ANNUAL 2016 REPORT

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MESSAGE FROM THE CHAIRMAN

2016 was an indelible milestone in our existence, the BNI, where our history was emphatically and proudly shaped together.
A milestone for all those that directly and indirectly make up this Great Team, from its Shareholders, to its Management, to the various Employees of different areas of business and support, to the young fringe and trainees that we take on, and of course, to our Customers, who are the purpose of our dedication.

We marked this last year with dynamism, assertiveness, entrepreneurship and a sense of responsibility, in the face of a difficult and somewhat already matured macroeconomic framework, in light of the global contingencies that have affected, more or less everywhere, all of the world's economies.

At a time of complexity, Angola has learned how to hear out the difficulties, the prodigal sounds of alternative paths, which evoke our capacity of dedication to the work, towards the development of our productive capacity, assigned to so many other natural resources that we are happily blessed with by Mother Nature.

In pursuing this development, the BNI has outlined a path that they have focused on following, always with the aim of forming new alternatives out of the difficulties, innovating in the products and services, taking into account the key launch of the BNIX, an innovative service that shall alter the nature of the transactional flows, of both mobile payments and receipts in Angola, and in the commercial and social support to the projects that are indicative of this mission of initiative of aggrandisement of the domestic productive sector.

It was in this way that, parsimoniously, always taking into account a structure of efficiency and quality, we have welcomed and supported different business and production projects, either related to agriculture, energy, tourism, or to health and education, or even those related to the mentoring of the most disadvantaged, the elderly, children, the sick and the homeless.

During 2016, the BNI financially and logistically supported various National Institutions such as for example the Disadvantaged Children's Association of Angola, the David Bernardino Paediatric Hospital, the Kubia Food Bank Association of Angola, the Angolan League against Cancer (LACC), a Consortium of 3 Housing Projects intended for the middle class, called Pérola Imperial (Imperial Pearl), amongst others, and also sponsored various events, such as for example, the Pre-Olympic Volleyball Tournament through the Support to the FAVB –Angolan Volleyball Federation, the fourth Edition of the TEDx Luanda Event (Pés Descalços Collective and Cultural Event), amongst many other initiatives.

The composition of this Strong Entrepreneurial Structure of National Business, which is the BNI, reveals this same dynamic range, through being represented either by agencies, or business centres, or even by shared centres, in 15 of the 18 National Provinces, totalling 724 employees, divided into a gender balance, with 54% of men and 46% of women.

On the other hand, the focus on the pursuit of doing more and better, on being able to provide more and better to our customers, ensures us the positive side of non-conformism, always in the pursuit of the continuous experience and training of our staff, with this being the primordial reason for more than 75% of our employees holding a university degree or attending university, or having completed higher education, and around 76% representing an average age of 35, and 99% being national employees.

The BNI is therefore the mirror of the effort that Angolan society has been putting in, with a young and trained national team that is trying to reverse the dependency on imports, products, services, means, resources and workforce, signalling the intention of doing well, from within, with ourselves, leading to the enhancing of the capacity of the Angolan economy to gradually become more autonomous and a driver of various exports, that contribute to the collective enrichment.

In this year of our 10th anniversary, we have in fact managed to overcome the current difficulties with effective solutions of a gradual path that we propose to follow in a new entrepreneurial decade, where this cost/benefit ratio has translated into an increase of AOA 9,128,000,000 (+11%) in the loan portfolio, an increase of AOA 38,632,000,000 (+135%) in the securities portfolio, and an increase of AOA 54,403,000,000 (+31%) in the resources of customers, allowing to achieve a Transformation Ratio of 47.59%.

The increase of AOA 3,209,000,000 (+21%) in the Banking Income and an increase of AOA 1,197,000,000 (+225%) in the Net Income succinctly and unequivocally represent that in 2016 the focus of work was characterised by a joining of forces, of a Team to the BNI, which means to say “Present”, and more than this, that they can “Count On Us” for another decade of vigour and success.

This work of responsibility, always done proactively and fruitfully with all the stakeholders of the national banking activity, scrupulously respected all the prudential rules and standards of the BNA – National Bank of Angola, as well as the international ones, which we have always kept ourselves bounded to, and taking into account the situation of the contained provision of foreign currency, the reinforcement in the rigour of risk management and foreign exchange operation management, the fruitful combating of impairments, and the support to the projects that had a structure of strategy and planning beyond the short term, with the premise of driving the national production.

In the past year of 2016, whilst always feeling young, we have also felt more prepared and certain about what awaits us: rigour, professionalism, dedication and innovation.

This innovation, and as a last message that I would like to leave you with, as a result of these last 12 months of arduous, but very invigorating work, is the primary ingredient of our action now for the forthcoming years, always combined with the rigour and transparency of our activity, and we are certain that it shall be revealed as a differentiating factor and, consequently, recognised by the current and new customers, which shall form a stronger BNI Team, of greater quality, that is quicker and more effective, with distinct technological and comprehensive solutions that are less bureaucratic and more accessible to all.

To the BNI. Passionate about the Future.

MAIN INDICATORS

	2016	2016	2015	2015
	AKZ'000	USD'000	AKZ'000	USD'000
Activo Líquido	258 806 370	1 559 990	228 861 072	1 691 321
Activo Líquido Ponderado	151 838 703	915 228	149 702 678	1 106 327
Fundos Próprios	16 580 484	99 941	16 488 264	121 851
Fundos Próprios Regulamentares (1)	22 880 397	137 915	17 374 330	128 399
Crédito Total	93 484 839	563 492	84 356 821	623 411
Recursos Totais (2)	239 602 568	1 444 236	208 568 279	1 541 354
Financial Margin	9 413 832	57 394	10 790 021	89 139
Foreign Exchange Earnings	5 938 419	36 205	1 680 268	13 881
Income from Financial Services Rendered	2 179 693	13 289	1 491 973	12 326
Banking Income	17 893 287	109 092	14 731 266	121 699
Overhead	11 070 558	67 495	8 519 775	70 384
Cash Flow	5 553 001	33 855	5 676 496	46 895
Net Income for the Year	1 730 636	10 551	533 323	4 406

	2016	2015
Return on Total Assets (ROA)	0.67%	0.23%
Return on Equity (ROE)	7.56%	3.07%
Cost-To-Income	61.87%	57.83%
Solvency Ratio	11%	10%
Past-Due Credit/Total Credit	5.76%	6.09%
Coverage of Past-Due Credit by Impairments	241.35%	272.00%
Coverage of Total Credit by Impairments	13.91%	16.57%
Cost of Risk	3.83%	4.84%
Transformation Ratio (3)	46.16%	56.23%
No. of Employees	724	749
No. of Business Centres	8	7
No. of Branches	42	52
No. of Premises	42	32
No. of Customers	212 379	209 592

(1) Equity calculated in accordance with BNA Instruction no. 3/11 of 08 June;
(2) Category comprised of Resources of customers and other loans, Resources of Central Banks and other credit institutions and Subordinated liabilities;
(3) Transformation Ratio includes Resources of customers and other Subordinated liabilities.

MISSION, STRATEGY AND VALUES

BNI's Mission

We are a leading 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.

BNI's Vision

The BNI aspires to be a model of financial sustainability, operational efficiency and 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.

BNI's Values

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

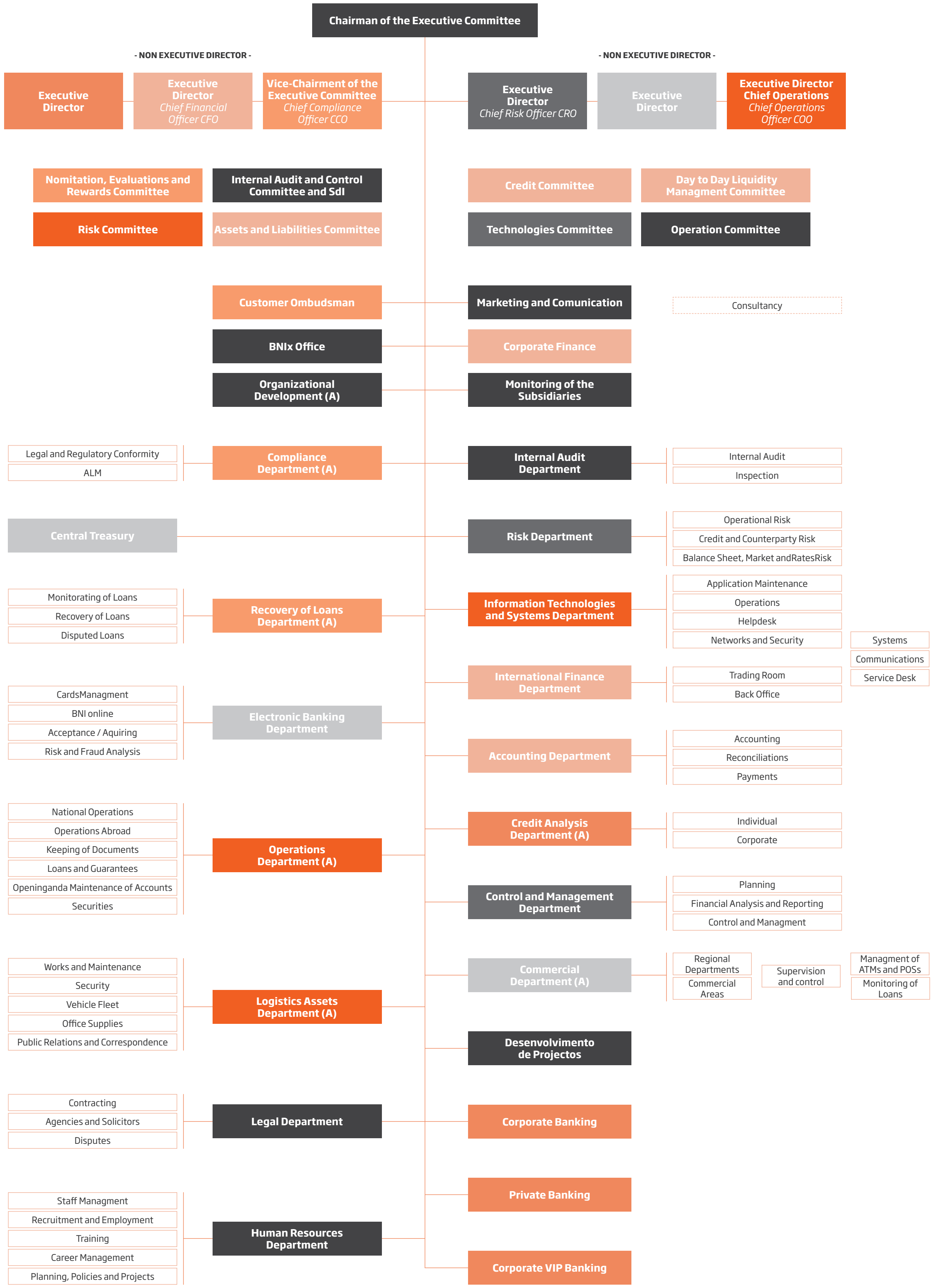
> Trust
Our customers are our most important asset. We forge relationships for the future based on trust, on business sustainability, on confidentiality and transparency.

> 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 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.

ORGANIC STRUCTURE



CORPORATE MANAGEMENT MODEL

The BNI's governance model complies with and meets the requirements laid down in the Financial Institutions Act (Law no.12/15 of June).
On the terms of the Bylaws approved in the General Meeting of Shareholders of 16 April 2015:
The current management of the BNI is exercised by a Board of Directors and by an Executive Committee. The members of the Governing Bodies have adequate professional skills and experience for the exercise of the position, they are elected by the General Meeting of Shareholders for a term of 4 years, and their re-election is possible.

The Corporate Bodies are represented by:

Presiding Board of the General Meeting of Shareholders
· Chairman: João de Matos
· Vice-Chairman: Mário Dias

General Board
· Chairman: Carlos Feijó

Members:
· Chairman of the Board of Directors: Mário A. Palhares
· Chairman of the Executive Committee: Mário A. Palhares
· Chairman of the Board of Auditors: Luis Manuel Neves

Other Members:
· Shareholders with an interest equal to or greater than 4%

Board of Auditors
· Chairman: Luis Manuel Neves
· Member: Licínio de Assis
· Member: Dina Maria Leote de Oliveira
· Alternate Member: Hailé Muiapi Cruz

Board of Directors
· Chairman: Mário A. Palhares
· Vice-Chairman: José T. Boyol
· Executive Director: Sandro Africano
· Executive Director: Lara Boyol
· Executive Director: Pedro Palhares
· Executive Director: Bruno Inglês
· Executive Director: Almerindo Fonseca
· Non-Executive Director: Pedro Claver Furtado
· Independent Non-Executive Director: Guy Declerq

The main strategic lines of the BNI are defined by the Bank's Board of Directors and, after consultation of the General Board, the strategic guidelines are revised and validated in meetings of the Board of Directors, and are afterwards transversally implemented by the Bank's professionals.

General Meeting of Shareholders

Composition

It is comprised 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.

Shareholders without voting rights can take part in the deliberations when the Chairman of the Presiding Board of the General Meeting of Shareholders and the Other members so authorise.

Responsibilities

- Electing the members of the Presiding Board of the General Meeting of Shareholders, the Board of Directors and the Board of Auditors, and appointing their respective Chairmen;
- Electing the General Board members;
- Electing the Remuneration Committee members;
- Approving the Annual Report and Accounts, as well as the Board of Auditors' report;
- Deciding on share Capital increases proposed by the Board of Directors.
- Approving their Internal regulations.

General Board

Composition

The General Board is comprised of a number of members, no greater than fifteen.

The remaining members are elected by the General Meeting of Shareholders. These members exercise their positions for up to a maximum period of 4 years, and can be elected or appointed one or more times.

Responsibilities

1. The General Board is responsible for collaborating with the Bank's Board of Directors, through the issue of prior opinions on the matters mentioned in the number below and also on the strategic guidelines for development of the Bank and for all that, due to their special relevance for the Bank, are submitted to them for appreciation by the Chairman of the Board of Directors.

2. The General Board shall obligatorily rule, albeit in a non-binding manner, on the decisions of the Board of Directors and of the General Meeting of Shareholders regarding:

- Significant expansions or reductions of the Bank's activity;
- Co-optation of Directors;
- Appointment of the Chairman of the Board of Directors in the event of replacement;
- Annual Accounts Management Report;
- Change in registered office;
- Increase in the share capital;
- Merger, transformation projects of the Company.

Periodicity

The General Board shall ordinarily meet once every six months and extraordinarily whether called by its Chairman, at their own initiative or request of the Chairman of the Board of Directors or of a fourth of the total number of its members.

Board of Auditors

Composition

The oversight of the BNI's corporate businesses is carried out by a Board of Auditors comprised of three members in office and one or two alternate members.

Responsibilities

- Overseeing the Company's management;
- Overseeing the effectiveness of the risk management system, the
- internal control system and of the internal audit system;
- Verifying the regularity of the books, accounting records and documents that serve them as a support;
- Verifying whether the accounting policies and the valuation criteria adopted by the Bank lead to a correct assessment of the assets and the income;
- Verifying the accuracy of the accounting documents;
- Receiving the communications of irregularities presented by shareholders, Employees of the company and others.

Periodicity

The board of auditors meets ordinarily in the periods prescribed in the regulations and extraordinarily whenever requested by the Chairman, by the majority of its members or by the Board of Directors.

Board of Directors

Composition

1. The Board of Directors if comprised of an uneven number, up to nine members, elected by the General Meeting of Shareholders.
2. The decision of the General Meeting of Shareholders that elects the Board of Directors shall also decide who their Chairman or one or two Vice- Chairmen shall be.
3. The members of the Board of Directors are deemed inducted on the date of the decision of the General Meeting of Shareholders and terminate their positions on the legal terms, whilst they must remain in the positions until the election or co-optation of they who replace them.

Responsibilities

1. The Board of Directors is responsible for exercising the broadest powers of management and representation of the company.
2. In the performance of its powers, the Board of Directors is, notwithstanding the responsibilities delegated in the Executive Committee, responsible for:
a) a) Defining the Bank's general policies and approving the annual and multi- year plans and budgets;
b) Setting up the Bank's internal organisation and delegating powers throughout the hierarchical chain;
c) Managing the Bank's activity, executing all the acts and operations that are inserted into its corporate purpose;
d) Fundamentally proposing possible alterations to the bylaws and the necessary capital increases, as well as the criteria for attribution of the right to subscription of shares to members of the Bank's staff, in the cases in which the reserve of a number of shares is decided upon for subscription by the aforementioned staff of the Bank;
e) Acquiring, encumbering and disposing of any movable or immovable property and rights, including interests in the capital of other companies, regardless of the respective purpose, and positions in organisations of cooperation between companies, whenever they deem it appropriate for the Bank, with the restrictions contained in law and the bylaws.
f) Deciding on the issue of bonds or of any other debt-representative securities within the legally established limits;
g) Preparing the accounting documents, the financial statements and the proposal for application of income to be presented to the General Meeting of Shareholders;
h) Appointing representatives or authorised signatories for the purpose of performing certain acts;
i) Executing and ensuring compliance with provisions of the law and articles of association, and with the General Meeting of Shareholders' decisions.

3. The Board of Directors is also responsible for defining, formalising, implementing and periodically reviewing:
a) The business strategy;
b) The organic and functional structure;
c) The relationships, policies and processes of authority, of delegation of responsibilities, of communication and of provision of information;
d) The criteria for the classification of relevant operations, taking into consideration the amount, associated risk or special characteristics;
e) The policies and processes related to:
i. Risk and Compliance management;
ii. Remuneration of the Employees;
iii. Ethics, integrity and professionalism; iv. Transactions with related parties;
v. Prevention of conflicts of interests, and;
vi. Prevention and detection of suspicious operations of criminal activities or situations of fraud.

Periodicity

The Board of Directors shall ordinarily meet once per quarter and extraordinarily whenever called by its Chairman or by two Directors.

Executive Committee

Composition

The Executive Committee of the BNI is comprised of a minimum number of three members appointed by the Board of Directors.

Responsibilities

1. The Executive Committee is responsible for exercising the powers that, at any time, are delegated to it.
2. The Chairman of the Board of Directors shall be informed of the meetings and of the matters that shall be discussed in them, through the sending of the supporting information and of the respective decisions.

Periodicity

The Executive Committee shall meet with a monthly periodicity and extraordinarily whenever called by its Chairman or by two Directors.

REMUNERATION POLICY OF THE CORPORATE BODIES

The remuneration of the Corporate Bodies is defined by the Remuneration Committee of the Corporate Bodies, which is responsible for:

a. Determining the various components of the remuneration, if fixed or fixed and variable, according to the Corporate Bodies to whom it is allocated, and possible benefits or complements, especially the pension complements due to old age or disability;

b. Defining the respective Remuneration policy and setting the remuneration of the members of the BNI's Corporate Bodies in accordance with the defined policy;

c. Monitoring the change in the Bank's situation for the purposes of weighting and determination of the variable remuneration of the members of the Board of Directors;

d. Proceeding to the assessment of the members of the BNI's Executive Committee, with a view to the determination of the respective annual variable remuneration;

e. Monitoring the contractual vicissitudes of the terms of the members of the Corporate Bodies reflected in their remuneration, namely in the event of their suspension or termination;

f. Evaluating the consequences, within the scope of the remuneration policy, of the possible receipt, by the members of the Board of Directors, of possible remuneration by virtue of the exercise of positions in controlled companies or subsidiaries;

g. Making the shareholders aware, in the annual general accounting meetings, of the criteria, parameters and methods of calculation of the remuneration policy of the members of the Corporate Bodies and of the assessment of the performance of the executive members of the Board of Directors.

INTERNAL CONTROL SYSTEM

The Board of Directors approved a set of Corporate Governance Policies and Manuals that are published on Banco BNI's communication channels and that are available to all the employees, namely:

- Ethics and Conduct Manual;
- Policy on the Prevention, Identification and Management of Conflicts of Interests;
- Policy on Transactions with Related Parties;
- Policy on the Transparency and Disclosure of Information;
- Compliance Management and Prevention and Detection of suspicious operations of criminal activities;
- Risk management;
- Irregularity communication mechanisms.

The aforementioned documents are available to all the employees for knowing of the duties of abstention from prohibitive conducts and the compliance with the standards in the exercise of their positions. All of the BNI's employees perform regular knowledge tests, for the purpose of determining whether they have absorbed and understood the content of these documents.

CODE OF ETHICS AND CONDUCT

Banco BNI has a Code of Ethics and Conduct that sets forth the principles of conduct of the employees. Their revision is carried out annually, in accordance with the following topics:

- Framework and Aims;
- Scope of Application;
- Implementation, Reinforcement and Disciplinary Actions;
- Guiding Principles of Ethics and Conduct of the BNI;
- Relationship with the community, competition, regulatory entities and authorities;
- Duties and Responsibilities of the Employees;
- Reporting the violations of the Bank's Code of Conduct.

POLICY ON CONFLICTS OF INTEREST

The purpose of the Policy on the Prevention, Identification and Management of Conflicts of Interest is to set forth the minimum and adequate internal rules and procedures for the risk mitigation and management to be observed by all the Employees so that they adequately and at all times know of the principles and rules contained in this Policy, so that they adopt all the necessary measures for an adequate prevention and/or management of situations of conflict of interests.

1. According to the Policy, Conflicts of Interests are the circumstances in which, amongst other things, and according to the case, the Bank, a member of a Corporate Body or an Employee:

a. Is about to obtain a financial profit/gain, or avoid a financial loss at the Bank's or Customer's expense;

b. Has an interest in the result of a service provided to the Bank or the Customer or of a transaction carried out in the Bank's or Customer's name, which is different to the interest that the Bank or the Customer has in that result;

c. Has a financial or other incentive in favouring the interest of a Customer or of a group of Customers, above the interests of another Customer;

d. Conducts the same business as the Customer;

e. Receives or shall receive from aperson that isn't the Customer an incentive in relation to a service provided to the Customer, in the form of securities, goods or services, that isn't the standard commission or fee for that service.

POLICY ON TRANSACTIONS WITH RELATED PARTIES

The principles, procedures and rules set forth, the guarantee of transparency and equality in the relationship with them relative to the conditions practiced in the operations with the institution's other customers, in order to ensure that the shareholders, investors and other interested parties are treated in accordance with the corporate governance best practices, are an integral part of the Policy on Transactions with Related Parties.

Taking into account significant and substantial amounts of the transactions, material aspects are considered regarding the subject, the formalisation of the transactions between related parties, whilst considering the market conditions and conformity, and ensuring equality with regard to practiced prices and services.

TRANSPARENCY AND DISCLOSURE OF INFORMATION

In conformity with Art. 21 of Notice 1/2013, the institution has adhered to the transparency in the disclosure of their capital structure, of the composition of the Corporate Bodies and interests held in other companies, since this information is noted in the Report and Accounts produced every year.

The disclosure of the composition of the members of the Governing body and of the Executive Committee, the Bank's Financial Statements, are assumed disclosed on the BNI's institutional site annually, completely, currently and reliably as set forth in Art. 22 of the same Notice.

COMPLIANCE MANAGEMENT AND PREVENTION AND DETECTION OF SUSPICIOUS OPERATIONS OF CRIMINAL ACTIVITIES

The Compliance Division is the organic unit responsible for the implementation of the PBC/CFT programme, as well as for the monitoring of its internal fulfilment. This unit is responsible for analysing the potentially suspicious transactions as well as for reporting them, both internally and to the responsible entities, and it is additionally responsible for receiving and responding to information requests from the financial information unit or from other authorities and/or regulators, in relation to PBC/CFT matters.

Pursuant to Law no. 34/2011, of 12 December - Law on the Combating of Money Laundering and Financing of Terrorism, the Compliance Division ensures that foreign individuals that perform, or have performed up to a year ago, senior public or political positions, as well as close members of their family and people that recognisably have close corporate or commercial relationships with them do not open the account in the BNI, since they naturally entail an added risk with regard to the ML/FT (principally due to being more susceptible to attempts of corruption or bribery), for which the BNI adopts the implementation of reinforced procedures of analysis and knowledge of the customer.

During 2016 various training sessions on this matter were carried out across the whole structure.

THE MONITORING OF THE INTERNAL CONTROL SYSTEM

Within the scope of the implementation of the BNI's Internal Control System, the responsibility for the evaluation of the effectiveness and efficiency in the processes of management of the Bank's internal control and governance was delegated to the Internal Audit Division, whilst minimising the probability of fraud, errors or ineffective practices, through the realisation of the following examinations:

a. Adequacy and effectiveness of the controls;
b. Integrity and reliability of the information and records;
c. Integrity and reliability of the systems established to ensure the observance of the policies, goals, plans, procedures, laws, standards and regulations and of their effective application by the Bank;
d. Use of the procedures and methods for safeguarding of the assets, proving their existence, as well as the accuracy of the assets and liabilities;
e. Compatibility of the operations and programmes with the established goals, plans and means of execution.

The monitoring of the internal control system isn't limited to the accounting and financial areas, as it encompasses the Bank's plans and all the methods used to protect its assets, to verify the accuracy and reliability of the accounting, financial, administrative and operational information.

Every year, on 30 November of the aforementioned year, the Internal Audit Division prepares and submits the Annual Report on Corporate Governance and Internal Control to the National Bank of Angola, with the approval of the External Audit Division.

RISK MANAGEMENT SYSTEM

The risk management in the Bank obeys the three lines of defence model, where specific functions of management are attributed to the first two lines of defence, namely the operational or business units and the risk division, which report to the respective committees (operational committees and independent committee) and to the Board of Directors.

Business Unit - As units of 1st line of defence and risk-taking units, they manage the risk from an operational perspective and they report to the credit and asset and liability management committees (ALCO).

Risk Division - As a unit of 2nd line of defence and an independent unit, it identifies, quantifies, analyses, controls and reports all the relevant risks to the risk committee and to the Board of Directors.

Also amongst the responsibilities entrusted upon it, the Risk Division is responsible for the conception, development, monitoring and updating of risk management models that make a correct identification, assessment and control of the risks associated with the Bank's activity possible, in order to ensure that they are kept at levels consistent with the profile and degree of tolerance to risk defined by the Board of Directors.

Stress Tests

The document addresses the identification of the critical factors by type of risk, the methodology used for preparation of stress tests in order to better understand the BNI's risk profile and to define a process of incorporation of the results obtained in the stress tests, as tools of support for decisions and support in the evolution of the risk procedures.

The Board of Directors and the Executive Committee have 8 committees that are bodies with an interdisciplinary composition, in charge of the oversight and control of the Bank's activity, thus being important assistants of the Bank's management, in the monitoring, management and control of the day-to-day activity of the institution.

All the delegated committees are obliged to timely distribute the works schedule and to prepare the minutes of the meetings, as well to annually prepare a report on their activity to be presented to the Board of Directors.

The responsibilities, composition and operating rules of the aforementioned committees are the following:

Appointments, Evaluations and Remuneration of Employees Committee

Composition

It is comprised of two non-executive directors and three executive directors who are assisted in their positions by the manager of the Human Resources Division, in the capacity of Coordinator. The Committee is governed by a Chairman.

Whenever it is appropriate for the good progress of the works, other members of the Board of Directors and other managers of the areas whose matters are analysed may be invited to participate in the meetings.

Responsibilities

- Defining the remuneration policies and processes for the employees that are adequate for the long-term culture and strategy, considering the strands of business and risk;
- Recommending to the governing body the appointment of new employees for Management positions, for which they must prepare/review the detailed description of the position, taking into consideration the existing internal responsibilities;
- Supporting and supervising the definition and conducting of the process of assessment of the employees;
- Defining the hiring process of new employees;
- And others set forth in the respective regulations.

Risk Committee

Composition

It is comprised of a Chairman and of the Directors of the Risk, Financial, Credit and Commercial areas who are assisted in their positions by the manager of the Risk Division, in the capacity of Coordinator.

Responsibilities

In accordance with the aim of supervising and monitoring the management of risks that the Bank is exposed to, in order to ensure the good management of the resources and the protection and appreciation of the institution's assets, the following are considered the main functions and responsibilities of the committee:

- Performing the monitoring of the change in the Bank's risk profile, through the monitoring of the various types of risk and analysis of the compatibility of the risk exposure with the available financial resources and the strategies approved by the management body;
- Monitoring the risk concentration levels, defining and controlling the internal concentration metrics of the exposure to customers/economic groups, maturities, sources of financing, counterparties, and currencies;
- Analysing and deciding on the risk quantification methodologies and models;
- Analysing and approving policies, procedures and limits for the credit (exposure by customer/group, product), operational (ex. potential loss by type of event) and financial (currency, maturities, gaps) risks, in accordance with the risk appetite approved by the Board of Directors;
- Analysing possible vulnerabilities and the approval of action plans for risk mitigation;
- Monitoring the quantification of and change in the Own Funds and Solvency Ratio, ensuring the alignment with the strategy and sufficiency for the cover of the identified risks;
- Analysing the impact of the introduction of new regulatory and supervisory requirements, on matters of risk assessment and quantification.

Audit, Internal Control and Information Security Committee

Composition

It is comprised of Executive and non-Executive Directors in an equal number who are assisted in their positions by the manager of the Internal Audit Division, in the capacity of Coordinator. The Committee is governed by a Chairman.
Whenever it is appropriate for the good progress of the works, the managers of the areas whose matters are analysed may be invited to participate in the meetings.

Responsibilities

- Supervision on a consolidated basis, of the pursuit of the main set objectives;
- Assessing the reliability of the prudential reports regarding the group and businesses of the group;
- Becoming aware of the annual opinion of the board of auditors and of the external auditors regarding the financial statements relative to the Bank, regarding the reliability of the accounting information and the determination of the tax on profits;
- Analysing and debating the Plan and the supporting Information Security standards before submitting the formal approval and monitoring its implementation.
- Monitoring the effectiveness of the measures for management of the Audit and Internal Control deficiencies, namely the segregation between they who authorise, execute, they who record and control and they who report;
- Assessing and verifying the effective control activities regarding the processes that mitigate the identified risks, including that of fraud and identifying the forms of limitation of the different risks, contributing with the implementation of the restrictions by the competent entities or areas;

It is also responsible for promoting the effectiveness of the risk management, namely: Operational Risk, Compliance Risk and Reputational Risk .

Assets and Liabilities Committee

Composition

It is comprised of the Chairman of the Executive Committee, in the capacity of Chairman of the committee and of the Executive Directors of the business, financial and risk areas, who assisted in their positions by the manager of the International Finance Division, in the capacity of Coordinator.

Whenever it is appropriate for the good progress of the works, the managers of the areas whose matters are analysed may be invited to participate in the meetings.

Responsibilities

- Analysing the macroeconomic information of the main international economic regions and of Angola, contributing towards adjusting the expectation of the short-term impacts on the banking activity;
- Analysing the change in the Bank's consolidated balance sheet and in each of its main units, with regard to the different groups of assets, liabilities and off-balance sheet items;
- Permanently assessing and monitoring the diverse financial risks, particularly the interest rate, exchange rate, liquidity and market risks that the BNI is subject to, through pre-defined methodologies and indicators, to measure and control each type of risk;
- Proposing to the Board of Directors the appropriate risk limits structure for the Bank, in accordance with the methodology that comes to be defined and with the guidelines given by the supervisory bodies;
- Determining and monitoring the implementation of the investment and hedging strategies that are most adequate for the comprehensive management of the balance sheet;
- Monitoring the planning, oversight and control of the various financial funding operations, whilst safeguarding the potential negative impacts on the balance sheet that may result from them;
- Proposing to the Board of Directors the pricing policy of the assets, liabilities and provided financial services and charged commissions, in accordance with the profitability criteria and bearing in mind the business, commercial or strategic goals;
- Analysing and assessing the impact on the Bank's balance sheet, resulting from the launching of new activities/products;
- Formulating recommendations regarding the pricing policies of all the products of assets, liabilities and provided financial services, including the new products to be sold.

Credit Committee

Composition

It is comprised of 3 decision levels, according to the loan amounts to be approved (for granting or restructuring), namely:

Level 1 – Three Executive Directors and the managers of the commercial and risk areas, who are assisted in their positions by one of the managers of the Credit areas, in the capacity of Coordinator, pursuant to the matters.

Level 2 – An Executive Director and the managers of the commercial and risk areas, who are assisted in their positions by one of the managers of the Credit areas, in the capacity of Coordinator, pursuant to the matters.

Level 3 – Three Directors of the Commercial, Credit and risk areas who are assisted in their positions by the Manager of a Branch, in the capacity of Coordinator.

Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings.

Responsibilities

- Analysing the credit proposals and defining the conditions of their approval within the previously defined credit trading limits;
- Adapting the purpose of the credit to the credit products;
- Analysing and monitoring the outstanding and overdue loans portfolio, proposing mitigation measures and deciding on the limits of exposure of the portfolio;
- Authorising the restructuring of the loans granted within the attributed limits;
- Deciding on the issue of loans by signing within the attributed limits.

Information Technologies Committee

Composition

It is comprised of two Executive Directors who are assisted in their positions by one of the managers of the areas of technologies, in the capacity of Coordinator, pursuant to the matters.
Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings.

Responsibilities

- Analysing possible needs of information or alterations to the current TSI's requested by the business areas in order to evaluate the impact on the Action Plans and TSI Projects;
- Analysing the progress and the results achieved from the TSI activities and projects. If an analysis leads to the identification of the need to eliminate any Activity or Project related to the TSI's or the revision of its priority;
- Ensuring the validation and post-validation of the technological proposals submitted for assessment, in light of the need to provide efficiency and effectiveness gains in the Bank's processes and projects.

Day-to-day Liquidity Management Committee

Composition

It is comprised of the Executive Directors of the business, financial and operations areas who are assisted in their positions by the manager of the business areas, in the capacity of Coordinator.
Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings.

Responsibilities

- Ensuring the existence of a balanced management of current cash inflows and outflows in order for the Bank to be in a position to comply with its obligations towards its customers;
- Keeping the refinancing cost as low as possible;
- Dealing with possible liquidity crises;
- Informing of the result of the needs to the Executive Committee and the Risk Division on a daily basis.

Operations Committee

Composition

It is comprised of the Executive Directors of the business, financial and operations areas who are assisted in their positions by the manager of the Operations Division, in the capacity of Coordinator. The Committee is governed by a Chairman.
Whenever it is appropriate for the good progress of the works, the managers of the areas whose matters are analysed may be invited to participate in the meetings.

Responsibilities

- Periodically supervising the execution of the operations according to the set goals;
- Assessing the reliability of the reports to the BNA that are applicable within the scope of the Committee's activity;
- Proposing to the CA and/or to the CRI the revision of the Bank's duly reasoned foreign exchange exposure limits;
- Justifying their analyses and conclusions, whilst putting them on record, even if supported by staff of the Bank, with experience acquired in the areas of their competence, for providing the necessary information.

INTERNAL INFORMATION AND COMMUNICATION SYSTEM

The Institution's Information Security Policy sets forth the framework of the information security and applies to all the assets that are under Banco BNI's responsibility, throughout the different stages of their life cycle and, to all the Employees (residents, consignors, expatriates and consultants).
The information and the information technologies (assets) assume a critical role in the development and sustainability of the business activities of Banco de Negócios Internacional (Banco BNI).

These assets are exposed to a growing number of operational risks that may result in negative impacts for the Bank, namely:
a. Losses for BancoBNI's business;
b. Earmarking of the operations and quality of the services provided;
c. Degradation of Banco BNI's image;
d. Non-compliance with legal or regulatory obligations.

SECURITY AND BUSINESS CONTINUITY

The BNI implemented a Business Continuity Management System in order to prevent serious incidents caused by anomalous events, or, if not possible, respond efficiently to these incidents, ensuring the continuity of their critical business functions at acceptable minimum levels.

Through a governance model sponsored by the Management and equipped with adequate resources, the BCMS of the BNI ensures that all the necessary activities are carried out for identifying the critical business functions and implementing efficient business continuity strategies that allow guaranteeing the continuity of its products and services through recovery plans and solutions that are revised and exercised regularly by all the employees with responsibilities at the business continuity level.

The BNI ensures the continuous improvement of the BCMS through performance assessment activities, audits and review of the management, whilst implementing the identified corrective and preventive actions and actions for improvement.

ACTIVITY STRATEGY AND MODEL

Banco de Negócios Internacional defined its strategy for 2016 based on the delicate situation of the climate of the national economy and financial system, where the aims listed below stand out:

Improvement of the Customer services

Focus on the continuous specialisation and training of the Employees, with a special focus on the Organisation, Legal, Operations, Credit Analysis, Compliance, Audit and Risk Divisions

Revision of the credit Workflow, reduction in and improvement of the portfolio, reinforcement of the criteria for provisions based on the AQA and IFRS

Regularisation of the foreign exchange exposure ratio, setting of liquidity limits to be monitored by the Risk Division

Expansion of the POS' and ATM's (revision of the allocation, control and monitoring policy)

Constant revision of the Bank's price list

Reduction in the efficiency, cost-to-income ratio

Definition of a more rigorous incentives and awards policy, benefiting the most outstanding employees

Control of the change in the structure costs

EXPECTATIONS FOR 2017

National Economy

As in the previous year, we foresee that 2017 will be a difficult as well as an atypical year, in which the economic change in our Country shall continue to be dependent on an internally non-controllable factor, the Oil barrel price in the international market, since this mineral resource remains our country's main source of foreign currencies and wealth. Constraining the economic and financial situation in Angola was also the drop in the rate of growth of the GDP, increase in the rate of inflation and the fall in interest rates. Additionally, due to being a year of Presidential elections and a consequent change in Government, a slowdown of the decision-making activity and processes is forecast at the Public Bodies and Institutions level.

The uncertainty relative to a possible devaluation of the national currency is also a factor of inhibition of the financial activity and investments, both in the business sector and in Angolan families, passing onto them a position of financial constraint.

Banking Sector

At the banking sector level and more precisely on the side of the regulator, we believe that there will be increased attention with regard to the regulation and oversight of the financial institutions, improvement of the Compliance control mechanisms, combating of money laundering and financing of terrorism, as well as the conclusion of the process of implementation of the International Financing Reporting Standards (IAS/IFRS). Additionally, we believe that the effort of the National Bank of Angola shall remain with regard to the maintenance of the levels of injection of foreign currencies into the market, for which we do not foresee substantial alterations in relation to the situation experienced in 2016.

BNI

Internally the strategy of the BNI is to keep the spirit of quick adaptation and response to the dynamic imposed by the current situation of the national economy and international climate, as well as to prioritise the following goals:

- Start-up of the activity in the Insurance field;
- Robustness of the Bank's Own Funds and Solvency;
- Adjustment of the institution's costs structure, in light of the current dynamic of the banking business;
- Strengthening of the Risk Division and of the other Internal Control Divisions, as well as the improvement of the internal processes and adaptation of the hierarchical structure, in light of the instructions on the aforementioned topics;
- Improvement of the loan management processes;
- Prioritising the implementation of the whole new legislation imposed by the regulatory entities of the financial activity that the BNI falls into, namely the National Bank of Angola (BNA), the Capital Market Commission (CMC) and the Angola Stock Exchange (BODIVA);
- Maintenance of the active training policy and of the motivation levels of our employees;
- Continuous focus on new technologies, as well as on modern and differentiating products;
- Continuing to provide a service of excellence to our customers, as well as to actively contribute in the process of growth and diversification of the Angolan economy.

HISTORICAL MILESTONES

10 years ago, just as today, BANCO BNI is motivated by this passion, the future.
In 10 years of existence, it has undertaken a journey that makes the Country and its financial system proud. In this journey, the BNI has grown steadily in Assets, in Deposits, in Customers, in Branches and Services, in the range of offered products.

Throughout the 10 years, the following awards were won: **The Bizz 2013 - World Business Leader** (Houston, Texas), **The Bizz 2013 - Inspirational Company** (Houston, Texas), **The Majestic Five Continents Award for Quality** (Geneva), **Total Quality Aptitude Seal For The High Quality Performance / Best Customer Satisfaction** (Geneva) and **Best Enterprise** - Socrates Committee - **In The Field of Bank Services** (Oxford, UK), which are signs of recognition by several prestigious international institutions.

In Angola, the BNI has more than 90 Branches, including 8 BNI PRIME Business Centres.
With the stockholders and the development of the Country in mind, the BNI is also in Europe, more specifically in Lisbon, and is focused on the creation of new businesses, through the BNI EUROPA. There has also been the subject of international recognition. It was recently considered the most innovative Bank in Portugal, by the International Finance Magazine, which awarded the BNI's focus on internet banking solutions and mobile applications. This focus, still in Portugal, gained the awards of Best Internet Bank and Digital Bank by renowned institutions.

In these 10 years of life, BANCO BNI has been motivated by the passion to innovate, to create and to add value, to do things differently. Above all, to do better, with the Customers, the Shareholders, and the Country in mind.

Supporting the surge of new small-scale businesses has also been a passion. The microcredit via FACILCRED, the involvement in Angola Investe, contributing to the growth of micro- enterprises and small- and medium-sized companies, have also guided us.

Other milestones to highlight

- In 2015, it increased the loans granted in national currency, within a context of strong regulatory requirements, in which it focused on the reinforcement of the own funds and improved the solvency ratio.
- In 2016, the BNI financed the start-up of a consortium of 3 housing projects, intended for the middle class, called Pérola Imperial, located in Luanda, in Morro Bento, built within an area of 220,000m². It encompasses a construction area of 90,000m² and includes, in addition to the private housing condominium, leisure areas, an apart-hotel and a commercial area.
- Internally, in 2015 and 2016, the BNI's Medical Centre provided care to our Employees and dependents, through 5,020 acts of medical care. Since 2013 whereby several hundreds of our Employees, which today total 724 people, received 144 training sessions.
- In 2016, it launched products and an innovative service, which shall change the way that payments are made in Angola, the BNIX, which allows Angolans to pay for products and services via mobile phone.
- Over the 10 years of activity the BNI has achieved a proud milestone of 212,379 customers.

2006

BNI - Banco de Negócios Internacional is constituted by public deed, on February 2nd, and obtains authorizations from BNA (National Bank of Angola) on the 10th of the same month.

BNI starts its operation on November 13th with a share capital of AOA 6.039.104.180,30 represented by 2,000,000 of nominative shares, with a nominal value of AOA 3,019,55 each.

2007

The first Rede Expresso 24 branch is opened for the Retail segment and the BNI Business Centre is created for Corporate and Private segments.

Contract with Mastercard exclusive for Angola in issuing and acquiring credit cards.

Partnerships established for Trade Finance, Project Finance, Corporate Finance, with Fortis banka, Deutsche Bank and BDA.

Financing of the real estate project Morro Bento and Angola Telecom optic fiber.

2008

First General Shareholders Meeting approves capital increase to AOA 4.165.993.

Opening of Rede Expresso 24 branches in Lubango, Cunene, Viana Soyo and INE and the first Business Centre in Lobito.

BNI is approved as Visa Member and Acquiring POS and issues the first credit card in AOA.

Agreement concluded with Moneygram.

2009

Opening of several branches in Luanda and in the provinces of Cabinda, Huambo, Kwanza Sul and Benguela, and the Business Centres of Cabinda and Lubango.

Launching of Banking internet portal. Issuing the Visa debit card.

Kwanza, the first prepaid card in AOA of the country.

2010

BNI Bank has 43 Rede Expresso 24 branches and six Business Centres. Capital increase to USD 65 million.

On December 31st BNI Bank has 150 million USD of funds of its own.

2011

Participation in the banking union to finance TAAG new aircrafts.

Obtaining license from the Bank of Portugal to operate in Portugal.

BNI Bank reaches 50 branches and joins Bankita Program.

2012

BNI Bank rebranding – adoption of new image, new identity and new logo Rede Expresso 24 Extinction.

Retail is now worked by BNI Network and Private and Corporate segments by BNI Prime.

Inauguration of the new headquarters in Luanda.

Creating a debit card.

Mastercard co-branded with TAAG: Umbi Umbi Card

2013

BNI receives awards: The Bizz 2013 - World Business leader, Bizz 2013 - Inspirational Company. The Majectic Five Continents Award for Quality and 2nd Best Angolan Bank (KPMG) among others.

Opening of 15 new branches.

Total network: 77 branches.

Creating the "Training School" branch of the business area.

Joining the "Angola Investe" Program.

2014

TAAG Banking Union leadership in the structuring of the financial transaction for the purchase of three last generation Boeing ER 777-300.

Increase of share capital to USD 150 million.

Announcement of the opening of BNI Europa in Lisbon, Portugal, with a capital of 25 million euros to the Private and Corporate segments.

Launching of Multibónus BNI, BNI Click, DP Superflash and DP BNI Júnior products.

Surpassed the 150.000 customers mark, network of 84 branches in 13 of the 18 provinces.

2015

BNI Europa receives the award for the Most Innovative Bank in Portugal for 2016 (International Finance Magazine).

