial recognition of assets and liabilities in transaction which do not affect the accounting net income/loss or taxable income are not recorded.

At 31 December 2013, the Bank did not have deferred assets or liabilities in its financial statements.

Tax reform

A new legislative package was published on 30 December 2011 which alters the main Angolan tax codes, introducing significant changes as regards the various taxes which make up the Angolan tax statute books.

To date, the only tax codes published were the Stamp Duty Code, the Taxation of Capital Investments and the Consumption Tax Code. Accordingly, the Corporate Tax Code, the Employment Income Tax and Social Security Codes have still to be published.

In this respect, the chief alterations which are expected to be introduced by the tax reform can be summarised as follows:

- Decrease in the corporate tax rate from 35% to 30%;
- Taxation of positive balance sheet variations, with the exception of those derived from capital injections or contributions to cover losses made by shareholders;
- Limitation of deductible costs or losses and the definition of non-deductible costs and losses, subject to separate taxation, including documents not duly documented;
- Revocation of the table of annual depreciation and amortisation rates, approved by Ministerial Order no. 755/72 of 26 October, while a new table regulating fixed asset depreciation and amortisation is approved by government decree;
- Provisional self-assessment of Industrial Tax corresponding to 15% of the net income derived from financial intermediation operations, calculated in the first six months of the preceding year.

It should also be pointed out that 2013 saw the publication of the Large Taxpayers in Angola Statute, which regulates certain rights and obligations of Large Taxpayers, namely, their relationship with the Tax Administration. Amongst this enactment's various rules, the creation of a Transfer Pricing regime between related entities is established, as well as the tax regime for Groups of Companies.

k) Provisions and contingencies

Provisions

Provisions represent probable liabilities with estimated time periods and amounts. Provisions are recognised when (i) the Bank has a present, legal or constructive obligation, (ii) it is probable its payment will be demanded and (iii) when a reliable estimate can be made of the amount of this obligation. The amount of the provision corresponds to the best estimate of the amount to be disbursed in order to settle the liability at the balance sheet date.

Contingent liabilities

Should the Bank have an obligation in which it is unlikely that there will be a future outflow of resources, then there is a contingent liability. Contingent liabilities are only the object of disclosure, unless the possibility of its materialisation is remote.

Contingent liabilities are recognised in off-balance sheet accounts when (i) the Bank has a possible present obligation the existence of which will be confirmed only by the occurrence or not of one or more future events which are not under the bank's control; (ii) a present obligation arising from past events, but which is not recognised because it is not probable that the Bank will have to settle it or the amount of the obligation cannot be measured with adequate assurance.

Contingent liabilities are revalued periodically to determine if the previous valuation continues to be valid. If it is probable that an outflow of resources will be required for an item previously treated as a contingent liability, a provision is recognised in the financial statements of the period in which the change in the estimate of the probability occurs.

Contingent assets

A contingent asset is a possible present asset arising from past events, the existence of which is confirmed by the occurrence or not of one or more events which are not totally under the institution's control. Contingent assets are only the object of disclosure and recognition in off-balance sheet accounts, unless the possibility of their materialisation is remote.

Contingent assets must be revalued periodically for determining whether the initial evaluation remains valid. If it is practically certain that an inflow of resources will occur on account of an asset, which inflow was previously classified as probable, the asset and the corresponding gain must be recognised in the financial statements of the period in which the change in the estimate occurs.

l) Recognition of income resulting from services and commissions

Commissions for services rendered are normally recognised as income over the period the service is rendered or once only, if they result from the execution of single acts.

m) Earnings per share

Earnings per share are calculated by dividing the net income attributable to the bank's shareholders by the weighted average number of ordinary shares in circulation in the year, excluding the average number of ordinary shares bought by the Bank and held as treasury stock.

If the earnings per share calculation were to be altered as the result of an issue at a premium or a discount or other events which alters the potential number of ordinary shares or changes in accounting policies, the calculation of the earnings per share for all the periods presented is adjusted retrospectively.

n) Principal estimates and uncertainties associated with the application of accounting policies

The Bank's accounts incorporate estimates made under conditions of uncertainty, thereby requiring the Board of Directors to use judgment in order to arrive at the appropriate estimate.

Accordingly, in certain situations the estimates made by the Bank's Board of Directors could be different if a different judgment were made. The Board of Directors is of the opinion that the criteria adopted are appropriate and that the financial statements present a true and fair view of the bank's financial position and that of its operations in all material aspects.

Estimates and assumptions were utilised, namely in the significant areas of provisions for doubtful debts, provisions for contingent liabilities and for taxation.

o) Cash flow

For purposes of the preparation of the cash flow statement, the Bank regards as being cash and deposits the total of the balances on cash items, cash and balances at the Central bank and amounts owed by financial institutions.

p) Setting-off of balances

The items of assets and liabilities must be valued separately, with the set-off of balances between debit and credit balances, including income statement accounts, not being permitted, with the exception of set-offs relating to inter-departmental or inter-branch operations or others prescribed by the Banco Nacional de Angola.

3. Cash and deposits

The caption Cash and deposits comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Cash and deposits	**31 438 716**	**322 057**	**44 785 881**	**467 367**
Cash and deposits at Central Bank	**25 966 613**	**266 002**	**24 458 539**	**255 239**
Cash	**6 137 012**	**62 869**	**5 330 194**	**55 623**
Local notes and coins	5 221 102	53 485	4 092 444	42 706
Foreign notes and coins				
In United States dollars	703 692	7 209	792 049	8 266
In Euro	182 113	1 866	431 899	4 507
In Rand	7 088	73	10 773	112
In Pounds	23 017	236	3 029	32
Deposits at financial institutions	**19 829 601**	**203 133**	**19 128 345**	**199 616**
Local currency	14 269 318	146 174	13 231 523	138 079
Foreign currency				
In United States dollars	5 560 283	56 959	5 896 822	61 537
Deposits at financial institutions	**5 472 103**	**56 055**	**20 327 342**	**212 128**
At financial institutions in Angola	**78 900**	**808**	**314 409**	**3 281**
Cheques for collection	78 900	808	314 409	3 281
Em instituições de crédito no estrangeiro	**5 393 203**	**55 247**	**20 012 933**	**208 847**
Depósitos à ordem				
In United States dollars	5 209 217	53 363	19 638 082	204 936
In Euro	181 696	1 861	355 426	3 709
In Rand	680	7	1 863	19
In Pounds	1 610	16	17 562	183

The caption Deposits at the Central Bank includes the balance at the Banco Nacional de Angola for the purpose of complying with the minimum cash reserve requirements in local and foreign currency.

The compulsory reserves are calculated in accordance with Instruction no. 02/2011 of 28 April, and are made up of local and foreign currency, according to the respective denomination of the liabilities which constitute their basis for computation.

The ratio applied to the daily balances of the captions which comprise the customer deposits base is 20% for local currency and 15% for foreign currencies, except for central and local government deposits for which ratios of 100% and 50% are applied to local currency and 100% and 0% to foreign currency.

Sight deposits at the Banco Nacional de Angola, as well as those domiciled at other credit institutions abroad, are not remunerated.

The caption Cash and deposits at other credit institutions abroad encompass the balances of accounts at correspondent banks, as these amounts form part of the Bank's day-to-day management.

The balances at related entities amount to AOA 2 935 250 thousand, equivalent to USD 30 069 thousand (Note 33).

4. Amounts owed by financial institutions

The caption Amounts owed by financial institutions comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Amounts owed by financial institutions	**32 040 647**	**328 223**	**5 676 096**	**59 233**
Amounts owed by credit institutions in Angola	**5 000 000**	**51 220**	**-**	**-**
In Kwanzas	5 000 000	51 220	-	-
Amounts owed by credit institutions abroad	**27 040 647**	**277 003**	**5 676 096**	**59 233**
In United States dollars	25 826 439	264 565	4 937 430	51 525
In Euro	833 196	8 535	732 710	7 646
Income receivable	381 012	3 903	5 956	62

At 31 December 2013 the caption Amounts owed by credit institutions in Angola in Kwanzas refers to placements at the Banco Nacional de Angola.

The caption Amounts owed by credit institutions abroad includes collateral for the Visa and Mastercard credit cards totalling AOA 1 076 244 thousand (2012: AOA 1 056 481 thousand), equivalent to USD 11 025 thousand (2012: USD 11 025 thousand).

	2013		2012	
	Average rate	Amount in FC	Average rate	Amount in FC
Amounts owed by credit institutions abroad				
In United States dollars	1,80%	268 467	0,40%	36 500
In Euro	0,14%	6 201	0,49%	5 798

At 31 December 2013, term deposits abroad earned interest at rates which varied between 0.12% and 2.83% in American dollars, and between 0.08% and 0.25% in euro. At 31 December 2012 term deposits abroad earned interest at rates of 0.20% and 1.25% in American dollars and between 0.10% and 0.50% in euro.

