CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE ACCOUNTS

Annual Report and Accounts

BANCO DE NEGÓCIOS INTERNACIONAL

2017

BancoBNI
Banco de Negócios Internacional

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2017 AND 2016

(AKZ 000)

	NOTES	31.12.2017	31.12.2016
CASH AND CASH ON HAND IN CENTRAL BANKS	14	26 690 292	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	15	10 697 189	7 520 433
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	16	10 300 834	33 073 077
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	17	6 452 087	2 409 973
FINANCIAL ASSETS AVAILABLE FOR SALE	18	123 449	23 599
INVESTMENTS HELD UNTIL MATURITY	19	73 958 160	64 721 555
LOANS TO CUSTOMERS	20	89 940 081	93 546 854
NON˜CURRENT ASSETS HELD FOR SALE ˜ DISCONTINUED OPERATIONS	21	94 456 407	67 103 471
OTHER TANGIBLE ASSETS	22	14 608 627	15 532 852
INTANGIBLE ASSETS	22	287 676	212 720
CURRENT TAX ASSETS	23	520 755	234 190
DEFERRED TAX ASSETS	23	3 068 274	3 107 150
OTHER ASSETS	24	18 201 218	5 704 982
TOTAL ASSETS		349 305 049	321 330 621
LIABILITIES			
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	25	6 142 569	4 118 869
CUSTOMER RESOURCES AND OTHER LOANS	26	235 119 548	227 357 769
PROVISIONS	27	101 656	214 774
CURRENT TAX LIABILITIES	23	302 634	-
SUBORDINATED LIABILITIES	28	5 038 946	7 901 484
OTHER LIABILITIES	29	2 645 764	2 417 164
NON˜CURRENT LIABILITIES HELD FOR SALE ˜ DISCONTINUED OPERATIONS	21	80 620 243	62 428 189
TOTAL LIABILITIES		329 971 360	304 438 249
EQUITY			
SHARE CAPITAL	31	14 642 808	14 642 808
OWN SHARES	31	(1 071 854)	(1 071 854)
REVALUATION RESERVES	31	(807 084)	(1 170 569)
OTHER RESERVES AND RETAINED EARNINGS	30	1 939 510	145 264
NET INCOME OF THE FINANCIAL YEAR		2 384 803	2 193 426
FOREIGN CURRENCY CONVERSION RESERVES		1 860 704	1 825 421
INTERESTS THAT THEY DO NOT CONTROL		384 802	327 876
TOTAL EQUITY		19 333 689	16 892 372
LIABILITIES AND EQUITY TOTAL		349 305 049	321 330 621

The notes are an integral part of the Consolidated Financial Statements.

BancoBNI
Banco de Negócios Internacional

CONSOLIDATED INCOME STATEMENT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2016

(AKZ 000)

	NOTES	31.12.2017	31.12.2016
INTEREST AND SIMILAR INCOME	4	19 097 077	16 664 361
INTEREST AND SIMILAR CHARGES	4	(7 185 965)	(7 207 397)
FINANCIAL MARGIN		11 911 112	9 456 964
INCOME FROM SERVICES AND COMMISSIONS	5	3 597 649	2 684 825
CHARGES WITH SERVICES AND COMMISSIONS	5	(987 794)	(449 485)
INCOME FROM FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	6	(17 504)	17 928
FOREIGN EXCHANGE EARNINGS	7	4 646 600	4 542 423
INCOME FROM DISPOSAL OF OTHER ASSETS	8	2 300	18 274
OTHER OPERATING INCOME	9	13 903	319 465
PRODUCT OF THE BANKING ACTIVITY		19 166 266	16 590 394
STAFF COSTS	10	(5 394 447)	(4 497 022)
SUPPLIES AND SERVICES OF THIRD PARTIES	11	(5 956 845)	(5 365 265)
DEPRECIATIONS AND AMORTISATIONS OF THE FINANCIAL YEAR	22	(1 543 699)	(1 270 987)
PROVISIONS NET OF WRITE˜OFFS	12	(1 102 252)	907 993
IMPAIRMENT FOR LOANS TO CUSTOMERS NET OF REVERSALS AND RECOVERIES	20	(2 484 075)	(4 164 071)
IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES	12	(296)	-
INCOME OF CONTINUING OPERATIONS BEFORE TAXES		2 684 652	2 201 042
INCOME TAXES		(693 333)	335 121
CURRENT	23	(554 457)	32 285
DEFERRED	23	(138 876)	302 836
INCOME OF CONTINUING OPERATIONS AFTER TAXES		1 991 319	2 536 163
INCOME OF DISCONTINUED AND/OR DISCONTINUING OPERATIONS	21	423 200	(365 993)
NET INCOME		2 414 519	2 170 170
INCOME ATTRIBUTABLE TO INTERESTS THAT THEY DO NOT CONTROL	13	29 716	(23 256)
NET INCOME AFTER INTERESTS THAT THEY DO NOT CONTROL		2 384 803	2 193 426