BNI Europa endorses €500 million credit line to support the commercial relationship Angola/ Portugal.

Launching of the new Internet Banking BNI Click service that allows payment transactions usual in ATM network (taxes, insurance, recharges, etc.).

2016

BNI Bank continues to support the disadvantaged children of Clube Lixeira do Sambizanga, with subsidies for schools, shows, charity football matches and distribution of meals.

Participation in the international financing of two TAAG aircrafts Boeing 777-300 ER (Named Iona and Morro de Mouco).

10th Anniversary celebration with a party on November 26th.

CAMPAIGNS

BNI MULTIBÓNUS

Campaign aimed at the users of the BNI Multicaixa cards, in which the BNI Customers can benefit from discounts in their purchases by using the BNI Multicaixa card in the points of sales that are members of the BNI Multibónus Account.

BNI RENDIMENTO JÁ

This campaign sought to publicise the new term deposit, drawing attention to the savings culture and the benefits of making these savings in the BNI, in addition to offering one of the highest interest rates in the market.

BNIX

Campaign of the launch of the service that is revolutionising the way that payments are made in Angola. Easy-to-use, secure, no fees and accessible.

BNI SOLIDÁRIO

Campaign launched upon the 10th anniversary of Banco de Negócios Internacional, assuming to accept the challenge laid down by Your Highness, the President of the Republic, Eng. José Eduardo dos Santos, regarding the need for all to commit in the fight against Cancer.

BNI AND HERTZ

This campaign sought to publicise the unique benefits and advantages of the protocol between the BNI and HERTZ, exclusively for BNI Customers with Visa and Mastercard Gold cards.

BNI 10 YEARS

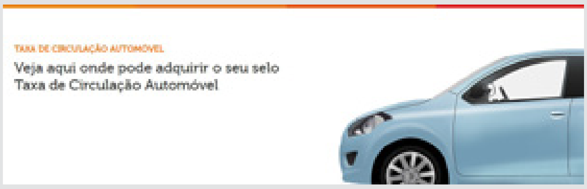
Campaign of celebration of the 10 years of banking activity in Angola. 10 years of growth, modernisation, investment, innovation and passion for Angola.

BNI RENTAL OF SAFE DEPOSIT BOXES

Campaign of the rental service of Safe Deposit Boxes, intended for Individual, Private and Corporate BNI Customers.

ROAD TAX

Whilst being privileged as an authorised agent, BANCO BNI carried out a campaign with the aim of promoting the sale of road tax stamps.



BNI CLICK

The campaign was launched of the online service that allows users to carry out any Payment of Services – water, electricity bills, mobile top-ups, insurance, taxes and many more, without the need to have a Bank Account or be a BNI Customer.

CUSTOMER SATISFACTION

The purpose of this campaign was to improve and provide a better service to the Customer.

DIRECT DEBIT AUTHORISATION

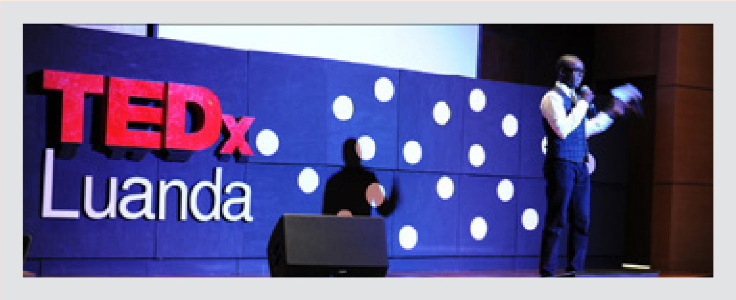
Campaign of the protocol between BANCO BNI and the ENSA that looked to optimise the ease in the payment of the Insurance premiums by their Customers. The BNI implemented the ADC – Direct Debit Authorisation system, allowing the mutual Customers to make the payment of insurance premiums via direct debit.

SPONSORSHIPS AND SOCIAL RESPONSIBILITY

During 2016 the BNI sponsored the following events:

ANGOLAN VOLLEYBALL FEDERATION (FAVB)

Sponsorship for the travel, stay and production of the equipment of the two Angolan male beach volleyball teams – Edem Sequeira/Márcio Sequeira and Edgar Figueiredo/Morais Abreu, who participated in the pre-Olympic tournament, which took place in Tunis, the capital of Tunisia.



PÉS DESCALÇOS COLLECTIVE AND CULTURAL EVENT

sponsorship for the realisation of the 4th edition of the TEDx Luanda 2016 event, organised locally under the guidance of TED, in which national and international speakers played a part, who shared their stories, projects and knowledge to an audience particularly interested in innovation.

A Passion for People elevates the BNI's sense of Responsibility, which is why we ensure, respect and do everything we can to make society a better place.

DISADVANTAGED CHILDREN'S ASSOCIATION OF ANGOLA

Funds for the community development project, necessary for combating criminality in the area of Luanda.

DAVID BERNARDINO PAEDIATRIC HOSPITAL

In being sensitive to the multiple shortages of hospital material observed in this institution, communicated through various appeals on the social networks, the BNI has decided to make a donation intended for the purchase of medicines and medical consumables.

ANNUAL REPORT 2016

ESCOLA PORTUGUESA DE LUANDA (PORTUGUESE SCHOOL OF LUANDA) (EPL)

Funds for the support in the purchase of materials for the preparation and realisation of the Baile de Finalistas (Prom) event.

KUBIA FOOD BANK ASSOCIATION OF ANGOLA

funds for the making of 50 t-shirts, 6 billboards and help in the payment for the transport of products.

12 Sociedade

FILANTROPIA

Kudia Banco Alimentar ajuda no combate à fome em Angola

As ONG's que queiram fazer parte do projecto "Kudia" têm de estar legalmente constituídas e dispostas as seguirem regras de credibilidade da instituição.

texto **Fernando Baxi** foto **Carlos Muyenga**

Relatório da Unicef

800 000 sofrem de insegurança alimentar

756 000 crianças afectadas pela seca no País, provocada pelo fenómeno El Niño

95 877 crianças sofrem de desnutrição aguda grave

ANGOLAN LEAGUE AGAINST CANCER (LACC)

On the occasion of the 10th anniversary, BANCO BNI provided funds to the Angolan League Against Cancer (LACC) to help Cancer Patients, but above all to help to disseminate the importance of early diagnosis in the prevention of the disease.

CHARITY GAMES

With the aim of gathering donations to be given to deprived institutions, two Futsal games were organised, in partnership with the Makamba Dya Makamba Association. We had the support of Lixeira Futebol Club as well as of the BNI teams of the Southern Regional and the Central Regional Commercial Division.

LAR KUZOLA SOLIDARITY EVENT

Amongst the festivities scheduled for the commemoration of the 10 Years of the BNI, on 22 October a solidarity event in favour of LAR KUZOLA was organised in the Field of the Portuguese School of Luanda.

During 2017, amongst the several projects carried out within the scope of the field of innovation and technology, we highlight the following:

SMS AND/OR EMAIL ALERTS

A solution that allows for the configuration of a demand deposit account, the sending of alerts via SMS and/or email in real time for transactions of a certain type (deposits, withdrawals, transfers, transactions with debit cards, payments of services on internet banking and account balance (lower or greater than a certain value defined by the Customer).

With this service, the Customer feels comfortable with the transactions in their account because they shall be notified whenever one of the defined events occurs.

The SMS alerts are suspended between 23h and 6h, which is configurable, as a result of the Customers' rest time.

BNIX

This application allows making payments via mobile phone without the need for use of a card or cash, the mobile phone is the means of identification of the account, without the installation of an application being necessary (it uses simply a browser).

It started by being launched with the Internet version for customers and traders, loads and withdrawals in the BNI Network and at the end of the year the Orange APT was launched only with the BNIX Application and with a direct Internet connection.

The potential of this solution is great, whereby in a first phase it allows loads in the multicaixa network and transactions via SMS, using the network of mixed APT's of the BNI (visa, mastercard, multibónus and BNIX). The next phase shall allow the withdrawal of money in the multicaixa network.

MULTIBÓNUS IN THE MULTICAIXA NETWORK

With the Multibónus solution it is possible to provide a differentiated service to traders, with free advertising on the multibónus portal, locating of the shops, opening times, promotions, etc., and the setting of greater discounts can also be defined and incentivised in periods of the day, week, and of the year in which the turnover is weaker in order to incentivise consumption.

This solution translates into a system of immediate discounts for BNI cards of the multicaixa network, used in the BNI orange APT's, which shall allow building customer-loyalty, either of the traders with the use of the APT's, or of the customers with multicaixa cards of other networks, thus fostering the growth in the number of customers, cards and APT's.

MULTIBÓNUS PORTAL

A portal with information of the service, contact requests, list of member traders, respective cards and existing discounts, as a means of communication available through direct access, via the institutional portal and from the new internet banking.

It is an important means of communication of the service, where it is possible to provide a differentiated service to the traders, with hourly-updated free advertising at the Trader's request, where they may announce happy hours, special activities or other promotions.

BNI INSTITUTIONAL PORTAL

The BNI portal has a new, more modern image, transmitting the BNI's values. With constant updates, it is an effective, convenient and interactive means of communication, always in accordance with its users' needs.

AML

Implementation of a solution for monitoring of customers and transactions within the scope of the Prevention of Money Laundering and of the Combating of the Financing of Terrorism, and of a solution for the fulfilment of the International Sanctions.

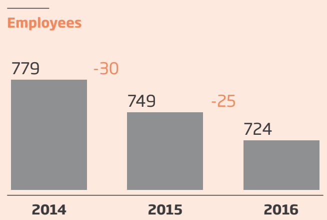
It was implemented in phases, whereby the first interconnection was with the automatic account opening Workflow, allowing the customer that seeks to establish a commercial relationship with the Bank or an already existing customer that seeks to have a new contract with the Bank to be analysed automatically with pre-defined criteria against the International lists of the Dow Jones (that selected for the group) and if it is stated on the list an alert is generated for the Compliance Division to analyse and approve or reject the process.

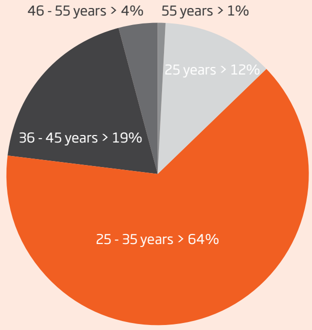
ACCOUNT OPENING WORKFLOW – INDIVIDUALS (PHASE I)

The opening of an account for a new customer or an already existing customer with an approval Workflow gathers all the data, loading of all the documents, generation of the respective contracts, automatic interconnection with the AML and direct updating of data of the entity, customer and account in Banka.

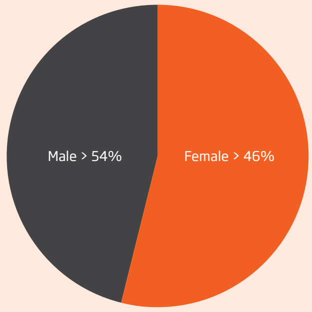
HUMAN RESOURCES

The BNI ended 2016 with 724 permanent employees, 25 less than in the same period of 2015.

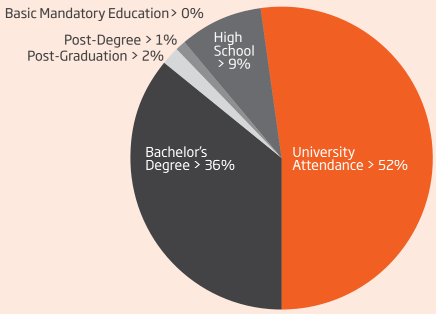




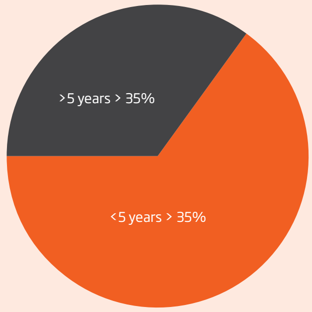
STAFF BY AGE RANGE



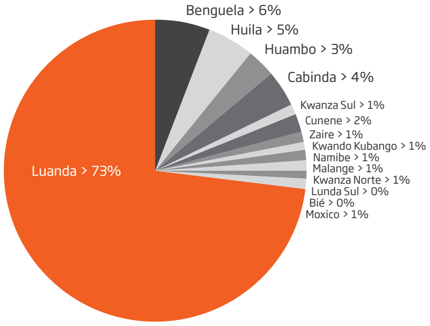
STAFF BY GENDER



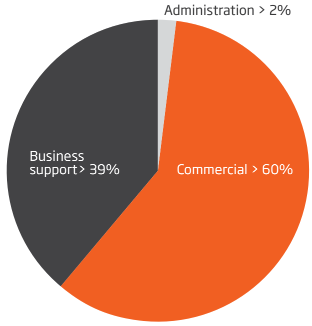
STAFF BY EDUCATION



EFECTIVOS POR ANTIGUIDADE



STAFF BY PROVINCE



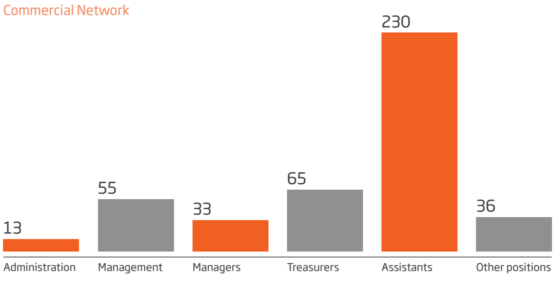
STAFF BY AREA

Training and qualification of staff

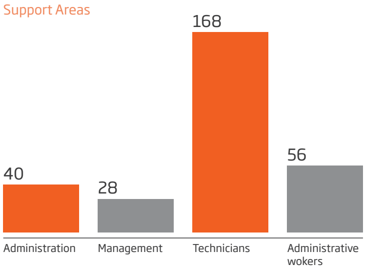
During 2016, 76 training sessions were delivered by different training entities, 11 within plan and 59 outside of plan. The sessions benefited 590 employees whose investment totalled AOA 37,568,000.

In Luanda, the BNI has a training centre located in the second headquarters, in the Talatona neighbourhood and an auditorium, in the main headquarters, in the Maculusso neighbourhood, where the training sessions of the employees are delivered.

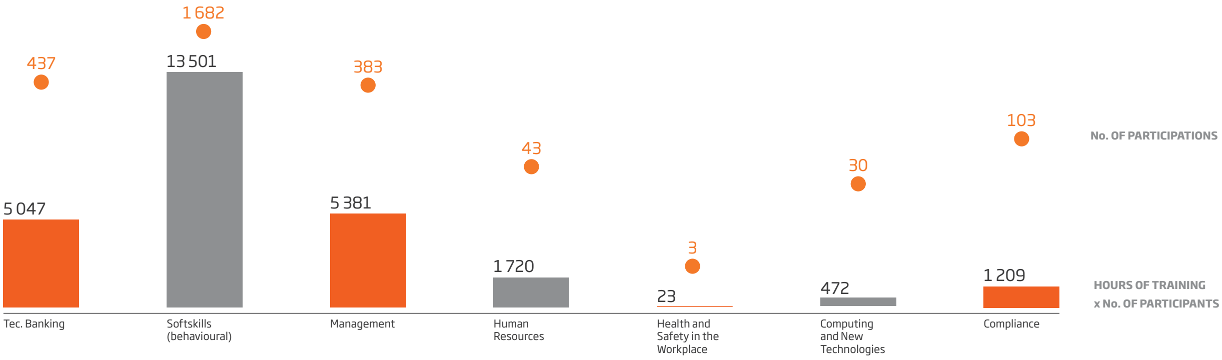
PARTICIPATION IN TRAINING INITIATIVES
Commercial Network



PARTICIPATION IN TRAINING INITIATIVES
Central and Support Areas



TRAINING VOLUME IN HOURS



Projecto Crescer BNI

The "BNI Growth Project" was created with a view to aligning the tools, practices and actions that must be adopted by the BNI, anchoring them into the Brand's strategic vision.

The aims of the BNI Growth Project are:

- Boosting knowledge about the organization;
- Fostering the consolidation of the organizational culture;
- Reinforcing the visibility of leadership;
- Elevating the levels of competency in leadership's communication;
- Creating consistency in the Internal Communication so that changes can be made.

The 10 CHALLENGES put forward by this project:

BNI Growth Newsletter

In 2016, the BNI Growth Newsletter informed about the institutional developments and innovations, from the launch of new products, opening of new branches, results of internal competitions and research, amongst other sporting events.

The BNI is the Best

"The BNI is the Best" is a programme of sporting activities, seeking the enhancement of cheerleading, the promotion of well-being and a healthy approach to living for BNI employees.

Various sporting activities were carried out in 2016, always geared towards the awakening of the team spirit, fraternisation and sporting practices.

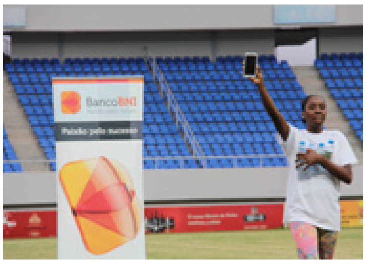
BNI Sports Team
Paixão pelo desporto

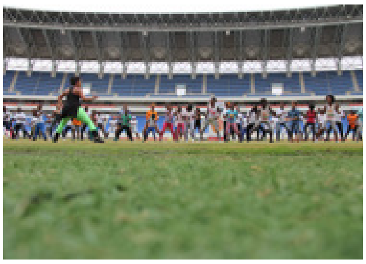
Families' March

4 events were carried out in 2016:

19 March and 23 April, in the Coqueiros Stadium in Luanda, with the participation of Bruno Samora

1 October in the Ombaka Stadium in Benguela, with the participation of Irina Amaral





10 December
in the Banca Sports Club
in Luanda, with the
participation
of Irina Amaral

BNI 10 YEARS Futsal Tournament

The aim of the tournament was interprovincial competition.

At the end of the tournament the winning teams were:

1st Place Southern Regional Division

2nd Place Luanda

3rd Place Central Regional Division

Best Scorer
Erickson Teixeira
(Southern Regional Division)

Best Goalkeeper
Fábio Tambwé (Luanda)

BNI 10 YEARS Volleyball Tournament

With the aim of the project in mind, the volleyball tournament was carried out, in which the following doubles were crowned winners:

Male Doubles final ranking

1st Place Rui Quintas/Helder Monteiro · **2nd Place** Ivo Pombal/Josemar Oliveira · **3rd Place** Jorge Franco/Evandro Costa

Female Doubles final ranking

1st Place Denise Guimarães/Maria Vilar · **2nd Place** Evanilde Simão/Daniela Faria

BNI 10 YEARS Swimming Tournament

In the children's final ranking we had the following on the podium:

1st Place Rafaela Bunze · **2nd Place** Marisol Fernandes · **3rd Place** Nauria Araújo

In that of the adults we had the following on the podium:

1st Placer Emanuel Fernandes · **2nd Place** Henda Tito · **3rd Place** Fábio Teixeira · **Stand-Out Player** Filomena do Rosario

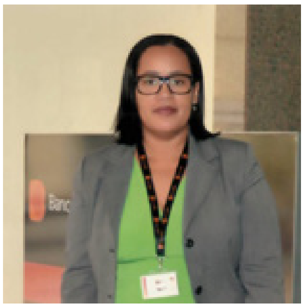
BNI GROWTH – Children's Day

To celebrate Children's day, the Sports Commission in partnership with the HRD carried out an event designed for the children of the BNI employees.

Employee of the quarter

The employee of the quarter was created within the scope of the BNI Growth project, with the aim of awarding the employee of the Bank that stands out the most in the factors of Attendance, Discipline, Performance and BNI Values. The allocated awards serve as an incentive towards motivation of the chosen employee.

In 2016 the following employees were awarded:



Employee of the 1st Quarter
Justina Bastos
Commercial Assistant
in the Kwanza Sul Province

BNI 10 YEARS Employee
Rui Quintas
Graphic Technician assigned
to the Marketing and
Communication office

BNI 10 YEARS Employee
Costa Victorino
Compensation and Benefits
Technician assigned to the
Human Resources Department

Quizz

With the aim of assessing the employees' knowledge in relation to general culture, the code of ethics, employee's manual and the Portuguese language, the Quizz competition has been awarding those that respond correctly to the posed questions.

In 2016 we had the following winners:

Quizz Contest January 2016
Wilson Sousa
Customer Ombudsman

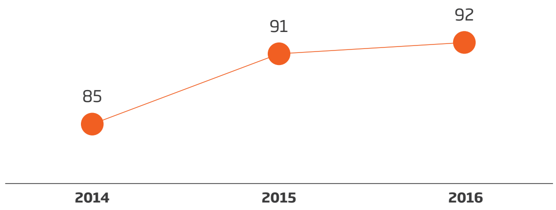
Quizz Contest April 2016
Adolfo Vidal
Commercial Assistant

BUSINESS DEVELOPMENTS

Network of Branches

The BNI has a total of 92 branches at the service of its customers, of which 8 are business centres, 42 are branches and 42 are offices.

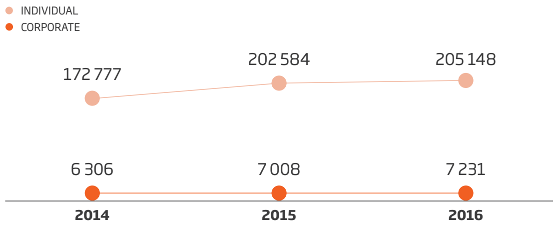
NETWORK OF BRANCHES



Customer

Continuous growth in the Bank's customer portfolio, reaching a total of 212,379.

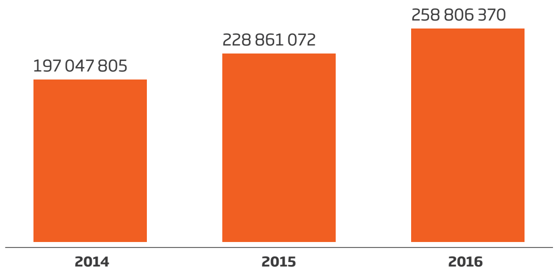
Customers



Total Assets (Amounts in AOA'000)

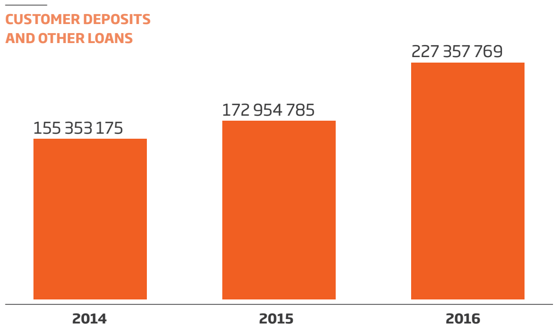
The Bank presents a growth of 13% in its assets, when compared to 2015, essentially driven by the increase in its Securities portfolio (held until maturity) of 140%.

TOTAL ASSETS



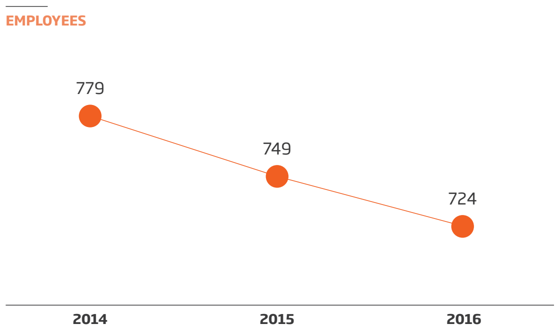
Customer Deposits and Other Loans (Amounts in AOA'000)

The continuous increase in the raising of funds (+31%) shows the market's confidence in the Bank.



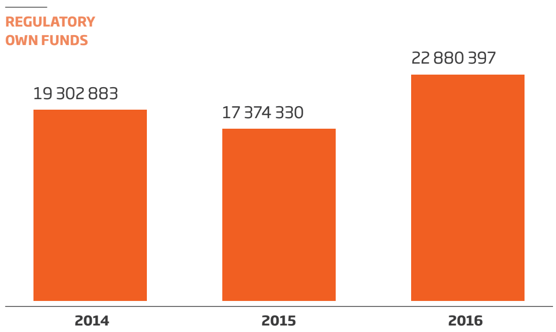
Employees

Reduction in the number of permanent employees in accordance with a better framework of the permanent employees in the Bank's structure.



Regulatory Own Funds (Amounts in AOA'000)

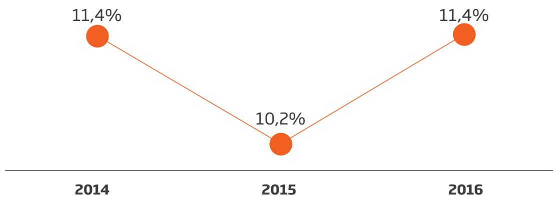
The ROF grew by 32% compared to 2015.



Solvency Ratio

The Bank's financial solidity, presenting a solvency ratio of 11%, is greater than the required minimum (10%).

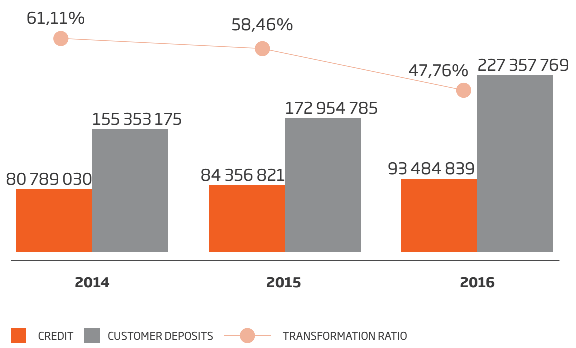
SOLVENCY RATIO



Activity of the Customers (Amounts in AOA'000)

Reduction in the Transformation Ratio, as a result of the increase in the raising of funds.

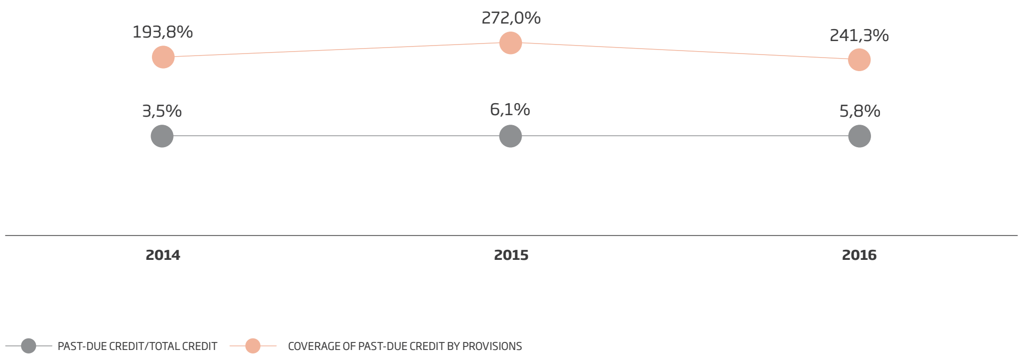
ACTIVITY OF THE CUSTOMERS



Credit Quality

Reduction in the overdue loans and increase in the coverage of overdue loans by impairments, translating into a qualitative improvement of the loan portfolio.

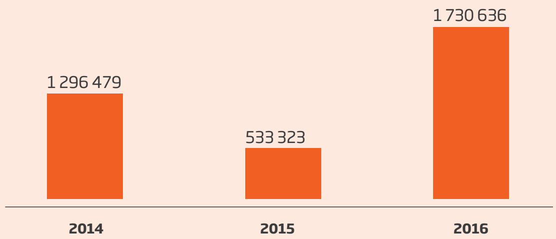
CREDIT QUALITY



Net Income of the Financial Year (Amounts in AOA'000)

Increase in the net income when compared to 2015 (+225%).

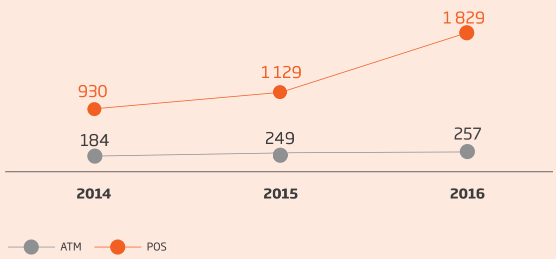
NET INCOME



ATM's and APT's

Growth in the number of ATM's and APT's, providing a greater number of alternative channels for relationship with the Bank.

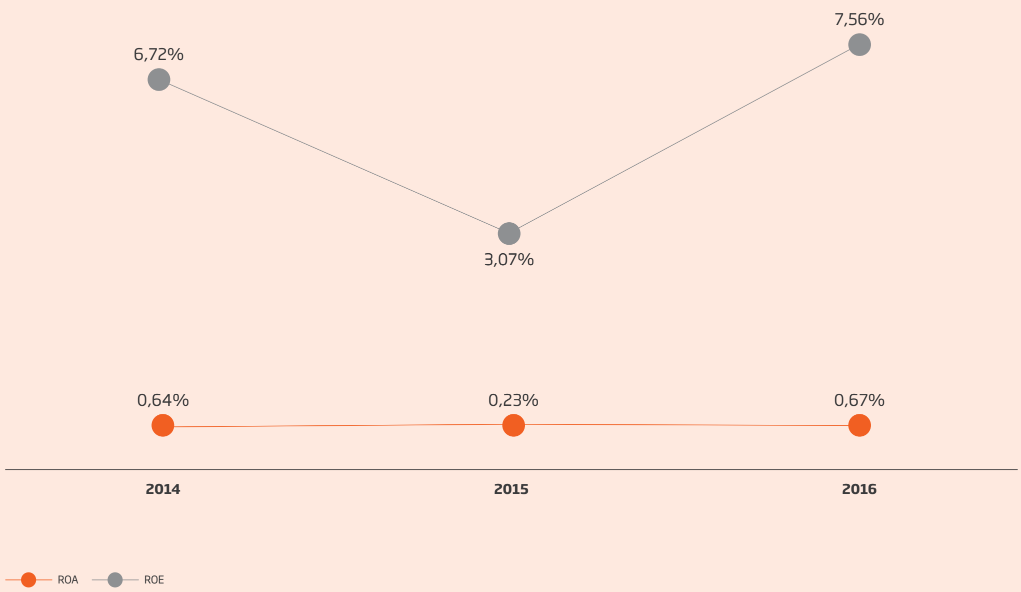
ATM's AND APT's



ROE and ROA

Improvement in the returns on assets and in the income.

ROE AND ROA



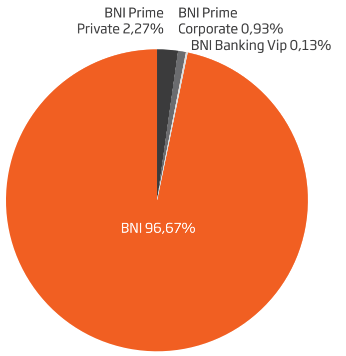
BUSINESS UNITS

BNI Prime Corporate: dedicates itself to the high-revenue companies segment. At the end of 2016, this unit had a total of 1,985 Customers (0.93% of the Bank's total), AOA 74,130,804,000 in customer deposits (32.83% of the Bank's total) and AOA 74,376,755,000 in granted loans (74.97% of the Bank's total);

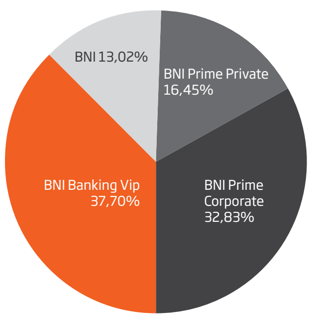
BNI Banking Vip: dedicates itself to a specific nucleus of high-revenue companies. At the end of 2016, this unit had a total of 274 Customers (0.13% of the Bank's total), AOA 85,125,663,000 in customer deposits (37.70% of the Bank's total) and AOA 8,622,229,000 in granted loans (8.69% of the Bank's total);

BNI Prime Private: unit dedicated to the high-income individuals segment. At the end of 2016, this unit had a total of 4,812 Customers (2.27% of the Bank's total), AOA 37,143,707,000 in customer deposits (16.45% of the Bank's total), and AOA 4,669,902,000 in granted loans (4.71% of the Bank's total);

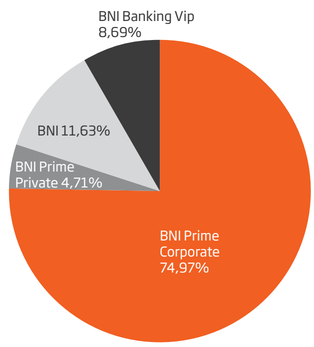
BNI Retail: area dedicated to the retail segment, with 205,308 customers (96.67% of the Bank's total), AOA 29,409,493,000 in customer deposits (13.02% of the Bank's total), and AOA 11,537,545,000 in granted loans (11.63% of the Bank's total)



CUSTOMERS



RESOURCES OF CUSTOMERS



GRANTED LOANS

At the end of the financial year, the Bank had a total of 212,379 customers, 2,787 more compared to 2015, which records a year-on-year growth of 1.33%. The network of Branches within the national territory totalled 92 Branches, 1 more than in 2015 (net between the open and closed branches).

In 2016 the Customer Deposits recorded an increase of 31.46%, reaching AOA 227,357,769,000. In 2016, the BNI's market share was 3.32% for customer deposits and 3.36% for credit. The Loan Portfolio recorded an increase of 10.82%, reaching AOA 93,484,839,000.

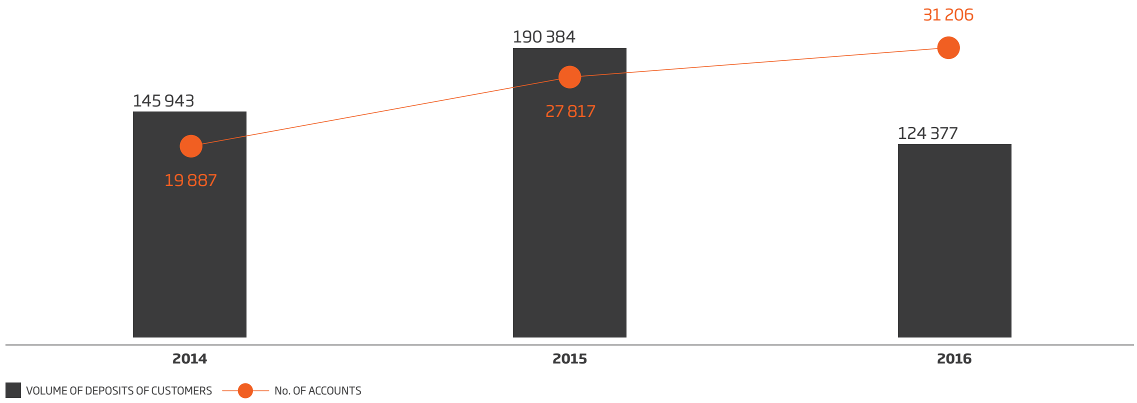
Bankita Account (Amounts in AOA'000)

The Bank ended 2016 with a total of 31,206 open Bankita accounts, 3,389 accounts more than in 2015, which represents a growth of 12.18%.

Bankita customer deposits were down 35% in 2016, or around AOA 66,006,000, reaching a total of AOA 124,377,000 at year-end.

Demand and term deposits account for 97.92% and 2.08%, respectively, of the total of Bankita customer deposits.

BANKITA ACCOUNT

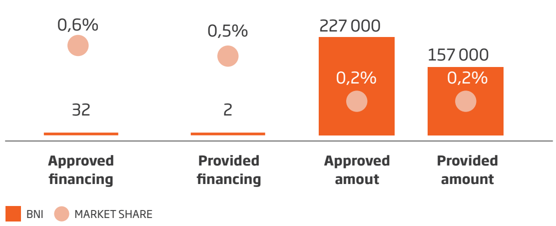


"Angola Investe" Programme (Amounts in AOA'000)

The main aim of the "Angola Investe" Programme is to drive and diversify the national economy, through the financing of investment projects to micro-enterprises, small and medium-sized companies and entrepreneurs.

On 31 December 2016, the BNI approved 3 financing transactions, advancing with 2, in the amount of AOA 157,000,000.

"ANGOLA INVESTE" PROGRAMME



DISTRIBUTION CHANNELS

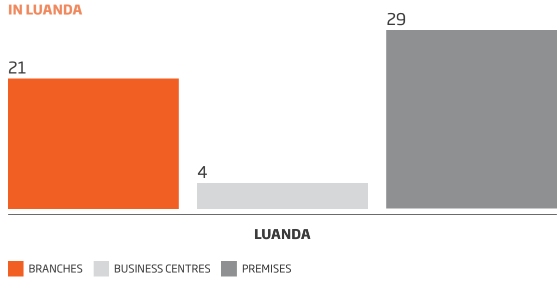
The BNI remains strongly committed to developing solutions for the purpose of providing greater customer satisfaction by creating attractive, convenient products and channels for all segments.

The BNI's distribution network is comprised of:

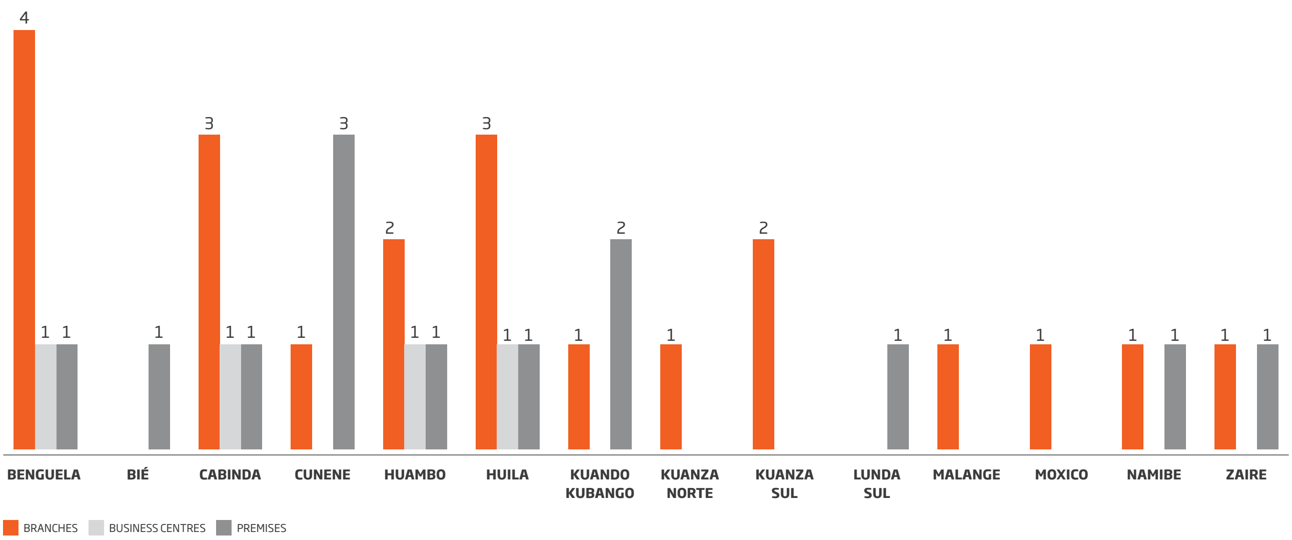
Network of Branches

At the end of 2016, the Bank had a total of 92 branches, 1 more than in 2015, including 8 business centres, 42 branches and 42 service outlets distributed across 15 of the country's provinces. In Luanda, the Bank operates with 4 Business Centres, 21 Branches and 29 Offices.

NETWORK OF BRANCHES
IN LUANDA

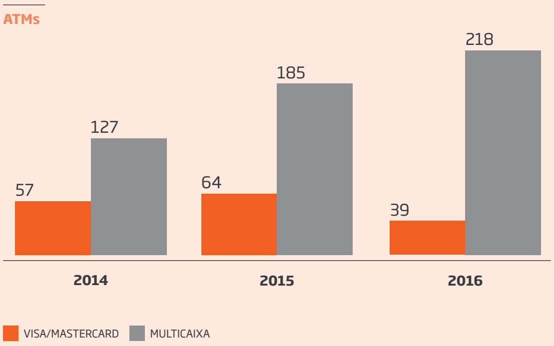


NETWORK OF BRANCHES
IN THE REMAINING PROVINCES



ATMs

At the end of 2016, the Bank had 257 ATM's, including 39 for Visa/Mastercard and 218 for Multicaixa, 8 ATM's more than in the same period last year, covering a total of 14 of the nation's provinces.

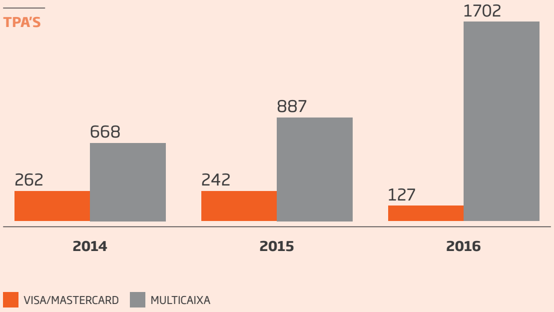


Automatic Payment Terminals (APTs)

The BNI's APT network has 1,829 terminals, including 127 for the Visa/Mastercard network and 1,702 for the Multicaixa network.

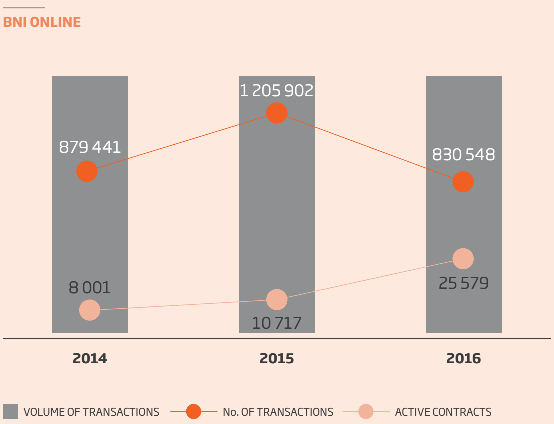
In terms of purchases, in 2016 the Visa/Mastercard network recorded a total of 12,027 valid purchases, whose transacted amount totalled AOA 1,249,820,000, reaching a monthly average of AOA 96,140,000.

The Multicaixa network recorded a transacted volume of AOA 41,969,048,000, totalling 1,679,998 valid purchases, reaching a monthly average of AOA 3,497,421,000.



Internet Banking (BNI Online)

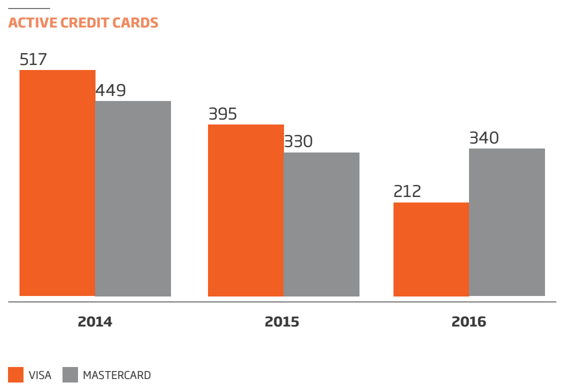
At the end of 2016, the volume transacted by the customer users of the BNI online totalled AOA 6,659,071,000, 96% more than in 2015, totalling 830,548 transactions.



Credit cards (Visa and MasterCard)

In 2016, the BNI's network of active credit cards included 552 cards, of which 212 cards are from the VISA network and 340 cards pertain to the Mastercard network.

As regards the Visa network, 152 cards were issued to the Prime unit and 60 cards were issued to the Retail unit. For the Mastercard network, 218 cards were issued to the Prime unit and 122 cards were issued to the BNI Retail unit.

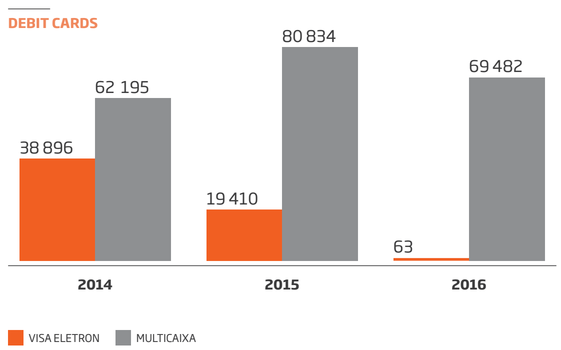


Debit Cards (Multicaixa and Visa)

In 2016, the BNI's Multicaixa and Visa debit cards totalled 69,545, compared to 100,244 cards in 2015, down 30,699 (-31%) cards.

Of all Visa Electron debit cards, 20 belong to the Prime network and 43 belong to the BNI Retail network.

Of all Multicaixa cards, 1,705 belong to the Prime network and 67,777 belong to the BNI Retail network.