The residual maturity period of operations at 31 December 2013 and 2012 is presented as follows:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Amounts owed by credit institutions abroad	**27 040 647**	**277 003**	**5 676 096**	**59 233**
Up to 3 months	5 936 449	60 813	2 655 513	27 712
From 3 to 6 months	3 641 295	37 301	622 331	6 494
From 6 months to 1 year	1 369 745	14 032	958 467	10 002
Unspecified period	16 093 158	164 857	1 439 785	15 025

5. Stocks and securities

The caption Stocks and securities comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Securities held to maturity	**10 247 433**	**104 974**	**12 818 929**	**133 773**
Central Bank Bonds in local currency	298 473	3 058	1 569 936	16 383
Interest receivable	25	0	21 982	230
Treasury Bills in local currency	1 820 348	18 648	4 965 840	51 822
Interest receivable	18 573	190	106 495	1 111
Indexed Treasury Bonds in local currency	6 972 659	71 428	5 342 997	55 757
Interest receivable	89 043	912	69 890	729
Readjusted Treasury Bonds	291 700	2 988	-	-
Interest receivable	2 954	30	-	-
Treasury Bonds in foreign currency	743 872	7 620	730 213	7 620
Interest receivable	9 786	100	11 576	121

At 31 December 2013, the bank's securities portfolio was composed exclusively of securities held to maturity namely Central Bank Bonds, Treasury Bills, Treasury Bonds in local currency indexed to the United States dollar, readjusted Treasury Bonds and Treasury Bonds in foreign currency issued in 2007 and 2008 with maturities of between 8 to 11 years.

The average remuneration rates on held-to-maturity securities in 2013 and 2012 are presented as follows:

	2013 %	2012 %
Securities held to maturity		
Central Bank Bonds in local currency	3,03%	3,88%
Treasury Bills in local currency	4,26%	3,83%
Indexed Treasury Bonds in local currency	6,52%	8,95%
Readjusted Treasury Bonds	6,98%	-
Treasury Bonds in foreign currency	3,64%	3,90%

The information relating to the quantity, nominal value, acquisition amount, average acquisition cost, market price and balance sheet value, is detailed as follows:

Nature and type of securities	Issuer	Risk level	Quantity	Nominal value	Average acquisition price	Balance sheet value
Investment security – held to maturity			**2 248 304**	**-**	**10 127 135**	**10 247 433**
Treasury Bills	BNA	A	1 887 521	1 000	1 820 347	1 838 921
Central Bank Bonds	BNA	A	300 000	1 000	298 473	298 498
Treasury Bonds in LC	MINF	A	57 102	6 593 957	6 972 743	7 061 702
Readjusted Treasury Bonds	MINF	A	2 917	350 000	291 700	294 654
Treasury Bonds in FC	MINF	A	764	488 093	743 872	753 659

At 31 December 2013 and 2012, the breakdown of the securities portfolio by maturities is presented as follows:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Securities	**10 247 433**	**104 974**	**12 818 929**	**133 773**
< 3 months	3 111 871	31 878	-	-
3 - 6 months	1 120 360	11 477	3 503 662	36 563
6 - 12 months	374 000	3 831	3 160 591	32 982
1 -5 years	4 887 543	50 068	5 412 887	56 487
> 5 years	753 659	7 720	741 789	7 741

6. Loans in the payments system

The caption Loans in the payments system comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Loans in payments system	**600**	**6**	**10 405**	**109**
Relations with correspondents				
Settlement of amounts - cards	-	-	6 245	65
Settlement of amounts - other	600	6	4 160	44

7. Foreign currency operations

The caption Foreign currency operations comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Foreign currency operations - Assets	**780 948**	**8 000**	**774 166**	**8 079**
Purchase of foreign currency - USD	780 948	8 000	774 166	8 079
Foreign currency operations - Liabilities	**782 904**	**8 020**	**776 155**	**8 100**
Sale of local currency	782 904	8 020	776 155	8 100

The Bank's portfolio of foreign currency operations is composed of operations with maturity in the subsequent two business days.

8. Total loans

The caption Total loans comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Total loans	85 963 777	880 609	75 825 141	791 280
Performing and non-perform. Loans	87 674 332	898 132	77 933 005	813 277
In local currency	67 702 350	693 540	56 778 073	592 513
Companies	61 187 435	626 802	50 969 526	531 897
Individuals	6 514 915	66 738	5 808 547	60 616
In foreign currency	17 282 016	177 036	19 228 149	200 657
Companies	16 361 306	167 604	17 903 138	186 830
Individuals	920 710	9 432	1 325 011	13 827
Interest receivable	2 689 966	27 556	1 926 783	20 107
Provision for doubtful debts (Note 24)	(1 710 555)	(17 523)	(2 107 864)	(21 997)

Total loans include performing and non-performing loans, interest receivable net of provisions and exclude guarantees given and irrevocable commitments.

Total loans classified as performing and non-performing loans comprise:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Performing and non-perform loans and interest receiv.	87 674 332	898 132	77 933 005	813 277
Performing loans	85 835 854	879 299	75 877 565	791 827
Local currency	66 083 562	676 957	55 209 527	576 144
Foreign currency	17 098 095	175 152	18 821 331	196 412
Interest receivable	2 654 197	27 190	1 846 707	19 271
Non-performing loans	1 838 478	18 833	2 055 440	21 450
Up to 60 days	357 066	3 658	573 024	5 980
More than 60 days	1 445 643	14 809	1 402 340	14 634
Interest receivable	35 769	366	80 076	836

As part of the Bank's human resources policy in 2013, the balance on loans advanced to the Bank's employees was AOA 1 353 510 thousand (USD 13 865 thousand). In 2012, loans to employees amounted to AOA 992 611 thousand (USD 10 359 thousand).

Performing and non-performing loans by type of financing are analysed as follows:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Performing, non-performing loans and interest receivable	87 674 332	898 132	77 933 005	813 277
Loan instalments	22 117 287	226 569	13 751 953	143 509
Public sector	-	-	-	-
Business sector	16 384 616	167 843	8 813 168	91 970
Individuals	5 732 671	58 726	4 938 785	51 539
Financing	28 753 350	294 548	29 430 517	307 125
Public sector	2 613 026	26 768	690 582	7 207
Business sector	25 056 451	256 677	26 971 994	281 469
Individuals	1 083 873	11 103	1 767 941	18 450
Collateralised current accounts	29 568 231	302 896	28 219 476	294 487
Public sector	-	-	-	-
Business sector	29 447 352	301 658	28 219 476	294 487
Individuals	120 879	1 238	-	-
Cards	292 151	2 993	259 929	2 713
Public sector	-	-	-	-
Business sector	36 780	377	32 650	341
Individuals	255 371	2 616	227 279	2 372
Overdrafts	4 253 347	43 570	4 344 347	45 336
Public sector	1 018 251	10 431	-	-
Business sector	2 992 265	30 651	4 144 794	43 253
Individuals	242 831	2 488	199 553	2 082
Interest receivable	2 689 966	27 556	1 926 783	20 107

At 31 December 2013 performing and non-performing loans by sector of activity were as follows:

	2013	
	AOA'000	
	Perform and non-perform loans and interest received	%
Total	**87 674 332**	**100%**
Real estate	13 807 047	15,75%
Agriculture and livestock	13 007 872	14,84%
Manufacturing	8 991 623	10,26%
Other sectors	7 697 942	8,78%
Wholesale and retail trade	8 830 365	10,07%
General construction	8 579 941	9,79%
Individuals	7 435 874	8,48%
Provision of services	7 196 644	8,21%
Mineral extraction and preparation	3 895 935	4,44%
Transportation, storage and communication	1 905 664	2,17%
Telecommunications	1 315 333	1,50%
Banking and monetary intermediation institutions	1 204 403	1,37%
Public organisms	1 018 251	1,16%
Accommodation and restaurants	97 472	0,11%
Interest receivable	**2 689 966**	**3,07%**

	2013	
	USD'000	
	Perform and non-perform loans and interest received	%
Total	**898 132**	**100%**
Real estate	141 439	15,75%
Agriculture and livestock	133 252	14,84%
Manufacturing	92 110	10,26%
Other sectors	78 857	8,78%
Wholesale and retail trade	90 458	10,07%
General construction	87 893	9,79%
Individuals	76 172	8,48%
Provision of services	73 722	8,21%
Mineral extraction and preparation	39 910	4,44%
Transportation, storage and communication	19 522	2,17%
Telecommunications	13 474	1,50%
Banking and monetary intermediation institutions	12 338	1,37%
Public organisms	10 431	1,16%
Accommodation and restaurants	998	0,11%
Interest receivable	**27 556**	**3,07%**

At 31 December 2012 performing and non-performing loans by sector of activity were as follows:

	2012	
	AOA'000	
	Perform and non-perform loans	%
Total	**77 933 005**	**100%**
Provision of services	26 395 762	33,87%
Individuals	7 133 920	9,15%
Wholesale and retail trade	6 823 986	8,76%
Transportation, storage and communication	6 021 867	7,73%
Banking and monetary intermediation institutions	1 322 468	1,70%
General construction	8 381 263	10,75%
Mineral extraction and treatment	4 283 230	5,50%
Manufacturing	5 918 821	7,59%
Agriculture and livestock	8 655 104	11,11%
Public organisms	785 790	1,01%
Accommodation and restaurants	109 839	0,14%
Other sectors	174 173	0,22%
Interest receivable	**1 926 783**	**2,47%**

	2012	
	USD'000	
	Perform and non-perform loans	%
Total	**813 277**	**100%**
Provision of services	275 455	33,87%
Individuals	74 447	9,15%
Wholesale and retail trade	71 212	8,76%
Transportation, storage and communication	62 842	7,73%
Banking and monetary intermediation institutions	13 801	1,70%
General construction	87 463	10,75%
Mineral extraction and treatment	44 698	5,50%
Manufacturing	61 766	7,59%
Agriculture and livestock	90 321	11,11%
Public organisms	8 200	1,01%
Accommodation and restaurants	1 146	0,14%
Other sectors	1 818	0,22%
Interest receivable	**20 107**	**2,47%**

In 2013, performing and non-performing loans by residual maturity periods and by currency were as follows:

	In local currency	In foreign currency	Total 2013	Total 2013
	AOA'000	AOA'000	AOA'000	USD'000
Perform and non-perform loans and interest received	**69 578 877**	**18 095 455**	**87 674 332**	**898 132**
Up to 3 months	17 776 732	7 392 313	25 169 045	257 831
From 3 months to 1 year	14 044 644	6 502 406	20 547 050	210 483
From 1 year to 3 years	10 386 733	613 824	11 000 557	112 689
From 3 years to 5 years	6 479 815	1 278 507	7 758 322	79 476
More than 5 years	17 395 640	1 311 045	18 706 683	191 631
Unspecified period	1 618 786	183 921	1 802 709	18 466
Interest receivable	**1 876 527**	**813 439**	**2 689 966**	**27 556**

In 2012, performing and non-performing loans by residual maturity periods and by currency were as follows:

	In local currency	In foreign currency	Total 2012	Total 2012
	AOA'000	AOA'000	AOA'000	USD'000
Perform and non-perform loans and interest received	**58 457 144**	**19 475 861**	**77 933 005**	**813 277**
Up to 3 months	17 271 395	6 495 199	23 766 594	248 018
From 3 months to 1 year	12 079 449	9 038 376	21 117 825	220 377
From 1 year to 3 years	6 580 152	472 291	7 052 443	73 596
From 3 years to 5 years	4 246 199	685 617	4 931 816	51 466
More than 5 years	15 032 332	2 129 848	17 162 180	179 098
Unspecified period	1 568 546	406 818	1 975 364	20 615
Interest receivable	**1 679 071**	**247 712**	**1 926 783**	**20 107**

The loan portfolio's performing and non-performing loans by currency and by weighted average interest rates were as follows:

		2013	2013		2012	2012
	Average interest rate	In local currency	In foreign currency	Average interest rate	In local currency	In foreign currency
		AOA'000	USD'000		AOA'000	USD'000
Perform and non-perform loans and interest received		**87 674 332**	**898 132**		**77 933 005**	**813 277**
Kwanzas	12,36%	67 702 350	693 540	13,27%	58 457 144	610 035
Euro (*)	20,00%	14	0	0,00%	2 439 794	25 461
American dollars	7,36%	17 281 797	177 034	8,48%	17 035 855	177 779
Rand (*)	20,00%	205	2	20,00%	212	2
Interest receivable		**2 689 966**	**27 556**		**1 926 783**	**20 107**

(*) Refers to the net effect resulting from a liability operation.

At 31 December 2013 and 2012, the breakdown of the loan portfolio between residents and non-residents was as follows:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Perform and non-perform loans and interest received	**87 674 332**	**898 132**	**77 933 005**	**813 277**
In local currency	**67 702 350**	**693 540**	**56 778 073**	**592 513**
Residents	67 698 912	693 505	56 773 380	592 464
Non Residents	3 438	35	4 693	49
In foreign currency	**17 282 016**	**177 036**	**19 228 149**	**200 657**
Residents	17 282 015	177 036	19 228 147	200 657
Non Residents	1	0	2	0
Interest receivable	**2 689 966**	**27 556**	**1 926 783**	**20 107**

At 31 December 2013 and 2012, the Bank's 10 biggest customers together represented 43.92% and 41.32% of the performing and non-performing loan portfolio, respectively.

The distribution of performing and non-performing loans by risk class and the respective provisions were as follows:

Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
					2013 AOA'000	
Total		85 835 854	1 838 478	87 674 332	1 710 555	-
Nil	A	141 745	2 200	143 945	0	0%
Very reduced	B	80 762 399	331 083	81 093 482	892 513	1%
Reduced	C	1 940 440	413 001	2 353 441	73 758	3%
Moderate	D	67 861	116 499	184 360	18 807	10%
High	E	64 704	300 822	365 526	74 606	20%
Very high	F	106 269	304 871	411 140	209 703	50%
Loss	G	98 239	334 233	432 472	441 168	100%
Interest receivable		2 654 197	35 769	2 689 966	-	-

Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
					2013 USD'000	
Total		879 299	18 833	898 132	17 523	-
Nil	A	1 452	22	1 475	0	0%
Very reduced	B	827 327	3 392	830 718	9 143	1%
Reduced	C	19 878	4 231	24 109	756	3%
Moderate	D	695	1 193	1 889	193	10%
High	E	663	3 082	3 744	764	20%
Very high	F	1 089	3 123	4 212	2 148	50%
Loss	G	1 005	3 424	4 430	4 519	100%
Interest receivable		27 190	366	27 556	-	-

Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
					2012 AOA'000	
Total		75 877 565	2 055 440	77 933 005	2 107 864	-
Nil	A	3 817 720	14 260	3 831 980	-	0%
Very reduced	B	65 892 300	285 117	66 177 417	696 093	1%
Reduced	C	3 417 038	460 151	3 877 189	113 456	3%
Moderate	D	2 273	285 199	287 472	28 318	10%
High	E	156 938	270 815	427 753	83 821	20%
Very high	F	35 286	343 771	379 057	186 464	50%
Loss	G	709 303	316 051	1 025 354	999 712	100%
Interest receivable		1 846 707	80 076	1 926 783	-	-

Risk	Level	Performing	Non-performing	Total	Provisions	Provisioning rate
					2012 USD'000	
Total		791 826	21 450	813 276	21 997	-
Nil	A	39 840	149	39 989	-	0%
Very reduced	B	687 624	2 975	690 599	7 264	1%
Reduced	C	35 659	4 802	40 461	1 184	3%
Moderate	D	23	2 976	2 999	296	10%
High	E	1 638	2 826	4 464	875	20%
Very high	F	368	3 588	3 956	1 946	50%
Loss	G	7 403	3 298	10 701	10 433	100%
Interest receivable		19 271	836	20 107	-	-

Recoveries of loans previously written off amounted to AOA 543 608 thousand (USD 5 569 thousand) in 2013 and AOA 1 556 820 thousand (USD 16 214 thousand) in 2012.

The following movements took place on the provisions for doubtful debts:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Balance at 1 January	2 107 864	21 997	2 255 383	23 671
Increases	1 292 446	13 240	300 585	3 150
Reversals	(594 941)	(6 095)	-	-
Utilisation	(1 094 814)	(11 215)	(448 104)	(4 676)
Currency conv. difference	-	(404)	-	(148)
Balance at 31 December	1 710 555	17 523	2 107 864	21 997

9. Other assets

The caption Other assets comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Other assets	**8 094 746**	**82 922**	**6 792 528**	**70 884**
Consortium members' rights	2 545	26	-	-
Sundry debtors	5 660 539	57 986	6 185 260	64 547
Prepaid expenses	193 090	1 978	85 799	895
Office materials, stationery	30 982	317	30 982	323
Assets not for own use	2 207 135	22 610	484 059	5 051
Other advances	455	5	6 428	68

The caption Sundry debtors is mainly composed of amounts receivable from shareholders for the purchase of the Bank's own shares in the amount of AOA 2 677 301 thousand (USD 27 426 thousand) and receivables from the State for commissions for tax collections in the amount of AOA 455 694 thousand (USD 4 668 thousand).

The change in the caption Goods not for own use is due to the reclassification of the old head office, which was recorded under tangible fixed assets, to assets not for own use.