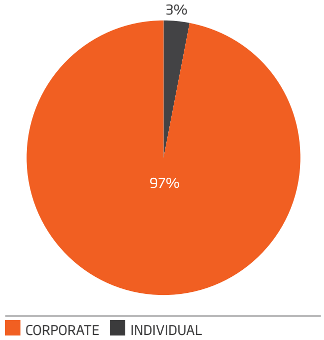


BNI CUSTOMER BREAKDOWN

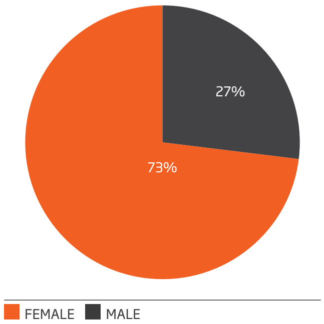
At the end of 2016, the Bank had a total of 212,379 customers (2,787 more compared to 2015), with year-over-year growth of 1.33%. Personal banking customers account for 97% of the Bank's total customer portfolio, or 205,148 customers, while companies account for 3%, for a total of 7,231.

Statistically speaking, below are some conclusions with regard to the BNI's customer portfolio:

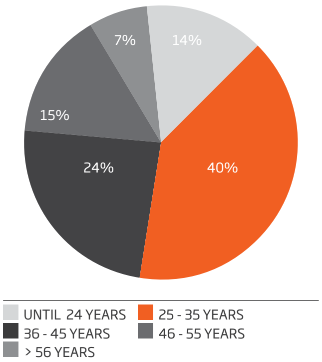
TOTAL CUSTOMERS

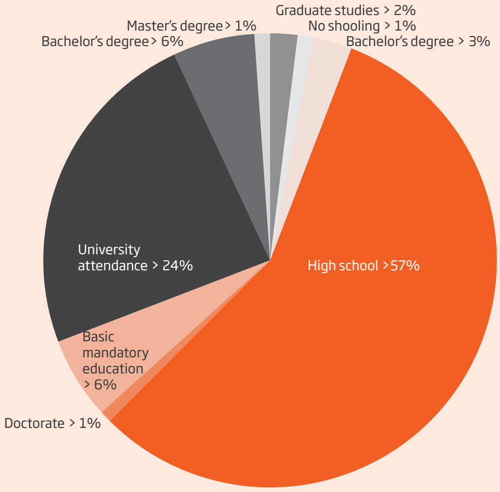


GENDER

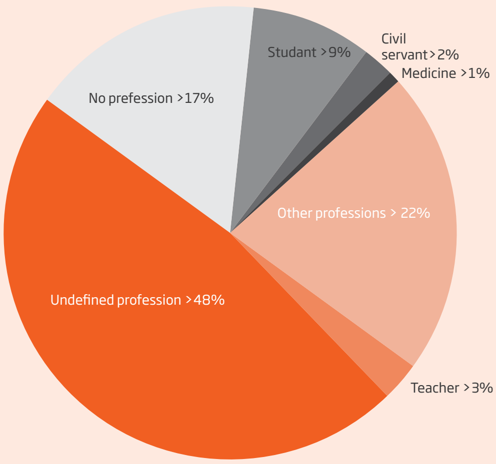


AGE

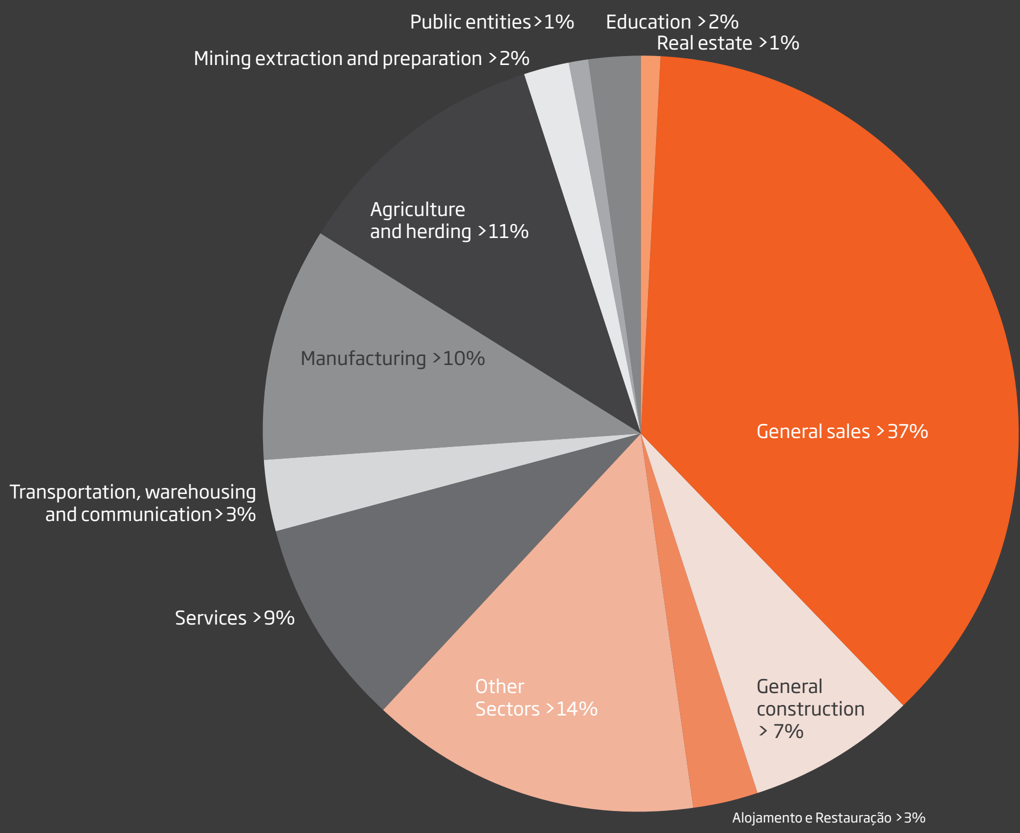




EDUCATION

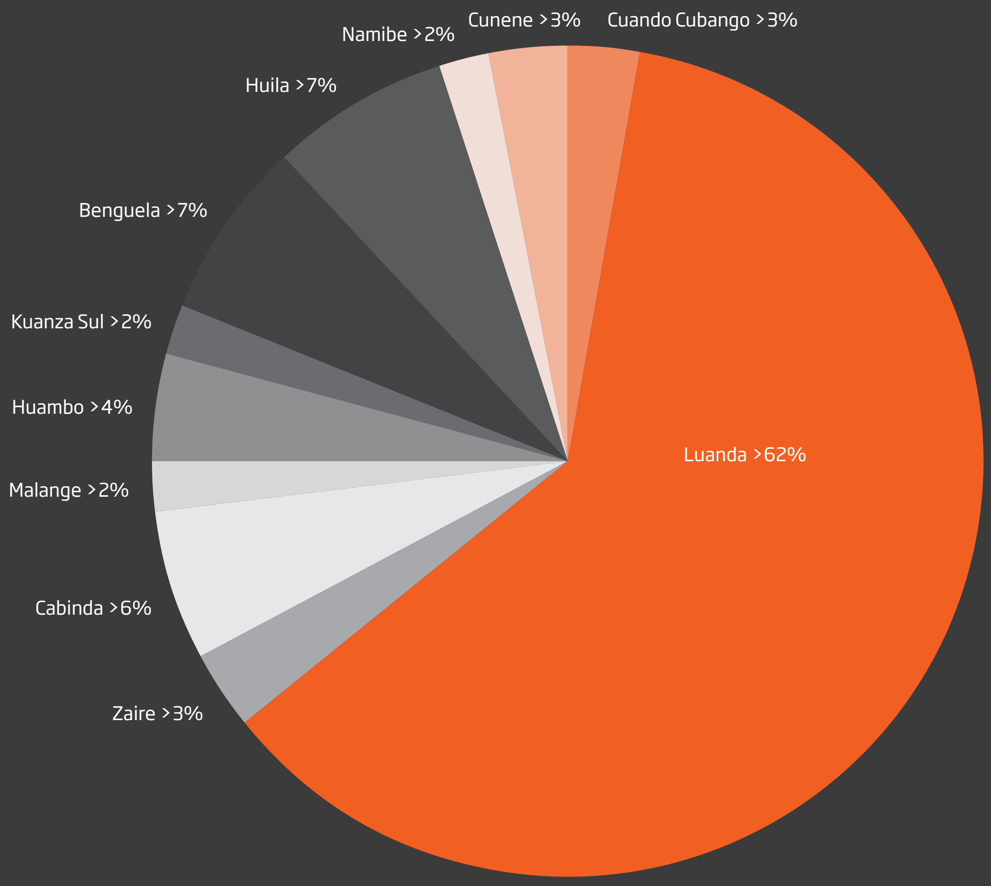


PROFESSION



* COMPANIES

BUSINESS SECTOR (*)



DISTRIBUTION OF CUSTOMERS BY PROVINCES

Customer Ombudsman

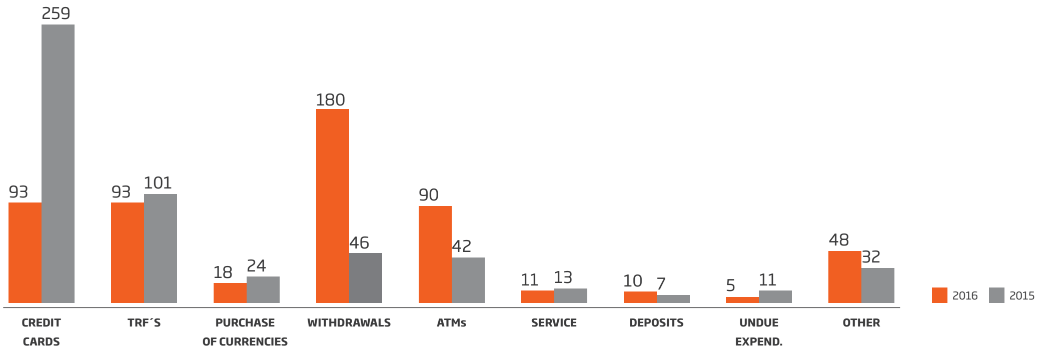
The Ombudsman's Office recorded 548 requests from Customers, 13 (+2%) more than in 2015 (525), amongst which were complaints, requests and information and suggestions.

The resolution rate of the requests corresponded to 78% in 2016, compared to 89% in 2015.

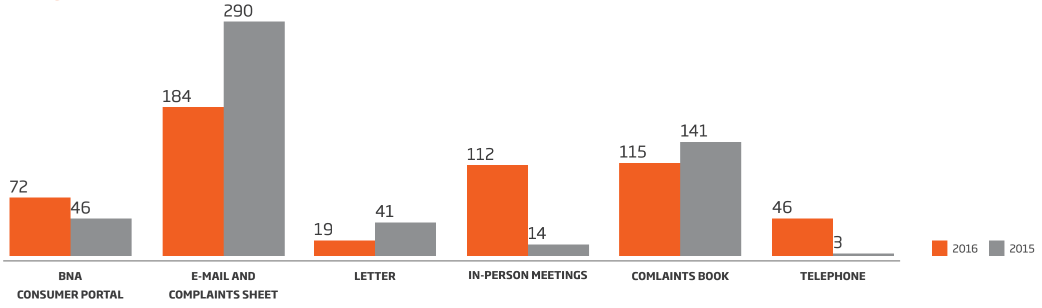
With regard to the complaints, that which stood out were the withdrawals of foreign currency (own funds) which represented 44%, card transactions with 21% and transfers in FC (transfers with recourse to foreign exchange transactions in Euros and US Dollars, transfers in US Dollars of own and interbank funds in US Dollars) with 20%, of the total.

The means most used for the recording of events were: e-mail and complaints sheet with 34%, complaints book with 21%, face-to-face meetings with 20% and the consumer portal of the National Bank of Angola with 13%, of the total.

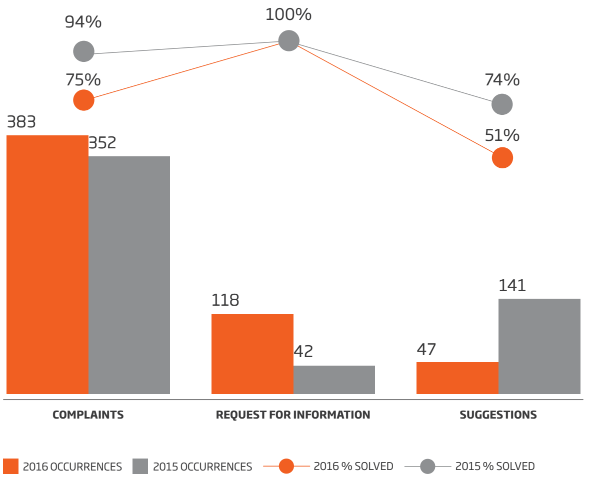
OCCURRENCES
BY TYPE



COMPLAINTS
ENTRY CHANNEL



TOTAL OCCURRENCES VS. % SOLVED



RISK MANAGEMENT

Risk management system

With the aim of safeguarding the interest of its Stakeholders, Banco BNI has been implementing a risk management system, based on the fulfilment of the regulatory requirements, as well as having the best international practices as a reference, in light of Notices no. 1 and 2 of 2013 of the National Bank of Angola.

In this context an organic structure is created with the appointment of a Risk Division, responsible for the implementation of the risk function.

The Risk Division is a body located at the 1st level of the BNI's structure and it hierarchically and functionally depends on its Board of Directors, based in Luanda and its scope of activity encompasses all the places where Banco BNI is represented, in accordance with the responsibilities that are allocated to it.

Organic structure

The Risk Division is structured in accordance with the organisational chart presented below:

The Credit Risk Department, a body that hierarchically and functionally depends on the Risk Division, identifies, assesses, monitors and quantifies the credit risks inherent to the Bank's credit process phases, namely the granting, monitoring, recovery and disputes.

The Operational Risk Department, a body that hierarchically and functionally depends on the Risk Division, identifies, assesses, monitors and quantifies the Bank's operational risks.

The Financial Risk Department, a body that hierarchically and functionally depends on the Risk Division, identifies, assesses, monitors and quantifies the most significant financial risks, namely the liquidity risk, interest rate risk and exchange rate risk.

Mission

The Risk Division is responsible for the development of practices that allow for the identification, quantification, control, monitoring and reporting of the different significant types of risk inherent to the BNI's activity, namely the credit risk, financial risks and operational risk, with the aim of protecting the capital and the maintenance of the Bank's solvency.

Aim of the risk function

The main aims of the risk function are the identification, quantification, control of the risks assumed by the bank, namely the credit risk, market risk, operational, strategic and reputational risk, continuously contributing to the perfecting of tools of support to the management of operations and development of internal techniques for control, monitoring of risk, as well as the alignment with the strategic axes defined so that they are kept at levels consistent with the profile and degree of tolerance to risk (Risk Appetite) defined by the Board of Directors.

Framework

The Bank's risk management system is based on the three lines of defence model and obeys the principle of segregation of functions. In compliance with articles 10 and 11 of Notice no. 2 of 19 April 2013 and of Notice no. 7 of 22 June 2016, the Bank projected a risk management system with the aim of identifying, assessing, monitoring, controlling and providing information of all the significant risks of the activity carried out by the institution. In this context, the Bank has developed a set of policies, processes, procedures and manuals that look to address the aims of the function of risk management.

Risk Management Model

The risk management in the BNI obeys the three lines of defence model, where specific functions of management are attributed to the first two lines of defence, namely the operational units or business unit and the risk division, which report to the respective committee (operational committees and independent committee) and to the Board of Directors.

1st LINE OF DEFENCE
BUSINESS DIVISIONS

They manage the risk from an operational perspective of their activities taking into consideration the defined principles, rules and limits, as well as ensuring their regular reporting.

2nd LINE OF DEFENCE
RISK DIVISION

It is an independent unit that identifies, quantifies, analyses, monitors, controls and reports all the relevant risks and it is responsible for monitoring the management policy of all the risks inherent to the Bank's activity and advising on the risk strategy.

3rd LINE OF DEFENCE
INTERNAL AUDIT

It is responsible for ensuring independence and objectivity in the assessment of the fulfilment of the procedures, of the regulations and applicable internal and external rules.

Risk Committee

With the aim of supervising the activity of the Risk Division, the Bank created an organic collegiate unit that also gives opinions on the risk limits, analyses the risk factors, their approximation to the limits and the tolerance margins, monitors and implements plans of action for the fulfilment of the defined limits and reports to the Board of Directors.

Credit and Counterparty risk

Credit Risk is the risk from the non-fulfilment of the contractually established financial commitments, by a borrower or a counterparty in the credit operations. It includes the default and concentration risk, whereby:

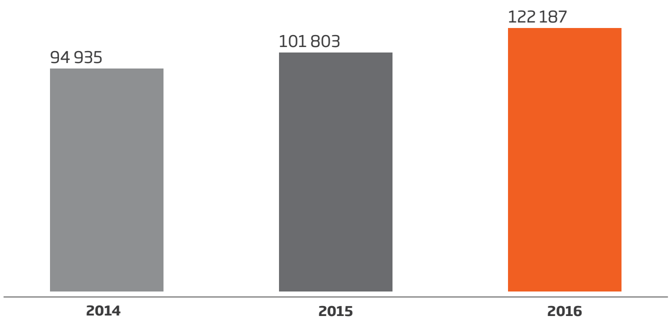
- Default risk is the incapacity of a counterparty to fulfil their obligations towards the Bank;
- Concentration risk is the existence of individual exposures that represent a significant weight over the loan portfolio and over the own funds of the institution.

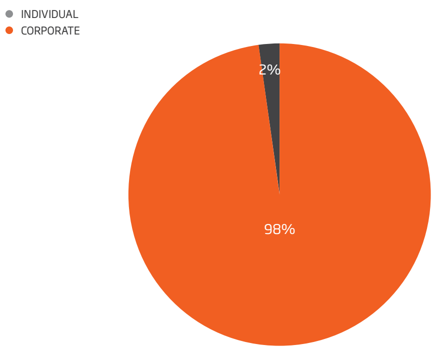
The credit risk management is exercised by using internal information extracted monthly from the loan portfolio (KIWI), which looks to identify, quantify, assess and report the risks inherent to the portfolio customers' operations, allowing for the calculation of credit indicators. The credit risk department prepares reports for the Board of Directors on a monthly basis and for the risk committee, disclosing the credit risk indicators defined in the risk appetite.

In relation to the previous year, the overall credit exposure recorded an increase of 20.2%. This variation was driven entirely by the increase in the loan portfolio of the Corporate segment.

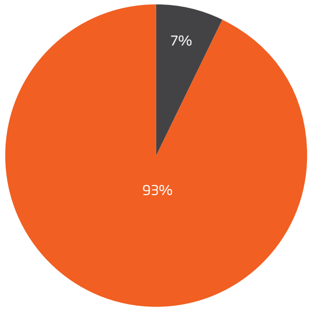
The granting of loans to the corporate fabric increased by 5.67% in relation to the previous year, representing 93% of the Bank's loan portfolio structure, against 7% of financing granted to individuals, despite in terms of quantity the individual customers representing 98% of the portfolio.

CHANGE IN THE CREDIT EXPOSURE
(MILLIONS OF KWANZAS)





STRUCTURE OF THE LOAN PORTFOLIO
BY CUSTOMER TYPE



STRUCTURE OF THE LOAN PORTFOLIO
BY EXPOSURE

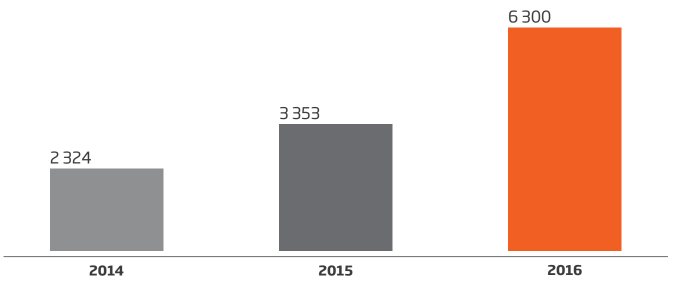
In relation to the structure of the credit exposure by risk class, defined in Notice no. 11/2014 of the BNA, it is seen that, like in the previous years, the classes of least risk are those that hold greater weight in the total of granted loans. Around 97% of the total of granted loans presents a risk classification between classes A and C, in the risk classes below the "Moderate" risk are loans with default of less than 90 days.

Analysis of the Exposure by Risk Level

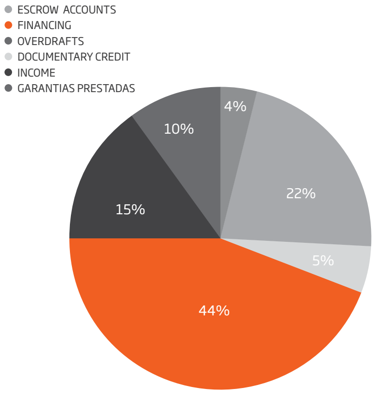
Risk Level	**2015**	**2016**
	% Against EAD	**% Against EAD**
A	0,88%	3,67%
B	74,47%	93,41%
C	8,14%	0,01%
D	0,08%	0,24%
E	8,64%	0,48%
F	0,29%	0,01%
G	7,51%	2,17%
Total	**100,00%**	**100,00%**

The Bank's credit exposure in recent years has been recording an increase in the overdue loans driven by the current economic state that the country is experiencing and with the fulfilment of the new specific requirements for loan operations, recording an increase of 75.81% compared to 2015, representing 5.16% of the total credit exposure of 2016, set below the limit of 6.78% of the risk appetite approved by the Board of Directors.

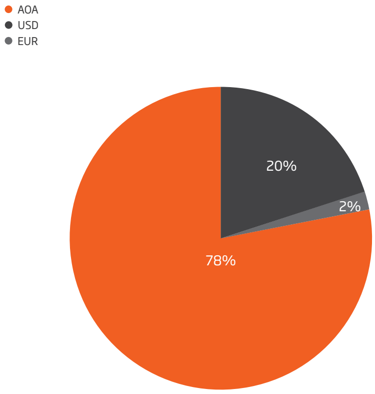
CHANGE IN THE EXPOSURE OF OVERDUE LOANS
(MILLIONS DE KWANZAS)



The exposure of Banco dos Negócios Internacional (BNI) is comprised of six components, in which the most representative is the financing, with 44% of the total exposure.



ANALYSIS BY COMPONENT



CREDIT EXPOSURE BY CURRENCY

The regulator (BNA) prohibits the granting of new loans in foreign currency, for specific purposes. Banco BNI's credit exposure is comprised of 3 (three) types of currencies in which the Kwanza represents 78% of the credit exposure. In recent years a reduction of 2% has been recorded in the credit exposure in US Dollars.

The BNI's credit risk department has been carrying out a revision and analysis of the portfolio's sectors of activity, whilst mitigating the exposure to the risks inherent to the different sectors of activity.

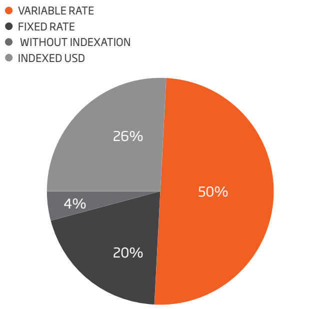
Financial Risks Department

Financial Risks are risks from adverse movements in the prices of bonds, shares or goods. It includes the exchange rate and interest rate risk.

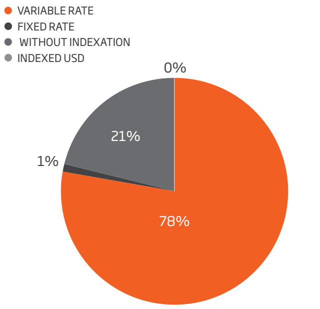
The management of the financial risks is exercised by using internal information extracted from monthly and daily balance sheets. All the information is grouped and reported to the Board of Directors and to the risk committee.

The financial risks department prepares reports for the Board of Directors on a monthly basis and for the risk committee, disclosing the market risk indicators defined in the risk appetite.

The interest rate risk is from movements in the interest rates resulting from mismatches in the amount, in the maturities or in the re-setting periods of the interest rates observed in the financial instruments with interest receivable and payable. In this context of the works carried out at the interest rate risk level, the metrics of analysis of the exposure and impact of the balance sheet exposure to interest rate variations, has the basis of a distribution of the balance sheet and off-balance sheet positions through time buckets, in accordance with their residual maturity, taking into account the indexers present in the balance sheet and that are provided by the Contif (Assets and Liabilities at a fixed rate, indexed to the US dollar and without an indexer) or in accordance with the time remaining for the next setting date (Assets and Liabilities at a variable rate).



ASSETS BY INDEXER



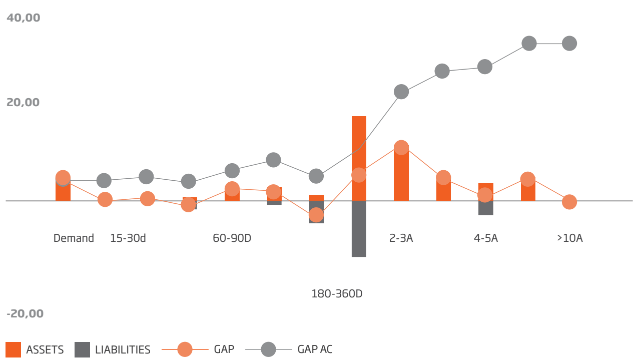
LIABILITIES BY INDEXER

Banco BNI's balance sheet structure is comprised of financial instruments at variable interest rates, fixed rates indexed to the US Dollar and operations without indexation.

The lending operations indexed to variable interest rates represent 50% compared to the assets at interest rates and the borrowing operations are formed by variable interest rates representing 78% compared to the liabilities at interest rates.

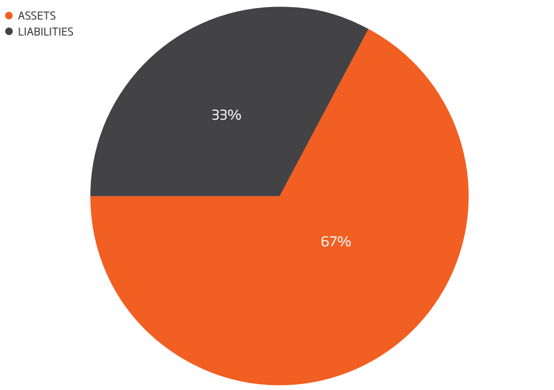
VARIABLE INTEREST RATE

INTEREST RATES INDEXED TO THE USD



The variable interest rate gaps are presented in their maturity buckets as negative mismatched in the short-term and positive mismatched in the medium- and long-term through the own structure of the balance sheet taking into consideration the borrowing operations revolving. At the Bank's structure level the positions indexed to foreign currency (US Dollar) presents positive mismatched gaps in the various maturity buckets by the re-setting periods.

The assets remunerated at interest rates at the balance sheet level are the most representative in relation to the liabilities remunerated at interest rates with a weight of 67% compared to the total of the financial instruments present in the balance sheet's structure.

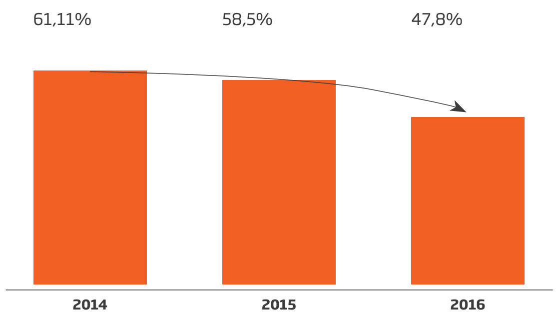


ASSETS AND LIABILITIES AT INTEREST RATE

The 20 largest depositors represent 37% of the Bank's deposits portfolio, complying with the risk appetite tolerance and limit defined and approved by the Board of Directors.

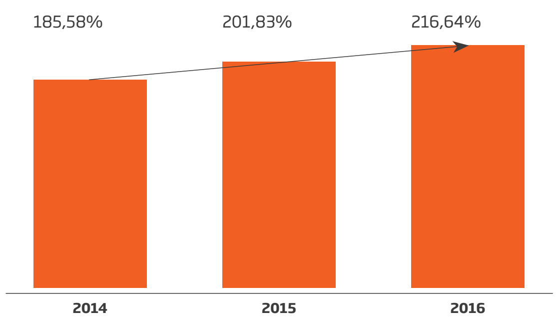
Strategically and at the risk appetite level, 2016 was marked by the reduction in the transformation ratio, ensuring the compliance with the risk appetite limits.

TRANSFORMATION RATIO



At the Bank's liquidity level, a significant increase was seen, with a positive variation of 7.34% compared to 2015, ensuring total cover for the resources and liabilities of the Bank should they become demandable.

LIQUIDITY RATIO (*)



(*) Short-term assets/Short-term liabilities (in the liabilities, in the category of demand deposits we only consider 30% at the time of the definition of the risk appetite).

The management of the assets and liabilities of the Bank's balance sheet structure in the different maturity buckets up to the maturity of the balance sheet is done through the ALM (Asset Liability Management) tool, where the liquidity gaps in the different maturity buckets are determined, anticipating through the maturity profile of the operations, for their residual terms of the Bank's lending and borrowing operations.

ANALYSIS OF GAP'S

The balance sheet's structure has an equilibrium in the short term, as a result of the capacity of the short-term assets in their different maturity buckets to cover the responsibilities demandable in the short term. However, it should be noted that in the medium to long term there is a positive disequilibrium, caused by the high quantity of assets becoming overdue in the aforementioned periods compared to the liability responsibilities becoming overdue in the same period.

Operational risk management

The operational risk management function is an important mechanism for a Bank, since it allows knowing, preventing and treating the operational risks that it is exposed to, in order to mitigate the impacts on its margin, as well as the effect on its solvency.

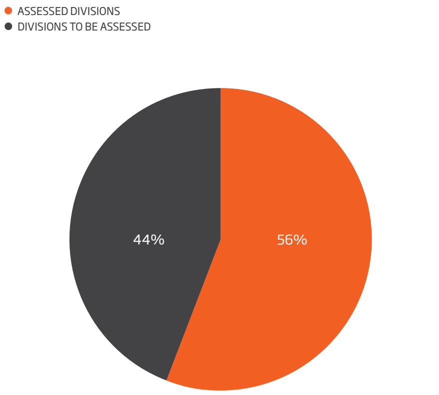
The operational risk is that which comes from the inadequacy of the internal processes, people or systems, the possibility of occurrence of internal and external fraud, as well as of the external events. It includes the information systems and compliance risk.

The methodology of operational risk identification of the operational risk department for the processing of the identification and assessment process of the operational risks is the self assessment exercises which include two types of assessment – Top-Down and Bottom-Up which are complemented and which allow for the obtaining of an overall vision of the main risks that may affect the organisation's performance.

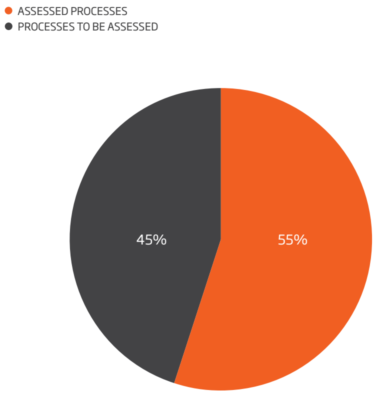
These exercises undergo the carrying out of work meetings on the processes of qualitative and quantitative analyses of events (effective, near miss or potential) or of other information that is available regarding the processes by the owners.

The Bank is comprised of 18 divisions and 304 current processes in the catalogue of processes.

The following resulted from the carried out assessments:



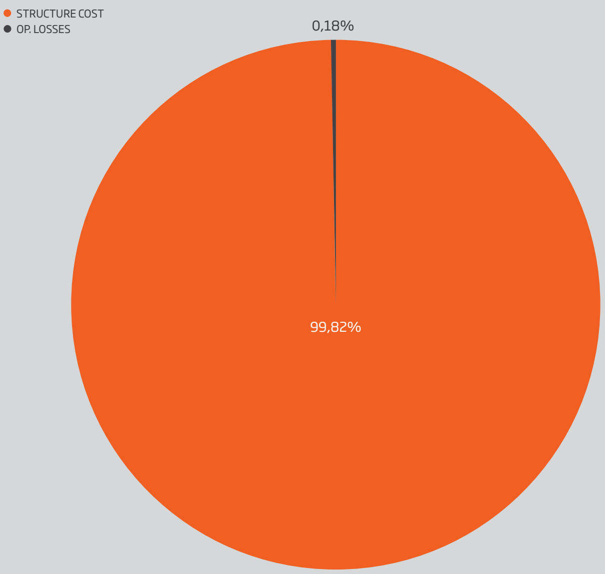
DIVISIONS



PROCESSES

The identification and assessment process of the risks of the processes of the divisions that make up the Bank is ongoing and up to now it has already had 17 workshops and the processes are grouped by risk levels according to the carried out assessment.

The assessed processes present 48% of high inherent risk, i.e., without application of the controls. After application of the controls, the residual risk is high at 14%, for which we shall have to review the controls and their applicability.



OPERATIONAL LOSSES RATIO

The monitoring process of the Bank's operating losses is carried out based on the risk appetite defined and approved by the Board of Directors.

The operational losses were below the defined appetite, thus complying with its tolerance limit and margin according to the processes recorded on the database of losses pertaining to the assessed divisions, making sure that the identification process continues on.

REGULATORY FRAMEWORK

Relevant regulations of the financial sector approved in 2016

APRIL

Notice no. 01/2016 of 14 April

The purpose of this notice is to set forth the terms and conditions that the inflow and outflow of national and foreign currency held by foreign exchange individual residents and non-residents must obey.

Instruction no. 02/2016 of 11 April

The banking financial institutions established in the country must maintain obligatory reserves on the terms of this instruction. Instruction no. 19/2015 of 02 December and all the regulations that contravene that provided for in this instruction are revoked.

JUNE

Notice no. 02/2016 of 15 June

Revision of Notice no. 05/2007, of 26 September, looking to regulate the calculation methodology, establishing the minimum value of the regulatory solvency ratio (RSR) and defining the scope and the characteristics of the elements of the regulatory own funds (ROF).

Notice no. 03/2016 of 16 June

This Notice sets forth the requirement of regulatory own funds that the financial institutions must consider within the scope of the credit risk and counterparty credit risk, in accordance with that provided for in sub-section a) of number 4 of article 4 of Notice no. 02/2016, regarding ROF.

Notice no. 04/2016 of 22 June

This Notice sets forth the requirement of regulatory own funds that the financial institutions must consider within the scope of the market and counterparty credit risk in the trading portfolio, in accordance with that provided for in sub-section b) of number 4 of article 4 of Notice no. 02/2016, on regulatory own funds.

Notice no. 06/2016 of 22 June

This Notice sets forth the general principles to be observed, from the financial year of 2016, including by the banking financial institutions, within the scope of the continuation of Notice no. 06/2016, page 2 of 5, full adoption of the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS).

Notice no. 07/2016 of 22 June

This Notice sets forth the requirements and principles through which the internal risk governance systems of the financial institutions must be governed.

Notice no. 08/2016 of 22 June

This Notice sets forth the requirements of analysis to be observed by the financial institutions under oversight of the National Bank of Angola, within the scope of the interest rate risk in the banking portfolio.

Notice no. 09/2016 of 22 June

This Notice sets forth limits to the large risks within the terms of article 6, and the holding of interests in non-financial companies on the terms of article 7, both of this Notice

AUGUST

Instruction 05/2016 of 08 August

This Instruction sets forth the procedures that the banking financial institutions must observe for the determination of impairment losses for the portfolio of loans granted to customers, on the terms provided for by the International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39).

Instruction 06/2016 of 08 August

This Instruction sets forth the procedures that the banking financial institutions must observe in the preparation of the disclosures regarding financial instruments, on the terms provided for by the International Financial Reporting Standard 7 – Financial Instruments: Disclosures (IFRS 7).

Instruction 07/2016 of 08 August

This Instruction sets forth the procedures to be observed by the banking financial institutions in the application of the effective interest rate method in the recognition of income and expenses associated with the financial instruments, on the terms provided for by the International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39).

Instruction 11/2016 of 08 August

This Instruction sets forth the procedures that the banking financial institutions must observe in the accounting and prudential processing of the losses in the portfolio of loans granted to the customers.

Instruction 12/2016 of 08 August

The instruction looks to regulate the technical specificities regarding the calculation and requirement of regulatory own funds for credit risk and counterparty credit risk.

Instruction 13/2016 of 08 August

Provision of information regarding the requirement of regulatory own funds for credit risk and counterparty credit risk.

Instruction 14/2016 of 08 August

This sets forth the calculation and requirement of regulatory own funds for market risk and counterparty credit risk in the trading portfolio.

Instruction 15/2016 of 08 August

This sets forth the provision of information regarding the requirement of own funds for market risk and counterparty credit risk in the trading portfolio.

Instruction 16/2016 of 08 August

This sets forth the calculation and requirement of regulatory own funds for operational risk.

Instruction 17/2016 of 08 August

This looks to set forth the provision of information regarding the requirement of regulatory own funds for operational risk.

Instruction 18/2016 of 08 August

This looks to set forth the provision of information regarding the composition of the own funds and solvency ratio.

Instruction 19/2016 of 08 August

This Instruction sets forth the requirements of quantitative analysis to be carried out by the financial institutions under oversight of the National Bank of Angola, within the scope of the management of the liquidity risk.

SEPTEMBER

Notice no. 11/2016 of 05 September

The purpose of this Notice is to define the procedures and requirements of information regarding the opening and closing of branches and offices to be reported to the National Bank of Angola.

Notice no. 12/2016 of 05 September

This Notice sets forth the rules and procedures to be observed in the sale of financial services and products.

Directive no. 05/DRO/DSI/ 2016

This defines the plan of action within the scope of the regulatory own funds, provided for in Notice no. 02/2016, of 15 June.

Instruction no. 20/2016 of 06 September

This Instruction sets forth the procedures that the banking financial institutions must observe in the adoption for the first time of the International Financial Reporting Standards, on the terms provided for by the International Financial Reporting Standard 1 – Adoption for the first time of the International Financial Reporting Standards (IFRS).

Instruction no. 21/2016 of 06 September

This Instruction regulates the terms and conditions under which bureaus of exchange may carry out the purchase and sale of foreign currency.

NOVEMBER

Instruction 25/2016 of 16 November

This instruction looks to adopt risk management functions, policies and processes for the identification, assessment, monitoring, control and provision of information regarding the credit risk.

Instruction 26/2016 of 16 November

This instruction stipulates that financial institutions must adopt risk management functions, policies and processes for the identification, assessment, monitoring, control and provision of information regarding the liquidity risk.

Instruction 27/2016 of 16 November

This instruction stipulates that financial institutions must adopt risk management functions, policies and processes for the identification, assessment, monitoring, control and provision of information regarding the market risk.

Instruction 28/2016 of 16 November

This instruction stipulates that Financial Institutions must adopt risk management functions, policies and processes for the identification, assessment, monitoring, control and provision of information regarding the operational risk.

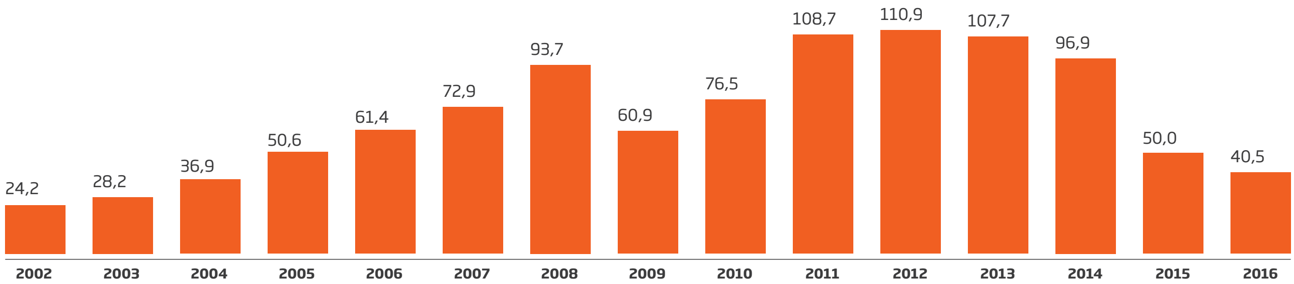
ECONOMIC AND FINANCIAL ENVIRONMENT

Introduction

The economic situation in Angola in 2016 downgraded in relation to that seen in 2015 in several items, where the continued fall in the rate of growth of the GDP, the significant reduction in the economy's and the State's revenues, the high rate of inflation, the increase in the interest rates and the oscillation of the oil price in the international market, stand out.

The dependency on oil continues to be a factor in the Angolan economy, as there currently aren't relatively sustainable alternative sources for the generation of foreign exchange, which are fundamental for the stability of the domestic prices and for the regular functioning of the economic activity, still very dependent on the importing of all types of commodities.

OIL BARREL PRICE (USD)



Source: Bloombery and International Monetary Fund.

The start of the fall in the price of this commodity dates back to 2012, and since then the accumulated loss has been 65%. As shall be seen further ahead, the financial effects on Angola have been significant, so much so that the Government had to review the 2016 State Budget, in order to adjust revenues and expenses to this unfavourable international climate.

The Global Economy

The economic perspectives for 2016 were influenced by the concerns with regard to the capacity of resumption of growth in China, which after a long period of an annual average variation in its GDP of around 9.5%, fell to a more gentle rate of 6.5%. The alteration in some building-blocks of its development model was the reason for these concerns, given that there wasn't certainty that the Chinese domestic market could present conditions equivalent those in the international market for ensuring rates of variation in the GDP capable of driving the world economy, Today, unless facts emerge at this time that are difficult to predict, China seems to have stabilised its speed of growth and maintained the respective capacity of influence over international trade.

Another concern for 2016 related to the behaviour of the price of the main commodities, which during the last 4 years has been subject to a downwards pressure, with significant impacts on the capacity of growth of many African economies, whose exports and generation of external revenues have depended, to a large extent, on these commodities. For 2017, international institutions point towards a rise in and stability of their value.

The interest rates in the United States remained at levels that stimulated the increase in investment and the fall in unemployment, which may change in 2017.

However, two very significant events marked 2016: BREXIT and the US presidential elections. Two new facts of enormous significance for 2017 and whose global economic effects are, for the time being, far from being able to be assessed with the precision that economic forecasts require.

In Sub-Saharan Africa new focuses of political tension arose that may bring the growth expectations into question (The Gambia, South Sudan, Mozambique, South Africa who shall choose a new leader of the ANC in December 2017, Burundi where the disagreement with regard to the third mandate of their current president Nkurunziza remains, Zimbabwe, Democratic Republic of Congo, etc.). Even though a resumption of the prices of raw materials in the global market is forecast, the political instability may delay, once more, the recovery of the excellent growth indices recorded between 2003 and 2008. Also for Sub-Saharan Africa the new economic policy of Trump may show itself to be detrimental, not just indirectly through China – which shall end up growing less due to the customs barriers over its exports to the leading global economy – but also due to some of the stated options.

The global economic growth forecasts presented by the main international financial institutions, particularly the International Monetary Fund (World Economic Outlook, October 2016), do not take into account the more than probable detrimental effects of the economic policy of Donald Trump, especially because it isn't easy, for the time being, to clearly discern its true nature.

Economic Growth Forecasts (%)

	2015	2016	2017
World	3,2	3,1	3,4
Advanced economies	2,1	1,6	1,8
United States	2,6	1,6	2,2
Euro Area	2	1,7	1,5
Germany	1,5	1,7	1,4
France	1,3	1,3	1,3
Italy	0,8	0,8	0,9
Spain	3,2	3,1	2,2
Japan	0,5	0,5	0,6
United Kingdom	2,2	1,8	1,1
Canada	1,1	1,2	1,9

Source: IMF, World Economic Outlook, October 2016.

The advanced economies shall grow in 2017, as a whole, by 1.8%, particularly and clearly the USA (forecast even without the incorporation of the Trump-effect), which is going to be responsible for around 40% of this growth, thus maintaining the status of the world's leading economy.

The downward forecasts of British growth have probably already weighed up the effects of BREXIT, with a substantial reduction in 2017 of the respective rate being expected: from 1.8% in 2016, to 1.1% in 2017.

ECONOMIC GROWTH FORECASTS (%)

	2015	2016	2017
World	3,2	3,1	3,4
Russia	-3,7	0,8	1,1
China	6,9	6,6	6,2
India	7,6	7,6	7,6
Brazil	-3,8	-3,3	0,5
Nigeria	2,7	-1,7	0,6
South Africa	1,3	0,1	0,8
Sub-Saharan Africa	3,4	1,4	2,9

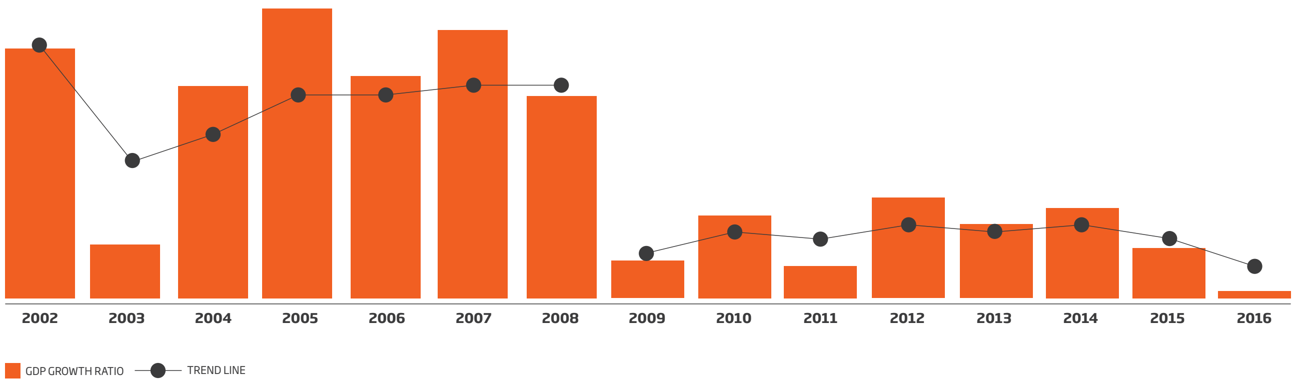
Source: IMF, World Economic Outlook, October 2016.