10. Financial fixed assets

The caption Financial fixed assets comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Financial fixed assets	**3 226 943**	**33 057**	**1 637 265**	**17 086**
Investments in other companies	**152 865**	**1 566**	**183 473**	**1 915**
Emis - Empresa Interbancária de Serviços, SARL	36 848	378	36 848	385
Facilcred - Sociedade de Microcrédito, S.A.	116 017	1 188	146 625	1 530
BNI Consultoria de Bancos e Seguros, S.A.	**3 074 078**	**31 491**	**1 453 792**	**15 171**

At 31 December 2013, Banco BNI held a participating interest of 99.972%, in the capital of BNI Europa, S.A. which corresponds to AOA 3 074 078 thousand (USD 31 500 thousand).

The change in the participating interest in Facilcred – Sociedade de Microcrédito, S.A. is due to the equity accounting corresponding to AOA 30 608 thousand (USD 314 thousand).

The following are details of participating interests:

Company	Currency	Share capital (in thousands)	Type	% Holding	No. of shares held
Emis - Empresa Interbancária de Serviços, SARL	AOA	910 000	Acções	1,98%	18 018
BNI - Banco de Negócios Internacional (Europa), S.A.	EUR	25 000	Acções	97,97%	4 998
Facilcred - Sociedade de Microcrédito, S.A.	AOA	287 500	Acções	51,00%	1 275

11. Tangible and intangible fixed assets and fixed assets in progress

The following movements took place in the caption Tangible and intangible fixed assets and fixed assets in progress during 2013:

AOA'000

Gross fixed assets	Balance at 31-Dec-12	Additions	Disposals	Adjustments / Transfers	Balance at 31-Dec-13
Furniture, tools, fixtures and equipment	14 571 777	1 169 739	(2 837 792)	885 457	13 789 181
Other tangible fixed assets	5 523	539 059	(1 395)	(537 664)	5 523
Fixed assets in progress	1 530 120	151 862	-	(347 793)	1 334 189
Tangible fixed assets	**16 107 420**	**1 860 660**	**(2 839 187)**	**-**	**15 128 893**
Intangible assets	**1 424 991**	**13 070**	**-**	**-**	**1 438 061**
Accumulated depreciation					
Furniture, tools, fixtures and equipment	(2 781 415)	(1 105 701)	856 477	-	(3 030 639)
Other tangible fixed assets	-	-	-	-	-
Tangible fixed assets	**(2 781 415)**	**(1 105 701)**	**856 477**	**-**	**(3 030 639)**
Intangible assets	**(929 829)**	**(224 362)**	**-**	**-**	**(1 154 191)**
Tangible and in progress fixed assets - net	**13 326 005**	**754 959**	**(1 982 710)**	**-**	**12 098 254**
Net intangible assets	**498 162**	**(214 292)**	**-**	**-**	**283 870**

USD'000

Gross fixed assets	Balance at 31-Dec-12	Additions	Disposals	Adjustments / Transfers	Conversion currency differences	Balance at 31-Dec-13
Furniture, tools, fixtures and equipment	152 065	11 983	(29 070)	9 071	(2 792)	141 256
Other tangible fixed assets	58	5 522	(14)	(5 508)	(1)	57
Fixed assets in progress	15 968	1 556	-	(3 563)	(294)	13 668
Tangible fixed assets	**168 090**	**19 060**	**(29 084)**	**-**	**(3 087)**	**154 980**
Intangible assets	**14 871**	**133**	**-**	**-**	**(273)**	**14 731**
Accumulated depreciation						
Furniture, tools, fixtures and equipment	(29 026)	(11 488)	8 935	-	533	(31 046)
Other tangible fixed assets	-	-	-	-	-	-
Tangible fixed assets	**(29 026)**	**(11 488)**	**8 935**	**-**	**533**	**(31 046)**
Intangible assets	**(9 672)**	**(2 298)**	**-**	**-**	**147**	**(11 823)**
Tangible and in progress fixed assets - net	**139 065**	**7 572**	**(20 149)**	**-**	**(2 554)**	**123 934**
Net intangible assets	**5 199**	**(2 165)**	**-**	**-**	**(126)**	**2 908**

The following movements took place in the caption Tangible and intangible fixed assets and fixed assets in progress during 2012:

AOA'000

Gross fixed assets	Balance at 31-Dec-11	Additions	Disposals	Adjustments / Transfers	Balance at 31-Dec-12
Furniture, tools, fixtures and equipment	7 100 425	3 557 298	-	3 914 054	14 571 777
Other tangible fixed assets	5 523	-	-	-	5 523
Fixed assets in progress	4 695 322	1 243 572	(308 066)	(4 100 708)	1 530 120
Tangible fixed assets	**11 801 270**	**4 800 870**	**(308 066)**	**(186 654)**	**16 107 420**
Intangible assets	**983 447**	**532 990**	**(25 165)**	**(66 281)**	**1 424 991**
Accumulated depreciation					
Furniture, tools, fixtures and equipment	(1 375 081)	(1 404 687)	-	(1 647)	(2 781 415)
Other tangible fixed assets	-	-	-	-	-
Tangible fixed assets	**(1 375 081)**	**(1 404 687)**	**-**	**(1 647)**	**(2 781 415)**
Intangible assets	**(786 142)**	**19 4350**	**1 645**	**52 018**	**92 9829**
Tangible and in progress fixed assets - net	**10 426 190**	**3 396 183**	**(308 066)**	**(188 301)**	**13 326 005**
Net intangible assets	**197 305**	**338 640**	**(23 520)**	**(14 263)**	**498 162**

USD'000

Gross fixed assets	Balance at 31-Dec-11	Additions	Disposals	Adjustments / Transfers	Conversion currency differences	Balance at 31-Dec-12
Furniture, tools, fixtures and equipment	74 520	37 123	-	40 845	(423)	152 065
Other tangible fixed assets	58	-	-	-	-	58
Fixed assets in progress	49 278	12 977	(3 215)	(42 793)	(280)	15 968
Tangible fixed assets	**123 856**	**50 100**	**(3 215)**	**(1 948)**	**(703)**	**168 090**
Intangible assets	**10 321**	**5 562**	**(263)**	**(692)**	**(59)**	**14 871**
Accumulated depreciation						
Furniture, tools, fixtures and equipment	(14 432)	(14 720)	-	(17)	143	(29 026)
Other tangible fixed assets	-	-	-	-	-	-
Tangible fixed assets	**(14 432)**	**(14 720)**	**-**	**(17)**	**143**	**(29 026)**
Intangible assets	**(8 251)**	**(2 036)**	**17**	**543**	**(55)**	**(9 672)**
Tangible and in progress fixed assets - net	**109 424**	**35 380**	**(3 215)**	**(1 965)**	**(560)**	**139 065**
Net intangible assets	**2 071**	**3 525**	**(245)**	**(149)**	**(4)**	**5 199**

In the caption furniture, tools, fixtures and equipment, the amount of acquisitions includes the motor vehicle parking lot and the transfer of the "Jaguar" fixed property project, which was classified as assets not for own use. The amount of scrapped items includes the reclassification of the old head office as assets not for own use.

The caption fixed assets in progress essentially refers to branches under construction.

At 31 December 2013 and 2012 the caption Intangible fixed assets included pluri-annual costs, software and units in expansion.

12. Deposits

The caption Customer deposits at 31 December 2013 and 2012 comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Deposits	**133 499 669**	**1 367 565**	**125 102 191**	**1 305 516**
Sight deposits	**63 626 375**	**651 785**	**50 545 499**	**527 472**
In local currency	50 280 214	515 068	34 402 776	359 013
In foreign currency	13 346 161	136 718	16 142 723	168 459
Term deposits	**69 870 655**	**715 752**	**59 127 524**	**617 031**
In local currency	45 768 574	468 851	34 251 514	357 435
In foreign currency	23 347 008	239 166	24 385 181	254 474
Interest payable	755 073	7 735	490 829	5 122
Other deposits	**2 639**	**27**	**15 429 168**	**161 013**

At 31 December 2013 related entity balances amounted to AOA 7 883 325 thousand (USD 80 756 thousand) and at 31 December 2012 they amounted to AOA 1 943 420 thousand (USD 20 381 thousand), as shown in note 33.

The following is the breakdown of term deposits according to their residual duration and by currency:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Term deposits	**69 870 655**	**715 752**	**59 127 524**	**617 031**
In local currency	**45 768 574**	**468 851**	**34 251 514**	**357 435**
Up to 3 months	26 599 293	272 482	23 959 663	250 033
From 3 to 6 months	12 713 542	130 237	7 028 208	73 344
From 6 months to 1 year	6 455 630	66 131	3 263 535	32 874
More than 1 year	109	1	108	1 184
In foreign currency	**23 347 008**	**239 166**	**24 385 181**	**254 474**
Up to 3 months	5 185 790	53 123	14 655 278	152 937
From 3 to 6 months	9 877 117	101 181	2 256 723	23 550
From 6 months to 1 year	8 255 447	84 568	7 438 399	77 624
More than 1 year	28 654	294	34 781	363
Interest payable	**755 073**	**7 735**	**490 829**	**5 122**

At 31 December 2013 term deposits in local currency earned interest of 5.54%. Term deposits in North American dollars and in euro earned interest at rates of 4.58% and 4.36%, respectively.

At 31 December de 2012 term deposits in local currency earned interest of 5.99%. Term deposits in North American dollars and in euro earned interest at rates of 4.70% and 5.45%, respectively.

13. Amounts owed to credit institutions

The caption Amounts owed to credit institutions comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Amounts owed to financial institutions	**15 749 888**	**161 341**	**6 201 050**	**64 712**
Short-term position in local currency	-	-	6 201 050	64 712
Long-term position in foreign currency	15 749 888	161 341	-	-

At 31 December 2013, the caption Amounts owed to credit institutions comprised long-term placements at the central bank in North American dollars with an average rate of 2.83.

14. Liabilities in the payments system

The caption Liabilities in the payments system comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Liabilities in the payments system	**1 083 198**	**11 096**	**2 241 542**	**23 392**
Resources of other entities	**1 083 198**	**11 096**	**2 241 542**	**23 392**
Clearance of cheques and other papers	787 135	8 063	304 215	3 175
Others pending settlement	67 292	689	1 626 516	16 973
Relations with correspondents	228 771	2 344	310 811	3 244

The caption Liabilities in the payments system is essentially composed of bank-guaranteed cheques transacted in the last few days of 2013 and cleared at the beginning of 2014.

15. Other amounts owed to financial institutions

The caption Other amounts owed to financial institutions:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Other amounts owed to financial institutions	**5 219 814**	**53 472**	**5 274 529**	**55 043**
Subordinated debt	**4 959 881**	**50 809**	**4 867 157**	**50 792**
Nominal value	4 880 925	50 000	4 791 295	50 000
Interest payable	78 956	809	75 862	792
Other resources taken	**259 933**	**2 663**	**407 372**	**4 251**
Deposits at credit institutions abroad	88 634	908	-	-
Prepaid resources	171 299	1 755	407 372	4 251

In 2010 the Bank issued 5 000 subordinated bonds with a nominal value of USD 10 each, with projected maturity as from the 7th year after the beginning of subscription.

Interest is payable at a fixed rate of 6% per annum and is paid quarterly in arrears.

16. Other liabilities

The caption Other liabilities comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Other liabilities	**6 355 123**	**65 102**	**2 961 851**	**30 908**
Dividends payable	74 506	763	11 766	123
Of tax nature	1 628 502	16 682	837 454	8 739
Of civil nature	4 248 158	43 518	1 928 618	20 125
Personnel, salaries and remuneration	403 957	4 138	181 669	1 896
Other administrative costs	-	-	2 344	25

The caption Other liabilities of a tax nature include AOA 1 458 254 thousand (2012: AOA 750 151 thousand) referring to corporate tax payable, as mentioned in note 31.

At 31 December 2013 the caption Other liabilities of a civil nature includes AOA 3 468 556 thousand referring to guarantees pledged by customers.

At 31 December 2013 the caption Personnel, salaries and remuneration correspond to amounts already recorded in costs but not yet paid (provision for holiday pay and related subsidy).

17. Provisions for contingent liabilities

The caption Provisions for contingent liabilities refers to provisions for tax contingencies, for liabilities of an administrative, a civil and a survivorship nature and for guarantees given.

The following movements took place in provisions for contingent liabilities, by nature, during 2013 and 2012:

AOA'000	31/12/12	Increases	Reversals	Utilised	Transfers	31/12/13
Provisions for contingent liabilities	**377 361**	**155 953**	**(120 619)**	**(46 118)**	**-**	**366 577**
Provisions for contingent tax liabilities	78 983	-	(55 796)	-		23 187
Provisions for contingent civil liabilities	60 000	-	-	-		60 000
Provisions for contingent administrative liabilities	59 149	55 518	-	(46 118)	(278)	68 271
Provisions for contingent liabilities for survivors' pensions	-	44 426	-	-		44 426
Provisions for contingent liabilities for guarantees given and doc. credits	179 229	56 009	(64 823)	-	278	170 693

AOA'000	31/12/11	Increases	Reversals	Utilised	Transfers	31/12/12
Provisions for contingent liabilities	**55 572**	**332 332**	**(10 544)**	**-**	**-**	**377 361**
Provisions for contingent tax liabilities	-	78 983	-	-	-	78 983
Provisions for contingent civil liabilities	-	60 000	-	-	-	60 000
Provisions for contingent administrative liabilities	-	59 149	-	-	-	59 149
Provisions for contingent liabilities for guarantees given	55 572	134 201	(10 544)	-	-	179 229

USD'000	31/12/12	Increases	Reversals	Utilised	Transfers	Currency conversion differences	31/12/13
Provisions for contingent liabilities	**3 938**	**1 598**	**(1 236)**	**(472)**	**-**	**(72)**	**3 755**
Provisions for contingent tax liabilities	824	-	(572)	-	-	(15)	238
Provisions for contingent civil liabilities	626	-	-	-	-	(11)	615
Provisions for contingent administrative liabilities	617	569	-	(472)	(3)	(11)	700
Provisions for contingent liabilities for survivors' pensions	-	455	-	-	-	-	455
Provisions for contingent liabilities for guarantees given and doc. credits	1 871	574	(664)	-	3	(35)	1 749

USD'000	31/12/11	Increases	Reversals	Utilised	Transfers	Currency conversion differences	31/12/12
Provisions for contingent liabilities	**583**	**3 372**	**-**	**-**	**-**	**(17)**	**3 938**
Provisions for contingent tax liabilities	-	828	-	-	-	(4)	824
Provisions for contingent civil liabilities	-	628	-	-	-	(2)	626
Provisions for contingent administrative liabilities	-	620	-	-	-	(3)	617
Provisions for contingent liabilities for guarantees given	583	1 296	-	-	-	(8)	1 871

18. Share capital

Banco de Negócios Internacional was incorporated with a share capital of AOA 1 606 960 thousand (USD 20 000 thousand at the exchange rate of AOA 80.35 on 2 February 2006), represented by 2 000 000 shares with a nominal value of USD 10 each.

During the 2008 and 2010 financial years, the Bank increased the capital by AOA 2 559 033 thousand and AOA 1 873 111 thousand, respectively. Accordingly, at 31 December 2013, the Bank's share capital was AOA 6 039 104 thousand (USD 61 685 thousand), fully subscribed and paid-up, divided into and represented by 2 000 000 shares with a nominal value of AOA 3 thousand (USD 31) each.

The shareholders' holdings are as follows:

Shareholders	No. Shares	Amount AOA'000	% Holding
Mário Abílio Pinheiro Moreira Palhares	565 600	1 707 858	28,28%
João Baptista de Matos	232 600	702 348	11,63%
BGI	200 000	603 910	10,00%
Valdomiro Minoru Dondo	135 200	408 243	6,76%
José Teodoro Garcia Boyol	108 200	326 716	5,41%
Ivan Leite de Morais	105 800	319 469	5,29%
Óscar Tito Cardoso Fernandes	100 400	303 163	5,02%
Rute Marisa Proença Brito	100 000	301 955	5,00%
Arnaldo Leiro Octávio	86 400	260 889	4,32%
Joaquim Manuel Nunes	74 000	223 447	3,70%
Leonel da Rocha Pinto	64 200	193 855	3,21%
Kanda Nimi Kassoma	63 000	190 232	3,15%
Rui da Cruz	42 200	127 425	2,11%
Mário de Almeida Dias	42 200	127 425	2,11%
Manuel Arnaldo Calado	22 000	66 430	1,10%
Carlos Manuel de Carvalho Rodrigues	20 000	60 391	1,00%
Conselho Nacional de Carregadores	20 000	60 391	1,00%
António de Sousa Marques de Oliveira	10 000	30 196	0,50%
	1 991 800	**6 014 343**	**99,59%**
Shares in portfolio	8 200	24 761	0,41%
Total	**2 000 000**	**6 039 104**	**100,00%**

Pursuant to article 446(3) of Law no. 1/04 of 13 February, the shareholdings of members of the management and supervisory bodies are as follows:

Shareholder	Position	Acquisition	No. shares	% Holding
Mário Palhares	Chairman	Nominal value	565 600	28,28%
José Teodoro Garcia Boyol	Vice-Chairman	Nominal value	108 200	5,41%
Carlos M. de Carvalho Rodrigues	Supervisory Board Chairman	Nominal value	20 000	1,00%

On 31 March 2014, the Board of Directors deliberated to propose to the General Meeting the following appropriation of net income:

Net income for the year, in the amount of AOA 2 759 277 thousand, corresponds to earnings per share of AOA 1 380 thousand (2012 - AOA 1 689 thousand).