India and China may become the countries most affected by the resumption of US investments which have been made for a long time in these countries, for which the forecast rates of growth do not consider, for the time being, the impact of this phenomenon. The first of these two countries may come to be the most affected.

In general, for the so-called emerging economies, 2017 is seen, in accordance with the estimates of the International Monetary Fund, as of resumption against 2016. However, everything is going to depend on the effects of the election of Donald Trump in the United States.

Angolan Economy

After 2008, it has assisted, in terms of trends, a structural slowdown in the country's dynamics of growth, in overall (GDP) and sectoral (oil GDP and non-oil GDP) terms.



The annual average rate of real variation in the GDP between 2002 and 2008 was 10.1%, whilst for the 2009/2016 period it lowered significantly to 2.3%. The non-oil sector – which is comprised of significant sectors for the process of diversification of the national economy – accompanies this loss in the rate of growth and in 2016 the respective GDP didn't change by more than 1.2%.

Change in the Gross Domestic Product

	2009	2010	2011	2012	2013	2014	2015	2016
GDP (M USD)	64.915,90	82.500,00	104.100,00	115.300,00	124.900,00	126.800,40	103.321,20	96.200,30
GDPp (M USD)	31.576,70	43.923,70	25.349,70	35.977,30	50.320,50	52.211,70	49.873,70	43.787,40
GDPnp (M USD)	33.339,20	38.576,30	78.750,30	79.322,70	74.579,50	74.588,70	53.447,50	52.412,90
GDP growth rate (%)	2	4,6	1,9	5,2	6,8	4,7	2,8	0,1
GDPp growth rate (%)	-5	-0,5	-8,1	5,3	-0,9	-2,6	6,3	0,8
GDPnp growth rate (%)	8,1	10	9,5	5,6	10,9	8,2	1,3	1,2
GDPp/GDP (%)	39,1	43,5	45,4	46,2	38,5	35,6	29,9	23,9
GDP per capita (USD)	2.875,90	3.558,80	4.372,50	4.715,60	4.973,90	4.916,80	3.901,10	3.536,70

Source: INE (National Accounts), OGE Justification Reports and IMF Reports.do FMI.

The relative weight of the oil sector on the general level of the country's economic activity has been reducing successively (46.2% in 2012 and 23.2% in 2016), without this fact being synonymous of diversification of the economy and much less of exports, whose concentration index is around 96%.

As a result of the fall in the nominal GDP and of the reduction in the economy's rate of growth, as previously mentioned, the GDP per capita reached a little more than USD 3,500 in 2016.

Angola's Fiscal Framework

Categories	2013	2014	2015	2016	2017
Total tax revenues (USD M)	50,2	44,7	27,9	20,4	22,2
Oil tax revenues (USD M)	37,6	30,2	15,7	9	10,3
Tax dependency (%)	74,9	67,6	56,3	22,5	46,4
Tax deficit (GDP %)	-0,3	-6,6	-3,3	-4,1	-6,7

Source: OGE 2017 Justification Report.

The trend of the fall in the State's tax revenues began in 2013, having assumed catastrophic contours in 2016, probably the country's worst year of the economic and financial performance (the present crisis is clearly worse than that which occurred in the 2009/2010 period, and for this it is enough to compare the main economic and social indicators and ratios). The dependency on oil continues to be seen, although with low intensity.

Between 2013 and 2016, the accumulated tax deficit reached the value of – 14.3% of the GDP, having given rise to a total public debt of USD 61.2 billion in 2016 and an average interest service ratio of 1.7% of the GDP, between 2013 and 2016.

For 2017, the OGE forecasts a value of 2.5% of the GDP. According to official information, disclosed during the presentation of the country's debt table for 2017, in the Ministry of Finance on 24 January 2017, the extra financial needs of the State for the current year are estimated at around USD 24.6 billion.

	2009	2010	2011	2012	2013	2014	2015	2016
Public Debt (in millions of USD)	32.393,10	32.104,70	34.795,50	36.024,20	30.557,60	41.583,30	48.272,90	61.198,70

Source: OGE Justification Reports.

The public debt ratio has been increasing, as can be seen in the following table.

Public Debt Ratio (% of the GDP)

	2010	2011	2012	2013	2014	2015	2016
Total Public Debt	44,3	33,8	29,5	32,9	40,7	65,4	71,6
Sonangol Debt	9,1	9,5	7,8	10,9	12,5	14,2	18,9

Source: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January 2017

It can be seen that on average, 26.7% of the public debt ratio is attributed to Sonangol.

Inflation has been rising more sharply after 2014, having interrupted a considerable cycle of deflation of the economy, which was deemed sustainable. The oil shock which started mid-2014 was enough for the control of the increase in the prices to become more complicated. The accumulated rate of inflation at the end of 2016 was 42%, according to the statistics of the INE. However, the International Monetary Fund (IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January 2017) estimates the rate of inflation, at the end of the period, at 45%, the highest in ten years. For 2017, this Bretton Woods institution forecasts a variation of 29.2% in the general consumer price index.

Inflation Rates

	Percent Change								
	Monthly			Cumulative			Year-over-year		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
January	0,76	0,72	3,43	0,76	0,72	3,43	7,84	7,44	17,34
February	0,49	0,76	3,28	1,25	1,49	6,81	7,48	7,73	20,26
March	0,51	0,63	3,43	1,76	2,13	10,47	7,32	7,87	23,6
April	0,51	0,85	3,14	2,28	3	13,94	7,22	8,23	26,41
May	0,62	0,21	3,46	2,91	4,24	17,89	6,95	8,86	29,23
June	0,57	0,25	3,27	3,5	5,55	21,74	6,89	9,61	31,8
July	0,61	0,35	4,04	4,13	6,97	26,66	6,98	10,41	35,3
August	0,6	15	3,3	4,75	8,2	30,85	7,05	11,01	38,18
September	0,63	1,22	2,14	5,42	9,52	33,64	7,19	11,06	39,44
October	0,68	1,35	1,79	6,13	11	36,03	7,48	12,4	40,04
November	0,53	1,33	2,13	6,69	12,47	38,93	7,49	13,29	41,15
December	0,73	1,61	2,17	7,48	14,34	41,95	7,48	14,34	41,95

Source: Ministry of Planning and Territorial Development.

There are several reasons for the occurrence, again, of a period of substantial degradation in the population's general living conditions due to the rise in the general level of prices, particularly the fall in the availability of foreign currency for the importing – of finished goods and of commodities for domestic production –, the limited capacity of replacement of the imports, the reduced efficiency of the Central Bank's monetary policy, the effects of the increase in fuel prices and the weakness of the Kwanza.

With the fall in the oil price, the foreign exchange market assisted the significant and successive disequilibrium's in the course of 2016, with high currency devaluation. The exchange rate is one of the most important channels of transmission of the effects of the shocks of the oil price for the real sector of the economy, affecting the growth in the GDP, either through retraction of the imported component of domestic consumption, or through the creation of restrictive effects of the public sector credit and, in this way, public expenditure and GDP.

On average, imports represent a little less than 2/3 of the total supply of goods and services of the economy. The restrictions on foreign currency felt by the economic agents, either through the price-effect or quantity-effect, aggravated by a non-productive demand for foreign currency, had a significant impact on the depreciative movement of the exchange rate throughout the year.

International Reserves (Billions of USD)

	2010	2011	2012	2013	2014	2015	2016
Gross international reserves	19,7	27,5	32,2	32,2	27,8	24,4	22,4
Months of importing (no.)	5,4	7,2	7,8	7,2	8,8	11	8,1
Net international reserves	18,8	26,3	30,8	31,2	27,3	4,3	20,4

Source: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January2017.

Between 2013 and 2016, the net international reserves reduced by around 10.8 billion US Dollars and for 2017 the IMF forecasts an amount of just USD 17.4 billion, therefore foreseeing a very difficult year for the imports of goods and services necessary for the functioning of the economic system, within a context of non-existence of alternative sources of generation of foreign currency in addition to oil. For 2017 an average barrel price of USD 46 is forecast.

Oil

	2010	2011	2012	2013	2014	2015	2016
Production (millions of barrels/day)	1 758	1 660	1 730	1 716	1 672	1 780	1 789
Exporting of oil and gas (USD M)	49,4	65,6	69,7	66,9	57,6	31,9	26,2
Barrel price (USD)	76,5	108,7	110,9	107,7	96,9	50	40,5

Source: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January2017.

Between the best year for oil and gas exports (2012) and the worst (2016), the country lost USD 43.5 billion, forecasting that in 2017 the external revenues will reach USD 30.2 billion. Hence the adjustment between demand and supply of foreign currency must have a strong component of devaluation of the national currency.

Balance of Payments (% GDP)

	2010	2011	2012	2013	2014	2015	2016
Trade balance	41,1	45,2	41,1	33,5	24,1	21,1	14
Exporting of goods	61,3	64,6	61,6	54,6	46,7	32,2	28,6
(Of which oil and gas)	59,8	63	61,4	53,6	45,5	31	27,3
Importing of goods	20,2	19,4	20,6	21,1	22,5	20,1	14,6
Terms of trade (% of variation)	19,6	24,1	5,7	-1,8	-8,6	-41,6	-16,2
Current Account	9,1	12,6	12	6,7	-3	-10	-4,3

Source: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January 2017.

Due to the fall in the oil price, the exchange devaluation and the increase in the price of imports of goods (increase in the customs tariffs), the terms of trade have degraded since 2012. For the same reasons, the balance of the Balance of Payments Current Account came to be negative after 2013.

Monetary Aggregates

	2010	2011	2012	2013	2014	2015	2016
Money creation in the broad sense (% of variation)	11	35,7	7,9	14,2	16,1	11,8	12
M2/GDP (%)	35,3	37,6	35	36,5	41	46,4	40,6
Speed (GDPnp/M2)	1,6	1,4	1,6	1,6	1,6	1,6	2
Private sector credit (% of variation)	19,2	28,8	24,2	15	1,1	17,6	12,4

Source: BNA and IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January 2017.

Bad loans, which in 2015 reached 18.2%, are likely to soar significantly in 2017 and 2018, according to The Economic Intelligence Unit in its Report of December 2016 on Angola.

On the monetary side, restrictive measures were favoured in order to ensure the preservation of the economy's external solvency. Furthermore, the structural characteristics of the national economy, such as the significant dependence on the domestic consumption of imports and the weak depth of the financial system, are significant obstacles in the process of transmission of the monetary policy. Amongst the adopted measures, the increase in the Basic Rate of the BNA to 16%, the increase in the sale of foreign currency in the market and the resumption of the open market operations all stand out.

The country's economic growth is surrounded by uncertainties and risks, also shown in the OGE 2017 Justification Report. But there are others. The following are listed:

a) Behaviour of the oil price, which is likely to remain unstable and oscillating in the face of the new oil policy announced by the President of the United States.

b) Public debt between 75% and 80% of the GDP by the end of 2017, with the constitutional limit of 60% being violated.

c) The slowdown of the economic growth in China.

d) The consequences of BREXIT in the Africa-European Union relationship is yet to be determined, but it may force the European community bodies to re-think the economic and commercial insertion of Europe into the world (for example, less Africa and more Europe).

e) The economic policy of the President-elect Donald Trump where the total liberalisation of the US banking system – creating fear of the resurgence of the real estate crisis of 2008/2009 –, the substantial increase in US oil production, the withdrawal from the free trade agreements which the United States are an integral part of and the revision of the majority of the cooperation agreements established in the past all stand out.

f) Within the context of the above sub-section, the new US Administration shall certainly review the AGOA[1] or at least the clauses that may be considered less beneficial for the United States (given that Trump doesn't believe in the benefits of free trade).

g) The shipping of oil to China for return on loans left the country with a limited number of barrels to sell on the market, in order to obtain foreign currency.

h) The real estate development sector is going to drastically reduce its activity, but it is foreseeable that buildings that are under construction may be completed: "it shall be difficult to project an increase in demand whilst the values of the price of oil remain at the current levels", according to the 2016 Real Estate Market Report.

i) Angola and Nigeria are going to be the countries most affected by the fall in investment in the oil sector, which is going to fall by 100 billion US dollars in the next five years, according to the consultancy firm Wood Mackenzie: "The governments in Sub-Saharan Africa must revive the oil exploration industry, whilst offering attractive tax benefits instead of looking to increase the tax receipts in the current context". (LUSA Agency).

j) Finally, inflation is always in any circumstance a factor of uncertainty for the decisions of investment and consumption.

The forecasts for growth of the Angolan economy for 2017 continue to be revised downwards by some of the most prestigious international institutions:

a) Bloomberg estimates that the growth in production will rise to 1.25% in 2017, in comparison with the absence of growth in the current year, reflecting a recovery in the oil sector due to the scheduled increase in public expenditure and the improved terms of trade.

b) In the medium term, the perspectives are of a gradual recovery of the economic activity, although there are risks, amongst which are an additional decline in the oil prices and delays in the implementation of the structural reforms necessary for the promotion of economic diversification.

c) The Economist Intelligence Unit (EIU) "forecasts that Angola will grow by less than three per cent per year until 2021, which, together with the increase in the public debt to GDP ratio, increases the country's risk of financial default. The expenditure with debt servicing in 2017 is likely to increase to 36.28%, which, together with a low economic growth perspective - less than 3% between 2017 and 2021, according to our estimation -, increases the vulnerability of Angola to default".

1 The African Growth and Opportunity Act.

The Government has the following growth expectations for 2017:

Growth Forecasts for 2017 (%)

		GOVERNMENT
Sectors	**2016**	**2017**
Agriculture, Livestock, Forestry	6,7	7,3
Fisheries and derivatives	1,7	2,3
Diamonds and other	-0,6	0,5
Oil and derivatives	0,8	1,8
Manufacturing	-3,9	4
Construction	3,2	2,3
Energy	19,2	40,2
Market services	0	0
Other services	0	0
GDP	1,1	2,1
Non-oil GDP	1,2	2,3

Source: OGE 2017 Justification Report; CEIC Flat File, Medium-Term Scenarios.

STATISTICAL ANNEXES

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Oil barrel price (USD)	24,2	28,2	36,9	50,6	61,4	72,9	93,7	60,9	76,5	108,7	110,9	107,7	96,9	53	38,8

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Oil GDP growth rate	13,9	25,5	13,1	21,8	10,3	-5,0	-0,5	-8,1	5,3	-0,9	-2,6	6,3
Construction GDP growth rate	24,1	12,9	11,7	17,7	8,9	12,8	26	8,4	25,4	8,1	8,0	3,5

	2002	2003	2004	2005	2006	2007	2008
GDP growth rate	13,2	3	11	15	11,6	13,9	10,5
Trend line	13,2	8	9	10,4	10,7	11,2	11,1
Trend rate	10,1	10,1	10,1	10,1	10,1	10,1	10,1

	2009	2010	2011	2012	2013	2014	2015	2016
GDP growth rate	2	4,6	1,9	5,2	6,8	4,7	2,8	0,1
Trend line	2	3,3	2,8	3,4	4,1	4,2	4	3,5
Trend rate	2,3	2,3	2,3	2,3	2,3	2,3	2,3	2,3

	2002	2003	2004	2005	2006	2007	2008
Public Debt (millions of USD)	7.695,40	10.284,40	9.000,20	10.222,40	15.115,30	15.256,10	27.998,20

	2009	2010	2011	2012	2013	2014	2015	2016
Public Debt (millions of USD)	32.393,10	32.104,70	34,795,50	36,024,20	30.577,60	41.583,30	48.272,90	61.198,70

FINANCIAL REVIEW

Compared to 2015:

- **Assets AKZ 258 806 370 thousand (+13,1%)**
- **Customer Deposits AKZ 227 357 769 thousand (+31,5%)**
- **Bank Product AKZ 17 893 287 thousand (+21,5%)**
- **Customer Credit AKZ 93 484 839 thousand (+10,8%)**
- **Net Result AKZ 1 730 636 (+224,5%)**
- **Solvency Ratio 11,4% (+1,2p.p.)**

Growth in the Assets and Improvement in the Returns

The Bank presented a positive financial performance, with a growth of 13.1% in the Assets, reaching AOA 258,806,370,000 (USD 1,559,990,000).

With regard to the Liabilities, the highlight was the Resources of Customers which grew by 31.5% year-on-year, going from AOA 172,954,785,000 (USD 1,278,164,000) to AOA 227,357,769,000 (USD 1,370,429,000). The Resources of Customers in national currency corresponded to 76% and that in foreign currency corresponded to 24%.

The Banking Income recorded a 21.4% increase year-on-year, driven by the increase in the Foreign Exchange Earnings.

The Total Credit increased by 10.8% year-on-year. The category of Loans to Customers in national currency corresponded to 82% and that in foreign currency to 18%.

With regard to the relationship between the Resources and the Loans, a fall in the Transformation Ratio was seen in 2016, arriving at 47.8%, compared to 58.5% in the previous year.

The Net Income grew in 2016, reaching AOA 1,730,636,000 (USD 10,551,000), up 224.5% from 2015.

The Regulatory Solvency Ratio, calculated in accordance with that described by Instruction no. 3/11 of the BNA, reached 11.4%, above the required minimum 10%.

Solidity of the Bank

The BNI's Net Assets increased by 13.1% in 2016, reflecting a growth of AOA 29,945,298,000 year-on-year, driven especially by the growth in the Securities of AOA 38,631,822,000, as well as by the increase of AOA 9,128,018,000 in the loan portfolio.

The ROA was 0.7%, compared to 0.2% in 2015.

The Regulatory Own Funds were at AOA 22,880,397,000 (USD 137,915,000), compared to AOA 17,374,330,000 (USD 128,399,000).

Balance Sheet

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Balance Sheet							
Cash and Cash on Hand	35 560 199	214 344	14%	41 155 277	304 144	18%	-14%
Software in Central Banks and in Other C.I	33 085 813	199 429	13%	25 224 040	186 410	11%	31%
Securities	67 155 127	404 786	26%	28 523 305	210 792	12%	135%
Total Credit	93 484 839	563 492	36%	84 356 821	623 411	0%	11%
Other Assets	9 165 408	55 246	4%	20 869 640	154 230	0%	-56%
Other Fixed Assets	20 354 984	122 692	8%	28 731 989	212 334	37%	-29%
Total Assets	**258 806 370**	**1 559 990**	**-**	**228 861 072**	**1 691 321**	**-**	**13%**
Resources of Customers and Other Loans	227 357 769	1 370 429	94%	172 954 785	1 278 164	81%	31%
Resources in Central Banks and in Other C.I.	4 343 315	26 180	2%	28 739 492	212 390	14%	-85%
Subordinated Liabilities	7 901 484	47 627	3%	6 874 002	50 800	3%	15%
Other Liabilities	2 408 544	14 518	1%	2 342 954	17 315	1%	3%
Provisions	214 774	1 295	0%	1 461 575	10 801	1%	-85%
Total Liabilities	**242 225 886**	**1 460 049**	**-**	**212 372 808**	**1 569 470**	**-**	**14%**
Equity and Net Income	**16 580 484**	**99 941**	**-**	**16 488 264**	**121 851**	**-**	**1%**
Total Liabilities and Equity	**258 806 370**	**1 559 990**	**-**	**228 861 072**	**1 691 321**	**-**	**13%**

In December 2016, the Bank's Net assets reached AOA 258,806,370,000 (USD 1,559,990,000), compared to AOA 228,861,072,000 (USD 1,691,321,000) in 2015, up 13.08%, i.e., AOA 29,945,298,000, essentially driven by the Marketable Securities set at AOA 67,155,127,000 (USD 404,786,000), representing 25.95% (2015: 12.46%) of the bank's net assets.

The bank's assets are primarily financed by customer deposits, with a weight of 88%.

Cash and Cash Equivalents

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Cash	2 879 124	17 354	8%	3 237 116	23 923	8%	-11%
- National currency	2 354 634	14 193	-	2 576 204	19 039	-	-9%
- Foreign currency	524 490	3 161	-	660 912	4 884	-	-21%
Cash on Hand in the Central Bank	25 160 642	151 659	71%	29 361 034	216 983	71%	-14%
- National currency	23 195 286	139 813	-	22 995 212	169 938	-	1%
- Foreign currency	1 965 356	11 846	-	6 365 822	47 044	-	-69%
Cash on Hand in Other Credit Institutions	7 520 433	45 330	21%	8 557 127	63 239	21%	-12%
- Foreign currency	7 520 433	45 330	-	8 557 127	63 239	-	-12%
Cash and Cash on Hand	**35 560 199**	**214 344**	**-**	**41 155 277**	**304 144**	**-**	**-14%**

The Cash on Hand was at AOA 35,560,199,000 (USD 214,344,000), recording a slowdown of 13.60%, equivalent to AOA 5,595,078,000 compared to 2015, representing 13.74% (2015: 17.98%) of net assets.

Forcing this fall was the category of Cash on Hand in the Central Bank with a reduction of AOA 4,200,392,000, as well as the Cash on Hand in Financial Institutions, which presented a slowdown of AOA 1,036,694,000.

Amounts Owed by Credit Institutions

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Investments in domestic credit institutions	17 200 000	103 675	52%	8 000 998	59 129	32%	115%
- Deposits in the National Bank of Angola	17 200 000	103 675	-	8 000 998	59 129	-	115%
Investments in foreign credit institutions	15 861 776	95 609	48%	16 051 040	118 620	64%	-1%
- Collateral deposits	2 824 134	17 023	-	3 083 612	22 788	-	-8%
- Provision of liquidity	13 037 642	78 586	-	12 967 428	95 831	-	1%
Accrued interest	24 037	145	0%	1 172 002	8 661	5%	-98%
Software in Central Banks and in Other C.I	**33 085 813**	**199 429**	**-**	**25 224 040**	**186 410**	**-**	**31%**

Amounts Owed by Credit Institutions were at AOA 33,085,813,000 (USD 199,429,000), up 31.17%, AOA 7,861,773,000 compared to 2015. Amounts owed by credit institutions accounted for 12.78% of the Bank's total assets (2015: 10.77%).

Securities

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Financial assets at fair value through profit and loss	2 409 973	14 526	4%	1 536 473	11 355	5%	57%
- Indexed OT's	2 409 973	14 526	-	1 536 473	11 355	-	57%
Financial assets available for sale	23 599	142	0%	23 599	174	0%	0%
- EMIS gross exposure	23 599	142	-	23 599	174	-	0%
Investments held until maturity	64 721 555	390 118	9%	26 963 233	199 263	95%	140%
Bonds and other fixed-income securities							
- Kwanzas	56 757 686	342 115	-	25 529 299	188 666	-	122%
- Dollars	6 981 198	42 080	-	944 103	6 977	-	639%
- Interest	982 671	5 923	-	489 831	3 620	-	101%
Securities	**67 155 127**	**404 786**	**-**	**28 523 305**	**210 792**	**-**	**135%**

The BNI's Marketable Securities portfolio is comprised of Financial Assets at fair value through profit and loss (Treasury Bonds indexed to the US Dollar) set at AOA 2,409,973,000 (USD 14,526,000), Financial assets available for sale (Emis) set at AOA 23,599,000 (USD 142,000) and Investments held until maturity set at AOA 64,721,555,000 (USD 390,118,000).

The category's total amounted to AOA 67,155,127,000 (USD 404,786,000), compared to AOA 28,523,305,000 (USD 210,792,000) in 2015, having recorded a similar positive variation of 135.44%, around AOA 38,631,822,000, representing 25.95% (12.46% in 2015) of the Net assets.

Credit

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Domestic currency	77 223 176	465 473	*83%*	67 603 595	499 602	80%	14%
- Companies and public sector	81 146 583	489 122	-	75 698 497	559 424	-	7%
- Individuals	6 016 668	36 266	-	5 030 797	37 178	-	20%
- Impairment	(9 940 075)	(59 915)	-	(13 125 699)	(97 001)	-	-24%
Foreign currency	16 261 663	98 019	*17%*	16 753 226	123 809	20%	-3%
- Companies and public sector	19 579 722	118 019	-	19 624 278	145 027	-	0%
- Individuals	1 847 417	11 136	-	757 646	5 599	-	144%
- Impairment	(5 165 476)	(31 136)	-	(3 628 698)	(26 817)	-	42%
Total Credit	**93 484 839**	**563 492**	-	**84 356 821**	**623 411**	-	11%

In December 2016 the Total credit was at AOA 93,484,839,000 (USD 563,492,000), up 10.82%, i.e., AOA 9,128,018,000, year-on-year, accounting for 36.12% of the Bank's Net assets.

The Outstanding credit in 2016 amounts to a total of AOA 102,331,566,000 (USD 616,817,000), up 7.77%, i.e., AOA 7,380,000,000 year-on-year.

At 31 December 2016, the Credit in NC reached AOA 77,223,176,000 (USD 465,473,000), and the Credit in FC reached AOA 16,261,663,000 (USD 98,019,000), with weights of 82.61% (2015: 80.14%) and 17.39% (2015: 19.86%) of total credit, respectively, reflecting the bank's efforts to cut exposure to credit in foreign currency.

At 31 December 2016, the Overdue loans were at AOA 6,258,824,000 (USD 37,726,000), compared to AOA 6,159 652,000 (USD 45,521,000) in 2015, up 1.61%, around AOA 99,172,000, achieving an overdue loan ratio of 5.76% (6.09% in 2015).

The hedge ratio of overdue loans through provisions for doubtful debt was 241.35% in 2016, compared to 272.00% in the same period in 2015.

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Gross Lending	108 590 390	654 543	116%	101 111 218	747 228	120%	7%
- Due credit	102 331 566	616 817	-	94 951 566	701 708	-	8%
- Overdue credit	6 258 824	37 726	-	6 159 652	45 521	-	2%
Impairment	(15 105 551)	(91 051)	-16%	(16 754 397)	(123 818)	20%	-10%
Total Credit	**93 484 839**	**563 492**	**-**	**84 356 821**	**623 411**	**-**	**11%**

The **Impairments** in 2016 were at AOA 15,105,551 (USD 91,051,000), compared to AOA 16,754,397,000 (USD 123,818,000) in 2015, a reduction of AOA 1,648,846,000 from 2015, reflecting the focus on the improvement in the quality of the Loan portfolio.

The **Impairments of the Financial Year** were at AOA 4,157,485,000 (USD 25,347,000), compared to AOA 4,849,897,000 (USD 40,438,000), representing a risk cost of 3.83% (4.84% in 2015).

Liabilities

The Bank ended the financial year of 2016 with Liabilities of AOA 242,225,886,000 (USD 1,460,049,000), up 14.06%, AOA 29,853,078,000 more year-on-year.

Leveraging the Liabilities were essentially the Customer Deposits at AOA 227,357,769,000 (USD 1,370,429,000) with a weight of 93.86% (81.44% in 2015) over the Liabilities total.

Customer Deposits

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Demand deposits	120 874 787	728 589	53%	107 357 595	793 390	62%	13%
Term deposits	106 482 982	641 840	-	65 597 190	484 774	-	62%
- Term deposits	105 933 058	638 526	47%	65 593 377	484 746	38%	61%
- Other	549 924	3 315	0%	3 813	28	0%	14322%
Total	**227 357 769**	**1 370 429**	**-**	**172 954 785**	**1 278 164**	**-**	**31%**

The **Customer deposits** in 2016 reached a total of AOA 227,357,769,000 (USD 1,370,429,000), up 31.46%, i.e., AOA 54,402,984,000 (USD 92,265,000) year-on-year, representing 93.86% of the Bank's total liabilities.

The deposit portfolio is comprised of demand, term and other deposits, with weights of 53.17%, 46.59% and 0.00%, respectively.

Demand deposits were AOA 120,874,787,000 (USD 728,589,000), up 12.59%, AOA 13,517,192,000, year-on-year. The Term deposits totalled AOA 105,933,058,000 (USD 638,526,000), up 61.50%, AOA 40,339,681,000, year-on-year.

The Other deposits were at AOA 549,924,000 (USD 3,315,000), up 14322.34%, AOA 546,111,000, year-on-year.

The transformation ratio was 47.76%, compared to 58.46% in 2015.

Income Statement

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Financial margin	9 413 832	57 394	-	10 790 021	89 139	-	-13%
Income from the trading of financial instruments	17 928	109	-	-	-	-	-
Other operating income	325 141	1 982	-	768 598	6 350	-	-58%
Foreign exchange earnings	5 938 419	36 205	-	1 680 268	13 881	-	253%
Income from financial services rendered	2 179 693	13 289	-	1 491 973	12 326	-	46%
Income from the disposal of other assets	18 274	111	-	406	3	-	4401%
Impairment of loans net of reversals and recoveries	(4 157 485)	(25 347)	-	(4 894 897)	(40 438)	-	-15%
Other operating costs and income	(12 340 287)	(75 236)	-	(9 054 770)	(74 804)	-	36%
Charges with current income	335 120	2 043	-	(248 276)	(2 051)	-	35%
Net Income	**1 730 636**	**10 551**	**-**	**533 323**	**4 406**	**-**	**225%**

The **Financial margin** in 2016 totalled AOA 9,413,832,000 (USD 57,394,000), compared to AOA 10,790,021,000 (USD 89,139,000) seen in the same period of the previous year, a slowdown of 12.75%, i.e., AOA (1,376,189,000), essentially driven by the increase in the interest of resources of customers, of AOA 2,155,754,000 (+56.18%) .

The Foreign exchange earnings in 2016 totalled AOA 5,938,419,000 (USD 36,205,000), compared to AOA 1,680,268,000 (USD 13,881,000) seen in the same period of the previous year, up 253.42%, or in other words, AOA 4,258,151,000, on account of the Bank's investment in Angolan Treasury Bonds, indexed to the US Dollar.

Overhead

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Staff expenses	(4 459 765)	(27 190)	36%	(3 349 144)	(27 668)	37%	33%
Third-party supplies	(5 341 602)	(32 567)	43%	(3 891 301)	(32 147)	43%	37%
Amortization and depreciation	(1 269 191)	(7 738)	10%	(1 279 330)	(10 569)	14%	-1%
Provisions and losses by impairment net of write-offs	(11 070 558)	(67 495)	-	(8 519 775)	(70 384)	-	30%

The **Structure costs** are the Costs with staff, Supplies from third parties, Amortisations of the financial year and Provisions, totalling AOA 12,340,287,000 (USD 75,236,000), up 36.28% in comparison with 2015.

The cost-to-income ratio was 67.74%, compared to 60.33% in 2015

Profitability

The Bank ended the financial year of 2016 with a Net Income of AOA 1,730,636,000 (USD 10,551,000), up 224.50%, around AOA 1,197,313,000 (USD 7,300,000) year-on-year.

The return on Equity (ROE) was 7.56%, compared to 3.07% in 2015. The return on Assets (ROA) was 0.67%, compared to 0.23% in 2015.

Regulatory Own Funds and Solvency

	2016 AOA'000	2016 USD'000	Weight (%)	2015 AOA'000	2015 USD'000	Weight (%)	Δ(%)
Risk-weighted assets	151 838 703	915 228	-	149 702 678	1 106 327	-	1%
Original Own Funds (Tier 1)	25 113 850	153 114	-	16 839 820	139 118	-	49%
Deductions from original own funds	(1 552 267)	(9 464)	-	(1 963 123)	(16 218)	-	-21%
Original Equity	17 018 348	102 580		11 875 129	87 759		43%
Additional Equity	5 862 049	35 334	-	5 499 201	40 640	-	7%
Regulatory Equity	22 880 397	137 915	-	17 374 330	128 399	-	32%
Requirement of Capital for Foreign Exchange Risk (ECRC)	4 854 053	29 258	-	2 391 599	17 674		103%
Solvency	**11%**	**-**	**-**	**10%**	**-**	**-**	**12%**

The **Regulatory Own Funds** reached AOA 22,880,397,000 (USD 137,915,000) in 2016, up 31.69%, i.e., AOA 5,506,067,000, essentially driven by the increase in the Original Own Funds, at AOA 5,143,219,000.

The **Assets Weighted by Risk** totalled AOA 151,838,703,000 (USD 915,228,000) in accordance with the new calculation model, based on instruction no. 3/2011 of 08 June.

The **Solvency Ratio**, calculated based on the same National Bank of Angola instruction, was 11% compared to 10% in 2015.

FINANCIAL STATEMENTS

BALANCE SHEET

AOA'000

	Notes	31.12.2016	31.12.2015	01.01.2015
Assets				
Cash and cash on hand in central banks	14	28 039 766	32 598 150	23 824 038
Cash on hand in other credit institutions	15	7 520 433	8 557 127	6 128 720
Investments in central banks and in other credit institutions	16	33 085 813	25 224 040	16 400 687
Financial assets at fair value through profit and loss	17	2 409 973	1 536 473	-
Financial assets available for sale	18	23 599	23 599	23 599
Investments held until maturity;	19	64 721 555	26 963 233	23 613 438
Loans to customers	20	93 484 839	84 356 821	80 789 030
Non-current assets held for sale	21	4 343 924	8 244 115	6 748 389
Tangible assets	22	15 530 647	15 899 744	15 204 999
Intangible assets	22	211 761	123 786	9 460 423
Investments in subsidiaries, associated companies and joint ventures	23	268 652	4 464 344	3 990 119
Current tax assets	24	234 190	539 083	-
Deferred tax assets	24	3 107 150	2 353 657	2 405 782
Other assets	25	5 824 068	17 976 900	8 458 581
Total assets		**258 806 370**	**228 861 072**	**197 047 805**
Liabilities and equity				
Resources of central banks and other credit institutions	26	4 343 315	28 739 492	17 093 225
Resources of customers and other loans	27	227 357 769	172 954 785	155 353 175
Provisions	28	214 774	1 461 575	966 445
Subordinated liabilities	29	7 901 484	6 874 002	5 225 440
Other liabilities	30	2 408 544	2 342 954	4 308 564
Total Liabilities		**242 225 886**	**212 372 808**	**182 946 849**
Share Capital	32	14 642 808	14 642 808	14 642 808
Own shares	32	(1 071 854)	(339 713)	(1 342 746)
Revaluation reserves	32	(918 276)	(11 844)	(1 164 827)
Other reserves and retained earnings	31	2 197 170	1 663 690	669 242
Individual net income of the financial year		1 730 636	533 323	1 296 479
Equity		**16 580 484**	**16 488 264**	**14 100 956**
Liabilities and equity total		**258 806 370**	**228 861 072**	**197 047 805**

INCOME STATEMENT

			AOA'000
	Notes	**31.12.2016**	**31.12.2015**
Interest and similar income	4	16 696 135	16 152 696
Interest and similar charges	4	(7 282 303)	(5 362 675)
Financial margin		**9 413 832**	**10 790 021**
Income from services and commissions	5	2 684 825	2 587 824
Charges with services and commissions	5	(505 132)	(1 095 851)
Income from financial assets and liabilities valued at fair value through profit and loss	6	17 928	-
Foreign exchange earnings	7	5 938 419	1 680 268
Income from disposal of other assets	8	18 274	406
Other operating income	9	325 141	768 598
Product of the banking activity		**17 893 287**	**14 731 266**
Staff costs	10	(4 459 765)	(3 349 144)
Supplies and services of third parties	11	(5 341 602)	(3 891 301)
Depreciations and amortisations of the financial year	22	(1 269 191)	(1 279 330)
Provisions net of write-offs	12	907 993	(165 282)
Impairment for loans to customers net of reversals and recoveries	20	(4 157 485)	(4 894 897)
Impairment for other assets net of reversals and recoveries	12	(2 177 722)	(369 713)
Income of continuing operations before taxes		**1 395 515**	**781 599**
Income taxes		335 121	(248 276)
Current	24	32 285	-
Deferred	24	302 836	(248 276)
Net income		**1 730 636**	**533 323**

COMPREHENSIVE INCOME STATEMENT

AOA'000

	Notes	31.12.2016	31.12.2015
Net income of the financial year		1 730 636	533 323
Items that shall not be reclassified into income gains/(losses) in the repurchase of own shares	13	(906 432)	1 152 983
Total		**824 204**	**1 686 306**

STATEMENT OF CHANGES IN EQUITY

AOA'000

				Reserves, income and other comprehensive income					
	Capital	Own shares	Social fund	Revaluation reserves	Retained earnings	Other reserves	Total	Net income of the financial year	Total Equity
	Notes	31.12.2016	31.12.2015						
Balance at 31 December 2014 (CONTIF)	**14 642 808**	**(1 342 746)**	**10 325**	**(1 154 502)**	**2 930 483**	**3 558 137**	**5 334 118**	**1 296 479**	**19 940 984**
Alteration of accounting policies to IFRS	-	-	(10 325)	(10 325)	(2 261 241)	(3 558 137)	(5 829 703)	-	(5 840 028)
Balance at 1 January 2015 (IFRS Proforma)	**14 642 808**	**(1 342 746)**	**-**	**(1 164 827)**	**669 242**	**-**	**(495 585)**	**1 296 479**	**14 100 956**
Acquisition of own shares net of disposals	-	1 003 033	-	-	-	-	-	-	1 003 033
Gains/(losses) in the purchase/sale of own shares	-	-	-	1 152 983	-	-	1 152 983	-	1 152 983
Dividend distribution	-	-	-	-	-	-	-	(291 707)	(291 707)
Incorporation of retained earnings	-	-	-	-	994 448	-	994 448	(1 004 772)	(10 324)
Net income of the financial year before alteration of accounting policies to IFRS	-	-	-	-	-	-	-	1 247 014	1 247 014
Alteration of accounting policies to IFRS	-	-	-	-	-	-	-	(713 691)	(713 691)
Balance at 31 December 2015	**14 642 808**	**(339 713)**	**-**	**(11 844)**	**1 663 690**	**-**	**1 651 846**	**533 323**	**16 488 264**
Acquisition of own shares net of disposals	-	(732 141)	-	-	-	-	-	-	-
Gains/(losses) in the purchase/sale of own shares	-	-	-	(906 432)	-	-	(906 432)	-	-
Dividend distribution	-	-	-	-	-	-	-	-	-
Incorporation of retained earnings	-	-	-	-	533 323	-	533 323	(533 323)	(533 323)
Net income of the financial year	-	-	-	-	-	-	-	1 730 636	1 730 636
Other	-	-	-	-	157	-	157	-	-
Balance at 31 December 2016	**14 642 808**	**(1 071 854)**	**-**	**(918 276)**	**2 197 170**	**-**	**1 278 894**	**1 730 636**	**16 580 484**

CASH FLOW STATEMENT

		AOA'000
	31.12.2016	**31.12.2015**
Cash flows of operational activities		
Received interest and income	12 991 063	8 926 778
Paid interest and costs	(7 265 313)	(5 040 089)
Received services and commissions	2 179 693	2 801 811
Paid services and commissions	(505 132)	(1 095 851)
Recoveries of loans	278 645	44 446
Contributions to the pension fund	0	0
Cash payments to employees and suppliers	(9 457 952)	(7 336 003)
Foreign exchange transactions	2 394 646	214 500
Variation in the operating assets and liabilities		
Investments in and Resources of Central Banks	(9 199 002)	2 286 872
Financial assets at fair value through profit and loss	(388 791)	4 798 465
Investments in credit institutions	3 187 398	(9 041 221)
Loans to customers	(3 189 056)	(4 546 141)
Resources of customers and other loans	27 212 649	19 155 577
Other operating assets and liabilities	352 431	1 309 165
Net cash flows of the operational activities, before taxes on profits	**18 591 279**	**12 478 309**
Paid taxes on profits	0	(209 836)
Cash flows of the operational activities	**18 591 279**	**12 268 473**
Cash flows of the financing activities		
Investments held until maturity	(25 513 891)	(958 528)
Purchase of assets	(1 061 170)	(1 092 201)
Fluxos de caixa líquidos das actividades de investimento	**(26 575 061)**	**(2 050 729)**
Fluxos de caixa das actividades de financiamento		
Capital reductions	(1 638 573)	0
Issue of subordinated liabilities	5 038 835	0
Repayment of subordinated liabilities	(4 011 353)	0
Paid dividends of ordinary shares	0	(81 897)
Net cash flows of the financing activities	**(611 091)**	**(81 897)**
Net variation in cash and its equivalents		
Cash and equivalents at the start of the period	40 985 941	29 885 788
Effects of the alteration of the exchange rate on cash and its equivalents	3 169 131	964 306
Net variation in cash and its equivalents	(8 594 873)	10 135 847
Cash and equivalents at the end of the period	**35 560 199**	**40 985 941**

ANNEX TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2016 AND 2015

Note 1 - Introductory Note

Banco de Negócios Internacional, S.A., hereinafter referred to as "Bank" or "BNI", headquartered in Luanda, is a Private equity bank that was incorporated on 2 February 2006, with the corporate purpose of the exercise of banking activity, on the terms and within the limits of the Angolan law. The business activity began on 13 November 2006.

Note 2 – Main accounting policies

2.1 Basis of presentation

Within the scope of that provided for in Notice no. 6/2016 of 22 June, of the National Bank of Angola, the financial statements of Banco de Negócios Internacional, S.A. of financial years starting from 1 January 2016 are prepared in accordance with the International Financial Reporting Standards ("IFRS").

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

The hereby presented individual financial statements of the Bank are reported to the financial year ending 31 December 2016.

Considering that up to 31 December 2015 the Bank prepared their financial statements in accordance with the CONTIF, the financial statements for the financial year ending on that date, presented in this report, were prepared in accordance with the IFRS for merely comparative purposes in compliance with the IFRS 1 (see note 39).

The accounting standards and interpretations that were recently issued but which still haven't entered into force and that the Bank still hasn't applied in the preparation of their financial statements can be analysed in note 40.

The financial statements are expressed in thousands of Kwanzas (AOA' 000), rounded to the closest thousand and they were prepared under the assumption of continuity of the operations. They were prepared in accordance with the historical cost principle, with exception of the assets and liabilities recorded at their fair value, namely derivative financial instruments, financial assets and liabilities at fair value through profit and loss and financial assets available for sale.

The preparation of financial statements in accordance with the IFRS requires the Bank to make judgements and estimates and use assumptions that affect the application of the accounting policies and the amounts of income, costs, assets and liabilities. Changes in said assumptions or differences of these in light of the reality may have impacts on the current estimates and judgements. The areas that involve a greater level of judgement or complexity, or where significant assumptions or estimates are used in the preparation of the financial statements, are analysed in Note 3.

The individual financial statements and the management report of the financial year ending 31 December 2016 were approved in the Board of Directors meeting on 14 July 2017, and shall be submitted for approval of the Annual Meeting which has the power to alter them. However, the conviction of the Board of Directors is that they will come to be approved without significant alterations.

2.2 Transactions in foreign currency

The transactions in foreign currency are converted into the functional currency (Kwanza) at the exchange rate in force on the date of the transaction. The monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate in force on the balance sheet date. The exchange rate differences resulting from the conversion are recognised in the income statement.

The non-monetary assets and liabilities denominated in foreign currency and recorded at historical cost are converted into the functional currency at the exchange rate in force on the date of the transaction. The non-monetary assets and liabilities recorded at fair value are converted into the functional currency at the exchange rate in force on the date in which the fair value is determined and recognised through the income statement, with exception of those recognised in financial assets available for sale, whose difference is recorded in reserves.

The AOA/USD exchange rates at 31 December 2016 and 2015 were the following:

	2016	2015
USD	165,903	135,315

On the date of their contracting, the spot and forward purchases and sales of foreign currency are immediately recorded in the spot or forward currency position, whose revaluation content and criterion and are as follows:

Spot currency position:
The spot currency position in each currency is given by the net balance of the assets and liabilities of this currency, as well as of the spot transactions awaiting settlement and of the forward transactions with maturity in the subsequent two business days. The spot currency position is reassessed on a daily basis based on the average exchange rate published by the BNA on that date, giving rise to an entry in the currency position account (domestic currency), recorded through the income statement.