Reserva legal - AOA 551 855 milhares (USD 5 720 milhares) - 20,00 % do resultado líquido;
Resultados transitados - AOA 2 207 422 milhares (USD 22 880 milhares) - 80,00 % do resultado líquido.

19. Reserves, funds and retained earnings

The caption Reserves, funds and retained earnings at 31 December 2013 and 2012 comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Reserves and funds	**4 536 729**	**46 474**	**3 865 657**	**40 340**
Legal reserve	3 006 282	30 796	2 330 576	24 321
Social fund	45 352	465	49 986	522
Other reserves	1 485 095	15 213	1 485 095	15 497
Retained earnings	**7 869 264**	**80 612**	**5 926 612**	**61 848**

In terms of prevailing legislation, the Bank must constitute a legal reserve fund equal to the amount of the share capital. To this end, the Bank has transferred annually to this reserve 20% of the preceding year's net income. This reserve can only be utilised to absorb accumulated losses once all the other reserves have been exhausted.

20. Income from financial instrument assets

The caption Income from financial instrument assets comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Income from financial instrument assets	**10 660 824**	**110 503**	**9 162 645**	**96 015**
From amounts owed by financial institutions	**416 227**	**4 314**	**21 798**	**228**
From stocks and securities	**657 705**	**6 817**	**836 368**	**8 764**
Held to maturity	657 705	6 817	836 368	8 764
From loans	**9 586 892**	**99 372**	**8 304 479**	**87 023**

The caption Income from liquidity placements reflects the income received by the Bank relating to term deposits at financial institutions abroad, as well as from inter-financial money market operations.

Income from securities and stocks refers to interest from public debt securities, namely Central Bank Bonds, Treasury Bills and Treasury Bonds.

In the caption Loan interest is reflected in income from loans advanced to customers.

21. Costs of financial instrument liabilities

The caption Costs of financial instrument liabilities comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Cost of financial instrument liabilities	(4 716 552)	(48 889)	(3 477 756)	(36 443)
Deposits	(3 787 404)	(39 258)	(2 787 543)	(29 210)
Sight deposits	(7 814)	(81)	(18 054)	(189)
Term deposits	(3 779 590)	(39 177)	(2 769 489)	(29 021)
Of amounts owed to financial institutions	(638 059)	(6 614)	(402 332)	(4 216)
Of other amounts owed to financial institutions	(291 089)	(3 017)	(287 881)	(3 017)
Of subordinated debt issued	(291 089)	(3 017)	(287 881)	(3 017)

The caption Costs of liquidity resources incorporates the interest paid for the utilisation of credit lines granted by foreign credit institutions, as well as the interest paid from the taking of short-term liquidity on the inter-financial money market.

22. Net gains from foreign currency operations

The caption Net gains from foreign currency operations comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Net income from foreign currency operations	2 682 562	27 805	2 126 546	22 284
Revaluation of foreign currency position				
Profits	7 567 712	78 442	17 362 218	181 938
Losses	(4 885 150)	(50 637)	(15 235 672)	(159 654)
Net	2 682 562	27 805	2 126 546	22 284

The net gains from foreign currency operations are derived from the revaluation of the Bank's foreign currency position, as well as from foreign currency operations realised.

23. Net income from financial services provided

The caption Net income from financial services provided comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Net income from provision of financial services	2 426 184	25 148	2 317 226	24 282
Commissions received	3 075 539	31 879	3 352 774	35 133
Visa and MasterCard cards	1 208 702	12 529	1 433 032	15 017
Transfers	851 412	8 825	553 277	5 798
Opening of credit lines	308 974	3 203	522 118	5 471
Documentary credit	180 792	1 874	222 825	2 335
Other banking operations	55 322	573	204 913	2 147
Other banking services	345 303	3 579	392 402	4 112
Other commitments	125 034	1 296	24 207	253
Commissions paid	(649 355)	(6 731)	(1 035 548)	(10 851)
Visa and MasterCard cards	(602 741)	(6 248)	(965 578)	(10 118)
Irrevocable credit lines	(40 420)	(419)	(63 328)	(663)
Other commissions	(6 194)	(64)	(6 642)	(70)

The caption Other banking operations refer to commission income from the management of the loan portfolio.

The caption Other banking services includes commission income resulting from the protocol entered into between the Bank and the Ministry of Finance for the collection of revenues amounting to AOA 326 705 thousand (2012: AOA 219 790 thousand).

The caption Other commitments include income from premiums for guarantees given in the amount of AOA 117 903 thousand (2012: AOA 22 792 thousand).

24. Provisions for doubtful debts and guarantees given

The caption Provisions for doubtful debts records the amounts set aside net of reversals and comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Total	(688 691)	(7 139)	(424 242)	(4 446)
Domestic loans (note 8)	(697 505)	(7 230)	(300 585)	(3 150)
Increases	(1 292 446)	(13 397)	(300 585)	(3 150)
Reversals	594 941	6 167	-	-
Contingent liabilities (Note 17)	8 814	91	(123 657)	(1 296)
Increases	(56 009)	(573)	(134 201)	(1 406)
Revesals	64 823	664	10 544	110

25. Personnel costs

The caption Personnel costs comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Personnel costs	**(2 688 542)**	**(27 868)**	**(1 893 030)**	**(19 837)**
Management and supervisory bodies	**(623 939)**	**(6 467)**	**(302 377)**	**(3 169)**
Basic salary	(299 676)	(3 106)	(259 809)	(2 723)
Subsidies	(324 263)	(3 361)	(42 568)	(446)
Employees	**(1 906 780)**	**(19 765)**	**(1 463 602)**	**(15 337)**
Basic salary	(1 446 714)	(14 996)	(1 155 179)	(12 105)
Subsidies	(460 066)	(4 769)	(308 423)	(3 232)
Employer's contributions	**(157 823)**	**(1 636)**	**(127 051)**	**(1 331)**
Compulsory	(151 091)	(1 566)	(119 584)	(1 253)
Optional	(6 732)	(70)	(7 467)	(78)

The number of employees working for the Bank at the end of 2013 stood at 735 (569 in 2012), divided into the following professional categories:

	2013	2012
Directors	7	5
Advisors	2	2
Senior executives Sub-Managers	25	13
Coordinators Departmental heads	19	38
BNI Prime managers BNI managers	65	52
Professional staff	617	459
	735	**569**

26. Outside supplies

The caption Outside supplies comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Outside supplies	**(3 273 571)**	**(33 932)**	**(2 518 754)**	**(26 394)**
Communications	(101 664)	(1 054)	(94 561)	(991)
Water and energy	(18 841)	(195)	(16 251)	(170)
Transport, travelling and accommodation	(219 119)	(2 271)	(170 445)	(1 786)
Publications, advertising and propaganda	(82 891)	(859)	(261 627)	(2 742)
Security, maintenance and repairs	(317 465)	(3 291)	(120 922)	(1 267)
Audit and consultancy fees	(1 217 779)	(12 623)	(932 801)	(9 775)
Insurance	(124 402)	(1 289)	(99 200)	(1 040)
Rentals	(369 320)	(3 828)	(336 641)	(3 528)
Sundry materials	(567 655)	(5 884)	(299 062)	(3 134)
Other outside supplies	(254 435)	(2 638)	(187 244)	(1 961)

The caption Audit and consultancy fees includes IT consultancy services in the amount of AOA 348 301 thousand (2012: AOA 316 635 thousand): security services in the amount of AOA 4732 366 thousand (2012: AOA 378 143 thousand) and financial consultancy services totalling AOA 122 974 thousand (2012: AOA 120 685 thousand).

27. Depreciation and amortisation

The caption Depreciation and amortisation comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Depreciation and amortisation	**(1 329 993)**	**(13 786)**	**(1 599 037)**	**(16 756)**
Tangible fixed assets	**(1 105 701)**	**(11 461)**	**(1 406 457)**	**(14 738)**
Properties for own use	(617 055)	(6 396)	(735 082)	(7 703)
Other tangible fixed assets	(53 845)	(558)	(266 048)	(2 788)
Equipment	(434 801)	(4 507)	(405 327)	(4 247)
Intangible assets	**(224 292)**	**(2 325)**	**(192 580)**	**(2 018)**

At 31 December 2013 and 2012 intangible assets included pluri-annual costs, software and units in expansion.

28. Provisions for other contingent liabilities

The caption Provisions for other contingent liabilities comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Provisions for contingent liabilities	**(44 148)**	**(458)**	**198 132**	**2 076**
Provisions for contingent tax liabilities	(55 796)	(578)	78 983	828
Provisions for contingent civil liabilities	-	-	60 000	628
Provisions for contingent administrative liabilities	55 518	575	59 149	620
Provisions for contingent liabilities for survivors' pensions	44 426	460	-	-

29. Other operating income and costs

The caption Other operating income and costs comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Other operating income and costs	**1 631 597**	**16 912**	**384 901**	**4 033**
Other operating income	**1 752 034**	**18 160**	**1 115 736**	**11 692**
Recovery of loans written off	543 814	5 637	-	-
Annual fees	142 702	1 479	153 660	1 610
Other services provided	883 702	9 160	262 234	2 748
Other income	181 813	1 884	699 842	7 334
Irreconcilable differences	2	0	-	-
Adjustments	1	0	-	-
Other operating costs	**(120 437)**	**(1 248)**	**(730 835)**	**(7 658)**
Regular	(44 713)	(463)	(20)	-
Thefts	(3 789)	(39)	(960)	(10)
Miscellaneous costs and losses	(71 935)	(746)	(729 852)	(7 648)
Irregular	-	-	(3)	(0)

At 31 December 2013, the caption Other services provided includes AOA 583 664 thousand, (USD 6 050 thousand) referring to financial advice.

30. Non-operating net income

The caption Non operating net income comprises:

	2013	2013	2012	2012
	AOA'000	USD'000	AOA'000	USD'000
Non-operating net income	**(455 672)**	**(4 723)**	**183 567**	**1 924**
Gains and losses on fixed assets	**54 087**	**561**	**-**	**-**
Financial fixed assets	(30 608)	(317)	-	-
Tangible fixed assets	84 695	878	-	-
Prior year adjustments	**(509 759)**	**(5 284)**	**183 567**	**1 924**
Prior-year gains	348 794	3 615	677 416	7 099
Prior-year losses	(858 553)	(8 899)	(493 849)	(5 175)

31. Charges on net operating income

The Bank is subject to taxation under the corporate income tax code, and is considered to be a Group A taxpayer for tax purposes. At 31 December 2013, its income was taxed in accordance with article 72(1) and (2) of Law no. 18 / 92 of 3 July, with the tax rate applicable being 35% following the alterations introduced by Law no. 5 / 99 of 6 August (notes 2.2 j).

At 31 December 2013 and 2012, the cost of corporate income tax recognised in the income statement amounts to AOA 1 458 254 thousand and AOA 750 151 thousand, respectively.

The Corporate Tax was calculated as follows:

	2013	2012
	AOA'000	AOA'000
Profit before taxation	4 217 531	4 128 677
Deductions and rebates	(665 593)	(2 262 737)
Disallowables	640 908	277 349
Taxable income	**4 192 846**	**2 143 289**
Industrial tax (35%)	**1 458 254**	**750 151**
Net income	**2 759 277**	**3 378 526**
Effective tax rate	**34,6%**	**18,2%**

32. Balance sheet by currency

Balance sheet structure by currency at 31 December 2013 was as follows:

AOA'000	Dollars	Euro	Rand	Pounds	Kwanzas	Total
Total Assets	**57 441 313**	**3 664 177**	**7 971**	**24 628**	**123 037 845**	**184 175 934**
Cash and deposits	11 473 191	363 808	7 768	24 628	19 569 321	31 438 716
Amounts owed by financial institutions	26 207 307	833 340	0	0	5 000 000	32 040 647
Stocks and securities	753 659	0	0	0	9 493 774	10 247 433
Loans in payments system	0	0	0	0	600	600
Foreign currency operations	780 948	0	0	0	(0)	780 948
Total loans	17 695 343	14	203	0	68 268 217	85 963 777
Other assets	530 865	2 467 015	0	0	5 096 866	8 094 746
Fixed assets	0	0	0	0	15 609 067	15 609 067
Total Liabilities	**(55 979 122)**	**(2 486 450)**	**(3 029)**	**(4 100)**	**(104 584 471)**	**(163 057 172)**
Deposits	(34 637 505)	(2 397 750)	(3 028)	(431)	(96 460 955)	(133 499 669)
Amounts owed to financial institutions	(15 749 888)	(0)	(0)	(0)	(0)	(15 749 888)
Liabilities in payments system	(75)	(0)	(0)	(0)	(1 083 123)	(1 083 198)
Foreign currency operations	(0)	(0)	(0)	(0)	(782 904)	(782 904)
Other resources	(4 963 186)	(84 965)	(0)	(3 669)	(167 993)	(5 219 814)
Other liabilities	(614 284)	(3 735)	(1)	(0)	(5 737 103)	(6 355 123)
Provisions for cont. Liabilities	(14 184)	(0)	(0)	(0)	(352 393)	(366 577)
Total Own Funds	**(46)**	**2 860**	**(0)**	**(0)**	**(21 121 576)**	**(21 118 762)**

The balance sheet structure by currency at 31 December 2012 was as follows:

AOA'000	Dollars	Euro	Rand	Pounds	Kwanzas	Total
Total Assets	**50 080 258**	**5 190 102**	**12 848**	**22 980**	**106 838 389**	**162 144 578**
Cash and deposits	26 326 953	787 325	12 636	20 591	17 638 376	44 785 881
Amounts owed by financial institutions	4 942 184	733 912	-	-	-	5 676 096
Stocks and securities	741 789	-	-	-	12 077 140	12 818 929
Loans in payments system	46	-	-	-	10 359	10 405
Foreign currency operations	774 166	-	-	-	-	774 166
Total loans	17 121 423	2 439 794	212	-	56 263 712	75 825 141
Other assets	173 697	1 229 071	-	2 389	5 387 371	6 792 528
Fixed assets	-	-	-	-	15 461 432	15 461 432
Total Liabilities	**(58 390 159)**	**(4 483 035)**	**(6 011)**	**(707)**	**(80 054 768)**	**(142 934 679)**
Deposits	(51 870 161)	(4 319 424)	(6 010)	(707)	(68 905 890)	(125 102 191)
Amounts owed to financial institutions	-	-	-	-	(6 201 050)	(6 201 050)
Liabilities in payments system	(1 524 113)	(136 883)	-	-	(580 546)	(2 241 542)
Foreign currency operations	-	-	-	-	(776 155)	(776 155)
Other resources	(4 870 522)	-	-	-	(404 007)	(5 274 529)
Other liabilities	(125 363)	(26 728)	(1)	-	(2 809 759)	(2 961 851)
Provisions for cont. Liabilities	-	-	-	-	(377 361)	(377 361)
Total Own Funds	**8 309 901**	**(707 067)**	**(6 837)**	**(22 273)**	**(26 783 621)**	**(19 209 899)**

33. Related parties

Shareholders
Mário Abílio Pinheiro Moreira Palhares
João Baptista de Matos
BGI
Valdomiro Minoru Dondo
José Teodoro Garcia Boyol
Ivan Leite de Morais
Óscar Tito Cardoso Fernandes
Rute Marisa Proença Brito
Arnaldo Leiro Octávio
Joaquim Manuel Nunes
Leonel da Rocha Pinto
Kanda Nimi Kassoma
Rui da Cruz
Mário de Almeida Dias
Manuel Arnaldo Calado
Carlos Manuel de Carvalho Rodrigues
Conselho Nacional de Carregadores
António de Sousa Marques de Oliveira

Other related entities	
Predigest – Empreendimentos, Lda.	Customer
BPI – Banco Privado Internacional	Correspondent

Governing bodies	
Mário Palhares	Chairman of the Board of Directors
José Teodoro Garcia Boyol	Vice-Chairman of the Board of Directors
Carlos Rodrigues	Vice-Chairman of the Board of Directors
Sandro Africano	Executive director
Lara Boyol	Executive director
Pedro Palhares	Executive director
Bruno Inglês	Executive director
João de Matos	Chairman of the General Meeting Committee
Mário Dias	Vice-Chairman of the General Meeting Committee
Luís Manuel Neves	Supervisory Board Chairman
Licínio de Assis	Supervisory Board member
Dina Maria Leote de Oliveira	Supervisory Board member

Subsidiary and associated companies
Emis - Empresa Interbancária de Serviços, SARL
BNI - Banco de Negócios Internacional (Europa), S.A.
Facilcred - Sociedade de Microcrédito, S.A.