Forward currency position:
The forward currency position in each currency corresponds to the net balance of the forward transactions awaiting settlement, excluding those that mature within the subsequent two business days. All the contracts relative to these transactions (currency forwards) are revalued at the market's forward exchange rates or in their absence, through their calculation based on the interest rates applicable to the residual maturity of each transaction. The difference between the exchange values in Kwanzas at the applied forward revaluation rates and the exchange values at the contracted rates, which represent the cost or income or the cost of revaluation of the forward currency position is recorded in the categories of "Foreign exchange transactions" of the asset or liability, through the income statement.

2.3 Loans to customers

The loans to customers include the loans originated by the Bank, whose intention isn't that of sale in the short term, which are recorded on the date in which the loan amount is paid upfront to the customer.

The loans to customers are derecognised from the balance sheet when (i) the contractual rights of the Bank relative to the respective cash flows have expired, (ii) the Bank has substantially transferred all the risks or benefits associated with their holding, or (iii) notwithstanding the Bank having retained part of but not substantially all the risks or benefits associated with their holding, the control over the assets was transferred.

The loans to customers are initially recognised at their fair value, plus the transaction costs, and they are subsequently valued at amortised cost, based on the effective interest rate method, being presented in the balance sheet as deducted from impairment losses.

Impairment

he Bank's policy consists of the regular assessment of the existence of objective evidence of impairment in their loan portfolio. The identified impairment losses are recorded through the income statement, and subsequently reversed through the income statement if a reduction in the amount of the estimated loss, in a subsequent financial year, is verified.

After the initial recognition, a loan or a customer loan portfolio, defined as a set of loans with similar risk characteristics, is impaired (i) when there is objective evidence of impairment resulting from one or more events, and (ii) when they have an impact on the estimated value of the future cash flows from the loan or customer loan portfolio, which may be reliably estimated.

In accordance with the IAS 39 there are two methods for the calculation of the impairment losses: (i) individual analysis and (ii) collective analysis.

(i) Individual analysis

The assessment of the existence of impairment losses in individual terms is determined through an analysis of the total credit exposure case by case. For each loan considered individually significant, the Bank assesses, on each balance sheet date, the existence of objective evidence of impairment.

The materiality criteria indicated for the identification of individually significant customers by the BNI are 0.1% of the amount of Own Funds for customers/economic groups with signs of impairment and 0.5% of the amount of Own Funds for customers/economic groups without evidence of impairment.

The overall amount of exposure of each customer/economic group doesn't consider the application of conversion factors for the off-balance sheet exposures.

In the determination of the impairment losses, in individual terms, the following factors are considered:

- the total exposure of each customer with the Bank and the existence of loans overdue;
- the economic and financial feasibility of the customer's business and their capacity to generate sufficient means for meeting the debt service in the future;
- the existence, nature and the estimated value of the collateral associated with each loan;
- the assets of the customer in situations of liquidation or bankruptcy;
- the existence of privileged creditors;
- the indebtedness of the customer to the financial sector;
- the amount and the estimated recovery periods; and
- other factors.

The impairment losses are calculated through the comparison of the current value of the expected future discounted cash flows at the original effective interest rate of each contract and the accounting value of each loan, with the losses recorded through the income statement. The accounting value of the loans with impairment is presented in the net balance sheet of the impairment losses. For the loans with a variable interest rate, the used discount rate corresponds to the annual effective interest rate, applicable in the period in which the impairment was determined.

(ii) Collective analysis

The loans for which objective evidence of impairment wasn't identified are grouped based on similar risk characteristics with the aim of determining the impairment losses in collective terms. This analysis allows the Bank to recognise losses whose identification, in individual terms, shall only occur in future periods.

The impairment losses based on the collective analysis are calculated through two perspectives:

- For homogeneous groups of loans not considered individually significant; or
- In relation to losses incurred but not reported ('IBNR') in loans for which there is no objective evidence of impairment.

The impairment losses in collective terms are determined whilst considering the following aspects:

- Historical experience of losses in portfolios with similar risks;
- Knowledge of the current economic and lending climates and of their influence on the level of the historical losses; and
- Estimated period between the occurrence of the loss and its identification.

The methodology and the assumptions used to estimate the future cash flows are revised regularly by the Bank in order to monitor the differences between the estimates of losses and the real losses.

Segmentation of the loan portfolio for collective analysis

n accordance with the IAS 39, the non-significant customers are included in homogeneous segments with a similar credit risk, taking into account the Bank's management model, and subject to the determination of impairment on a collective basis. In this way, it is sought to ensure that, for purposes of analysis of these exposures and determination of the risk parameters, they present similar risk characteristics.

In relation to the segmentation of exposures for purposes of calculation of the risk parameters, the Bank decided to carry it out based on two strands, namely segmentation based on the customer and product type (homogeneous populations) and risk buckets. The customers/operations are classified at each temporary moment based on these two strands, with them being the basis for the later estimate of the risk parameters per segment.

For purposes of definition of the homogeneous populations, within the scope of the estimate of the PD, some characteristics of the credit operations, such as the type of customer and the type of product, namely the following, were considered as relevant factors of segmentation: (i) Companies (public sector and companies) and (ii) Individuals: (overdrafts, consumer credit and loans).

In relation to the segmentation of exposures for purposes of calculation of LGD, this segmentation is typically carried out based on factors such as the type of product, type of customer, existence and type of collateral associated with each operation and time or status of the customer at this time (i.e. restructured, in litigation, amongst others).

Signs of impairment

In accordance with the IFRS, a financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective proof of impairment, as a result of one or more events that occurred after the initial receipt of the asset and if this loss event has an impact on the estimated future cash flows from the financial asset or of the group of financial assets, which may be reliably estimated.

The institutions must ensure the timely identification of the incurred losses and the respective accounting recognition of the associated impairment, whilst adopting conservative and appropriate signs of impairment for each credit segment. In this way, the Bank carried out an analysis of the profile of their loan portfolio in order to identify the most relevant factors for the identification of situations of degradation of their customers' credit status.

Definition of risk classes

Within the scope of the determination of the impairment losses for loans analysed collectively, in line with the regulatory requirements, the Bank carries out the classification of the exposures into the following risk classes: (i) default; (ii) default up to 90 days; (iii) default with signs; (iv) restructured; (v) recovered; and (vi) regular.

The entry and exit criteria are in line with that recommended in Instruction 5/2016 of the National Bank of Angola.

Emerging period

The calculation process of the risk parameter of probability of default (PD) is based on the segmentation defined by the Bank, and each segment represents a homogeneous group of customers/operations. It is necessary to ensure that each segment of calculation of PD is homogeneous towards their customers and heterogeneous amongst themselves. In this way it is possible to ensure that the risk is managed homogeneously in the different segments of the portfolio, as two customers with identical risk profiles shall have identical probabilities of default.

The determination of impairment for losses incurred but not reported depends on the definition of the emerging period that corresponds to the period of time between the event of default and the observation of this default by the Bank.

The Bank assumed 12 months as an emerging period.

Collateral valuation process

The valuation of the guarantees is ensured regularly so that the Bank has updated information about the value of these hedging instruments and, consequently, of their capacity of mitigation of the risk of the credit operations.

Loan granting phase

In the scope of the conditions of approval of the credit operations, whenever the need to obtain a guarantee from the customer is defined, if the type of the identified guarantee or collateral implies a request for valuation for the definition and validation of its value, a request for valuation of the guarantee from the Credit Analysis Division or Commercial Division must be requested, as a way of them contacting and triggering the process together with independent external valuers.

Loan monitoring phase

In relation to the periodic collateral revaluation process, namely with regard to the criteria that were defined for the carrying out of a new valuation of the mortgage collateral, it was defined that the Department of Operations (DOP) shall be responsible for the identification of the guarantees that must be subject to revaluation and for triggering the respective process together with independent external valuers.

Loan recovery phase

Whenever it is relevant in the scope of the loan recovery process and in order to determine the recoverable amount of the loan through the execution of existing guarantees or for supporting a loan restructuring operation, the Loan Recovery Division may request the revaluation of the guarantees associated with the operations under their management.

The valuation value of each type of guarantee is determined based on the specificities of each of these instruments, whilst considering the following criteria:

(i) Real Estate

The valuation value considered as a guaranteed value corresponds to the minimum value between the valuation value and the maximum Mortgage amount, to which the amount of other mortgages not belonging to the Bank and with a priority over it is subtracted beforehand, whenever this information is available.

In accordance with Notice 10/2014 of the BNA, issued in December 2014, regarding guarantees accepted for prudential purposes, the real estate rights must be subject to revaluation at least every other 2 years, whenever the position in risk represents:

- An amount equal to or greater than 1% of the total of the institution's loan portfolio or equal to or greater than AOA 100,000,000; or
- Situations of loans due over 90 days ago and/or other material signs of impairment provided that the last valuation date is more than 6 months ago; or
- Situations in which alterations of another nature in the market conditions are identified with a potential significant impact on the value of the real estate assets and/or on a group of or further real estate assets with similar characteristics.

The valuation values and dates of the guarantees are recorded on the collateral management system, which issues notices regarding the dates for revaluation.

(ii) Pledge of term deposits

The value of the guarantee shall be the nominal value of the deposit, as well as the respective interest (if applicable).

(iii) Other received guarantees

In relation to other received guarantees, namely pledges of equipment, trademarks and of works of art, the market value is considered determined based on an adjusted valuation, less than 1-year-old, to be carried out by a suitable entity with specific competence taking into account the particular nature of each received guarantee. The validation of the property, safeguarding and operating conditions of the underlying assets is a necessary condition for the valuation of these types of guarantees. The possible exceptions to this rule are subject to professional judgement, and discounts adjusted to the specific nature of the assets are applied.

Should there not be a valuation of the guarantee, or it not be possible to guarantee the property and safeguarding of the assets, the value of the received guarantee isn't considered for purposes of determination of impairment losses.

Taking into account the underlying difficulties in terms of a correct and careful valuation of these types of received guarantees, the Bank has opted to follow a conservative approach and not consider them as mitigating instruments of credit risk.

(iv) Other financial assets

In the case of listed equity securities and interests, the value to be considered shall be the market value at the report's reference date. For non-listed equity securities and interests, valuations through the discounted cash flow method, or another alternative method if it is considered more applicable, are considered. The valuations, undertaken through the discounted cash flow method, are carried out through assistance from suitable entities based on the last audited accounts with a reference date no older than 18 months, and possible exceptions to this rule are subject to a professional judgement in accordance with the specific circumstances of valuation and the characteristics of each type of financial asset considered.

As alternative methods of valuation of non-listed equity securities and interests, the Bank uses (i) the multiples method or alternatively (ii) the adjusted equity value method, and the choosing of the respective valuation method is dependent on the available information and specific characteristics of each instrument, at the time of this valuation, and the Bank decides at all times which is the most appropriate method to be used.

In order to adopt a conservative approach in the incorporation of the value of the guarantees into the loan portfolio, the Bank defined a set of devaluation coefficients (haircuts) that seek to reflect the risk in the use of the guarantees and which can be translated into two dimensions, namely: i) the legal and procedural obstacles to their execution; ii) the volatility of their market value.

Loan write-offs

The accounting annulment of the loans is carried out when there aren't realistic perspectives of recovery of the loans, in an economic perspective, and for collateralised loans, when the funds from the realisation of the collateral were already received, through the use of impairment losses when they correspond to 100% of the value of the loans considered as non-recoverable.

2.4 Other financial instruments

(i) Classification, initial recognition and subsequent measurement

The Bank recognises accounts receivable and payable, deposits, issued debt securities and subordinated liabilities on the date in which they are originated. All the other financial instruments are recognised on the date of the transaction, which is the moment from which the Bank becomes an integral part of the contract and they are classified whilst considering the intention that is subjacent to them according to the categories described below:

- Financial assets and liabilities at fair value through profit and loss, and within this category a
  - Held for trading;
  - Designated at fair value thro
- Investments held until maturity;
- Financial assets available for sale; and
- Financial liabilities.

A financial asset or liability is initially measured at fair value plus transaction costs directly attributable to the acquisition or issue, except if they are items recorded at fair value through profit and loss in which the transaction costs are immediately recognised as costs of the financial year. The Treasury Bonds issued in national currency and indexed at the United States Dollar exchange rate are subject to exchange rate adjustment.

The result of the exchange rate adjustment of the nominal value of the security, the discount and of the accrued interest, is reflected in the income statement of the financial year in which it occurs, in the "Foreign exchange earnings" category.

1) Financial assets and liabilities at fair value through profit and loss

1a) Financial assets held for tradin

The financial assets held for trading are those acquired with the main aim of being traded in the short-term or that are held as an integral part of an asset portfolio, normally from securities or derivatives, in relation to which there is evidence of recent activities leading to the realisation of short-term gains.

Derivatives held for trading

The derivatives that aren't considered in an accounting hedge relationship are considered as other financial instruments at fair value through profit and loss. When the fair value of the instruments is positive, they are presented in the asset, and when their fair value is negative they are classified in the liability, in both cases in the category of derivatives held for trading.

Embedded derivatives

The derivatives embedded in financial instruments are separated in the accounting whenever:

- the economic risks and benefits of the derivative aren't related to those of the main instrument (host contract), and
- the hybrid (joint) instrument isn't in turn recognised at fair value through profit and loss.

The embedded derivatives are presented in the trading derivatives category, recorded at fair value with the variations reflected in the income statement of the period

1b) Designated at fair value through profit and loss

The designation of financial assets or liabilities at fair value through profit and loss (Fair Value Option) can be made provided that at least one of the following requirements is verified:

- the financial assets or liabilities are managed, valued and reported internally at their fair value;
- the designation eliminates or significantly reduces the accounting mismatch of the transactions; or
- the financial assets or liabilities contain embedded derivatives that significantly alter the cash flows from the original contracts (host contract).

The financial assets or liabilities at fair value through profit and loss are initially recognised at their fair value, with the costs or income associated with the transactions recognised in the income statement at the initial moment, with the subsequent fair value variations recognised in the income statement. The accrual of the interest and of the premium/discount (when applicable) is recognised in the financial margin based on the effective interest rate of each transaction, as well as the accrual of the interest from the derivatives associated with financial instruments classified in this category.

2) Investments held until maturity;

Non-derivative financial assets, with fixed or determinable payments and a fixed maturity, for which the Bank has the intention and capacity of keeping until maturity and which weren't designated for any other category of financial assets, are recognised in this category These financial assets are recognised at amortised cost at the initial moment of their recognition and subsequently measured at amortised cost, using the effective interest rate method. The interest is calculated through the effective interest rate method and recognised in the financial margin. The impairment losses are recognised in the income statement when identified.

Any reclassification or sale of financial assets recognised in this category that isn't carried out close to the maturity shall oblige the Bank to fully reclassify this portfolio into financial assets available for sale and for two years they shall be unable to classify any financial asset in this category.

3) Financial assets available for sal

Non-derivative financial assets are those which: (i) the Bank has the intention of keeping for an indefinite time, (ii) are designated as available for sale at the time of their initial recognition or (iii) are not framed within the aforementioned categories. This category may include debt or equity securities.

The financial assets available for sale are initially recognised at fair value, including the costs or income associated with the transactions and subsequently measured at their fair value. The alterations in the fair value are recorded through fair value reserves until the time in which they are sold or until the recognition of impairment losses, a case in which they come to be recognised in the income statement. Equity instruments that aren't listed and whose fair value isn't possible to be reliably calculated are recorded at cost.

In the disposal of the financial assets available for sale, the accumulated gains or losses recognised in fair value reserves are recognised in the "Income from financial assets available for sale" category of the income statement.

The exchange rate fluctuation of the debt securities in foreign currency is recorded in the income statement in the category of "Foreign exchange earnings". For the equity instruments, due to being non-monetary assets, the exchange rate fluctuation is recognised in the Fair value reserve (Equity), as an integral component of the respective fair value.

The interest from debt instruments is recognised based on the effective interest rate in the financial margin, including a premium or discount, when applicable. The dividends are recognised in the income statement in the category of "Income from equity instruments" when the right to the receipt is attributed.

The hereby recognised financial assets are initially recorded at their fair value and subsequently at amortised cost less impairment. The associated transaction costs are part of the effective interest rate of these financial instruments. The interest recognised through the effective interest rate method are recognised in the financial margin.

The impairment losses are recognised in the income statement when identified.

4) Financial liabilities

A financial instrument is classified as a financial liability when there is a contractual obligation of a settlement to be carried out through the handover of money or another financial asset, regardless of its legal form. The financial liabilities are derecognised when the underlying obligation is settled, expires or is cancelled.

The non-derivative financial liabilities include the support of credit institutions and of customers, loans, liabilities represented by securities, other subordinated liabilities and short selling.

The financial liabilities are initially recognised at fair value and subsequently at amortised cost. The associated transaction costs are part of the effective interest rate. The interest recognised through the effective interest rate method are recognised in the financial margin.

The capital gains and losses determined at the time of the repurchase of other financial liabilities are recognised in Income from assets and liabilities measured at fair value through profit and loss at the time in which they occur.

The Bank classifies their financial liabilities as non-guarantees and commitments, measured at amortised cost, based on the effective rate method or at fair value through profit and loss.

(i) Amortised cost

The amortised cost of a financial asset or liability is the amount through which a financial asset or liability is initially recognised, minus receipts of capital, plus or minus accumulated amortisations using the effective interest rate method, resulting from the difference between the initially recognised value and the amount upon maturity, minus the reductions resulting from impairment losses.

(ii) Measurement at fair value

The fair value is the price that would be received when selling an asset or payment for transferring a liability in a current transaction between market participants on the date of the measurement or, in its absence, the most advantageous market that the Bank has access to carry out the transaction on that date. The fair value of a liability reflects the credit risk of the Bank itself.

When available, the fair value of an investment is a measured by using its market price in an active market for that instrument. A market is considered active if there is a sufficient frequency and volume of transactions for there to be price quotations on a continuous base.

If there aren't quotations in an active market, the Bank uses valuation techniques that maximise the use of observable market data and minimise the use of non-observable market data. The chosen valuation technique incorporates all the factors that a participant in the market would take into consideration for calculating a price for the transactio

(iii) Identification and measurement of impairment

In addition to the analysis of impairment regarding the loans to customers, on each balance sheet date an assessment of the existence of objective evidence of impairment is carried out for all the remaining financial assets that aren't recorded at fair value through profit and loss. A financial asset, or group of financial assets, is impaired whenever there is objective evidence of impairment resulting from one or more events that occurred after their initial recognition having an impact on the future cash flows from the asset which may be reliably estimated. In conformity with the IFRS, the Bank regularly assesses whether there is objective evidence that a financial asset, or group of financial assets, presents signs of impairment.

A financial asset, or group of financial assets, is impaired whenever there is objective evidence of impairment resulting from one or more events that occurred after its initial recognition, such as: (i) for the shares or other equity instruments, a continued devaluation or significant devaluation in their market value below the acquisition cost, and (ii) for the debt securities, when this event (or events) has an impact on the estimated value of the future cash flows of the financial asset, or group of financial assets, that may be reliably estimated.

With regard to the investments held until maturity, the impairment losses correspond to the difference between the accounting value of the asset and the current value of the estimated future cash flows (considering the period of recovery) discounted at the original effective interest rate of the financial asset and they are recorded through the income statement. These assets are presented in the balance sheet net of impairment. If it is an asset with a variable interest rate, the discount rate to be used for the determination of the respective impairment loss is the current effective interest rate, determined based on the rules of each contract. In relation to the investments held until maturity, if in a subsequent period the amount of the impairment loss reduces, and this reduction can be objectively related to an event that occurred after the recognition of the impairment, this is reversed through the financial year's income statement.

When there is evidence of impairment in the financial assets available for sale, the potential accumulated loss in reserves, corresponding to the difference between the acquisition cost and the current fair value, minus any impairment loss in the asset previously recognised in the income statement, is transferred to the income statement. If in a subsequent period the amount of the impairment loss reduces, the previously recognised impairment loss is reversed in the financial year's income statement up to the reinstatement of the acquisition cost if the increase is objectively related to an event occurring after the recognition of the impairment loss, except with regard to shares or other equity instruments, in which the subsequent gains are recognised in reserves.

(iv) Transfers between categories

The Bank only proceeds to the transfer of non-derivative financial assets with fixed or determinable payments and defined maturities, from the category of financial assets available for sale to the category of financial assets held until maturity, provided that they have the intention and capacity of maintaining these financial assets until their maturity.

These transfers are carried out based on the fair value of the transferred assets, determined on the date of the transfer. The difference between this fair value and the respective nominal value is recognised in the income statement until the maturity of the asset, based on the effective rate method. The fair value reserve existing on the date of the transfer is also recognised in the income statement based on the effective rate method.

The transfers of financial assets available for sale for loans to customers – loans represented by securities – are allowed if there is the intention and capacity of maintaining them in the foreseeable future or until maturity.

(v) Derecognition

The Bank derecognises its financial assets when (i) all the rights to the future cash flows expire, (ii) the Bank has transferred to them substantially all the risks and benefits associated with their holding, or (iii) they retain a part, but not substantially all the risks and benefits.

The Bank proceeds to the derecognition of financial liabilities when they are cancelled, extinct or expired.

(vi) Compensation of financial instruments

The Bank proceeds to the compensation of financial assets and liabilities, presenting a net value on the balance sheet when, and only when, the Bank has the irrevocable right to compensate them on a net basis and has the intention of settling them on a net basis or of receiving the value of the asset and settling the liability simultaneously. The enforceable legal right cannot be contingent of future events, and must be enforceable within the normal course of the Bank's activity, as well as in the event of default, bankruptcy or insolvency of the Bank or of the counterparty.

2.5 Hedge Accounting

The Bank designates derivatives and other financial instruments for hedging of the interest rate risk and exchange rate risk, resulting from their business. The derivatives that do not qualify for hedge accounting are recorded as of trading.
The hedging derivatives are recorded at fair value and the gains or losses resulting from the revaluation are recognised in accordance with the adopted hedge accounting model. A hedge relationship exists when:
- at the start date of the relationship there is formal documentation of the hedging;
- it is expected that the hedging will be highly effective;
- the effectiveness of the hedging can be measured reliably;
- the hedging is assessed on a continuous basis and effectively determined as being highly effective throughout the financial reporting period; and
- in relation to the hedging of a foreseen transaction, this is highly probable and it presents an exposure to variations in the cash flows that could ultimately affect the income statement.

When a derivative financial instrument is used for hedging exchange rate variations of monetary asset or liability elements, no hedge accounting model is applied. Any gain or loss associated with the derivative is recognised in the period's income statement, as well as the variations of the exchange rate risk of the underlying monetary elements.

i. Fair value hedging

The fair value variations of the derivatives that are designated and that are qualified as of fair value hedging are recorded through the income statement, together with the fair value variations of the asset, liability or group of assets and liabilities to be hedged with regard to the hedged risk. If the hedge relationship no longer meets the requirements of the hedge accounting, the derivative financial instrument is transferred to the trading portfolio and the hedge accounting is subsequently discontinued. If the hedged asset or liability corresponds to a fixed-income instrument, the gains or losses accumulated through the variations of the interest rate risk associated with the hedging item up to the date of the discontinuation of the hedging are amortised in the income statement for the remaining period of the hedged item.

ii. Cash flow hedging

The fair value variations of the derivatives, which are qualified for cash flow hedges, are recognised in equity - cash flow reserves - in the effective part of the hedge relationships. The fair value variations of the ineffective portion of the hedge relationships are recognised in the income statement, at the time in which they occur.

The amounts accumulated in equity are reclassified into income of the period in the periods in which the hedged item affects the income.

When the hedging instrument is derecognised, or when the hedge relationship no longer meets the hedge accounting requirements or it is revoked, the hedge relationship is prospectively discontinued. In this way, the fair value variations accumulated in equity up to the date of the discontinuation of the hedging can be:
- deferred for the remaining period of the hedged instrument; or
- immediately recognised in the financial year's income statement, in the event of the hedged instrument having extinguished.

In the case of the discontinuation of a hedge relationship of a future transaction, the fair value variations of the derivative recorded in equity remain recognised there until the future transaction is recognised in the income statement. When it is no longer expected that the transaction will occur, the accumulated gains or losses recorded in equity are immediately recognised in the income statement.

At 31 December 2016 and 2015 the Bank didn't have hedging operations classified as fair value or cash flow hedging.

iii. Hedging effectiveness

The Bank carries out prospective tests on the start date of the hedge relationship, when applicable, and retrospective tests in order to demonstrate on each balance sheet date the effectiveness of the hedge relationships, showing that the fair value alterations of the hedging instrument are hedged by alterations in the hedged item with regard to the hedged risk. Any determined ineffectiveness is recognised in the income statement at the time in which it occurs. The IAS 39 stipulates the obligation of the demonstration of the effectiveness of the hedge relationship both prospectively and retrospectively.

2.6 Equity Instruments

A financial instrument is classified as an equity instrument when there isn't a contractual obligation of its settlement being carried out through the handover of money or of another financial asset to third parties, regardless of its legal form, showing a residual interest in the assets of an entity after the deduction of all their liabilities.

The transaction costs directly attributable to the issue of equity instruments are recorded in the equity as a deduction from the issue value. The amounts paid and received through the purchases and sales of equity instruments are recorded in the equity, net of transaction costs.
The income from equity instruments (dividends) are recognised when the right to their receipt is established and deducted from the equity.

2.7 Other tangible assets

i. Recognition and measurement

The other tangible assets are recorded at acquisition cost, deducted from the respective accumulated amortisations and impairment losses. The cost includes expenses that are directly attributable to the acquisition of the assets..

ii. Subsequent costs

The subsequent costs are recognised as a separate asset only if it is probable that from them there shall be future economic benefits for the Bank. The maintenance and repair expenses are recognised as a cost insofar as they are incurred in accordance with the principle of specialisation of the financial years.

iii. Amortisations

The land is not amortised. The amortisations are calculated through the straight-line method, in accordance with the following expected useful life periods
Real estate of own use (buildings) > 25 to 50 years
Equipment
Furniture and materials > 8 to 10 years
Machines and tool >4 to 10 years
Computer equipment > 3 to 6 years
Indoor installations > 4 to 10 years
Transport equipment > 4 years
Security equipment > 10 years

When there is a sign that an asset may be impaired, the IAS 36 – Impairment of assets requires that its recoverable amount is estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable amount. The impairment losses are recognised in the income statement.
The recoverable amount is determined as the highest between its net sale price and its value in use, with this being calculated based on the current value of the estimated future cash flows that are expected to be obtained from the continued use of the asset and from its disposal at the end of its useful life.

2.8 Intangible assets

Software

The costs incurred with the acquisition and software to third parties are capitalised, as well as the additional expenses borne by the Bank that are necessary for their implementation. These costs are amortised on a straight-line basis through the estimated useful life period, which is normally between 3 and 5 years.

Charges with research and development projects

The costs directly related to the development of computer applications, over which it is expected that they will come to generate future economic benefits beyond a single financial year, are recognised and recorded as intangible assets.

All the remaining charges related to the computer services are recognised as costs when incurred.

2.9 Investment properties

The Group classifies the real estate held for leasing or for capital appreciation or both, as investment properties.
The investment properties are initially recognised at acquisition cost, including the directly related transaction costs, and subsequently at their fair value. Fair value variations determined at each balance sheet date are recognised in the income statement. The investment properties are not amortised.

Related subsequent expenditures are capitalised when it is probable that the Group will come to obtain future economic benefits above the initially estimated performance level.

2.10 Transferred assets and securities lending

Securities sold with a repurchase (repo) agreement at a fixed price or at a price that equals the sale price plus an interest inherent to the maturity of the operation are not left out of the balance sheet. The corresponding liability is accounted for in amounts payable to other credit institutions or to customers, as appropriate. The difference between the sale value and the repurchase value is treated as interest and is deferred during the life of the agreement, through the effective rate method.

Securities purchased with a resale (reverse repo) agreement at a fixed price or at a price that equals the purchase price plus an interest inherent to the maturity of the operation are not recognised in the balance sheet, with the purchase value being recorded as loans to other credit institutions or customers, as appropriate. The difference between the purchase value and the resale value is treated as interest and it is deferred during the life of the agreement, through the effective rate method.

The securities transferred through loan agreements aren't left out of the balance sheet, and they are classified and valued in conformity with the accounting policy referred to in Note 2.4. The securities received through loan agreements are not recognised in the balance sheet.

2.11 Investments in subsidiaries and associated companies

The investments in subsidiaries and associated companies are accounted for in the Bank's individual financial statements at their historical cost minus any impairment losses.

Subsidiaries are entities (including investment funds and securitisation vehicles) controlled by the Bank. The Bank controls an entity when it is exposed, or it has rights, to the variability in the returns from their involvement with this entity and can assume them through the power that they hold over the relevant activities of this entity (de facto control).

The associated companies are entities in which the Bank has a significant influence but doesn't exercise control over their financial and operational policy. It is assumed that the Bank exercises a significant influence when they hold the power to exercise more than 20% of the voting rights of the associated company. If the Bank directly or indirect holds less than 20% of the voting rights, it is assumed that the Bank doesn't have a significant influence, except when this influence can be clearly demonstrated.

The existence of significant influence on the part of the Bank is normally demonstrated through one or more of the following forms:
• representation in the Board of Directors or equivalent management body;
• participation in definition processes of policies, including the participation in decisions regarding dividends or other distributions;
• material transactions between the Bank and the subsidiary;
• exchange of management staff; and
• provision of essential technical information.

Impairment
The recoverable value of the investments in subsidiaries and associated companies is valued whenever there are signs of evidence of impairment. The impairment losses are determined by having the basis of the difference between the recoverable value of the investments in subsidiaries or associated companies and their book value. The identified impairment losses are recorded through the income statement, and subsequently reversed through the income statement if a reduction in the amount of the estimated loss, in a subsequent financial year, is verified. The recoverable value is determined based on the greater of between the value in use of the assets and the fair value minus the sale costs, which is calculated with recourse to valuation methodologies, supported in discounted cash flow techniques, considering the market conditions, the temporary value and the business risks

2.12 Non-current assets held for sale and discontinued operations

The non-current assets, groups of non-current assets held for sale (groups of assets together with the respective liabilities, which include at least one non-current asset) and discontinued operations are classified as held for sale when there is the intention of disposing of the aforementioned assets and liabilities and the assets or groups of assets are available for immediate sale and their sale is very probable.

The Bank also classifies the non-current assets or groups of assets acquired only for the purpose of subsequent sale, which are available for immediate sale and whose sale is very probable, as non-current assets held for sale.

Immediately before their classification as non-current assets held for sale, the measurement of all the non-current assets and all the assets and liabilities included in a group of assets for sale is carried out in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lowest amongst their cost and the lowest of their fair value minus the sale costs or book value (if applicable).

2.13 Assets received through the recovery of loans

The Bank classifies the real estate held for loan recovery into the category of Other assets, initially measured by the lower of between their fair value net of sale costs and the book value of the loan existing on the date in which the judicial exchange or auction of the asset was carried out. The valuations of this real estate are carried out in accordance with one of the following methodologies, applied according to the specific situation of the asset:
a) Market Method
The Market Comparison Criterion has the reference of transaction amounts of real estate similar and comparable to the real estate object of study obtained through market prospecting carried out in the area.

b) Income Method
The purpose of this method is to estimate the value of the real estate from the capitalisation of its net income, adjusted to the present time, through the discounted cash flow method.

c) Cost Method
The Cost Method is a criterion that breaks down the value of the property into its fundamental components: value of the urban land and value of the urbanity; value of the construction; and value of indirect costs.

The made valuations are conducted by independent entities specialised in these types of services. The valuation reports are analysed internally with assessment of the adequacy of the processes, whilst comparing the sale values with the revalued values of the real estate.

2.14 Leasing

The Bank classifies the leasing transactions as financial leases or operating leases according to their substance and not their legal form. The transactions in which the risks and benefits inherent to the ownership of an asset are transferred to the lessee are classified as financial leases. All the remaining leasing transactions are classified as operating leases.

Financial leases

In the view of the lessee, the financial lease contracts are recorded on their start date as an asset and liability at the fair value of the leased property, which is equivalent to the current value of the due lease income. The income is comprised of the financial charge and the financial amortisation of the capital. The financial charges are attributed to the periods during the lease period, in order to produce a constant periodic interest rate over the remaining balance of the liability for each period.

In the view of the lessor, the assets held under financial lease are recorded in the balance sheet as capital under lease at the value equivalent to the net investment in the financial lease. The income is comprised of the financial income and the financial amortisation of the capital. The recognition of the financial income reflects a constant periodic rate of return over the remaining net investment of the lessor.

Operating leases

The payments made by the Bank in light of the operating lease contracts are recorded as a cost in the periods that they concern.

2.15 Taxes on profits

The taxes on profits recorded in the income statement include the effect of the current taxes and deferred taxes. The tax is recognised in the income statement, except when related to items that are moved in equity, a fact which implies their recognition in equity. The deferred taxes recognised in the equity resulting from the revaluation of financial assets available for sale and of cash flow hedging derivatives are, when they exist, subsequently recognised in the income statement at the time in which the gains and losses that gave rise to them are recognised in the income statement.

i. Current tax

The current taxes correspond to the value that is determined in relation to the taxable income of the period, using the tax rate in force or substantially approved by the authorities at the balance sheet date and any adjustments to the taxes of previous financial years.

With the publication of Law 19/14 which entered into force on 1 January 2015, the Industrial tax is subject to provisional settlement in a single instalment to be made in the month of August, determined through the application of a rate of 2% over the income derived from the financial intermediation operations, determined in the first six months of the previous tax year, excluding the income subject to tax over the application of equity, regardless of the existence of taxable income in the financial year.

ii. Deferred tax

The deferred taxes are calculated in accordance with the liability method based on the balance sheet, over the temporary differences between the book values of the assets and liabilities and their tax base, using the tax rates approved or substantially approved at the balance sheet date and that it is expected that they will be applied when the temporary differences are reversed.

The deferred tax liabilities are recognised for all the taxable temporary differences with exception of the differences resulting from the initial recognition of assets and liabilities that do not affect either the accounting or tax profit and of differences related to investments in subsidiaries insofar as it isn't probable that they will reverse in the future.

The deferred tax assets are recognised when the existence of future taxable profits that absorb the temporary differences deductible for tax purposes (including reportable tax losses) is probable.

As set forth in the IAS 12 – Income Tax, paragraph 74, the Banks proceeds to the compensation of the deferred tax assets and liabilities whenever: (i) they have the legally enforceable right to compensate current tax assets and current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority over the same taxable entity or different taxable entities that seek to settle current tax liabilities and assets on a net basis, or realise the assets or settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

2.16 Provisions and contingent liabilities

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain liabilities), (ii) it is probable that their payment will come to be demanded and (iii) when a reliable estimate of the value of this obligation can be made.

The measurement of the provisions takes into account the principles defined in the IAS 37 with regard to the best estimate of the expectable cost, to the most probable income of the ongoing activities and taking into account the risks and uncertainties inherent to the process.

In the cases in which the effect of the discount is material, provisions corresponding to the current value of the expected future payments, discounted at a rate that considers the risk associated with the obligation.

The provisions are revised at the end of each reporting date and adjusted to reflect the best estimate, whilst being reversed in the income statement in the proportion of the payments that aren't probable.

The provisions are derecognised through their use for the obligations for which they were initially constituted or in the cases in which they are no longer observed.

If the future expenditure of resources isn't probable, it is a contingent liability. The contingent liabilities are always subject to disclosure, except in the cases in which the possibility of their specification is remote.

2.17 Recognition of interest

The income referring to interest from financial asset and liability instruments measured at amortised cost are recognised in the categories of similar interest and income or similar interest and charges (financial margin), through the effective interest rate method. The effective rate interest from financial assets available for sale are also recognised in the financial margin as well as of the financial assets and liabilities at fair value through profit and loss.

The effective interest rate corresponds to the rate that discounts the estimated future payments or receipts during the expected life of the financial instrument (or, when appropriate, for a shorter period) for the current balance sheet net value of the financial asset or liability:

For the determination of the effective interest rate, the Bank proceeds to the estimate of the future cash flows considering all the contractual terms of the financial instrument (for example, early payment options), whilst not considering possible impairment losses. The calculation includes the paid or received fees considered as an integral part of the effective interest rate, transaction costs and all the premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit and loss.

In the case of financial assets or groups of similar financial assets for which impairment losses were recognised, the interest recorded through the income statement is determined based on the interest rate used for discount of future cash flows in the measurement of the impairment loss.

Specifically with regard to the recording policy of the overdue loan interest, the following aspects are considered:

- The overdue loan interest with real guarantees until the cautiously assessed hedging limit is reached is recorded through the income statement in accordance with the IAS 18 – Revenue in the assumption that there is a reasonable probability of its recovery; and
- The already recognised and non-paid interest relative to a loan due more than 90 days ago that isn't hedged by a real guarantee are annulled, and it is only recognised when received due to considering, in the context of the IAS 18 – Revenue, that its recovery is remote.

For the derivative financial instruments, with exception of those that are classified as interest rate risk hedging instruments, the interest component isn't separated from the alterations in their fair value, and it is classified as Income from assets and liabilities valued at fair value through profit and loss. For hedging derivatives of the interest rate risk and associated with financial assets or financial liabilities recognised in the category of Fair Value Option, the interest component is recognised in similar interest or income or in similar interest or charges (financial margin).

2.18 Recognition of dividends

The dividends (income from equity instruments) are recognised in the income statement when the right to their receipt is attributed.

2.19 Recognition of income from services and commissions

The income resulting from services and commission is recognised in accordance with the following criteria:

- when it is obtained whilst the services are provided, its recognition in the income statement is carried out in the period that it concerns;
- when it results from a provision of services, its recognition is carried out when the aforementioned service is completed.

When it is an integral part of the effective interest rate of a financial instrument, the income resulting from services or commissions is recorded in the financial margin.

2.20 Fiduciary activities

The assets held within the scope of fiduciary activities are not recognised in the Bank's financial statements. The income obtained with services and commissions from these activities is recognised in the income statement in the period in which it occurs.

2.21 Income in financial transactions

The income in financial transactions include the gains and losses generated by financial assets and liabilities at fair value through profit and loss, namely of the trading portfolios and of other assets and liabilities at fair value through profit and loss, including embedded derivatives and dividends associated with these portfolios.

This income also includes the capital gains in the sales of financial assets available for sale, and of financial assets held until maturity. The fair value variations of the hedging derivative financial instruments and of the hedged instruments, when applicable to fair value hedge relationships, are also recognised here.

2.22 Cash and its equivalents

For purposes of the cash flow statement, the cash and its equivalents encompass the amounts recorded in the balance sheet with a maturity less than three months from the balance sheet date, where the cash and the cash on hand in other credit institutions are included.

The Cash and cash equivalents exclude the compulsory deposits made with the Central Banks.

2.23 Financial guarantees and commitments

Financial guarantees are contracts that oblige the Bank to make specific payments in order to reimburse the holder for a loss incurred by virtue of a debtor defaulting a payment. Commitments are firm commitments with the aim of providing loans under pre-determined conditions.

Liabilities that result from financial guarantees or commitments given to provide a loan at an interest rate lower than the market value are initially recognised at fair value, with the initial fair value being amortised during the useful life period of the guarantee or commitment. Subsequently, the liability is recorded as the higher between the amortised value and the present value of any payment expected to be settled.

2.24 Earnings per share

The basic earnings per share are calculated by dividing the net income attributable to shareholders of the Bank by the weighted average number of ordinary shares in circulation, excluding the average number of own shares held by the Bank.

For the diluted earnings per share, the average number of ordinary shares in circulation is adjusted in order to reflect the effect of all the potential ordinary shares treated as diluting shares. Contingent or potential issues are treated as diluting issues when their conversion into shares makes the earnings per share decrease.

If the earnings per share calculation were to be altered as the result of an issue at a premium or a discount or other event 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.

Note 3 - Main estimates and judgements used in the preparation of the financial statements

The IFRS establish a series of accounting treatments and require that the Board of Directors make judgements and make the necessary estimates for deciding what the most adequate accounting treatment is. The main accounting estimates and judgements used in the application of the accounting principles by the Bank are presented in this Note, with the aim of improving the understanding of how their application affects the Bank's reported income and its disclosure. A lengthy description of the main accounting principles used by the Bank is presented in Note 2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the income reported by the Bank could be different if a different treatment is chosen. The Board of Directors considers that the made choices are appropriate and that the financial statements truly and adequately present the Bank's financial position and the income of their operations in all the materially relevant aspects.

3.1 Impairment of the financial assets available for sale

The Bank determines that there is impairment in their financial assets available for sale when there is a continued devaluation or that of a significant value in their fair value or when an impact on the future cash flows from the assets is foreseen. This determination requires judgement, for which the Bank gathers and assesses all the information relevant to the formulation of the decision, namely the normal volatility of the prices of the financial instruments. To this end and as a consequence of the strong volatility of the markets, the following parameters were considered as indicators of the existence of impairment:

- Equity securities: continued devaluation or that of a significant value in their market value compared with the acquisition cost. The Bank considers a continued devaluation if the fair value remains below the acquisition cost for a period of 12 months and it continues if the devaluation is equal to or greater than 30% of the acquisition cost;
- Debt securities: whenever there is objective evidence of events with an impact on the recoverable value of the future cash flows from these assets.

Additionally, the valuations are obtained through market prices (mark to market) or valuation models(mark to model), which require the use of certain assumptions or of judgement in the establishment of fair value estimates.

The use of alternative methodologies and of different assumptions and estimates may result in a different level of recognised impairment losses, with the consequent impact on the Bank's income. The impairment value for financial assets available for sale determined based on the aforementioned criteria is indicated in Note 18.

3.2 Fair value of the derivative financial instruments and other financial assets and liabilities valued at fair value

The fair value is based on market prices, when available, and in the absence of pricing it is determined based on the use of prices of recent similar transactions carried out under market conditions, or based on valuation methodologies based on discounted future cash flow techniques considering the market conditions, the temporary value, the profit curve and volatility factors in conformity with the principles of the IFRS 13 – Fair Value. These methodologies may require the use of assumptions and judgements on the estimate of the fair value.

Consequently, the use of different methodologies or of different assumptions or judgements in the application of a certain model could give rise to financial income different to that reported and summarised in Notes 17 and 18.

3.3 Impairment losses in loans to customers

The Bank carries out a periodic revision of their loan portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note 2.3.

The process of assessment of the loan portfolio in order to determine whether an impairment loss must be recognised is subject to different estimates and judgements. This process includes factors such as the probability of default, the credit ratings, the value of the collateral associated with each operation, the rates of recovery and the estimates of either the future cash flows or the moment of their receipt.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of the recognised impairment losses, with the consequent impact on the Bank's income. The impairment value for loans to customers determined based on the aforementioned criteria is presented in Note 20.

3.4 Investments held until maturity

The Bank classifies their non-derivative financial assets with fixed or determinable payments and maturities defined as investments held until maturity, in accordance with the requirements of the IAS 39. This classification requires a significant level of judgement, and is presented in Note 19.

In the made judgement, the Bank assesses their intention and capacity to hold these investments until maturity. Should the Bank not hold these investments until maturity, except in specific circumstances – for example, disposing of a non-significant part close to maturity – the reclassification of the whole portfolio into financial assets available for sale is required, with their consequent measurement at fair value and not at amortised cost.

The assets held until maturity are subject to testing regarding the existence of impairment, which follows an analysis and decision of the Bank.

The use of methodologies and assumptions different to those used in the performed calculations could have different impacts on the income statement.

3.5 Taxes on profits

To determine the overall amount of taxes on profits, it was necessary to make certain interpretations and estimates. There are various transactions and calculations for which the determination of the taxes payable is uncertain during the normal cycle of businesses.

Other interpretations and estimates could result in a different level of taxes on profits, current and deferred, recognised in the financial year.

The Tax Authorities have the possibility of reviewing the calculation of the taxable income carried out by the Bank for a period of five years. In this way, it is possible that there will be corrections to the taxable income, principally resulting from differences in the interpretation of the tax legislation, which due to their probability, the Board of Directors considers that they shall not have a materially significant effect on the financial statements.

Note 4 - Financial margin

The value of this category is comprised of:

31.12.2016			AOA'000
	Of assets/liabilities at amortised cost and assets available for sale	**Of assets/liabilities at fair value through profit and loss**	**Total**
Interest and similar income	**16 546 627**	**149 508**	**16 696 135**
Interest from loans to customers	11 765 742	-	11 765 742
Interest from financial assets at fair value through profit and loss	-	149 508	149 508
Interest from cash on hand and investments in credit institutions	666 094	-	666 094
Interest from investments held until maturity	4 114 791	-	4 114 791
Interest and similar charges	**(7 282 303)**	**-**	**(7 282 303)**
Interest from resources of central banks and credit institutions	(961 116)	-	(961 116)
Interest from resources of customers	(5 992 761)	-	(5 992 761)
Interest from subordinated liabilities	(328 426)	-	(328 426)
Financial margin	**9 264 324**	**149 508**	**9 413 832**

31.12.2015			AOA'000
	Of assets/liabilities at amortised cost and assets available for sale	**Of assets/liabilities at fair value through profit and loss**	**Total**
Interest and similar income	**16 089 049**	**63 647**	**16 152 696**
Interest from loans to customers	10 324 559	-	10 324 559
Interest from financial assets at fair value through profit and loss	-	63 647	63 647
Interest from cash on hand and investments in credit institutions	70 820	-	70 820
Interest from investments held until maturity	5 693 670	-	5 693 670
Interest and similar charges	**(5 362 675)**	**-**	**(5 362 675)**
Interest from resources of central banks and credit institutions	(1 162 500)	-	(1 162 500)
Interest from resources of customers	(3 837 007)	-	(3 837 007)
Interest from subordinated liabilities	(363 168)	-	(363 168)
Financial Margin	**10 726 374**	**63 647**	**10 790 021**

The category of Interest from cash on hand and investments in credit institutions reflects the income received by the Bank in relation to the term deposits in credit institutions abroad, as well as of transactions carried out in the interbank monetary market.

Note 5 - Income from services and commissions

The value of this category is comprised of:

		AOA'000
	31.12.2106	**31.12.2105**
Income from services and commissions	**2 684 825**	**2 587 824**
Visa and Mastercard cards	921 131	898 554
Transfers	301 253	252 588
Opening of credit lines	228 985	219 395
Documentary credit	200 706	574 018
Other banking transactions	97 094	21 333
Other banking services	645 816	286 350
Other commitments	176 339	197 763
Securities	113 501	137 823
Charges with services and commissions	**(505 132)**	**(1 095 851)**
Visa and Mastercard cards	(456 112)	(946 549)
Irrevocable credit lines	(42 202)	(140 112)
Other commissions	(6 818)	(9 190)
Income with commissions	**2 179 693**	**1 491 973**

The category of Visa and Mastercard Cards refers to the received and paid commissions referring to the cards of different entities. The category of Other banking operations refers to income with management fees of the loan portfolio.

The category of Other banking services includes income with commissions resulting from the protocol entered into between the Bank and the Ministry of Finance for revenue collection.

The category of Other commitments includes income with premiums of provided guarantees.

Note 6 - Income from financial assets and liabilities valued at fair value through profit and loss

The value of this category is comprised of:

						AOA'000
	31.12.2016			**31.12.2015**		
	Income	**Costs**	**Total**	**Income**	**Costs**	**Total**
Income in assets at fair value through profit and loss	17 928	-	17 928	-	-	-

The income presented in this category concerns the fair value variation of treasury bonds of the Angolan state indexed to the USD, with the interest from these bonds being recognised in the financial margin (Note 4).

The Bank doesn't have liabilities measured at fair value.

Note 7 - Foreign exchange earnings

The value of this category is comprised of:

		AOA'000
	31.12.2106	31.12.2105
Income	8 713 988	4 693 739
Costs	(2 775 569)	(3 013 471)
Foreign exchange earnings	**5 938 419**	**1 680 268**

This category includes the income arising from the foreign exchange revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2, including the Treasury bonds indexed to the USD, and the income arising from the sale of foreign currency.

Note 8 - Income from the disposal of other assets

The value of this category is comprised of:

		AOA'000
	31.12.2106	31.12.2105
Tangible fixed assets	18 114	406
Intangible fixed assets	160	-
Income from the disposal of assets	**18 274**	**406**

Note 9 - Other operating income

The value of this category is comprised of:

	31.12.2016	31.12.2015
		AOA'000
Income	**1 005 529**	**1 655 407**
Cost recovery	11 115	4 597
Recoveries regarding loans written off in assets	278 646	44 445
Other income	715 768	1 606 365
Costs	**(680 388)**	**(886 809)**
Taxes and fees not applicable to the income	(346 426)	(239 014)
Penalties applied by regulatory entities	(321 487)	(1 656)
Other costs	(12 475)	(646 139)
Total	**325 141**	**768 598**

The category of Other income includes income with maintenance expenses in the amount of AOA 354,793,000.

Note 10 - Staff costs

The value of this category is comprised of:

	31.12.2016	31.12.2015
		AOA'000
Wages and salaries		
Management and supervisory boards	**(790 460)**	**(580 771)**
Base salary	(504 998)	(304 419)
Allowances and bonuses	(285 462)	(276 352)
Employees	**(3 331 519)**	**(2 585 339)**
Base salary	(1 941 907)	(1 535 314)
Allowances and bonuses	(1 389 612)	(1 050 025)
Social security contributions	**(206 761)**	**(140 068)**
Mandatory	(169 719)	(129 963)
Optional	(37 042)	(10 105)
Other costs	**(131 025)**	**(42 966)**
Staff costs	**(4 459 765)**	**(3 349 144)**

The other costs concern the costs with training of the employees and fraternisation events.

The costs with the remuneration and other benefits attributed to the key staff of the Bank is presented below:

AOA'000

	Board of Directors			Audit Committee	Other key management staff	Total
	Executive Committee	Other elements	Total			
31 December 2016						
Salaries and other short-term benefits	627 366	163 094	790 460	-	70 143	70 143
Variable salaries	-	-	-	-	2 117	2 117
Long-term benefits and other social security contributions	-	-	-	-	-	-
Other remuneration and seniority bonuses	-	-	-	-	-	-
Total	**627 366**	**163 094**	**790 460**	**-**	**72 260**	**72 260**
31 December 2015						
Salaries and other short-term benefits	448 263	132 508	580 771	-	45 188	45 188
Variable salaries	-	-	-	-	1 145	-
Long-term benefits and other social security contributions	-	-	-	-	-	-
Other remuneration and seniority bonuses	-	-	-	-	-	-
Total	**448 263**	**132 508**	**580 771**	**-**	**46 333**	**45 188**

The Managing Directors and the Advisers of the Board of Directors are considered "Other key management staff".

The employees do not have any benefit associated with the existence of a pension fund.

The Bank's number of employees, considering the permanent workers and those on fixed-term contracts, presents the following breakdown by professional category:

	31.12.2016	31.12.2015
Senior management positions	107	105
Managerial positions	93	76
Specific positions	193	131
Administrative and other positions	331	437
Total	**724**	**749**

Note 11 - Supplies and services of third parties

The value of this category is comprised of:

AOA'000

	31.12.2016	31.12.2015
Rents and leases	(947 402)	(612 679)
Advertising and publications	(244 599)	(116 734)
Communications and dispatching	(265 546)	(208 069)
Travel and representation	(457 792)	(286 557)
Water, energy and fuel	(91 920)	(64 421)
Consultancy and auditing	(2 062 474)	(1 481 916)
Security and surveillance	(691 358)	(479 477)
Insurance	(12 942)	(149 226)
Other costs	(567 569)	(492 222)
	(5 341 602)	**(3 891 301)**

Note 12 - Provisions and impairments for other assets, guarantees and other commitments

The value of this category is comprised of:

AOA'000

	Balance at 31.12.2015	Reversals/ (appropriations)	Uses	Transfers	Exchange rate differences and others	Balance at 31.12.2016
Impairment for guarantees and other commitments (see Note 28)	(1 351 429)	803 546	338 808	-	-	(209 075)
Other provisions for risks and charges (see Note 28)	(110 146)	104 447	-	-	-	(5 699)
Impairment in associated companies (see Note 23)	(369 713)	-	-	295 664	-	(74 049)
Impairment in non-current assets held for sale (see Note 21)	-	(2 177 722)	-	(295 664)	(75 062)	(2 548 448)

	Balance at 31.12.2014	Reversals/ (appropriations)	Uses	Transfers	Exchange rate differences and others	Balance at 31.12.2015
Impairment for guarantees and other commitments (see Note 28)	(780 295)	(241 286)	-	-	(329 848)	(1 351 429)
Other provisions for risks and charges (see Note 28)	(186 150)	76 004	-	-	-	(110 146)
Impairment in associated companies (see Note 23)	-	(369 713)	-	-	-	(369 713)
Impairment in non-current assets held for sale (see Note 21)	-	-	-	-	-	-

Note 13 - Earnings per share

Basic earnings per share

The basic earnings per share are calculated by carrying out the division of the income attributable to the Bank's shareholders by the weighted average number of ordinary shares in circulation during the year, as presented below:

AOA'000

	31.12.2016	31.12.2015
Net income attributable to the Bank's shareholders	1 730 636	533 323
Weighted average number of issued ordinary shares (thousands)	2 000	2 000
Average number of ordinary shares in circulation (thousands)	1 854	1 954
Basic earnings per share attributable to the Bank's shareholders (units)	933,7	273,0

Note 14 - Cash and cash on hand in central banks

The value of this category is comprised of:

	31.12.2016	31.12.2015
		AOA'000
Cash	**2 879 124**	**3 237 116**
AOA	2 354 634	2 576 204
USD	67 899	307 428
EUR	381 816	250 793
GBP	72 191	85 907
ZAR	2 474	9 015
NAD	110	7 769
National Bank of Angola	**25 160 642**	**29 361 034**
AOA	23 195 286	22 995 212
USD	1 965 356	6 365 822
Total	**28 039 766**	**32 598 150**

The category of Cash on Hand in the National Bank of Angola includes obligatory deposits, the amount of AOA 18,386,879,000 (31 December 2015: AOA 19,730,178,000), which has the aim of meeting the legal requirements with regard to the establishment of minimum cash on hand.

According to Instruction no. 02/2016 of the National Bank of Angola, of 11 April 2016, the compulsory minimum reserves in sight deposits in the BNA are summarised in accordance with the following table:

Tax Base Rates		**Domestic Currency**	**Foreign Currency**
Central Government, Local Governments and Municipal Administrators	**Daily Verification**	75%/100%	100%
Other sectors	**Weekly Verification**	30%	15%

The compliance with the compulsory minimum cash on hand for a given weekly observation period (Other Sectors), is specified whilst taking into considering the average value of the balances of the deposits with the Bank during the aforementioned period.

The applicable legislation also allows the Bank to comply with the Minimum Reserves through Treasury Bonds or Financing to the Ministry of Finance. At 31 December 2016 these balances amount to AOA 4,596,719,000 (2015: AOA 2,192,242,000).

Note 15 - Cash on hand in other credit institutions

The balance of the category of Cash on hand in other credit institutions is comprised, with regard to its nature, as follows:

		AOA'000
	31.12.2016	**31.12.2015**
In credit institutions abroad	7 170 596	8 385 093
EUR	6 815 773	1 149 568
USD	345 066	7 200 034
GBP	9 635	35 106
ZAR	122	385
Payment system credits	347 139	169 336
Third-party resources in transit	-	-
Outstanding cheques	2 698	2 698
Total	**7 520 433**	**8 557 127**

The cheques receivable from credit institutions were sent for collection on the first business days after the reference date.

Note 16 - Investments in central banks and in other credit institutions

This category at 31 December 2016 and 2015 is analysed as follows:

		AOA'000
	31.12.2016	**31.12.2015**
Investments in domestic credit institutions	**17 200 000**	**8 000 998**
Deposits in the National Bank of Angola	17 200 000	8 000 998
Investments in foreign credit institutions	**15 861 776**	**16 051 040**
Collateral deposits	2 824 134	3 083 612
Provision of liquidity	13 037 642	12 967 428
Accrued interest	24 037	1 172 002
Total	**33 085 813**	**25 224 040**

The currency exposure of the category of investments in central banks and other credit institutions is presented below:

		AOA'000
	31.12.2016	**31.12.2015**
Investments in domestic credit institutions	**17 200 000**	**8 000 998**
AOA	17 200 000	8 000 998
Investments in foreign credit institutions	**15 861 776**	**16 051 040**
USD	11 806 678	12 162 873
EUR	4 055 098	3 888 167
Accrued interest	**24 037**	**1 172 002**
USD	9 769	1 169 311
EUR	1 077	2 691
AOA	13 191	-
Total	**33 085 813**	**25 224 040**

The scheduling of the investments in central banks and other credit institutions by maturity, at 31 December 2016 and 2015, is as follows:

		AOA'000
	31.12.2016	**31.12.2015**
Up to 3 months	22 658 133	13 754 762
From 3 to 6 months	4 893 918	3 263 731
From 6 months to 1 year	2 527 279	1 419 272
More than 1 year	683 086	-
Indefinite term	2 323 397	6 786 275
Total	**33 085 813**	**25 224 040**

The portfolio of investments in central banks and other credit institutions isn't impaired.

The investments in credit institutions in Angola reported in this category, at 31 December 2016, accrued interest at the average rate of 5.28%, and the investments in credit institutions abroad accrued interest at the average rate of 0.57%.

Note 17 - Financial assets at fair value through profit and loss

The portfolio of financial assets designated at fair value through profit and loss at 31.12.2016 and 31.12.2015 is comprised of Angolan Treasury bonds issued in Kwanzas indexed to the USD.

			AOA'000
	Nominal value	**31.12.2016 Fair value**	**Accrued interest**
Financial assets at fair value through profit and loss	2 358 880	2 409 973	33 631

			AOA'000
	Nominal value	**31.12.2015 Fair value**	**Accrued interest**
Financial assets at fair value through profit and loss	1 516 218	1 536 473	1 673

The exposure is distributed through the following maturities:

		AOA'000
	31.12.2016	**31.12.2015**
From 1 to 3 years	1 280 331	743 781
From 3 to 5 years	1 129 642	792 692
Total	**2 409 973**	**1 536 473**

The opting of the Bank to designate these financial assets at fair value through profit and loss, in light of the IAS 39, pursuant to the accounting policy described in Note 2.4, is in accordance with the Bank's documented management strategy, considering that (i) these financial assets are managed and their performance is assessed on a fair value basis and/or (ii) these assets contain embedded derivative instruments.

Note 18 - Financial assets available for sale

The value of the exposure recognised in this category corresponds to the Bank's interest in the EMIS, an interest measured at historical cost.

In accordance with the accounting policy described in Note 2.4, the Bank regularly assesses whether there is objective evidence of impairment in their portfolio of assets available for sale by following the judgement criteria described in the aforementioned note.

Note 19 - Investments held until maturity

This category at 31 December 2016 and 31 December 2015 is analysed as follows:

		AOA'000
	31.12.2016	**31.12.2015**
From public issuers		
Bonds and other fixed-income securities		
AOA	56 757 686	25 529 299
USD	6 981 198	944 103
Accrued interest	982 671	489 831
Impairment losses	-	-
Total	**64 721 555**	**26 963 233**

The fair value of the portfolio of investments held until maturity is presented in Note 37.

At 31 December 2016 and 2015, the scheduling of the instruments held until maturity by maturity is as follows:

		AOA'000
	31.12.2016	**31.12.2015**
Less than 1 month	4 262 138	978 206
From 1 to 3 months	3 647 352	3 537 856
From 3 to 6 months	514 278	4 456 549
From 6 months to 1 year	2 117 053	6 136 556
From 1 to 3 years	23 671 661	8 602 633
From 3 to 5 years	13 967 622	1 886 977
More than 5 years	16 541 452	1 364 456
Total	**64 721 555**	**26 963 233**

In accordance with the accounting policy described in Note 2.4, the Bank regularly assesses whether there is objective evidence of impairment in their portfolio of assets held until maturity by following the judgement criteria described in the aforementioned note.

With reference to 31 December 2016 and 2015, the Bank assessed the existence of objective evidence of impairment in their portfolio of investments held until maturity, having not verified events with an impact on the recoverable amount of the future cash flows from these investments.

Note 20 - Loans to customers

This category at 31 December 2016 and 2015 is analysed as follows:

		AOA'000
	31.12.2016	**31.12.2015**
Net lending	**93 484 839**	**84 356 821**
Gross lending	108 590 390	101 111 218
Outstanding loans	102 331 566	94 951 566
Overdue loans	6 258 824	6 159 652
Impairment	15 105 551	16 754 397
In domestic currency		
Companies and public sector	81 146 583	75 698 497
Private Individuals	6 016 668	5 030 797
Impairment	9 940 075	13 125 699
In foreign currency		
Companies and public sector	19 579 722	19 624 278
Private Individuals	1 847 417	757 646
Impairment	5 165 476	3 628 698

The scheduling of the loans to customers (gross) by maturity, at 31 December 2016 and 2015, is as follows:

		AOA'000
	31.12.2016	**31.12.2015**
Up to 30 days	5	1 216
From 30 to 90 days	154 760	148 777
From 90 to 180 days	1 460 310	73 667
From 180 to 365 days	2 300 855	1 156 602
From 1 to 2 years	2 066 451	5 822 759
From 2 to 5 years	25 864 413	34 928 479
More than 5 years	76 743 596	58 979 718
Total gross lending	**108 590 390**	**101 111 218**

The changes that occurred in the impairment losses shown in the asset as a correction to the loan amounts were the following:

	AOA'000
Balance at 31.12.2014	**13 361 448**
Increases	6 066 232
Reinstatements/reversals	(1 171 335)
Uses	(6 186 945)
Exchange rate differences and others	4 684 997
Balance at 31.12.2015	**16 754 397**
Increases	8 929 283
Reinstatements/reversals	(4 771 798)
Uses	(8 618 304)
Exchange rate differences and others	2 811 973
Balance at 31.12.2016	**15 105 551**

The composition of the loan portfolio is presented below and the distinction is made between the exposure to non-overdue transactions (1st column) and the total exposure (due and overdue component) to overdue transactions. The distribution of these exposures is additionally presented according to the form of determination of the impairment.

		31.12.2016					AOA'000
		Class of default					
Loans to Customers	Outstanding loans associated with non-overdue loans	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 year to 5 years	more than 5 years	Total
Without signs of impairment (IBNR)							
Loans and interest	25 946 049	-	-	-	-	-	25 946 049
Impairment	(1 515 470)	-	-	-	-	-	(1 515 470)
With impairment attributed on an individual analysis basis							
Loans and accrued interest	69 999 524	2 802 951	-	30 123	-	-	72 832 598
Impairment	(10 401 433)	-	-	-	-	-	(10 401 433)
With impairment attributed on a collective analysis basis							
Loans and accrued interest	5 998 185	277 938	313 830	907 575	2 314 215	-	9 811 743
Impairment	(1 147 196)	(12 725)	(169 503)	(260 122)	(1 599 102)	-	(3 188 648)

The due position associated with overdue transactions and the amount of the overdue loan by time bucket of the first default is presented in the table below.

		31.12.2016				AOA'000
		Class of default				
Loans with impairment	Outstanding loans associated with overdue loans	Loans overdue up to 30 days	Loans overdue between 30 and 90 days	Loans overdue between 90 and 180 days	Loans overdue more than 180 days	Total overdue
Loans and accrued interest						
With impairment attributed on an individual analysis basis	20 611 888	2 782 032	-	30 123	-	2 812 155
With impairment attributed on a collective analysis basis	5 515 799	9 613	313 773	887 895	2 235 388	3 446 669

The detail of the exposures and impairment constituted by segment and by interval of days in arrears is as follows:

		31.12.2016				AOA'000
	Exposição					
Segment	Total exposure	Non-defaulted loans	Of which recovered	Of which restructured	Defaulted loans	Of which restructured
Companies	98 848 493	96 614 427	11 321	51 938 612	2 234 066	1 301 235
Loans - Private Individuals	2 647 129	2 244 508	225 581	39 709	402 621	1 446
Overdrafts - Private Individuals	2 300 220	2 300 220	-	-	-	-
Consumer credit	2 921 999	2 306 773	44 730	167 289	615 226	44 426
Public Sector	1 872 549	1 872 549	-	1 789 378	-	-
Total	**108 590 390**	**105 338 477**	**281 632**	**53 934 988**	**3 251 913**	**1 347 107**

31.12.2016			AOA'000
	Imparidade		
Segment	Total impairment	Non-defaulted impairment	Defaulted impairment
Companies	13 660 473	12 467 124	1 193 349
Loans - Private Individuals	403 722	182 424	221 298
Overdrafts - Private Individuals	497 123	497 123	-
Consumer credit	544 233	99 656	444 577
Public Sector	-	-	-
Total	**15 105 551**	**13 246 327**	**1 859 224**

The detail of the non-defaulted loans and of the defaulted loans of the loan portfolio by segment is as follows:

		31.12.2016 Exposure					AOA'000
		Non-defaulted loans				Defaulted loans	
		Days in default < 30			Between 30 and 90 days in default	Days in default <= 90 days	Days in default > 90 days
Segment	Total exposure	Without signs	With signs	Sub-total			
Companies	98 848 493	22 511 556	74 080 642	96 592 198	22 230	-	2 234 065
Loans - Private Individuals	2 647 129	1 757 277	250 095	2 007 372	237 136	-	402 621
Overdrafts - Private Individuals	2 300 220	41 213	2 259 007	2 300 220	-	-	-
Consumer credit	2 921 999	2 047 648	204 661	2 252 309	54 464	-	615 226
Public Sector	1 872 549	-	1 872 549	1 872 549	-	-	-
Total	**108 590 390**	**26 357 694**	**78 666 954**	**105 024 648**	**313 830**	**-**	**3 251 912**

		31.12.2016 Impairment			AOA'000
		Non-defaulted loans		Defaulted loans	
Segment	Impairment total	Days in default < 30	Between 30 and 90 days in default	Days in default <=90 days	Days in default > 90 days
Companies	13 660 473	12 462 180	4 944	-	1 193 349
Loans - Private Individuals	403 722	48 362	134 062	-	221 298
Overdrafts - Private Individuals	497 123	497 123	-	-	-
Consumer credit	544 233	69 159	30 497	-	444 577
Public Sector	-	-	-	-	-
Total	**15 105 551**	**13 076 824**	**169 503**	**-**	**1 859 224**

The detail of the loan portfolio by segment and by year of granting of the operations is as follows:

31.12.2016 AOA'000

	Companies			Public Sector			Consumer Credit		
Year of granting	Number of operations	Amount	Impairment incorporated	Number of operations	Amount	Impairment incorporated	Number of operations	Amount	Impairment incorporated
2016	177	15 764 444	337 789	-	-	-	28	725 678	25 514
2015	124	11 302 726	851 484	4	-	-	33	967 527	28 402
2014	148	24 984 954	2 635 798	7	1 777 336	-	79	325 651	82 213
2013	91	15 507 659	2 473 322	5	-	-	53	207 259	101 680
2012	58	9 250 247	2 797 423	1	-	-	73	586 314	244 505
Anteriores	264	22 038 463	4 564 657	1	95 213	-	137	109 570	61 919
Total	**862**	**98 848 493**	**13 660 473**	**18**	**1 872 549**	**-**	**403**	**2 921 999**	**544 233**

31.12.2016 AOA'000

	Loans - Private Individuals			Overdrafts - Private Individuals		
Year of granting	Number of operations	Amount	Impairment incorporated	Number of operations	Amount	Impairment incorporated
2016	307	920 985	154 737	1 876	916 788	208 375
2015	182	277 474	10 071	2 823	11 138	2 531
2014	467	404 450	29 117	6 388	65 841	15 137
2013	246	126 578	18 380	2 826	20 882	4 747
2012	137	105 913	7 036	2 509	88 345	21 011
Previous	736	811 729	184 381	5 184	1 197 226	245 322
Total	**2 075**	**2 647 129**	**403 722**	**21 606**	**2 300 220**	**497 123**

The detail of the amount of gross credit exposure and of the amount of impairment constituted for the individually and collectively analysed exposures, by segment, is as follows:

31.12.2016 AOA'000

	Companies		Loans - Private Individuals		Overdrafts - Private Individuals	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual impairment	70 524 857	10 342 158	-	-	530 405	59 275
Collective impairment	6 035 178	1 885 001	1 003 709	369 774	1 728 879	437 837
IBNR	22 288 458	1 433 314	1 643 420	33 948	40 936	11
Total	**98 848 493**	**13 660 473**	**2 647 129**	**403 722**	**2 300 220**	**497 123**

31.12.2016				AOA'000
	Consumer credit		Public Sector	
	Exposure	Impairment	Exposure	Impairment
Individual impairment	-	-	1 777 336	-
Collective impairment	948 764	496 036	95 213	-
IBNR	1 973 235	48 197	-	-
Total	**2 921 999**	**544 233**	**1 872 549**	**-**

The Bank's loan portfolio is only exposed to Angola.

The detail of the restructured loan portfolio by applied restructuring measure is as follows:

	31.12.2016		AOA'000
	Non-defaulted loans		
Applied measure	**Number of operations**	**Exposure**	**Impairment**
Increase of repayment term	75	37 496 124	5 357 833
Alteration of the periodicity of payment of interest and/or capital	33	13 526 529	2 792 241
Introduction of capital and/or interest grace period	6	2 268 978	381 384
Capitalisation of interest	2	18 238	1 047
Others	3	625 119	45 860
Total	**119**	**53 934 988**	**8 578 365**

	31.12.2016		AOA'000
	Non-defaulted loans		
Applied measure	**Number of operations**	**Exposure**	**Impairment**
Increase of repayment term	39	1 147 647	853 743
Alteration of the periodicity of payment of interest and/or capital	1	199 460	101 677
Introduction of capital and/or interest grace period	1	-	-
Capitalisation of interest	1	-	-
Others	-	-	-
Total	**42**	**1 347 107**	**955 420**

	31.12.2016		AOA'000
	Total		
Applied measure	**Number of operations**	**Exposure**	**Impairment**
Increase of repayment term	114	38 643 771	6 211 576
Alteration of the periodicity of payment of interest and/or capital	34	13 725 989	2 893 918
Introduction of capital and/or interest grace period	7	2 268 978	381 384
Capitalisation of interest	3	18 238	1 047
Others	3	625 119	45 860
Total	**161**	**55 282 095**	**9 533 785**

The incoming and outgoing transactions in the restructured loan portfolio are as follows:

		AOA'000
	Number of operations	**Exposure**
31.12.2014	**69**	**8 685 687**
New selections	36	13 722 292
Deselections	-	-
31.12.2015	**105**	**22 407 979**
New selections	56	32 874 116
Deselections	-	-
31.12.2016	**161**	**55 282 095**

In the financial year of 2016 the Bank implemented the impairment model through which the selection of restructured loans was carried out throughout the financial years of 2015 and 2016. It has not been verify the cancelling of any operation restructured.

The detail of the fair value of the guarantees subjacent to the loan portfolio of the segments of companies, real estate construction and development and housing is as follows:

	Year 2016			**AOA'000**
	Companies			
	Real Estate		**Other real guarantees**	
Fair value	**Number of real estate**	**Amount**	**Number**	**Amount**
< 50 MAOA	9	127 503	36	476 904
> = 50 MAOA and < 100 M AOA	4	296 047	5	333 394
> = 100 MAOA and < 500 M AOA	6	1 648 564	7	1 627 255
> = 500 MAOA and < 1.000 M AOA	3	1 632 460	6	4 492 701
> = 1.000 MAOA and < 2.000 M AOA	0	-	1	1 871 978
> = 2.000 MAOA and < 5.000 M AOA	7	19 294 182	1	2 473 841
> = 5.000 M AOA	0	-	0	-
Total	**29**	**22 998 756**	**56**	**11 276 073**

	Year 2016			AOA'000
	Real estate construction and development			
	Real Estate		Other real guarantees	
Fair value	Number of real estate	Amount	Number	Amount
< 50 MAOA	0	-	7	83 278
> = 50 MAOA and < 100 M AOA	1	80 112	1	50 000
> = 100 MAOA and < 500 M AOA	1	497 708	3	774 526
> = 500 MAOA and < 1.000 M AOA	0	-	3	2 259 981
> = 1.000 MAOA and < 2.000 M AOA	1	1 161 318	1	1 493 123
> = 2.000 MAOA and < 5.000 M AOA	0	-	2	5 885 543
> = 5.000 M AOA	2	12 683 564	0	-
Total	**5**	**14 422 702**	**17**	**10 546 451**

	Year 2016			AOA'000
	Housing			
	Real Estate		Other real guarantees	
Fair value	Number of real estate	Amount	Number	Amount
< 50 MAOA	17	82 119	0	-
> = 50 MAOA and < 100 M AOA	2	118 210	0	-
> = 100 MAOA and < 500 M AOA	0	-	0	-
> = 500 MAOA and < 1.000 M AOA	0	-	0	-
> = 1.000 MAOA and < 2.000 M AOA	0	-	0	-
> = 2.000 MAOA and < 5.000 M AOA	0	-	0	-
> = 5.000 M AOA	0	-	0	-
Total	**19**	**200 329**	**0**	**-**

The financing-guarantee Ratio of the segments of companies, real estate construction and development and housing is as follows:

31.12.2016					AOA'000
Segment/Ratio	**Number of real estate**	**Number of other real guarantees**	**Non-defaulted loans**	**Defaulted loans**	**Impairment**
Companies					
Without an associated guarantee	-	-	39 534 553	1 160 323	6 546 561
< 50%	11	16	6 082 101	219 528	258 373
>= 50% and < 75%	4	12	12 784 930	165 990	2 442 368
>= 75% and <100%	2	2	5 230 349	49 523	691 813
>= 100%	12	26	13 512 510	148 478	634 884
Real estate construction and development					
Without an associated guarantee	-	-	6 462 030	-	790 597
< 50%	2	3	-	199 460	101 677
>= 50% and < 75%	-	1	6 494 714	-	1 438 518
>= 75% and <100%	-	6	1 409 600	10 402	1 833
>= 100%	3	7	6 976 189	280 360	69 774
Housing					
Without an associated guarantee	-	-	698 524	-	144 382
< 50%	14	-	319 359	-	5 882
>= 50% and < 75%	3	-	60 473	-	708
>= 75% and <100%	-	-	-	-	-
>= 100%	2	-	34 204	-	-
Other					
Without an associated guarantee			3 777 662	482 840	979 808
< 50%	12	4	165 231	534 024	294 685
>= 50% and < 75%	2	9	992 384	-	16 702
>= 75% and <100%	-	2	380 148	-	2 820
>= 100%	4	73	423 517	984	91

The detail of the fair value and of the net book value of the real estate received in exchange or execution, by type of real estate and by age is as follows:

	31.12.2016		AOA'000
Type of real estate	**Number of real estate**	**Fair value of the asset**	**Net book value**
Constructed buildings			
Commercial buildings	3	1 906 575	1 677 486

	31.12.2016				AOA'000
Time passed since the exchange/execution	**<1 year**	**>= 1 year < 2,5 years**	**>= 5 years**	**>= 5 years**	**Total**
Constructed buildings					
Commercial buildings	1 369 542	307 944	-	-	1 677 486

The real estate received in exchange is recorded in the category of Other Assets in 2016 (in non-current assets held for sale in 2015).

The disclosure of the risk factors associated with the impairment model by segment is as follows:

	31.12.2016						AOA'000
	Probabilidade de incumprimento (%)						
Segment	**< 30 days without signs**	**Recovered**	**Restructured**	**< 30 days with signs**	**Between 30 and 60 days**	**Between 60 and 90 days**	**Loss given default (%)**
Companies	4,10%	-	-	34,82%	65,54%	80,79%	41,25%
Loans - Private Individuals	3,94%	13,41%	36,81%	-	60,22%	90,99%	44,17%
Overdrafts - Private Individuals	0,04%	-	-	36,20%	-	-	37,17%
Consumer credit	8,44%	13,12%	39,83%	-	66,55%	90,79%	54,77%
Public Sector	-	-	-	-	-	-	-

For some buckets there is no PD or LGD and due to the statistical insignificance similar risk buckets were grouped together.

Given the default presented by segment in the above table, the loss is a weighted average of the segment's operations and this risk factor is calculated according to the customers' time in default.

Note 21 – Non-current assets held for sale

This category at 31 December 2016 and 2015 is analysed as follows:

		AOA'000
	31.12.2016	31.12.2015
Non-current assets held for sale		
Real estate and equivalent	-	8 244 115
Financial interests	6 892 372	-
Impairment losses	(2 548 448)	-
Total	**4 343 924**	**8 244 115**

The amounts presented at 31.12.2015 refer to real estate and equivalent received in exchange.
The amounts presented in 2016 refer to the financial interest in BNI Europa, S.A., whose data is presented as follows:

Company	Currency	Share Capital (in thousands)	Kind	% Holding	No. of Shares held (in thousands)
BNIE	EUR	34 250	Shares	92,988%	6 370

At 31 December 2015, an impairment in the interest in BNI Europa, S.A. was recorded in the amount of AOA 295,663,000, bearing in mind the value in use determined at this date. The impairment was reinforced in the financial year of 2016 in the amount of AOA 2,177,691,000 in terms of monitoring the value of the subsidiary's equity at this date and bearing in mind that the activity continues in a start-up phase of their business.

The changes that occurred in the gross balances of this category were the following:

	31.12.2016	AOA'000
	Real Estate	Financial interests
Initial balance	**8 244 115**	**-**
Entries	1 369 542	-
Sales	(9 296 531)	-
Transfers	(1 677 486)	6 892 372
Exchange rate differences and others	1 360 360	-
Final balance	**-**	**6 892 372**

	31.12.2015	AOA'000
	Real Estate	Financial interests
Initial balance	**6 748 389**	**-**
Entries		-
Sales	-	-
Transfers	-	-
Exchange rate differences and others	1 495 726	-
Final balance	**8 244 115**	**-**

In the course of their current loan-granting activity, the Bank incurs in the risk of not having all their loans repaid. In the case of loans with a mortgage collateral, the Bank proceeds to their execution whilst receiving real estate and other assets in exchange for settlement of the granted loans. Although the Bank has the aim of the immediate sale of all the real estate received in exchange, during the financial year of 2016 the Bank altered the classification of this real estate from Non-current assets held for sale to Other assets, due to the time of their stay in the portfolio, insofar as they stopped complying with one of the conditions provided for in the IFRS 5, according to which their sale must be highly probable, i.e., it must be concluded within a year from the date of their classification into that category. This alteration justifies the transfers occurring in the financial year of 2016, which amounted to AOA 1,677,486,000.

Resulting from an operation in which they acted as an Agent Bank, the BNI received, in the financial year of 2014, the early repayment of a financial investment in the amount of USD 146,000,000.

The repayment was carried out with the exchange of tangible fixed assets (accounted for at 31 December 2015 in the amount of USD 56,000,000 and recorded in Non-current assets held for sale) and balances receivable resulting from contracts entered into with a real estate project developer (accounted for at 31 December in the amount of USD 90,000 and recorded in Other assets in Note 25).

Insofar as the Bank acted as an Agent Bank of the financial transaction, the received assets were directly related to a liability recognised at 31 December 2015, in the amount of USD 146,000,000, in the category of Resources of central banks and other credit institutions.

In 2016, the aforementioned Assets and Liabilities were transferred to an entity not related to the Bank without any income or cost for the Bank resulting from this derecognition.

Note 22 -Tangible and intangible assets

The category of Tangible assets, at 31 December 2016 and 2015, is presented as follows:

AOA'000

	31.12.2015	Additions	Write-offs	Adjustments/ Transfers	31.12.2016
Tangible assets					
Furniture, tools, fixtures and equipment	18 476 620	392 104	(221 847)	410 443	19 057 320
Other fixed assets	-	-	-	-	-
Fixed assets in progress	1 924 249	474 237	(28 917)	(410 443)	1 959 126
Total	**20 400 869**	**866 341**	**(250 764)**	**-**	**21 016 446**
Accumulated amortisations					
Furniture, tools, fixtures and equipment	(4 501 125)	(1 489 161)	-	504 487	(5 485 799)
Other fixed assets	-	-	-	-	-
Total	**(4 501 125)**	**(1 489 161)**	**-**	**504 487**	**(5 485 799)**
Net tangible assets	**15 899 744**	**(622 820)**	**(250 764)**	**504 487**	**15 530 647**

AOA'000

	31.12.2014	Additions	Write-offs	Adjustments/ Transfers	31.12.2015
Tangible assets					
Furniture, tools, fixtures and equipment	17 476 472	1 034 489	(34 341)	-	18 476 620
Other fixed assets	-	-	-	-	-
Fixed assets in progress	1 407 040	999 788	(482 579)		1 924 249
Total	**18 883 512**	**2 034 277**	**(516 920)**	**-**	**20 400 869**
Accumulated amortisations					
Furniture, tools, fixtures and equipment	(3 701 727)	(807 188)	7 790		(4 501 125)
Other fixed assets	-	-	-	-	-
Total	**(3 701 727)**	**(807 188)**	**7 790**	**-**	**(4 501 125)**
Net tangible assets	**15 181 785**	**1 227 089**	**(509 130)**	**-**	**15 899 744**

The changes in the category of Intangible assets at 31 December 2016 and 2015 is presented as follows:

		AOA'000
Gross intangible assets	**31.12.2016**	**31.12.2015**
Initial balance	1 674 907	1 589 052
Additions	194 829	281 610
Write-offs	(2 897)	(149 771)
Adjustments/Transfers	4 026	(45 984)
Final balance	1 870 865	1 674 907
Accumulated amortisations	**31.12.2016**	**31.12.2015**
Initial balance	(1 551 121)	(1 376 157)
Additions	(109 985)	(460 633)
Write-offs	2 002	8 737
Adjustments/Transfers	-	276 932
Final balance	(1 659 104)	(1 551 121)
Net intangible assets	211 761	123 786

The changes in the category of Intangible assets at 31 December 2016 and 2015 is presented as follows:

The investments in subsidiaries, associated companies and joint ventures are presented in the following table:

		31.12.2016	AOA'000
	Gross Value	**Impairment**	**Net Value**
Investments in subsidiaries, associated companies and joint ventures			
Facilcred - Sociedade de Microcrédito, S.A.	242 703	(74 049)	168 654
BNI Asset Management	99 998	-	99 998
BNIE	-	-	-
Total	**342 701**	**(74 049)**	**268 652**

		31.12.2015	AOA'000
	Gross Value	**Impairment**	**Net Value**
Investments in subsidiaries, associated companies and joint ventures			
Facilcred - Sociedade de Microcrédito, S.A.	242 704	(74 049)	168 655
BNI Asset Management	-	-	-
BNIE	4 591 353	(295 664)	4 295 689
Total	**4 834 057**	**(369 713)**	**4 464 344**

The financial data relative to the subsidiaries, associated companies and joint ventures for the year of 2016 is presented in the following table:

Company	Currency	Share Capital (in thousands)	Kind	% Holding	No. of Shares held (in thousands)
Facilcred - Sociedade de Microcrédito, S.A.	AOA	287 500	Shares	99,840%	2,496
BNI Asset Management	AOA	100 000	Shares	99,998%	199,996

In the financial year of 2016, the financial interest in the BNIE was transferred to Non-current assets held for sale (Note 21).

Note 24 - Taxes

The Bank is subject to taxation under industrial tax, and is considered, in tax terms, as a Group A taxpayer.

The income taxes (current or deferred) are reflected in the financial year's income statement, except in the cases in which the transactions that gave rise to them have been reflected in other equity categories. In these situations, the corresponding tax is also reflected in the equity, and doesn't affect the financial year's income statement.

The calculation of the current tax of the financial years ending 31 December 2016 and 2015 was determined on the terms of numbers 1 and 2 of Article 4, of Law no. 19/14, of 22 October, with the applicable tax rate being 30%.

The tax returns are subject to review and correction by the tax authorities for a period of 5 years, and can result, due to different interpretations of the tax legislation, in possible corrections to the taxable profit of the financial years 2012 to 2016. However, it isn't foreseeable that any correction relative to these financial years will occur and, if it does occur, significant impacts on the Financial statements are not expected.

The tax losses determined in a certain financial year, as provided for in article 46 of the Industrial Tax Code, can be deducted from the taxable profits of the subsequent three years.

The deferred taxes are calculated based on the tax rates that are anticipated to be in force on the date of the reversal of the temporary differences, to which the rates approved or substantially approved on the balance sheet date correspond. Thus, for the financial year of 2016 and 2015, the deferred tax was, in general terms, determined based on a rate of 30%.

The deferred tax assets recognised in the balance sheet at 31 December 2016 and 31 December 2015 are detailed as follows:

AOA'000

	31.12.2016	Recognised in income statement	31.12.2015
Impairment in financial interests	786 749	786 749	-
Impairment of direct credit	1 506 050	(699 124)	2 205 174
Impairment of credit by guarantee	335	(289 773)	290 108
Reportable tax losses	684 076	684 076	-
Deferred credit commissions	82 002	(49 419)	131 421
Indirect credit commissions	47 275	(123 049)	170 324
IUC determined before the transaction	-	-	(450 657)
Other	663	(6 624)	7 287
Deferred tax assets	**3 107 150**	**302 836**	**2 353 657**

The Bank assessed the recoverability of their deferred taxes in the balance sheet whilst having the expectation of future taxable profits as the basis.

The reconciliation of the tax rate, in the part regarding the amount recognised in the income statement, can be analysed as follows:

AOA'000

	31.12.2016		31.12.2015	
	%	Value	%	Value
Income before taxes		**1 395 515**		**781 599**
Tax rate	30%		30%	
Tax determined based on the tax rate		(418 655)		(234 480)
Tax benefits in income from public debt securities		1 406 659		689 458
Interest from loans (capital owners or supplies)		-		-
Unforeseen provisions		(724 673)		(139 114)
(Income)/Non-deductible costs		970 786		(564 140)
Reportable tax losses		(1 234 117)		-
Deferred tax		302 836		-
Excess tax estimate		32 285		-
Tax of the financial year	**43%**	**335 121**	**-32%**	**(248 276)**

The income from the public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, up to 31 December 2012, whose issue is regulated by the Direct Public Debt Framework Law (Law no. 16/02, of 5 December), as well as by the Regulatory Decree numbers 51/03 and 52/03, of 8 July, enjoy exemption from all taxes. Such fact is complemented by that provided for in sub-section c) of number 1 of Article 23 of the Industrial Tax Code (Law no. 18/92, of 3 July), in force until 31 December 2014, where it is expressly mentioned that the returns from any Angolan public debt securities are not considered as income, for the purposes of the determination of the payable Industrial Tax.

The income of the public debt securities resulting from Treasury Bonds and from Treasury Bills issued by the Angolan State, after 31 December 2012, are subject to taxation by way of the Capital Gains Tax, as defined in sub-section k) of number 1 of article 9 of the Presidential Legislative Decree no. 2/2014 of 20 October. The income taxed under the Capital Gains Tax is not subject to the Industrial tax, as provided for in article 47 of the Industrial Tax Code (Law no. 19/14 of 12 October).

In this way, in the determination of the taxable profit for the financial years ending 31 December 2016 and 2015, such income was deducted from the taxable profit.

Likewise, the cost determined with the settlement of the Capital Gains Tax is excluded from the tax-acceptable costs for determination of the taxable income, as provided for in sub-section a) of number 1 of article 18 of the Industrial Tax Code.

Note 25 - Other assets

The category of Other assets at 31 December 2016 and 2015 is analysed as follows:

		AOA'000
	31.12.2016	31.12.2015
Other assets		
Artistic heritage	10 064	4 026
Consortium members' rights	-	20 645
Other debtors	3 992 576	17 456 594
Prepaid expenses	154 558	242 186
Real Estate	1 677 486	-
Other	286 322	253 449
Impairment losses	(296 938)	-
Net total	**5 824 068**	**17 976 900**

The category of other debtors at 31 December 2015 includes the derecognised balance in the financial year of 2016 as mentioned in Note 21.

The category of Real Estate resulting from the transfer of the real estate received in exchange of credit operations (see Note 21).

The category of other debtors at 31 December 2016 includes commissions receivable resulting from the protocol entered into between the Bank and the Ministry of Finance for collection of revenues in the amount of AOA 956,096,000 (31 December 2015: AOA 351,449,000).

Note 26 - Resources of central banks and of other credit institutions

At 31 December 2016 and 2015 the Bank doesn't have resources of Central banks.

The category of Resources of other credit institutions is presented as follows:

		AOA'000
	31.12.2016	31.12.2015
Resources of other Banks		
Interbank monetary market	4 139 647	22 882 939
Loans	-	551 886
Payment system obligations	203 668	5 304 667
	4 343 315	**28 739 492**

The scheduling of the Resources of other credit institutions by maturity, at 31 December 2016 and 2015, is as follows:

		AOA'000
	31.12.2016	31.12.2015
Less than 1 month	4 343 315	27 998 029
1 to 3 months	-	-
3 to 6 months	-	741 463
Total	**4 343 315**	**28 739 492**

Note 27 - Resources of customers and other loans

The balance of the category of resources of customers and other loans is comprised, with regard to its nature, as follows:

		AOA'000
	31.12.2016	31.12.2015
Demand deposits	**120 874 787**	**107 357 595**
Term deposits	**106 482 982**	**65 597 190**
Term deposits	105 933 058	65 593 377
Other	549 924	3 813
Total	**227 357 769**	**172 954 785**

The scheduling of the resources of customers and other loans by maturity, at 31 December 2016 and 2015, is as follows:

		AOA'000
	31.12.2016	31.12.2015
Demand deposits	**120 874 787**	**107 357 595**
Term payable		
Less than 1 month	31 810 900	24 664 801
From 1 to 3 months	19 404 025	12 929 375
From 3 to 6 months	17 374 599	14 016 477
From 6 months to 1 year	21 720 021	13 829 354
From 1 to 3 years	13 085 944	84 237
From 3 to 5 years	2 274 958	15 493
More than 5 years	812 535	57 452
Total	**227 357 769**	**172 954 785**

Note 28 - Provisions

At 31 December 2016 and 2015, the category of Provisions presents the following balances:

		AOA'000
	31.12.2016	31.12.2015
Provisions		
Off-balance sheet exposure	209 075	1 351 429
Other provisions	5 699	110 146
Total	**214 774**	**1 461 575**

The main balances concern impairments accounted for regarding off-balance sheet exposures (see Note 12).