At 31 December 2013, the overall amount of assets, liabilities and off-balance sheet liabilities relating to operations realised with related parties, according to the Banco Nacional de Angola's applicable legislation, comprised:

AOA'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Assets	**598 162**	**23 024**	**-**	**2 935 250**	**3 556 436**
Cash and banks	-	-	-	2 935 250	2 935 250
Total loans (Note 8)	598 162	23 024	-	-	621 186
Other assets (Note 9)	-	-	-	-	-
Liabilities	**6 812 663**	**464 111**	**-**	**442 665**	**7 719 439**
Deposits (Note 12)	6 812 663	464 111	-	442 665	7 719 439

USD'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Assets	**6 128**	**236**	**855**	**30 069**	**37 288**
Cash and banks (Note 3)	-	-	-	30 069	30 069
Total loans (Note 8)	6 128	236	-	-	6 364
Other assets (Note 9)	-	-	855	-	855
Liabilities	**69 789**	**4 754**	**1 679**	**4 534**	**80 756**
Deposits (Note 12)	69 789	4 754	1 679	4 534	80 756

At 31 December 2012, the overall amount of assets, liabilities and off-balance sheet liabilities relating to operations realised with related parties, according to the Banco Nacional de Angola's applicable legislation, comprised:

AOA'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Assets	**693 752**	**8 092**	**307 097**	**18 153 472**	**19 162 413**
Cash and banks	-	-	-	18 153 472	18 153 472
Total loans (Note 8)	693 752	8 092	-	-	701 844
Other assets (Note 9)	-	-	307 097	-	307 097
Liabilities	**1 921 543**	**21 877**	**-**		**1 943 420**
Deposits (Note 12)	1 921 543	21 877	-	-	1 943 420

USD'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Assets	**7 240**	**84**	**3 205**	**189 442**	**199 971**
Cash and banks (Note 3)	-	-	-	189 442	189 442
Total loans (Note 8)	7 240	84	-	-	7 324
Other assets (Note 9)	-	-	3 205	-	3 205
Liabilities	**20 052**	**228**	**-**		**20 280**
Deposits (Note 12)	20 052	228	-	-	20 280

At 31 December 2013, the overall amount of net income relating to operations entered into with related parties, according to the Banco Nacional de Angola's applicable legislation, comprised:

AOA'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Income	**3 773**	**20**	**-**	**-**	**3 793**
Loans (Note 20)	3 773	20	-	-	3 793
Costs	**16 082**	**720**	**898**	**1 673**	**19 373**
Deposits (Note 21)	16 082	720	898	1 673	19 373

USD'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Income	**39**	**0**	**-**	**-**	**39**
Loans (Note 20)	39	0	-	-	39
Costs	**167**	**7**	**9**	**18**	**201**
Deposits (Note 21)	167	7	9	18	201

At 31 December 2012, the overall amount of net income relating to operations entered into with related parties, according to the Banco Nacional de Angola's applicable legislation, comprised:

AOA'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Income	**94 997**	**23 967**	**-**	**-**	**118 964**
Loans (Note 20)	94 997	23 967	-	-	118 964
Costs	**114 633**	**9 023**	**25 480**	**-**	**149 136**
Deposits (Note 21)	114 633	9 023	25 480	-	149 136

USD'000

	Shareholders	Members of governing bodies	Bank's subsidiary and associated companies	Other related entities	Total
Income	**995**	**251**	**-**	**-**	**1 246**
Loans (Note 20)	995	251	-	-	1 246
Costs	**1 201**	**95**	**267**	**-**	**1 563**
Deposits (Note 21)	1 201	95	267	-	1 563

34. Guarantees and other commitments

This caption comprises:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Liabilities to third parties	**19 153 212**	**196 205**	**17 286 358**	**180 393**
Guarantees given	13 712 533	140 471	11 235 983	117 254
Commitments to third parties	5 440 679	55 734	6 050 375	63 139

The amounts of guarantees given are as follows:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Guarantees given	**13 712 533**	**140 471**	**11 235 983**	**117 254**
Guarantees given	6 203 353	63 547	7 170 185	74 825
Documentary credit	7 509 180	76 924	4 065 798	42 429

The guarantees and sureties are banking operations which do not translate into the mobilisation of funds on the part of the Bank.

Documentary credits are irrevocable commitments on the part of the Bank and on behalf of its customers to pay/order to pay a specified amount to the supplier of a given commodity or service, within a stipulated period against the presentation of documents referring to the dispatching of the commodity or the provision for service. The irrevocable condition means that the commitment cannot be cancelled or altered without the express agreement of all the parties involved.

The amount of Liabilities for guarantees given is as follows:

	2013 AOA'000	2013 USD'000	2012 AOA'000	2012 USD'000
Liabilities for services provided	**(7 468 350)**	**(76 505)**	**(10 676 787)**	**(111 419)**
Services provided to third parties	**(9 544 645)**	**(97 775)**	**(12 610 021)**	**(131 593)**
Deposit and custody of assets	(9 544 645)	(97 775)	(12 610 021)	(131 593)
Services provided by the institution	**2 076 295**	**21 270**	**1 933 234**	**20 174**
Collection	2 076 295	21 270	1 933 234	20 174

The commitments assumed to third parties represent contractual agreements for the granting of loans with the Bank's customers (for example unutilised credit lines) which, as a general rule, are contracted for fixed periods or with other expiry requirements and, normally, require the payment of a commission.

35. Subsequent events

There have been no material transactions and/or events after the balance sheet date and before the financial statements were authorised to be issued that merit disclosure.

36. Important facts

At 31 March 2014, a capital increase in the amount of AOA 8 603 704 thousand (USD 88.136 thousand) is to be proposed at the General Meeting, through the incorporation of retained earnings, making a total of AOA 14 642 808 thousand (USD 150.000 thousand), presupposing a capital increase in the order of 142.5%.

With the share capital increase, Banco BNI seeks to boost its credibility and visibility on the domestic and international stages, as well as guaranteeing the stability of its principal ratios.

Audit Report

KPMG Angola – Audit, Tax, Advisory, S.A.
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Independent Auditors' Report

(This report is a free translation to English from the original Portuguese version)

To the shareholders of
Banco de Negócios Internacional, S.A.

We have audited the accompanying financial statements of **Banco de Negócios Internacional, S.A.**, which comprise the balance sheet as at 31 December 2013 (that shows a total of 184.175.934 thousands AOA and an equity of 21.118.762 thousands AOA including a profit of 2.759.277 thousands AOA) and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with "Plano de Contas das Instituições Financeiras" ("CONTIF") and other provisions as established by "Banco Nacional de Angola" ("BNA"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Banco de Negócios Internacional, S.A.**, as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with "Plano de Contas das Instituições Financeiras" ("CONTIF") and other provisions as established by "Banco Nacional de Angola" ("BNA").

Luanda, 28 March 2014

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

Supervisory Board's Report

BANCO DE NEGÓCIOS INTERNACIONAL, S.A.

SUPERVISORY BOARD'S REPORT

1. In compliance with the mandate entrusted to us, and pursuant to the legal requirements in force in the country, as well as in terms of the Statutes of **BNI – Banco de Negócios Internacional, S.A.** we hereby submit for your consideration our report on the Board of Directors' Report and the Financial Statements for the year ended 31 December 2013.

2. The Supervisory Board monitored the Bank's activity during the year under review, carried out the examination of the financial statements, obtained all the explanations and clarifications it deemed necessary, having thus concluded that these were prepared in conformity with generally accepted accounting principles and standards prescribed for the sector.

3. The Bank's business during the course of the year under review, continued to be characterised by a strategy of consolidation of its hierarchical and functional structure and in the conduct of its commercial activity. Based on the execution of the Operating Plan and Budget for the year just ended, the most important points are compliance with Banco Nacional de Angola's Notices nos. 1 and 2 which regulate the obligations of financial institutions in the area of the Bank's Corporate Governance and Internal Control system in accordance with the timetable of initiatives, documents and deadlines laid down by Banco Nacional de Angola.

4. Backed by the opinion and report of the independent auditors, who declare that the accounting policies and valuation criteria adopted for the various balance sheet items are in accordance with the legal requirements set out in the Chart of Accounts for Financial Institutions (CONTIF) and with other requirements issued by Banco Nacional de Angola, and which merit the Supervisory Board's agreement, with the result that the Accounts submitted to the Shareholders reflect the accounting records as reproduced in the respective trial balances and other documents making up the Financial Statements.

5. In view of what is referred to in the preceding point, the economic and financial position can be summarised in the following manner:

   a) The Income Statement shows a net income of AKZ 2,759,899 thousand arising from Operating and Non Operating Income amounting to AKZ 17,558,896 thousand and Operating and Non Operating Costs amounting to AKZ 13,341,368 thousand respectively and tax charges on the net operating income in the amount of AKZ 1,458,254.

   b) The Balance Sheet shows total Assets of AKZ 184,175,934 thousand, total Liabilities of AKZ 163,057,172 thousand and Capital and Own Funds in the amount of AKZ 21,118,762 thousand, which includes retained earnings and net income for the year.

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6. The Supervisory Board was informed of and recommends to the General Meeting the approval of the Bank's proposed capital increase in the amount of AKZ 8,603,704 thousand based on the incorporation of retained earnings, making a total of AKZ 14,642,806 thousand, translating into a capital increase in the order of 142.50%.
7. Accordingly, based on the foregoing, it is our opinion that the Financial Statements for the year ended 31 December 2013 reflect in all material aspects, the financial and net asset position of **BNI – Banco de Negócios Internacional S.A.** on that date, and are in a position to be submitted to the General Meeting with a view to their approval.

Luanda, 28 March 2014

Luís Neves
Chairman

Licínio de Assis
1st Member

Dina Leote
2nd Member

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Paixão pelo futuro

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