Note 29 - Subordinated liabilities

The category of subordinated liabilities is comprised of non-perpetual bonds. The main characteristics of the subordinated liabilities are presented as follows:

AOA'000

	31.12.2016					
Designation	**Currency**	**Issue date**	**Issue Value**	**Balance Sheet Value**	**Interest rate**	**Maturity**
Bonds	USD	01-07-2010	2 820 327	2 862 649	6,00%	01-07-2020
Bonds	AOA	25-11-2016	5 000 000	5 038 835	7,75%	25-11-2023
Total			**7 820 327**	**7 901 484**		

AOA'000

	31.12.2015					
Designation	**Currency**	**Issue date**	**Issue Value**	**Balance Sheet Value**	**Interest rate**	**Maturity**
Bonds	USD	01-07-2010	6 874 002	6 874 002	6,00%	01-07-2020
Total			**6 874 002**	**6 874 002**		

The movement that occurred during the financial year of 2016 and 2015, in the category of Other subordinated liabilities, was the following:

AOA'000

	31.12.2016					
	Balance at 31.12.2015	**Issues**	**Repayments**	**Purchases (net)**	**Other Transactions (a)**	**Balance at 31.12.2016**
Bonds	6 874 002	5 038 835	(4 011 353)	-	-	7 901 484
Total	**6 874 002**	**5 038 835**	**(4 011 353)**	**-**	**-**	**7 901 484**

AOA'000

	31.12.2015					
	Balance at 31.12.2014	**Issues**	**Repayments**	**Purchases (net)**	**Other Transactions (a)**	**Balance at 31.12.2015**
Bonds	5 225 440	-	-	-	1 648 562	6 874 002
Total	**5 225 440**	**-**	**-**	**-**	**1 648 562**	**6 874 002**

a) The value of Other transactions concerns the balance reclassification into the category of Resources of central banks and of other credit institutions

Note 30 - Other liabilities

		AOA'000
	31.12.2016	31.12.2015
Dividends payable	157 290	157 290
Of a tax nature	207 545	126 732
Of a civil nature	1 364 809	1 577 785
Staff, salaries and remuneration	678 900	481 147
Total of other liabilities	**2 408 544**	**2 342 954**

The category of Tax nature fundamentally includes stamp duty, capital gains tax and special tax for banking operations to be settled.

The category of Staff, wages and payments includes the provisions for holidays, holiday allowance and bonuses to employees.

The category of Other civil liabilities includes the specialisation of costs incurred in the financial year for which the invoices have still not been received.

Note 31 - Other reserves and retained earnings

The applicable Angolan legislation requires the Legal Reserve to be credited annually with at least 10% of the yearly net profit, up to the concurrence of the share capital.

Balance of the categories for the financial year of 2016 and 2015:

		AOA'000
	31.12.2016	31.12.2015
Legal reserve	4 066 837	3 817 434
Retained earnings	4 673 727	4 389 650
Effect of alterations in the accounting policies	(6 543 394)	(6 543 394)
Total	**2 197 170**	**1 663 690**

The effect of alterations on the accounting policies reflects the impact of the adjustments associated with the adoption of the international accounting standards with an impact on the Bank's capital.

Note 32 - Share capital, Own shares and Revaluation reserves

At 31 December 2016, the Bank's share capital, in the amount of AOA 14,642,808,000, was represented by 1,853,600 ordinary shares, fully subscribed and paid-up by different shareholders and 146,400 own shares (total of 2,000,000 shares).

	31.12.2016			31.12.2015		
	%	Total shares	Share capital	%	Total shares	Share capital
Mário Abílio Pinheiro Rodrigues M. Palhares	33,28%	665 600	4 873 127	33,28%	665 600	4 873 127
João Baptista de Matos	11,63%	232 600	1 702 959	11,63%	232 600	1 702 959
BGI - Societé des Brasseries et Glacieres Inter.	10,00%	200 000	1 464 281	10,00%	200 000	1 464 281
José Teodoro Garcia Boyol	5,41%	108 200	792 176	5,41%	108 200	792 176
Ivan Leite Morais	5,29%	105 800	774 605	5,29%	105 800	774 605
Óscar Tito Cardoso Fernandes	5,02%	100 400	735 069	5,02%	100 400	735 069
Arnaldo Leiro Octávio	4,32%	86 400	632 569	4,32%	86 400	632 569
Amarildo Délcio de Carvalho Viegas	4,00%	80 000	585 712	4,00%	80 000	585 712
Joaquim Manuel Nunes	3,70%	74 000	541 784	3,70%	74 000	541 784
Leonel da Rocha Pinto	3,21%	64 200	470 034	3,21%	64 200	470 034
Rui da Cruz	2,11%	42 200	308 963	2,11%	42 200	308 963
Mário de Almeida Dias	1,11%	22 200	162 535	1,11%	22 200	162 535
Manuel Arnaldo Calado	1,10%	22 000	161 071	1,10%	22 000	161 071
Minority Shareholders	2,50%	50 000	366 069	7,50%	150 000	1 098 210
Shares in Portfolio	7,32%	146 400	1 071 854	2,32%	46 400	339 713
Net total	**100,00%**	**2 000 000**	**14 642 808**	**100,00%**	**2 000 000**	**14 642 808**

During the financial year of 2016, the Bank acquired 100,000 own shares that represent AOA 732,141,000 through the non-conclusion of the recording request of the new acquirers.

		AOA'000
	31.12.2016	31.12.2015
Own shares	(1 071 854)	(339 713)
Revaluation reserves:		
Income generated with the acquisition of own shares	(918 276)	(11 844)
Financial assets available for sale	-	-

The potential negative income results from losses recorded in the acquisition of the own shares.
The holdings of equity shares by members of the governing and inspection bodies are the following:

	%	Total shares	Share capital	Acquisition
Mário Abílio Pinheiro Rodrigues M. Palhares	33,28%	665 600	4 873 127	Nominal value
José Teodoro Garcia Boyol	5,41%	108 200	792 176	Nominal value

Note 33 – Guarantees and other commitments

The amounts of provided guarantees and sureties and the commitments with third parties are analysed as follows:

		AOA'000
	31.12.2016	31.12.2015
Provided guarantees and sureties	21 631 865	28 560 348
Received guarantees and sureties	(237 358 421)	(159 719 929)
Commitments towards third parties	6 760 222	6 270 077
Commitments assumed by third parties	(58 546 031)	(47 672 184)

The provided guarantees and sureties are banking transactions which do not translate into the mobilisation of funds by the Bank.

Documentary credits are irrevocable commitments on the part of the Bank and on behalf of their customers to pay/order to pay a certain 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 provision of the service. The irrevocable condition means that the commitment cannot be cancelled or altered without the express agreement of all the parties involved.

Revocable and irrevocable commitments present contractual agreements for the granting of loans with the Bank's customers (for example, unused lines of credit) which, as a general rule, are contracted for fixed periods or with other expiry requirements and normally require the payment of a commission. Substantially all the existing loan-granting commitments require that the customers have certain requirements verified upon their contracting.

Notwithstanding the particularities of these commitments, the assessment of these transactions obeys the same basic principles of any other commercial transaction, namely that of the solvency, of either the customer, or of the business that they are subjacent to, with the Bank requiring these transactions to be duly collateralised when necessary. Once it is expected that the majority of them will expire without having been used, the indicated amounts do not necessarily represent future cash needs.

The financial instruments accounted for as Guarantees and other commitments are subject to the same approval and control procedures applied to the loan portfolio namely with regard to the assessment of the adequacy of the provisions constituted as described in the accounting policy described in Note 2.3. The maximum credit exposure is represented by the nominal value that could be lost relative to the contingent liabilities and other commitments assumed by the Bank in the possibility of default by the respective counter-parties, without taking potential recoveries of loans or collateral into consideration.

The Bank provides custody, asset management, investment management and advisory services that involve the purchase and sale decision-making of different types of financial instruments. For certain provided services, targets and profit levels are established for the assets under management.

Additionally, the liabilities shown in off-balance sheet accounts related to the provision of banking services are as follows:

AOA'000

	31.12.2016	31.12.2015
Amounts received in deposits	(66 228 760)	(26 195 838)
Other off-balance sheet accounts	23 250 211	15 115 499

Within the scope of the fiduciary activity, the Bank proceeds to the custody of customer amounts.

Note 34 - Transaction with related parties

The amount of the Bank's transactions with related parties at 31 December 2016 and 2015, as well as the respective costs and income recognised in the period under analysis, is summarised as follows:

AOA'000

	2016				2015			
	Assets	Liabilities	Income	Costs	Assets	Liabilities	Income	Costs
Subsidiaries								
Facilcred - Socidade de Microcrédito, S.A.	100 220	203 994	-	11 167	97 231	202 446	-	6 418
BNI Asset Management	-	27 856	-	-	-	-	-	-
BNIE	12 736 244	9 825	34 631	72 162	7 721 244	886 990	8 551	42 889
Total	**12 836 464**	**241 675**	**34 631**	**83 329**	**7 818 475**	**1 089 436**	**8 551**	**49 307**
Associated companies								
EMIS-Empresa Interbancâria Serviços, SARL	-	15 120	-	-	-	30 436	-	-
Total	**-**	**15 120**	**-**	**-**	**-**	**30 436**	**-**	**-**

At 31 December 2016 and 2015, the overall amount of the Bank's assets and liabilities that refer to operations carried out with subsidiaries, associated companies and related entities of the Group, in addition to those referred to above, is summarised as follows:

AOA'000

	2016					2015				
	Assets	Liabilities	Guarantees	Income	Costs	Assets	Liabilities	Guarantees	Income	Costs
Shareholders	4 613	2 171 468	-	1 597	313 495	13 964	1 937 101	-	66 518	39 904
Corporate Board Members	141 667	583 851	136 200	-	8 999	156 915	500 603	155 178	-	-
Subsidiaries and associated companies of shareholders	-	5 640 936	-	-	196 647	-	8 124 168	-	-	6 418
Other	-	-	-	-	-	9 276 328	-	-	-	-
Total	**146 280**	**8 396 255**	**136 200**	**1 597**	**519 141**	**9 447 207**	**10 561 872**	**155 178**	**66 518**	**46 322**

Note 35 - Book value of financial instruments

The book value of the financial asset and liability instruments distributed according to their measurement category is presented below.

AOA'000

	31.12.2016				
	Valued at fair value	Valued at amortised cost	Valued at historical cost	Impairment	Net value
Assets					
Cash and cash on hand in central banks	-	28 039 766	-	-	28 039 766
Cash on hand in other credit institutions	-	7 520 433	-	-	7 520 433
Investments in subsidiaries, associated companies and joint ventures	-	-	342 701	(74 049)	268 652
Investments in central banks and in other credit institutions	-	33 085 813	-	-	33 085 813
Loans to customers	-	108 590 390	-	(15 105 551)	93 484 839
Financial assets available for sale	-	-	23 599	-	23 599
Investments held until maturity;	-	64 721 555	-	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973
Non-current assets held for sale	-	-	6 892 372	(2 548 448)	4 343 924
Liabilities					
Resources of customers and other loans	-	227 357 769	-	-	227 357 769
Resources of central banks and other credit institutions	-	4 343 315	-	-	4 343 315
Subordinated liabilities	-	7 901 484	-	-	7 901 484

AOA'000

	31.12.2015				
	Valued at fair value	Valued at amortised cost	Valued at historical cost	Impairment	Net value
Assets					
Cash and cash on hand in central banks	-	32 598 150	-	-	32 598 150
Cash on hand in other credit institutions	-	8 557 127	-	-	8 557 127
Investments in subsidiaries, associated companies and joint ventures	-	-	4 834 057	(369 713)	4 464 344
Investments in central banks and in other credit institutions	-	25 224 040	-	-	25 224 040
Loans to customers	-	101 111 218	-	(16 754 397)	84 356 821
Financial assets available for sale	-	-	23 599	-	23 599
Investments held until maturity;	-	26 963 233	-	-	26 963 233
Financial assets at fair value through profit and loss	1 536 473	-	-	-	1 536 473
Non-current assets held for sale	-	-	8 244 115	-	8 244 115
Liabilities					
Resources of customers and other loans	-	172 954 785	-	-	172 954 785
Resources of central banks and other credit institutions	-	28 739 492	-	-	28 739 492
Subordinated liabilities	-	6 874 002	-	-	6 874 002

All the assets recognised at fair value are valued in accordance with the level 2 hierarchy of valuation (there are no assets in the Bank recognised at fair value in the level 3 hierarchy of valuation).

Note 36 - Net gains or net losses in financial instruments

The table below presents the gains and losses generated by financial assets and liabilities, namely resulting from the combination of paid and received interest, fair value variations and impairment.

	31.12.2016		AOA'000
	Through the income statement		
	Gains	Losses	Net
Assets			
Cash on hand and investments in credit institutions	666 094	-	666 094
Loans to customers	11 765 742	(4 894 897)	6 870 845
Financial assets at fair value through profit and loss	167 436	-	167 436
Investments held until maturity	4 114 791	-	4 114 791
Investments in subsidiaries, associated companies and joint ventures	-	-	-
Non-current assets held for sale	-	(2 177 722)	(2 177 722)
Liabilities			
Resources of customers and other loans	-	(5 992 761)	(5 992 761)
Resources of central banks and other credit institutions	-	(961 116)	(961 116)
Subordinated liabilities	-	(328 426)	(328 426)
Net Total	**16 714 063**	**(14 354 922)**	**2 359 141**

	31.12.2015		AOA'000
	Through the income statement		
	Gains	Losses	Net
Assets			
Cash on hand and investments in credit institutions	70 820	-	70 820
Loans to customers	10 324 559	(4 894 897)	5 429 662
Financial assets at fair value through profit and loss	63 647	-	63 647
Investments held until maturity	5 693 670	-	5 693 670
Investments in subsidiaries, associated companies and joint ventures	-	-	-
Non-current assets held for sale	-	(369 713)	(369 713)
Liabilities			
Resources of customers and other loans	-	(3 837 007)	(3 837 007)
Resources of central banks and other credit institutions	-	(1 162 500)	(1 162 500)
Subordinated liabilities	-	(363 168)	(363 168)
Total	**16 152 696**	**(10 627 285)**	**5 525 411**

Note 37 - Fair value of financial assets and liabilities

The fair value has the market prices as its basis, provided that they are available. If they do not exist, the fair value is estimated through internal models based on cash flow discounting techniques. The cash flow management of the different instruments is carried out based on the respective financial characteristics and the used discount rates incorporate either the market interest rates curve, or the current risk levels of the respective issuer.

Thus, the obtained fair value is influenced by the parameters used in the valuation model, which necessarily incorporate some degree of subjectivity, and it exclusively reflects the value attributed to the different financial instruments.

The fair value of the financial assets and liabilities recorded in the Bank's balance sheet at amortised cost is presented as follows:

AOA'000

	31.12.2016						
		Fair value of financial instruments					
	Book value (net)	Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost	Total	Difference	Assets valued at historical cost	Total book value
Assets							
Cash and cash on hand in central banks	28 039 766	-	28 039 766	28 039 766	-	-	28 039 766
Cash on hand in other credit institutions	7 520 433	-	7 520 433	7 520 433	-	-	7 520 433
Investments in subsidiaries, associated companies and joint ventures	-	-	-	-	-	268 652	268 652
Investments in central banks and in other credit institutions	33 085 813	-	33 085 813	33 085 813	-	-	33 085 813
Loans to customers	93 484 839	-	93 484 839	93 484 839	-	-	93 484 839
Financial assets available for sale	-	-	-	-	-	23 599	23 599
Investments held until maturity;	64 721 555	-	63 246 874	63 246 874	1 474 681	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	2 409 973	-	2 409 973	-	-	2 409 973
Non-current assets held for sale	-	-	-	-	-	4 343 924	4 343 924
Liabilities						-	-
Resources of customers and other loans	227 357 769	-	227 357 769	227 357 769	-	-	227 357 769
Resources of central banks and other credit institutions	4 343 315	-	4 343 315	4 343 315	-	-	4 343 315
Subordinated liabilities	7 901 484	-	7 901 484	7 901 484	-	-	7 901 484

AOA'000

	31.12.2015						
		Fair value of financial instruments					
	Book value (net)	Recorded in the balance sheet at fair value	Recorded in the balance sheet at amortised cost	Total	Difference	Assets valued at historical cost	Total book value
Assets							
Cash and cash on hand in central banks	32 598 150	-	32 598 150	32 598 150	-	-	32 598 150
Cash on hand in other credit institutions	8 557 127	-	8 557 127	8 557 127	-	-	8 557 127
Investments in subsidiaries, associated companies and joint ventures	-	-	-	-	-	4 464 344	4 464 344
Investments in central banks and in other credit institutions	25 224 040	-	25 224 040	25 224 040	-	-	25 224 040
Loans to customers	84 356 821	-	84 356 821	84 356 821	-	-	84 356 821
Financial assets available for sale	-	-	-	-	-	23 599	23 599
Investments held until maturity;	26 963 233	-	26 080 461	26 080 461	882 772	-	26 963 233
Financial assets at fair value through profit and loss	1 536 473	1 536 473	-	1 536 473	-	-	1 536 473
Non-current assets held for sale	-	-	-	-	-	8 244 115	8 244 115
Liabilities						-	
Resources of customers and other loans	172 954 785	-	172 954 785	172 954 785	-	-	172 954 785
Resources of central banks and other credit institutions	28 739 492	-	28 739 492	28 739 492	-	-	28 739 492
Subordinated liabilities	6 874 002	-	6 874 002	6 874 002	-	-	6 874 002

At 31 December 2015 real estate received in exchange/balances receivable from the operation explained in Note 21 were classified into non-current assets held for sale, for which due to not qualifying as financial instruments, this category isn't presented for this year.

During the financial year of 2016 there was the transfer of the financial interest from the BNIE to non-current assets held for sale, with this balance being presented in this category in the table above.

All the assets recognised at fair value are valued in accordance with the level 2 hierarchy of valuation (there are no assets in the Bank recognised at fair value in the level 3 hierarchy of valuation).

The Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments (asset or liability), which reflects the judgement level, the observability of the used data and the importance of the parameters applied in the determination of the valuation of the instrument's fair value, in accordance with that provided for in the IFRS 13:

Level 1: The fair value is determined based on non-adjusted listed prices, captured in transactions in active markets involving financial instruments identical to the instruments to be valued. If there is more than one active market for the same financial instrument, the relevant price is that which prevails in the main market of the instrument, or the most advantageous market for which the access exists;

Level 2: The fair value is determined from valuation techniques supported in observable data in active markets, whether direct data (prices, rates, spreads…) or indirect data (derivatives), and valuation assumptions similar to those which a non-related party would use in the fair value estimate of the same financial instrument. It also includes instruments whose valuation is obtained through prices disclosed by independent entities but whose markets have lower liquidity; and

Level 3: The fair value is determined based on non-observable data in active markets, with recourse to techniques and assumptions that the market's participants would use to value the same instruments, including hypotheses regarding the inherent risks, the used valuation technique and the inputs used and contemplated review processes of the accuracy of the thus obtained values.

The Bank considers an active market for a given financial instrument, on the measuring date, depending on the business volume and the liquidity of the operations carried out, the relative volatility of the listed prices and on the promptness and availability of the information, whilst for this purpose needing to verify the following minimum conditions:
- Existence of frequent daily trading prices in the last year;
- The aforementioned prices alter regularly;
- There are executable prices of more than one entity;

A parameter used in a valuation technique is considered an observable data in the market if the following conditions are met:
- If its value is determined in an active market;
- If there is an OTC market and it is reasonable to assume that the active market conditions are verified, with the exception of the condition of trading volumes; and,
- The value of the parameter can be obtained through the inverse calculation of the prices of the financial instruments and/or derivatives where the remaining parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that comply with the above paragraphs.

The fair value hierarchy of the assets valued at amortised cost is the following:

AOA'000

	31.12.2016			
	Valuation hierarchy			
Assets and liabilities at amortised cost	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets				
Cash and cash on hand in central banks	28 039 766	-	28 039 766	-
Cash on hand in other credit institutions	7 520 433	-	7 520 433	-
Investments in central banks and in other credit institutions	33 085 813	-	33 085 813	-
Loans to customers	93 484 839	-	-	93 484 839
Investments held until maturity;	63 246 874	-	63 246 874	-
Liabilities				
Resources of customers and other loans	227 357 769	-	227 357 769	-
Resources of central banks and other credit institutions	4 343 315	-	4 343 315	-
Subordinated liabilities	7 901 484	-	7 901 484	-

AOA'000

	31.12.2015			
	Valuation hierarchy			
Assets and liabilities at amortised cost	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash and cash on hand in central banks	32 598 150	-	32 598 150	-
Cash on hand in other credit institutions	8 557 127	-	8 557 127	-
Investments in central banks and in other credit institutions	25 224 040	-	25 224 040	-
Loans to customers	84 356 821	-	-	84 356 821
Investments held until maturity	26 080 461	-	26 080 461	-
Liabilities				
Resources of customers and other loans	172 954 785	-	172 954 785	-
Resources of central banks and other credit institutions	28 739 492	-	28 739 492	-
Subordinated liabilities	6 874 002	-	6 874 002	-

Investments held until maturity

The fair value of these financial instruments is based on market prices, when available. If they don't exist, the fair value is estimated based on the adjustment of the expected cash flows of capital and interest in the future for these instruments.

Loans to customers

The fair value of the loans to customers is estimated based on the adjustment of the expected cash flows of capital and interest, considering that the instalments are paid on the contractually defined dates. The expected future cash flows from the homogeneous loan portfolios, such as the housing credit for example, are estimated on a portfolio basis. The used discount rates are the current rates practised for loans with similar characteristics.

Resources of central banks and other credit institutions

The fair value of these liabilities is estimated based on the adjustment of the expected cash flows of capital and interest, considering that the payments of instalments occur on the contractually defined dates.

Resources of customers and other loans

The fair value of these financial instruments is estimated based on the adjustment of the expected cash flows of capital and interest. The used discount rate is that which reflects the rates practised for the deposits with similar characteristics at the balance sheet date. Considering that the applicable interest rates are renewed for periods less than one year, there are no materially significant differences in their fair value.

Liabilities represented by securities and Subordinated liabilities

The fair value is based on market prices when available; if they exist, it is estimated based on the adjustment of the expected cash flows of capital and interest in the future for these instruments. If they don't exist, the calculation of the fair value was carried through the use of numeric models, based on cash flow discounting techniques which, in order to estimate the fair value, use the market interest rate curves adjusted by the associated factors, predominantly the credit risk and the trade margin, the latter only in the case of issues placed in the Bank's non-institutional customers.

Note 38 – Activity risk management

The Bank is subject to a various range of risks within the scope of the carrying out of their activity. The risk management is carried out in a manner centralised to the specific risks of each business.

The Bank's risk management policy aims towards the permanent maintenance of an adequate relationship between their equity and the carried out activity, as well as the corresponding assessment of the risk/return profile by business line.

In this context, the monitoring and control of the main types of financial risks - credit, market, liquidity, real estate and operational - that the activity of the Bank is subject to, assumes a particular significance.

Main Risk Categories

Credit – The credit risk is associated with the degree of uncertainty of recovery of the investment and of its returns, due to incapacity of either a debtor (or of their guarantor, if there is one), in this way causing a financial loss for the creditor. The credit risk is apparent in debt securities or other balances receivable.

Market – The concept of market risk reflects the potential loss that can be recorded by a certain portfolio as a result of rate alterations (interest and exchange) and/or alterations of the prices of the different financial instruments that comprise them, considering either the correlations existing between them, or the respective volatilities. Thus, the Market Risk encompasses the interest rate and exchange rate risk and other price risks.

Liquidity – The liquidity risk reflects the incapacity of the Bank to fulfil their obligations associated with financial liabilities at each maturity date, without incurring in significant losses resulting from a degradation of the conditions of access to the financing (financing risk) and/or of sale of their assets for values lower than the values usually practised in the market (market liquidity risk).

Real Estate - The real estate risk results from possible negative impacts on the Bank's income or level of capital, due to oscillations in the real estate's market price.

Operational – An operational risk is deemed as the potential loss resulting from flaws or inadequacies in the internal processes, in the people or in the systems, or even the potential losses resulting from external events.

Internal organisation

As a basic element for the activity's success, the Bank considers the implementation and preservation of an adequate risk management as fundamental, which must materialise in the definition of the Bank's appetite to risk and in the implementation of strategies and policies that look to achieve their goals whilst taking into account the defined appetite to risk, ensuring that it remains within pre-defined limits and that it is subject to an adequate and continuous oversight.

The BNI's Board of Directors is responsible for the approval of the appetite to risk, overall risk policy and specific policies for the significant risks. In this context, the approval of the highest principles and rules that must be followed in the Bank's risk management as well as the guidelines that must dictate the allocation of the capital to the different risks and business lines is included.

Through the Risk Management Committee, the Board of Directors ensures the existence of an adequate risk control and of effective management systems in all areas of the Bank.

The Risk Management Committee is responsible for periodically monitoring the overall risk levels incurred, whilst ensuring that they are compatible with the aims and strategies approved for the carrying out of the activity.

The risk management position is fulfilled by the Risk Management Office whose manager is the "Risk Officer". The Risk Officer is responsible for the monitoring and reporting of the Bank's risk situation: establishing and promoting risk management policies, procedures, methodologies and tools; monitoring the risk taking of operational units and promoting the importance of the control at the level of the first line of defence ensured by the operational units; gathering relevant information from the operational units in order to regularly control the metrics of the appetite to risk; automatically producing (whenever possible) appetite to risk reports.

The Compliance Office, responsible for the compliance function, encompasses all the areas, processes and activities of the companies that form the Bank and has the mission of contributing to the prevention and mitigation of the "compliance risks", which translate into the risk of legal or regulatory sanctions, of financial loss or loss of reputation as a consequence of the failure to comply with the application of laws, regulations, code of conduct and of the good banking practices, promoting the respect of the BNI and of their workers towards the whole legislation applicable through an independent intervention, together with all the organic units of the Bank.

The risk and compliance positions functionally report to an executive director who doesn't accumulate areas of operational units and hierarchically to the Board of Directors through the Committees formed of non-executive directors in which they participate.

In the course of the financial year of 2016, the National Bank of Angola has been issuing a set of Notices and Instructions with a special focus on the management and reporting of risk by the Financial Institutions. The Bank is in their implementation phase in terms of proceeding to the reporting within the legally applicable periods.

Risk assessment

Credit Risk

The credit risk models fulfil an essential role in the credit decision process. Thus, the decision process of operations of the loan portfolio is based on a set of policies resorting to scoring models for the portfolios of Private customers and Businesses and of rating for the segment of Companies.

The credit decisions depend on the classifications of risk and of compliance with various rules regarding the financial capacity and behaviour of the applicants. There are scoring models relative to the main portfolios of loans to private individuals, namely credit for housing and individual credit, contemplating the necessary segmentation between customers and non-customers (or recent customers).

In the domain of loans to companies, internal rating models are used for large and medium-sized companies, differentiating the construction sector and the third sector of the remaining sectors of activity, whilst for Sole Proprietors (SP) and Micro-enterprises, the Business scoring model is applied.

The information relative to the exposure of the Bank to the credit risk is presented below:

AOA'000

	31.12.2016		
	Book value	Impairment	Net book value
On-balance sheet			
Cash on hand in other credit institutions	7 520 433	-	7 520 433
Investments in central banks and in other credit institutions	33 085 813	-	33 085 813
Loans to customers	108 590 390	(15 105 551)	93 484 839
Investments held until maturity;	64 721 555	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	2 409 973
Off-balance sheet			
Provided guarantees	21 631 865	(209 075)	21 422 790
Commitments assumed towards third parties	6 760 222	-	6 760 222

AOA'000

	31.12.2015		
	Book value	Impairment	Net book value
On-balance sheet			
Cash on hand in other credit institutions	8 557 127	-	8 557 127
Investments in central banks and in other credit institutions	25 224 040	-	25 224 040
Loans to customers	101 111 218	(16 754 397)	84 356 821
Investments held until maturity;	26 963 233	-	26 963 233
Financial assets at fair value through profit and loss	1 536 473	-	1 536 473
Off-balance sheet			
Provided guarantees	28 560 348	(1 351 429)	27 208 919
Commitments assumed towards third parties	6 270 077	-	6 270 077

AOA'000

	31.12.2016						
	Outstanding	**Overdue**	**Provided guarantees**	**Total exposure**	**Relative weight**	**Impairment**	**Impairment/ total exposure**
Wholesale and retail sales	23 870 030	259 386	2 896 831	27 026 247	21%	1 525 102	6%
Provision of services	16 733 170	166 077	616 510	17 515 757	13%	3 481 496	20%
Real estate	12 460 848	2 763 865	-	15 224 713	12%	1 727 950	11%
Construction	6 122 905	486 236	4 571 292	11 180 433	9%	775 305	7%
Transportation, warehousing and communication	10 414 874	144 286	-	10 559 160	8%	1 224 425	12%
Accommodations and catering	607 111	-	4 145 166	4 752 277	4%	60 831	1%
Agriculture and herding	3 378 296	487 049	450 957	4 316 302	3%	849 987	20%
Mining extraction and preparation	4 042 584	-	-	4 042 584	3%	978 124	24%
Banking institutions and monetary intermediation	3 323 995	-	-	3 323 995	3%	382 816	12%
Manufacturing	2 406 879	474 940	-	2 881 819	2%	416 333	14%
Telecommunications	2 373 767	-	-	2 373 767	2%	482 486	20%
Public entities	1 157 284	15 768	7 909	1 180 961	1%	96 134	8%
Other sectors	8 884 831	152 125	8 943 200	17 980 156	14%	1 849 984	10%
Private Individuals	6 554 992	1 309 092	-	7 864 084	6%	1 463 682	19%
Housing	880 256	232 529	-	1 112 785	1%	150 973	14%
Other purposes	5 674 736	1 076 563	-	6 751 299	5%	1 312 709	19%
Total	**102 331 566**	**6 258 824**	**21 631 865**	**130 222 255**	**100%**	**15 314 655**	**12%**

With regard to credit risk, the portfolio of securitised financial assets maintains its position predominantly in sovereign bonds of the Republic of Angola.

The geographic concentration of the credit risk at 31 December 2016 and 2015:

AOA'000

	31.12.2016				
	Angola	**Other African countries**	**Europa**	**Other**	**Total**
Cash and cash on hand in central banks	28 039 766	-	-	-	28 039 766
Cash on hand in other credit institutions	349 837	1 834 937	5 225 341	110 318	7 520 433
Investments in central banks and in other credit institutions	17 213 191	4 754 487	9 126 542	1 991 593	33 085 813
Loans to customers	108 590 390	-	-	-	108 590 390
Investments held until maturity	64 721 555	-	-	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973

AOA'000

	31.12.2015				
	Angola	**Other African countries**	**Europa**	**Other**	**Total**
Cash and cash on hand in central banks	32 598 150	-	-	-	32 598 150
Cash on hand in other credit institutions	172 034	6 614 655	1 758 745	11 693	8 557 127
Investments in central banks and in other credit institutions	8 000 998	9 825 989	5 496 094	1 900 959	25 224 040
Loans to customers	101 111 218	-	-	-	101 111 218
Investments held until maturity	26 963 233	-	-	-	26 963 233
Financial assets at fair value through profit and loss	1 536 473	-	-	-	1 536 473

For purposes of reduction of the credit risk, the real mortgage guarantees and the financial collateral, which allow for direct reduction of the position's value, are significant. Personal protection guarantees with an effect of replacement in the position in risk are also considered.

In terms of direct reduction, the credit operations collateralised by financial collateral, namely deposits, bonds of the Angolan state amongst other similar, are contemplated.

In relation to the real mortgage guarantees, the valuations of the estate are carried out by independent valuers or by a structure unit of the Institution itself, regardless of the business area. The revaluation of the estate is carried out through the realisation of valuations on site, by a technical valuer, in accordance with the best practices adopted in the market.

The Model of calculation of the impairment losses of the Bank's loan portfolio has been in production since 2016, and is governed by the general principles defined in the IAS 39, as well as by the guidelines and iterations of implementation of the IAS/IFRS together with the National Bank of Angola, in order to bring the calculation process in line with the best international practices.

The Bank's impairment model starts by segmenting the customers of the loan portfolio into different groups, pursuant to the existence of signs of impairment (which contemplate internal and external information) and the size of the set of exposures of each economic group/customer:

- Individually Significant: Individual Customers or Economic Groups that meet at least one of the following requirements are subject to analysis:
- Homogeneous Populations without signs of impairment: Customers or Economic Groups that do not meet the criteria for being Individually Significant and that present at least one sign of impairment.
- Homogeneous Populations without signs of impairment: Customers or Economic Groups that do not meet the criteria for being Individually Significant and that do not present any sign of impairment.

Pursuant to the group that the customers are classified into, the operations are treated through an Analysis on an Individual Basis, or an Analysis on a Collective Basis.

For each of the active customers/loans, a set of signs of impairment are verified, which contemplate internal and external information that, in turn, aggravate the impairment values insofar as they represent an aggravation of the risk of default.

It should be noted that a restructured loan is a sign of impairment for which the portfolio of loans marked as restructured is included in the loans with signs of impairment.

In the group of homogeneous populations, the exposures of the customers are subject to the analysis on a collective basis. The calculation of the value of the impairment for the loans of the customers pertaining to the homogeneous populations results from the product of the EAD exposure (deducted from financial collateral without risk) through the following risk parameters:

- PD (probability of default): corresponds to internal estimates of default, based on the risk classifications associated with the operations/customers, segment and respective signs of impairment/statuses of the credit (if they exist). If the credit is in a situation of default or cross-default, the PD corresponds to 100%;
- LGD (loss given default): corresponds to internal loss estimates, that vary according to the segment, if they have a real guarantee or not, LTV (Loan-to-Value) and age of the default, with the basis of the historical experience of recovery of loans that entered into default.

In the group of the individually significant customers, the exposures of the customers are subject to analysis on an individual basis. This analysis has an impact on the credit rating of the debtor, as well as on the loan recovery expectations, namely in view of the existing collateral and guarantees.

The impairment value for the Individually Significant customers is determined through the discounted cash flow method, i.e., the impairment value corresponds to the difference between the value of the loan and the sum of the expected cash flows relative to the different operations of the customer, adjusted according to the interest rates of each operation.

Market Risk

With regard to the information and analysis of market risk, the regular reporting on the portfolios of financial assets is ensured. At the level of the own portfolios, various risk limits are defined. Different exposure limits are also defined by Issuer, by type/class of asset and credit rating level. Stop Loss and Loss Trigger limits for the positions held for trading and available for sale are also defined.

The Bank also maintains the compliance with Notice no. 08/2016 of 16 May referring to the Interest Rate Risk in the bank portfolio (financial instruments not held in the trading portfolio).

The investment portfolio is fully concentrated into National Treasury bonds.

The assessment of the interest rate risk brought about by operations of the bank portfolio is carried out through an analysis of sensitivity to the risk.

Based on the financial characteristics of each contract, the respective projection of the expected cash flows is made, in accordance with the rate re-setting dates and possible considered behavioural assumptions.

The aggregation, for each of the analysed currencies, of the expected cash flows in each of the time periods allows determining the interest rate gaps per re-setting period.

In following the recommendations of Instruction no. 06/2016 of 08 August, of the National Bank of Angola, the Bank calculates their exposure to the interest rate risk of the balance sheet based on the methodology defined in the instruction.

The Bank's assets and liabilities are broken down by rate type at the date of 31 December 2016 and 2015 as follows:

AOA'000

	31.12.2016				
	Exposure to				
	Fixed rate	Variable rate	Not subject to interest rate risk	Derivatives	Total
Assets	**40 489 405**	**185 706 774**	**22 539 274**	**-**	**248 735 453**
Cash and cash on hand in central banks	-	25 160 643	2 879 123	-	28 039 766
Cash on hand in other credit institutions	-	-	7 520 433	-	7 520 433
Investments in central banks and in other credit institutions	30 261 679	2 824 134	-	-	33 085 813
Loans to customers	-	108 590 390	-	-	108 590 390
Investments held until maturity;	10 227 726	46 721 634	7 772 195	-	64 721 555
Financial assets available for sale	-	-	23 599	-	23 599
Financial assets at fair value through profit and loss	-	2 409 973	-	-	2 409 973
Non-current assets held for sale	-	-	4 343 924	-	4 343 924
Liabilities	-	(239 398 952)	(203 616)	-	(239 602 568)
Resources of customers and other loans	-	(227 357 769)	-	-	(227 357 769)
Resources of central banks and other credit institutions	-	(4 139 699)	(203 616)	-	(4 343 315)
Subordinated liabilities	-	(7 901 484)	-	-	(7 901 484)
Total	**40 489 405**	**(53 692 178)**	**22 335 658**	**-**	**9 132 885**

AOA'000

	31.12.2015				
	Exposure to				
	Fixed rate	Variable rate	Not subject to interest rate risk	Derivatives	Total
Assets	**23 240 265**	**155 277 792**	**25 739 898**	**-**	**204 257 955**
Cash and cash on hand in central banks	-	29 361 035	3 237 115	-	32 598 150
Cash on hand in other credit institutions	-	-	8 557 127	-	8 557 127
Investments in central banks and in other credit institutions	18 437 765	6 786 275	-	-	25 224 040
Loans to customers	-	101 111 218	-	-	101 111 218
Investments held until maturity;	4 802 500	16 482 791	5 677 942	-	26 963 233
Financial assets available for sale	-	-	23 599	-	23 599
Financial assets at fair value through profit and loss	-	1 536 473	-	-	1 536 473
Non-current assets held for sale	-	-	8 244 115	-	8 244 115
Liabilities	(889 327)	(202 485 611)	(5 193 341)		(208 568 279)
Resources of customers and other loans	-	(172 954 785)	-	-	(172 954 785)
Resources of central banks and other credit institutions	(889 327)	(22 656 824)	(5 193 341)	-	(28 739 492)
Subordinated liabilities	-	(6 874 002)	-	-	(6 874 002)
Total	**(889 327)**	**(202 485 611)**	**3 050 774**	**-**	**(200 324 164)**

Detail of the financial instruments with an exposure to interest rate risk according to the maturity or re-setting date at 31 December 2016 and 2015.

AOA'000

	31.12.2016 Exposure to								
	Up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	More than 5 years	Indefinite	Total
Assets	**82 068 804**	**13 727 100**	**6 535 514**	**32 245 104**	**34 462 758**	**27 673 666**	**44 732 389**	**2 922 595**	**244 367 930**
Cash and cash on hand in central banks	28 039 766	-	-	-	-	-	-	-	28 039 766
Cash on hand in other credit institutions	7 422 199	-	-	-	-	-	-	98 234	7 520 433
Investments in central banks and in other credit institutions	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 824 134	33 085 813
Loans to customers	18 243 928	2 881 649	343 814	28 954 372	4 443 826	19 709 348	34 013 453	-	108 590 390
Investments held until maturity	7 530 896	5 672 554	2 292 865	2 162 290	29 351 317	6 992 470	10 718 936	227	64 721 555
Financial assets at fair value through profit and loss	-	-	770 510	-	667 615	971 848	-	-	2 409 973
Liabilities	**(153 776 715)**	**(19 356 078)**	**(17 331 666)**	**(21 367 594)**	**(13 053 608)**	**(10 170 820)**	**(810 527)**	**(3 735 560)**	**(239 602 568)**
Resources of customers and other loans	(152 607 150)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(2 269 336)	(810 527)	(561 810)	(227 357 769)
Resources of central banks and other credit institutions	(1 169 565)	-	-	-	-	-	-	(3 173 750)	(4 343 315)
Subordinated liabilities	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
Net exposure	**(71 707 911)**	**(5 628 978)**	**(10 796 152)**	**10 877 510**	**21 409 150**	**17 502 846**	**43 921 862**	**(812 965)**	**4 765 362**

AOA'000

	31.12.2015 Exposure to								
	Up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	More than 5 years	Indefinite	Total
Assets	**64 207 961**	**15 977 303**	**15 970 117**	**21 366 428**	**23 787 804**	**22 732 006**	**25 162 347**	**6 786 275**	**195 990 241**
Cash and cash on hand in central banks	32 598 150	-	-	-	-	-	-	-	32 598 150
Cash on hand in other credit institutions	8 557 127	-	-	-	-	-	-	-	8 557 127
Investments in central banks and in other credit institutions	9 801 067	3 953 695	3 263 731	1 419 272	-	-	-	6 786 275	25 224 040
Loans to customers	12 273 593	8 485 570	8 249 837	13 810 600	14 441 390	20 052 337	23 797 891	-	101 111 218
Investments held until maturity	978 024	3 538 038	4 456 549	6 136 556	8 602 633	1 886 977	1 364 456	-	26 963 233
Financial assets at fair value through profit and loss	-	-	-	-	743 781	792 692	-	-	1 536 473
Liabilities	**(124 258 364)**	**(14 525 431)**	**(23 788 083)**	**(18 865 832)**	**(84 223)**	**(5 200 181)**	**(57 443)**	**(21 788 722)**	**(208 568 279)**
Resources of customers and other loans	(116 359 746)	(14 525 431)	(23 046 620)	(18 865 832)	(84 223)	(15 490)	(57 443)	-	(172 954 785)
Resources of central banks and other credit institutions	(6 621 991)	-	(741 463)	-	-	-	-	(21 376 038)	(28 739 492)
Subordinated liabilities	(1 276 627)	-	-	-	-	(5 184 691)	-	(412 684)	(6 874 002)
Net exposure	**(60 050 403)**	**1 451 872**	**(7 817 966)**	**2 500 596**	**23 703 581**	**17 531 825**	**25 104 904**	**(15 002 447)**	**(12 578 038)**

The sensitivity to the balance sheet's interest rate risk, by currency, is calculated through the difference between the current value of the interest rate mismatch discounted at the market interest rates and the value discounted from the same cash flows by simulating the parallel dislocations of the market interest rate curve.

The average interest rates verified for the large categories of financial assets and liabilities of the Bank, for the financial year ending 31 December 2016 and 2015, as well as the respective average balances and the income and costs of the financial year are presented in the following table.

At 31 December 2016 and 2015, the analysis of sensitivity of the financial instruments to interest rate variations are as follows:

AOA'000

	31.12.2016					
	-2%	**-1%**	**-0,50%**	**0,50%**	**1%**	**2%**
Assets	**(4 887 359)**	**(2 443 679)**	**(1 221 840)**	**1 221 840**	**2 443 679**	**4 887 359**
Cash and cash on hand in central banks	(560 795)	(280 398)	(140 199)	140 199	280 398	560 795
Cash on hand in other credit institutions	(150 409)	(75 204)	(37 602)	37 602	75 204	150 409
Investments in central banks and in other credit institutions	(661 716)	(330 858)	(165 429)	165 429	330 858	661 716
Loans to customers	(2 171 808)	(1 085 904)	(542 952)	542 952	1 085 904	2 171 808
Investments held until maturity;	(1 294 431)	(647 216)	(323 608)	323 608	647 216	1 294 431
Financial assets at fair value through profit and loss	(48 199)	(24 100)	(12 050)	12 050	24 100	48 199
Liabilities	**4 792 051**	**2 396 026**	**1 198 013**	**(1 198 013)**	**(2 396 026)**	**(4 792 051)**
Resources of customers and other loans	4 547 155	2 273 578	1 136 789	(1 136 789)	(2 273 578)	(4 547 155)
Resources of central banks and other credit institutions	86 866	43 433	21 717	(21 717)	(43 433)	(86 866)
Subordinated liabilities	158 030	79 015	39 507	(39 507)	(79 015)	(158 030)
Net Impact	**(95 307)**	**(47 654)**	**(23 827)**	**23 827**	**47 654**	**95 307**

AOA'000

	31.12.2015					
	-2%	**-1%**	**-0,50%**	**0,50%**	**1%**	**2%**
Assets	**(3 919 805)**	**(1 959 902)**	**(979 951)**	**979 951**	**1 959 902**	**3 919 805**
Cash and cash on hand in central banks	(651 963)	(325 982)	(162 991)	162 991	325 982	651 963
Cash on hand in other credit institutions	(171 143)	(85 571)	(42 786)	42 786	85 571	171 143
Investments in central banks and in other credit institutions	(504 481)	(252 240)	(126 120)	126 120	252 240	504 481
Loans to customers	(2 022 224)	(1 011 112)	(505 556)	505 556	1 011 112	2 022 224
Investments held until maturity;	(539 265)	(269 632)	(134 816)	134 816	269 632	539 265
Financial assets at fair value through profit and loss	(30 729)	(15 365)	(7 682)	7 682	15 365	30 729
Liabilities	**4 171 366**	**2 085 683**	**1 042 841**	**(1 042 841)**	**(2 085 683)**	**(4 171 366)**
Resources of customers and other loans	3 459 096	1 729 548	864 774	(864 774)	(1 729 548)	(3 459 096)
Resources of central banks and other credit institutions	574 790	287 395	143 697	(143 697)	(287 395)	(574 790)
Subordinated liabilities	137 480	68 740	34 370	(34 370)	(68 740)	(137 480)
Net Impact	**251 561**	**125 780**	**62 890**	**(62 890)**	**(125 780)**	**(251 561)**

On the terms of Article 6 of Notice no. 08/2016 of 16 May, the Bank must inform the National Bank of Angola whenever a potential reduction in the economic value in their bank portfolio or a reduction greater than 20% of the regulatory own funds is verified. In the course of the financial years of 2016 and 2015, the Bank met this requirement.

The distribution of the financial asset and liability instruments, at 31 December 2016 and 2015, by currency, is presented whilst i) not considering the financial instruments indexed to foreign currency and ii) considering the financial instruments indexed to foreign currency.

i) Exposure not considering the effect of the indexation:

AOA'000

	31.12.2016				
	AOA	USD	EUR	Other Currencies	Total
Assets	**190 463 128**	**41 817 025**	**12 172 103**	**84 532**	**244 536 788**
Cash and cash on hand in central banks	25 649 919	2 033 255	381 816	74 775	28 139 765
Cash on hand in other credit institutions	349 837	345 066	6 815 773	9 757	7 520 433
Investments in central banks and in other credit institutions	17 213 191	11 816 447	4 043 439	-	33 073 077
Loans to customers	87 134 298	20 606 612	931 075	-	108 671 985
Investments held until maturity	57 705 910	7 015 645	-	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973
Liabilities	**(178 493 485)**	**(48 851 918)**	**(12 022 955)**	**(9 764)**	**(239 378 122)**
Resources of customers and other loans	(173 468 562)	(45 988 217)	(7 894 165)	(6 825)	(227 357 769)
Resources of central banks and other credit institutions	13 912	(1 052)	(4 128 790)	(2 939)	(4 118 869)
Subordinated liabilities	(5 038 835)	(2 862 649)	-	-	(7 901 484)
Total	**11 969 643**	**(7 034 893)**	**149 148**	**74 768**	**5 158 666**

AOA'000

	31.12.2015				
	AOA	USD	EUR	Other Currencies	Total
Assets	**141 988 430**	**48 677 202**	**5 292 849**	**138 181**	**196 096 662**
Cash and cash on hand in central banks	25 571 416	6 673 251	250 793	102 690	32 598 150
Cash on hand in other credit institutions	172 035	7 200 034	1 149 567	35 491	8 557 127
Investments in central banks and in other credit institutions	8 000 998	13 332 184	3 890 858	-	25 224 040
Loans to customers	80 700 854	20 515 154	1 631	-	101 217 639
Investments held until maturity;	26 006 654	956 579	-	-	26 963 233
Financial assets at fair value through profit and loss	1 536 473	-	-	-	1 536 473
Liabilities	**(127 120 015)**	**(73 949 979)**	**(7 288 879)**	**(6 957)**	**(208 365 830)**
Resources of customers and other loans	(121 812 638)	(46 941 609)	(4 193 581)	(6 957)	(172 954 785)
Resources of central banks and other credit institutions	(5 307 377)	(20 134 368)	(3 095 298)	-	(28 537 043)
Subordinated liabilities	-	(6 874 002)	-	-	(6 874 002)
Total	**14 868 415**	**(25 272 777)**	**(1 996 030)**	**131 224**	**(12 269 168)**

i) Exposure not considering the effect of the indexation:

AOA'000

	31.12.2016				
	AOA	USD	EUR	Other Currencies	Total
Assets	**141 349 624**	**90 930 529**	**12 172 103**	**84 532**	**244 536 788**
Cash and cash on hand in central banks	25 649 919	2 033 255	381 816	74 775	28 139 765
Cash on hand in other credit institutions	349 837	345 066	6 815 773	9 757	7 520 433
Investments in central banks and in other credit institutions	17 213 191	11 816 447	4 043 439	-	33 073 077
Loans to customers	87 134 298	20 606 612	931 075	-	108 671 985
Investments held until maturity;	10 984 451	53 737 104	-	-	64 721 555
Financial assets at fair value through profit and loss	17 928	2 392 045	-	-	2 409 973
Liabilities	**(159 706 255)**	**(67 639 148)**	**(12 022 955)**	**(9 764)**	**(239 378 122)**
Resources of customers and other loans	(154 681 332)	(64 775 447)	(7 894 165)	(6 825)	(227 357 769)
Resources of central banks and other credit institutions	13 912	(1 052)	(4 128 790)	(2 939)	(4 118 869)
Subordinated liabilities	(5 038 835)	(2 862 649)	-	-	(7 901 484)
Total	**(18 356 631)**	**23 291 381**	**149 148**	**74 768**	**5 158 666**

AOA'000

	31.12.2015				
	AOA	USD	EUR	Other Currencies	Total
Assets	**123 969 166**	**66 696 466**	**5 292 849**	**138 181**	**196 096 662**
Cash and cash on hand in central banks	25 571 416	6 673 251	250 793	102 690	32 598 150
Cash on hand in other credit institutions	172 035	7 200 034	1 149 567	35 491	8 557 127
Investments in central banks and in other credit institutions	8 000 998	13 332 184	3 890 858	-	25 224 040
Loans to customers	80 700 854	20 515 154	1 631	-	101 217 639
Investments held until maturity;	9 523 863	17 439 370	-	-	26 963 233
Financial assets at fair value through profit and loss	-	1 536 473	-	-	1 536 473
Liabilities	**(127 120 015)**	**(73 949 979)**	**(7 288 879)**	**(6 957)**	**(208 365 830)**
Resources of customers and other loans	(121 812 638)	(46 941 609)	(4 193 581)	(6 957)	(172 954 785)
Resources of central banks and other credit institutions	(5 307 377)	(20 134 368)	(3 095 298)	-	(28 537 043)
Subordinated liabilities	-	(6 874 002)	-	-	(6 874 002)
Total	**(3 150 849)**	**(7 253 513)**	**(1 996 030)**	**131 224**	**(12 269 168)**

The analysis of sensitivity of the equity value of the financial instruments to variations of the exchange rates at 31 December 2016 and 2015 is also presented for the i) exposure not considering the financial instruments indexed to foreign currency and ii) considering the financial instruments indexed to foreign currency. The analysis of sensitivity expresses the impact on the equity value of the financial instruments of the variation in the value of the foreign currency against the Kwanza.

i) Variation of the equity value of the financial instruments, not considering the effect of the indexation:

AOA'000

	31.12.2016					
Currencies	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
USD	1 406 979	703 489	351 745	(351 745)	(703 489)	(1 406 979)
EUR	(29 830)	(14 915)	(7 457)	7 457	14 915	29 830
Other currencies	(14 954)	(7 477)	(3 738)	3 738	7 477	14 954
Total	**1 362 195**	**681 098**	**340 549**	**(340 549)**	**681 098**	**(1 362 195)**

AOA'000

	31.12.2015					
Currencies	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
USD	5 054 555	2 527 278	1 263 639	(1 263 639)	(2 527 278)	(5 054 555)
EUR	399 206	199 603	99 802	(99 802)	(199 603)	(399 206)
Other currencies	(26 245)	(13 122)	(6 561)	6 561	13 122	26 245
Total	**5 427 517**	**2 713 759**	**1 356 880**	**1 356 880**	**(2 713 759)**	**(5 427 517)**

ii) Variation of the equity value of the financial instruments considering the effect of the indexation:

AOA'000

	31.12.2016					
Currencies	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
USD	(4 658 276)	(2 329 138)	(1 164 569)	1 164 569	2 329 138	4 658 276
EUR	(29 830)	(14 915)	(7 457)	7 457	14 915	29 830
Other currencies	(14 954)	(7 477)	(3 738)	3 738	7 477	14 954
Total	**(4 703 059)**	**(2 351 530)**	**(1 175 765)**	**1 175 765**	**2 351 530**	**4 703 059**

AOA'000

	31.12.2015					
Currencies	**-20%**	**-10%**	**-5%**	**5%**	**10%**	**20%**
USD	1 450 703	725 351	362 676	(362 676)	(725 351)	(1 450 703)
EUR	399 206	199 603	99 802	(99 802)	(199 603)	(399 206)
Other currencies	(26 245)	(13 122)	(6 561)	6 561	13 122	26 245
Total	**1 823 664**	**911 833**	**455 917**	**(455 917)**	**(911 833)**	**(1 823 663)**

The result of the presented stress test corresponds to the expected impact (before taxes) on the equity, including minority interests, due to a 20% appreciation in the exchange of each currency against the Kwanza.

Liquidity Risk

The assessment of the liquidity risk is carried out by using internal metrics defined by the Bank's management, namely exposure limits.

This control is reinforced with the monthly execution of sensitivity analyses, with the aim of characterising the Bank's risk profile and ensuring that their obligations within a scenario of a liquidity crisis are fulfilled.

The aim of the control of the liquidity levels is to maintain a satisfactory level of cash on hand for satisfying the financial needs in the short-, medium- and long-term. The liquidity risk is monitored on a daily basis, and various reports are prepared, for purposes of control and for monitoring and support in the decision-making at the ALCO committee headquarters.

The evolution of the liquidity situation is particularly carried out based on the estimated future cash flows for various time horizons, taking into account the Bank's balance sheet. The liquidity position of the day of analysis and the amount of assets considered to be highly liquid existing in the portfolio of uncommitted securities, are added to the determined values, thus determining the accumulated liquidity gap for various time horizons. Additionally, a monitoring of the liquidity positions is also carried out from a cautious point of view, calculated according to the rules required by the National Bank of Angola (Instruction no. 06/2016 of 08 August).

At 31 December 2016 and 2015, the liquidity gap of the Bank's balance sheet had the following structure:

AOA'000

	31.12.2016 Exposure to									
	Sight	up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	More than 5 years	Indefinite	Total
Assets	**54 237 064**	**27 831 740**	**13 727 100**	**6 535 513**	**32 245 104**	**34 462 758**	**27 673 667**	**44 732 389**	**2 922 595**	**244 367 930**
Cash and cash on hand in central banks	28 039 766	-	-	-	-	-	-	-	-	28 039 766
Cash on hand in other credit institutions	7 422 199	-	-	-	-	-	-	-	98 234	7 520 433
Investments in central banks and in other credit institutions	-	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 824 134	33 085 813
Loans to customers	18 236 762	7 166	2 881 649	343 814	28 954 372	4 443 826	19 709 348	34 013 453	-	108 590 390
Investments held until maturity	538 337	6 992 559	5 672 554	2 292 865	2 162 290	29 351 317	6 992 470	10 718 936	227	64 721 555
Financial assets at fair value through profit and loss	-	-	-	770 509	-	667 615	971 849	-	-	2 409 973
Liabilities	**(122 209 220)**	**(31 567 495)**	**(19 356 078)**	**(17 331 666)**	**(21 367 594)**	**(13 053 608)**	**(10 170 820)**	**(810 527)**	**(3 735 560)**	**(239 602 568)**
Resources of customers and other loans	(121 039 655)	(31 567 495)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(2 269 336)	(810 527)	(561 810)	(227 357 769)
Resources of central banks and other credit institutions	(1 169 565)	-	-	-	-	-	-	-	(3 173 750)	(4 343 315)
Subordinated liabilities	-	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
GAP	**(67 972 156)**	**(3 735 755)**	**(5 628 978)**	**(10 796 153)**	**10 877 510**	**21 409 150**	**17 502 847**	**43 921 862**	**(812 965)**	**4 765 362**
Accumulated GAL	**(67 972 156)**	**(71 707 911)**	**(77 336 889)**	**(88 133 042)**	**(77 255 532)**	**(55 846 382)**	**(38 343 535)**	**5 578 327**	**4 765 362**	**9 530 724**

AOA'000

	31.12.2015 Exposure to									
	Sight	up to 1 month	1 - 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	More than 5 years	Indefinite	Total
Assets	**53 428 870**	**10 779 273**	**15 977 121**	**15 970 117**	**21 366 428**	**23 787 804**	**22 732 006**	**25 162 347**	**6 786 275**	**195 990 241**
Cash and cash on hand in central banks	32 598 150	-	-	-	-	-	-	-	-	32 598 150
Cash on hand in other credit institutions	8 557 127	-	-	-	-	-	-	-	-	8 557 127
Investments in central banks and in other credit institutions	-	9 801 067	3 953 695	3 263 731	1 419 272	-	-	-	6 786 275	25 224 040
Loans to customers	12 273 593	-	8 485 570	8 249 837	13 810 600	14 441 390	20 052 337	23 797 891	-	101 111 218
Investments held until maturity	-	978 206	3 537 856	4 456 549	6 136 556	8 602 633	1 886 977	1 364 456	-	26 963 233
Financial assets at fair value through profit and loss	-	-	-	-	-	743 781	792 692	-	-	1 536 473
Liabilities	**(97 484 872)**	**(26 773 492)**	**(14 525 431)**	**(23 788 083)**	**(18 865 832)**	**(84 223)**	**(5 200 181)**	**(57 443)**	**(21 788 722)**	**(208 568 279)**
Resources of customers and other loans	(89 734 119)	(26 625 627)	(14 525 431)	(23 046 620)	(18 865 832)	(84 223)	(15 490)	(57 443)	-	(172 954 785)
Resources of central banks and other credit institutions	(6 474 126)	(147 865)	-	(741 463)	-	-	-	-	(21 376 038)	(28 739 492)
Subordinated liabilities	(1 276 627)	-	-	-	-	-	(5 184 691)	-	(412 684)	(6 874 002)
GAP	**(44 056 002)**	**(15 994 219)**	**1 451 690**	**(7 817 966)**	**2 500 596**	**23 703 581**	**17 531 825**	**25 104 904**	**(15 002 447)**	**(12 578 038)**
Accumulated GAL	**(44 056 002)**	**(60 050 221)**	**(58 598 531)**	**(66 416 497)**	**(63 915 901)**	**(40 212 320)**	**(22 680 495)**	**2 424 409**	**(12 578 038)**	**(25 156 076)**

It should be noted that the Bank has the amount of AOA 39,475 million with regard to encumbered Angolan Government Bonds and that could be given in collateral for the purposes of obtaining liquidity.

Real Estate Risk

The real estate risk results from the exposure in real estate (either from loan recovery processes, or investment properties), as well as from units of real estate funds held in the securities portfolio.

These exposures are monitored regularly and analyses of scenarios are carried out that seek to estimate potential impacts of alterations in the real estate market in the portfolios of real estate investment funds, investment properties and real estate given in exchange.

Operational risk

An operational risk management system is implemented that is based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Bank's Risk Division exercises the corporate function of the Bank's operational risk management which is supported by the existence of Interlocutors in different organic units that ensure the adequate implementation of the operational risk management in the Bank.

Capital Management and Solvency Ratio

The Bank's own funds are determined in accordance with the applicable regulatory standards, namely with Notice no. 05/2007 of 12 September, Instruction no. 03/2011 of 08 June, Notice no. 2/2015 of 26 January and Notice no. 10/2014 of 05 December.

The Angolan financial institutions must maintain a level of own funds that are compatible with the nature and scale of the operations duly weighted by the risks inherent to the operations, with the minimum Regulatory Solvency Ratio being 10%.

The regulatory Own Funds comprise:

1. Basic Own Funds – comprise (i) the paid-up Share Capital; (ii) Reserve for recording of the value of the monetary adjustment of the paid-up share capital; (iii) retained earnings from previous financial years; (iv) statutory legal reserves and other reserves from non-distributed income, or income constituted for the increase of capital, and (v) net income of the financial year.

2. Additional Own Funds – comprise (i) redeemable preferential shares; (ii) generic funds and provisions; (iii) reserves from the realisation of the real estate of own use; (iv) subordinated debts and hybrid equity and debt instruments; and (v) other values authorised by the National Bank of Angola.

3. Deductions – Comprise: (i) shares of the institution itself subject to repurchase; (ii) redeemable preferential shares and with fixed and cumulative dividends; (iii) loans granted with a nature of capital; (iv) loans granted with a nature of capital; (v) value of the interests; (vi) tax credits resulting from tax losses; (vii) goodwill; (viii) other intangible assets net of amortisations; (ix) other values, through determination of the National Bank of Angola.

Notice 08/2007 of 12 September establishes that for the purposes of calculation of the Regulatory Solvency Ratio, the excess verified in the limit of exposure to the risk by customer must be deducted from the Regulatory Own Funds (ROF).

A summary of the calculations of the Bank's capital requirements for 31 December 2016 and 2015 is presented as follows:

			AOA'000
		31.12.2016	**31.12.2015**
Assets weighted by the risk			
With factor of 0%		-	-
With factor of 20%		3 467 069	1 600 739
With factor of 30%		6 912 965	7 682 466
With factor of 50%		173 569	131 878
With factor of 60%		1 073 627	3 195 183
With factor of 100%		123 210 814	99 646 436
With factor of 130%		33 567 110	57 269 434
Received Guarantees		(16 566 452)	(19 823 457)
Total of Assets Weighted by the Risk	**A**	**151 838 703**	**149 702 678**
Exchange rate risk and gold	**B**	**4 854 053**	**2 391 599**
Total	**C = A + B**	**156 692 756**	**152 094 277**
Own Funds			
Base	**D**	**17 018 348**	**11 875 129**
Additional	**E**	**5 862 049**	**5 499 201**
	F = D + E	**22 880 397**	**17 374 330**
Excess Credit Risk	**G**	**-**	**-**
Regulatory Own Funds	**H = F + G**	**22 880 397**	**17 374 330**
Solvency Ratio	**K = I + J**	**11,4%**	**10,2%**

The Bank obtained authorisation from the regulator to not write off the regulatory own funds to financial interest in the BNIE due to the fact of this interest being in the category of non-current financial assets held for sale and impairment having been recorded as the lower of between the fair value and the book value, in conformity with that provided for in the IFRS 5.

Note 39 – Impacts of the transition to the IFRS

Main impacts of the transition to the IFRS at 1 January 2016

Upon the entry into force of the IFRS, at 1 January 2016, as provided for in Notice no. 6/16, of 22 June, of the National Bank of Angola, the introduction of adjustments resulting from the application of the new accounting principles, which determine alterations to the Balance Sheet, Equity and Net Income values of the financial year of 2015, prepared in accordance with the above accounting standards set forth in the Chart of Accounts for Financial Institutions ("CONTIF"), became necessary.

These are the Bank's first individual annual financial statements prepared in accordance with the IFRS having complied with that provided for in the IFRS 1 for the determination of the adjustments of transition, with reference to 1 January 2015. The reconciliation of the Net Income and of the Equity of 2015, in accordance with the CONTIF and the IFRS, pursuant to that defined in the IFRS 1.

In the preparation of the individual financial statements on the transition date, the Bank decided to opt for some of the exceptions allowed in the IFRS 1 presented as follows:

(i) Derecognition of financial assets

In accordance with the option of the IFRS 1, the Bank decided to apply the derecognition requirements of the IAS 39 only for the operations carried out from 1 January 2015. Thus, the assets derecognised up to this date, in accordance with the previously applied accounting standards, were not re-expressed in the balance sheet.

(ii) Valuation of the tangible fixed assets

The Bank decided to consider the value of the balance sheet determined in accordance with the accounting policies previously applied by the Bank, as a cost of the tangible fixed assets, with reference to 1 January 2015.

With exception of the aforementioned situations, the Bank retrospectively adopted the remaining IFRS.

AOA'000

IAS/IFRS Description	CONTIF 31-12-2015	Adjustments of transition	Reclassifications	IAS/IFRS 31-12-2015
Interest and similar income	15 186 707	533 918	432 071	16 152 696
Interest and similar charges	(5 346 450)	(16 225)	-	(5 362 675)
Financial margin	**9 840 257**	**517 693**	**432 071**	**10 790 021**
				-
Income from services and commissions	3 477 247	(501 364)	(388 059)	2 587 824
Charges with services and commissions	(1 095 851)	-	-	(1 095 851)
Charges with services and commissions				-
Income from assets and liabilities at fair value through profit and loss				-
Income from financial assets available for sale				-
Foreign exchange earnings	1 680 268	-	-	1 680 268
Income from disposal of other assets	-	-	406	406
Other operating income	1 304 568	-	(535 970)	768 598
Product of the banking activity	**15 206 489**	**16 329**	**(491 552)**	**14 731 266**
Staff costs	(3 266 915)	-	(82 229)	(3 349 144)
Supplies and services of third parties	(3 929 518)	-	38 217	(3 891 301)
Depreciations and amortisations of the financial year	(1 279 330)	-	-	(1 279 330)
Provisions net of write-offs	(94 000)	-	(71 282)	(165 282)
Impairment of the loans net of reversals and recoveries	(3 930 291)	(1 035 888)	71 282	(4 894 897)
Taxes and Fees not applicable to the income	(239 014)	-	239 014	-
Recovery of administration and marketing costs	4 597	-	(4 597)	-
Penalties applied by regulatory authorities	(1 656)	-	1 656	-
Impairment of other assets net of reversals and recoverables	-	-	(369 713)	(369 713)
Non-Operating Income	(669 204)	-	669 204	-
Operating costs	**(13 405 331)**	**(1 035 888)**	**491 552**	**(13 949 667)**
INCOME OF CONTINUING OPERATIONS BEFORE TAXES	**1 801 158**	**(1 019 559)**	**-**	**781 599**
Income taxes				
Current	(554 143)	554 143	-	-
Deferred	-	(248 276)	-	(248 276)
Net income of the period	**1 247 015**	**(713 692)**	**-**	**533 323**

AOA'000

	1 January 2015				31 December 2015			
	CONTIF	Adjustments of transition	Reclassifications	IAS/IFRS	CONTIF	Adjustments of transition	Reclassifications	IAS/IFRS
Assets								
Cash and cash on hand in central banks	29 885 788	-	(6 061 750)	23 824 038	40 985 941	-	(8 387 792)	32 598 150
Cash on hand in other credit institutions	-	-	6 128 720	6 128 720	-	-	8 557 127	8 557 127
Investments in central banks and in other credit institutions	16 400 687	-	-	16 400 687	25 224 040	-	-	25 224 040
Financial assets at fair value through profit and loss	-	-	-	-	-	-	1 536 473	1 536 473
Financial assets available for sale	4 026 967	-	(4 003 368)	23 599	4 501 192	-	(4 477 593)	23 599
Investments held until maturity;	23 611 649	1 789	-	23 613 438	28 499 524	182	(1 536 473)	26 963 233
Loans to customers	88 444 953	(7 452 903)	(203 020)	80 789 030	92 398 923	(7 788 654)	(253 448)	84 356 821
Foreign exchange transactions	925 767	-	(925 767)	-	-	-	-	-
Non-current assets held for sale	-	-	6 748 389	6 748 389	-	-	8 244 115	8 244 115
Tangible assets	13 428 941	-	1 776 058	15 204 999	14 353 714	-	1 546 030	15 899 744
Intangible assets	11 240 507	-	(1 780 084)	9 460 423	1 741 681	-	(1 617 895)	123 786
Investments in subsidiaries, associated companies and joint ventures	-	-	3 990 119	3 990 119	-	-	4 464 344	4 464 344
Current tax assets	-	-	-	-	-	-	539 083	539 083
Deferred tax assets	-	2 498 443	(92 661)	2 405 782	-	2 804 312	(450 655)	2 353 657
Payment system credits	66 970	-	(66 970)	-	169 336	-	(169 336)	-
Other assets	14 060 908	-	(5 602 327)	8 458 581	26 421 535	-	(8 444 635)	17 976 900
Total assets	**202 093 137**			**197 047 805**	**234 295 886**			**228 861 072**
Liabilities and equity								
Resources of central banks and other credit institutions	15 047 479	-	2 045 746	17 093 225	21 856 840	-	6 882 652	28 739 492
Financial liabilities at fair value through profit and loss	292 510	-	(292 510)	-	5 193 341	-	(5 193 341)	-
Resources of customers and other loans	155 344 158	9 017	-	155 353 175	154 219 337	25 242	18 710 206	172 954 785
Other agreed amounts owed	1 753 236	-	(1 753 236)	-	-	-	-	-
Provisions	547 045	409 075	10 325	966 445	495 286	966 247	42	1 461 575
Current tax liabilities	-	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-	-
Subordinated liabilities	5 225 440	-	-	5 225 440	8 563 313	-	(1 689 311)	6 874 002
Other liabilities	3 016 005	458 940	833 619	4 308 564	20 936 071	567 744	(19 160 861)	2 342 954
Foreign exchange transactions	926 280	-	(926 280)	-	-	-	-	-
Total Liabilities	**182 152 153**			**182 946 849**	**211 264 188**			**212 372 808**
Share Capital	14 642 808	-	-	14 642 808	14 642 808	-	-	14 642 808
Own shares	(1 342 746)	-	-	(1 342 746)	(339 713)	-	-	(339 713)
Reserves and funds	3 568 462	-	(3 568 462)	-	3 817 474	-	(3 817 474)	-
Revaluation reserves	(1 154 502)	-	-	(1 164 827)	(11 844)	-	-	(11 844)
Other reserves and retained earnings	2 930 483	(5 829 703)	3 568 462	669 242	3 675 959	(5 829 702)	3 817 433	1 663 690
Individual net income of the financial year	1 296 479	-	-	1 296 479	1 247 014	(713 691)	-	533 323
Total Equity	**19 940 984**			**14 100 956**	**23 031 698**			**16 488 264**
Liabilities and equity total	**202 093 137**			**197 047 805**	**234 295 886**			**228 861 072**

The differences between the CONTIF and the IAS/IFRS, with an impact on the individual financial statements at 1 January, and 31 December 2015 and the reconciliation of the equity and income on the aforementioned dates, are presented as follows:

			AKZ'000
	01.01.2015	31.12.2015	
	Equity	Income of the financial year	Equity
Local Standards (CONTIF)	**19 940 984**	**1 247 014**	**23 031 698**
a) Application of the effective rate to the securities portfolio	1 789	(1 607)	182
b) Application of the deferment of commissions of the portfolio of loans to customers	(1 039 978)	34 161	(1 005 817)
c) Impairment for loans to customers - Direct credit	(6 871 866)	(478 716)	(7 350 582)
c) Impairment for loans to customers - Indirect credit	(409 075)	(557 172)	(966 247)
d) Application of the effective rate to the term deposits portfolio	(9 017)	(16 225)	(25 242)
Subtotal of the adjustments	**(8 328 147)**	**(1 019 559)**	**(9 347 706)**
Deferred tax of the associated assets (30%)	2 498 444	305 868	2 804 312
Total of the adjustments	**(5 829 703)**	**(713 691)**	**(6 543 394)**
Reclassification into Social Fund/other	(10 325)	-	-
Other immaterial transactions	-	-	(40)
IAS/IFRS equity	**14 100 956**	**533 323**	**16 488 264**

(a) Adjustment resulting from the financial instruments classified as held until maturity, in accordance with the criteria set forth by the IAS 39, in which the effective rate is determined individually for each of the securities contained in the investments portfolio. It is through the application of this rate, up to the date of derecognition of the security, that the acquisition discount or premium is recognised in the income statement.

The effective rate is the discount rate that, applied over the estimated future receipts throughout the expectation of duration of the financial instrument, results in the net book value of the financial asset.

(b) The aim of the "Effective interest rate method" of a financial asset or liability (or group of financial assets or liabilities) is to attribute income or costs with interest during the relevant period. The calculation includes the commissions and other eligible transaction costs, paid or received between the contractual parties.

Considering that, at this date, it still wasn't possible to implement computer systems for the calculation of the credit commissions in accordance with the effective rate method, the determined adjustment has the basis of the straight-line deferment of the commissions, for the remaining life period of the loans in portfolio, at the reporting date.

(c) In accordance with the IAS 39, the loan portfolio is measured at amortised cost and subject to impairment tests. The impairment losses result from the difference between the balance sheet value of the loans and the value of the expected future cash flows discounted at their effective interest rate, determined at the start of the contract (effective rate determined individually by contract). The value of the expected cash flows is estimated based on that which shall be the recoverable value of the loan, as a result of its economic analysis.

The BNI's impairment policy consists of the regular assessment of the existence of objective evidence of impairment. The identified impairment losses are recorded through the income statement, and are reversed in the income statement in a subsequent period if a reduction in the amount of the estimated loss is verified.

The impairment increase results in the completion of the passing over from the methodology followed in the CONTIF, to that presented above.

(d) In their balance sheet, the BNI had savings products with a growing rate of return, i.e. it increases at each period of duration of the product, and at the date of the contracting of the deposit the rates of return of the different periods were defined.

(e) In accordance with the IAS 39, the effective interest rate must be determined for each of the deposits in portfolio, and the cost doesn't need to be recognised in period based on the nominal rate. Therefore, the cost is recognised based on the application of a single rate throughout the duration of the product.

Note 40 – Recently-issued accounting standards and interpretations

Impact of the adoption of the alterations to the standards that became effective on 1 January 2016

(a) IAS 1 (alteration), 'Revision to the disclosures'. The alteration provides indications in relation to the materiality and aggregation, the presentation of sub-totals, the structure of the financial statements, the disclosure of the accounting policies, and to the presentation of the items of Other comprehensive income generated by investments measured by the equity method.

b) IAS 16 and IAS 38 (alteration), 'Permitted methods of calculation of amortisation and depreciation. This alteration clarifies that the use of calculation methods of the depreciations/amortisations of assets based on the obtained revenue aren't, as a rule, considered adequate for the measurement of the pattern of consumption of the economic benefits associated with the asset. It is applied prospectively.

c) IAS 16 and IAS 41 (alteration), 'Agriculture: plants that produce consumable biological assets'. This alteration defines the concept of a plant that produces consumable biological assets, and removes these types of assets from the scope of the application of the IAS 41 – Agriculture to the scope of the IAS 16 – Tangible assets, with the consequent impact on the measurement However, the biological assets produced by these plants are kept within the scope of the IAS 41 – Agriculture.

d) IAS 19 (alteration), 'Defined benefit plans – Contributions of the employees'. The alteration to the IAS 19 applies to contributions of employees or third entities for defined benefit plans, and seeks to simplify their accounting, when the contributions aren't associated with the number of years of service.

e) IAS 27 (alteration), 'Equity method in the separate financial statements'. This alteration allows an entity to apply the equity method in the measurement of the investments in subsidiaries, joint ventures and associated companies, in the separate financial statements. This alteration is applied retrospectively.

f) Alterations to the IFRS 10, 12 and IAS 28, 'Investment entities: application of the exemption from the obligation to consolidate'. This alteration clarifies that the exemption of an "Investment Entity" from the obligation to consolidate applies to an intermediate holding company that constitutes a subsidiary of an investment entity. Additionally, the option of applying the equity method, in accordance with the IAS 28, is extendible to an entity that isn't an investment entity but that holds an interest in an associated company or joint venture that is an "Investment Entity".

g) IFRS 11 (alteration), 'Accounting of the acquisition of an interest in a joint operation'. This alteration introduces a guideline regarding the accounting of the acquisition of the interest in a joint operation that qualifies as a business, with the principles of the IFRS 3 being applicable – concentrations of business activities.

h) Improvements to the 2010 - 2012 standards. This cycle of improvements affects the following regulations: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16 and 38 and IAS 24.

i) Improvements to the 2012 - 2014 standards. This cycle of improvements affects the following regulations: IFRS 5, IFRS 7, IAS 19 and IAS 34.

Published standards, whose application is compulsory for annual periods that begin on or after 1 January 2017

(a) IFRS 9 (new), 'Financial instruments' (to be applied in the financial years that begin on or after 1 January 2018). The IFRS 9 replaces the requirements of the IAS 39, in relation: (i) to the classification and measurement of the financial assets and liabilities; (ii) to the recognition of impairment over receivables (through the expected loss model); and (iii) to the requirements for the recognition and classification of the hedge accounting.

(b) IFRS 15 (new), 'Revenue from contracts with customers' (to be applied in the financial years that begin on or after 1 January 2018). This new standard applies only to contracts for the delivery of products or provision of services, and requires that the entity recognises the revenue when the contractual obligation of delivering assets or providing services is fulfilled and through the amount that reflects the consideration that the entity has the right to, as provided for in the "methodology of the 5 stages".

(c) IAS 7 (alteration), 'Revision to the disclosures' (to be applied in the financial years that begin on or after 1 January 2017). This alteration is also subject to the process of endorsement by the European Union. This alteration introduces an additional disclosure regarding the variations of the financing liabilities, broken down between the transactions that gave rise to cash transactions and those that didn't, and the way that this information reconciles with the cash flows from the financing activities of the Cash Flow Statement.

(d) IAS 12 (alteration), 'Income tax – Recognition of deferred tax assets over potential losses' (to be applied in the financial years that begin on after 1 January 2017). This alteration is also subject to the process of endorsement by the European Union. This alteration clarifies the way of accounting for deferred tax assets related to assets measured at fair value, such as estimating the future taxable profits when there are deductible temporary differences and how to assess the recoverability of the deferred tax assets when there are restrictions in the tax law.

(e) IAS 40 (alteration) 'Transfer of investment properties' (to be applied in the financial years that begin on after 1 January 2018). This alteration is also subject to the process of endorsement by the European Union. This alteration clarifies that the assets may only be transferred from and to the category of investment properties when there is evidence of the alteration of use. Just the alteration of the intention of the management isn't sufficient for making the transfer.

(f) IFRS 2 (alteration), 'Classification and measurement of transactions of payments based on shares' (to be applied in the financial years that begin on or after 1 January 2018). This alteration is also subject to the process of endorsement by the European Union. This alteration clarifies the basis of measurement for the transactions of payments based on cash-settled shares and the accounting of amendments to a payment plan based on shares, which alter their classification from cash-settled to equity-settled. In addition to this, it introduces an exception to the principles of the IFRS 2, which comes to require a payment plan based on shares to be treated as if it were fully equity-settled, when the employee is obliged to withhold a tax amount from the employee and pay this amount to the tax authority.

(g) IFRS 4 (alteration), 'Insurance contracts (application of the IFRS 4 with the IFRS 9)' (to be applied in the financial years that begin on or after 1 January 2018). This alteration is also subject to the process of endorsement by the European Union. This alteration attributes to the entities that negotiate insurance contracts the option of recognising in the Other comprehensive income, instead of recognising in the Income statement, the volatility that may result from the application of the IFRS 9 before the new standard on insurance contracts is published. A temporary exemption is additionally given to the application of the IFRS 9 until 2021 to entities whose predominant activity is that of insurance. This exemption is optional and it doesn't apply to the consolidated financial statements that include an insurance company.

(h) Alterations to the IFRS 15, 'Revenue from contracts with customers' (to be applied in the financial years that begin on or after 1 January 2018). These alterations are also subject to the process of endorsement by the European Union. These alterations refer to the additional indications to be followed in order to determine the obligations of performance of a contract, to the moment of the recognition of the revenue from an industrial property licence, to the revision of the indicators for the classification of the principal-agent relationship, and to the new regimes provided for to simplify the transition.

(i) IFRS 16 (new), 'Leases' (to be applied in the financial years that begin on or after 1 January 2019). This standard is also subject to the process of endorsement by the European Union. This new standard replaces the IAS 17, with a significant impact on the accounting by the lessees that are now obliged to recognise a lease liability reflecting future payments of the lease and a "right to use" asset for all the lease contracts, except certain short-term leases and leases of low-value assets. The definition of a lease contract was also altered, based on the "right to control the use of an identified asset".

(j) Improvements to the 2014 – 2016 standards (to be applied, in general, in the financial years that begin on or after 1 January 2017). This cycle of improvements is also subject to the process of endorsement by the European Union. This cycle of improvements affects the following regulations: IFRS 1, IFRS 12 and IAS 28.

Interpretations

(a) IFRIC 22 (new), 'Foreign currency transactions and early consideration' (to be applied in the financial years that begin on or after 1 January 2018). This interpretation is also subject to the process of endorsement by the European Union. It is an interpretation of IAS 21 'The effects of alterations in exchange rates' and it refers to the determination of the "date of the transaction" when an entity pays or receives the consideration from contracts denominated in foreign currency in advance. The "date of the transaction" determines the exchange rate to be used to convert the transactions into foreign currency.

Note 41 - Subsequent events

We are not aware of any facts or events after 31 December 2016 that justify adjustments in the disclosure in the Notes to the Accounts relative to the analysed financial year, that affect the situations and/or information significantly revealed in them and/or that have altered or it is expected that they will come to significantly alter the Bank's financial situation, their income and/or their activities.

PROPOSAL FOR APPLICATION OF THE INCOME

The Board of Directors proposes that the General Meeting of Shareholders decide on the following allocation of profits:

- 20% for Legal reserve (AOA 346,127,000);
- 80% for Retained earnings (AOA 1,384,509,000.

INDEPENDENT AUDITOR'S OPINION

Relatório do Auditor Independente

Ao Conselho de Administração do
Banco de Negócios Internacional, S.A.

Introdução

1 Auditámos as demonstrações financeiras anexas do Banco de Negócios Internacional, S.A., as quais compreendem o Balanço em 31 de Dezembro de 2016 que evidencia um total de 258.806.370 milhares de Kwanzas e um capital próprio de 16.580.484 milhares de Kwanzas, incluindo um resultado líquido de 1.730.636 milhares de Kwanzas, a Demonstração de Resultados, a Desmonstração do Rendimento Integral, a Demonstração de Alterações no Capital Próprio e a Demonstração dos Fluxos de Caixa do exercício findo naquela data e o correspondente Anexo.

Responsabilidade do Conselho de Administração pelas Demonstrações Financeiras

2 O Conselho de Administração é responsável pela preparação e apresentação de modo apropriado destas demonstrações financeiras de acordo com as Normas Internacionais de Relato Financeiro (IFRS) em vigor e pelo controlo interno que determine ser necessário para possibilitar a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou a erro.

Responsabilidade do Auditor

3 A nossa responsabilidade consiste em expressar uma opinião independente sobre estas demonstrações financeiras com base na nossa auditoria, a qual foi conduzida de acordo com as Normas Técnicas da Ordem dos Contabilistas e Peritos Contabilistas de Angola. Estas normas exigem que cumpramos requisitos éticos e que planeemos e executemos a auditoria para obter segurança razoável sobre se as demonstrações financeiras estão isentas de distorção material.

4 Uma auditoria envolve executar procedimentos para obter prova de auditoria acerca das quantias e divulgações constantes das demonstrações financeiras. Os procedimentos seleccionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção material das demonstrações financeiras devido a fraude ou a erro. Ao fazer essas avaliações do risco, o auditor considera o controlo interno relevante para a preparação e apresentação das demonstrações financeiras pela entidade a fim de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não com a finalidade de expressar uma opinião sobre a eficácia do controlo interno da entidade. Uma auditoria inclui também avaliar a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas feitas pelo Conselho de Administração, bem como avaliar a apresentação global das demonstrações financeiras.

5 Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião de auditoria.

PricewaterhouseCoopers (Angola), Limitada
Edifício Presidente - Largo 17 de Setembro, n.º 3, 1º andar – sala 137, Luanda- República de Angola
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Opinião

6 Em nossa opinião, as demonstrações financeiras referidas no parágrafo 1 acima apresentam de forma apropriada, em todos os aspectos materialmente relevantes, a posição financeira do Banco de Negócios Internacional, S.A. em 31 de Dezembro de 2016 e o seu desempenho financeiro e fluxos de caixa relativo ao exercício findo naquela data, em conformidade com as Normas Internacionais de Relato Financeiro (IFRS) em vigor.

21 de Julho de 2017

PricewaterhouseCoopers (Angola), Limitada
Registada na Ordem dos Contabilistas e Peritos Contabilistas de Angola com o nº E20170010

Representada por:

Ricardo Santos

Ricardo Santos, Perito Contabilista Nº 20120086

OPINION OF THE BOARD OF AUDITORS

1. Dando cumprimento ao mandato que V^as. Ex^as. nos conferiram e em conformidade com as disposições legais em vigor no País, nomeadamente da Lei nº 1/04, de 13 de Fevereiro de 2004, Lei das Sociedades Comerciais, bem como os Estatutos do **BANCO DE NEGÓCIOS INTERNACIONAL, S.A.**, submetemos à apreciação de V^as. Ex^as. o parecer do Conselho Fiscal sobre o Relatório do Conselho de Administração e as Demonstrações Financeiras do exercício findo em 31 de Dezembro de 2016.

2. Estas compreendem o Balanço, que apresenta um total do Activo de 258.806.370 milhares de Kwanzas, Passivo de 242.225.886 milhares de kwanzas e um total de Capital Próprio de 16.580.484 milhares de kwanzas, incluindo um resultado líquido de 1.730.636 milhares de Kwanzas, a Demonstração de Resultados, a Demonstração do Rendimento Integral, a Demonstração de Alterações no Capital Próprio e a Demonstração dos Fluxos de Caixa do exercício e o correspondente Anexo.

3. O Conselho Fiscal acompanhou a actividade desenvolvida pelo Banco durante o exercício económico findo em 31 de Dezembro de 2016, procedeu ao exame das Demonstrações Financeiras, obteve todas as informações e esclarecimentos que se julgaram pertinentes, além de observar os demais procedimentos tidos como indispensáveis.

4. Com base no resultado da fiscalização exercida, consideramos que:

   i. os documentos de prestação de contas preparados pelo Conselho de Administração, em conformidade com as Normas Internacionais de Relato Financeiro (IFRS), respeitam também os princípios contabilísticos consagrados para as Instituições Financeiras a operar em Angola, concretamente os termos do Instrutivo nº 9/2007, de 19 de Setembro, emitido pelo BNA, com as actualizações introduzidas pela Directiva n.º 04/DSI/2011;

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ii. as políticas e processos em vigor nas matérias de governação corporativa respeitam os princípios estabelecidos no artigo 5.º e a realização dos objectivos estabelecidos no artigo 4.º, ambos do Aviso n.º 1/2013, de 19 de Abril, do BNA;

iii. as informações constantes no relatório a que o presente parecer se reporta são verdadeiras e apropriadas, de acordo com as disposições estabelecidas no artigo 1.º do Instrutivo n.º 1/2013, de 22 de Março, do BNA;

iv. Não tomamos conhecimento de qualquer outra situação ou deliberação que fosse contrária às normas em vigor e que possam pôr em causa a razoabilidade das Demonstrações Financeiras apresentadas.

5. Consideramos que os documentos referidos em #1 e #2 permitem, no seu conjunto, a compreensão da situação financeira e dos resultados do Banco, e é nossa opinião que as Demonstrações Financeiras relativas ao exercício findo em 31 de Dezembro de 2016, traduzem, em todos os aspectos materialmente relevantes, a posição Financeira e Patrimonial do ***BANCO DE NEGÓCIOS INTERNACIONAL, S.A.*** naquela data, estando em condições de serem submetidos à Assembleia Geral, visando a sua aprovação.

6. O Conselho Fiscal recomenda, para o exercício económico de 2017:

(i) o reforço e continuidade de políticas de gestão prudentes dadas as limitações actuais do mercado, particularmente devido à baixa liquidez e do acesso condicionado às divisas no mercado, e da conjuntura macroeconómica desfavorável com impactos ao nível da procura interna e que poderão influir nas carteiras de depósitos e outras transacções com o Banco;

(ii) o reforço e consolidação dos aspectos relacionados com o Corporate Governance e Controlo Interno, tendo em conta o estabelecido no Aviso n. º 1/2013 de 23 de Março e nº 2/2013 de 19 de Abril do Banco Nacional de Angola, e da Política de Provisões, tendo em conta a conjuntura actual do mercado financeiro em Angola.

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Ademais, sugere à Administração:

(iii) elaboração da proposta de aplicação de Resultados, com eventual aprovação da distribuição de dividendos, considerando que o resultado do exercício é positivo e que os indicadores prudenciais do banco apresentam-se equilibrados, constituindo, entretanto, para devidos efeitos legais, as reservas, devendo ser submetida à apreciação dos Exmºs Senhores Accionistas.

Luanda, aos 24 de Julho de 2017

O Conselho Fiscal

Luís Neves
(Presidente)

Licínio de Assis
(1 º Vogal)

Dina Leote
(2º Vogal)

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