The notes are an integral part of the Consolidated Financial Statements

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2016

(000 Kz)

	NOTES	31.12.2017	31.12.2016
NET INCOME OF THE FINANCIAL YEAR		**2 414 519**	**2 170 170**
ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS		2 384 803	2 193 426
ATTRIBUTABLE TO THE INTERESTS THAT THEY DO NOT CONTROL		29 716	(23 256)
ITEMS THAT SHALL NOT BE RECLASSIFIED INTO INCOME			
GAINS/°LOSSES¸ IN THE REPURCHASE OF OWN SHARES		-	(1 158 725)
ITEMS THAT COULD COME TO BE RECLASSIFIED INTO INCOME			
EXCHANGE RATE DIFFERENCES	a)	2 001 015	1 963 072
CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS		363 485	-
TOTAL OTHER COMPREHENSIVE INCOME OF THE FINANCIAL YEAR		**2 001 015**	**804 347**
TOTAL COMPREHENSIVE INCOME OF THE FINANCIAL YEAR		**4 415 534**	**2 974 517**
ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS		**4 385 818**	**2 997 773**
ATTRIBUTABLE TO THE INTERESTS THAT THEY DO NOT CONTROL		**170 027**	**114 395**

The notes are an integral part of the Consolidated Financial Statements.
a) See statement of changes in the consolidated equity.

STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2016

(000 Kz)

	RESERVES, INCOME AND OTHER COMPREHENSIVE INCOME									
	CAPITAL	OWN SHARES	SOCIAL FUND	REVALUATION RESERVES	RETAINED EARNINGS	OTHER RESERVES	TOTAL	NET INCOME OF THE FINANCIAL YEAR	INTERESTS THAT THEY DO NOT CONTROL	TOTAL EQUITY
BALANCE AT 01 JANUARY 2016	**14 642 808**	**(339 713)**	**-**	**(11 844)**	**1 597 435**	**-**	**1 585 591**	**594 088**	**-**	**16 482 774**
ACQUISITION OF OWN SHARES NET OF DISPOSALS	-	(732 141)	-	-	-	-	-	-	285 786	(446 355)
GAINS/˜LOSSES° IN THE PURCHASE/SALE OF OWN SHARES	-	-	-	1 158 725	-	-		-	-	1 158 725
DIVIDEND DISTRIBUTION	-	-	-	-	-	-	-	-	-	-
INCORPORATION OF RETAINED EARNINGS	-	-	-	-	594 088	-	594 088	594 088	53 280	53 280
NET INCOME OF THE FINANCIAL YEAR	-	-	-	-	-	-	-	2 193 426	23 256	2 170 170
OTHER RESERVES	-	-	-	-	-	1 825 421	1 825 421	-	118 626	1 944 047
RETAINED EARNINGS OF ENTITIES NOT CONSOLIDATED IN THE PAST / (DISPOSED OF)	-	-	-	-	2 046 259	-	2 046 259	-	-	2 046 259
BALANCE AT 31 DECEMBER 2016	**14 642 808**	**(1 071 854)**	**-**	**(1 170 569)**	**145 264**	**1 825 421**	**800 116**	**2 193 426**	**327 876**	**16 892 372**
ACQUISITION OF OWN SHARES NET OF DISPOSALS	˜	-	-	-	.	-	-	-	285 324	285 324
GAINS/˜LOSSES° IN THE PURCHASE/SALE OF OWN SHARES	-	-	-	-	-	-	-	-	-	-
CHANGES IN FAIR VALUE OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	˜	-	-	363 485	-	-	363 485	-	-	363 485
DIVIDEND DISTRIBUTION	˜	-	-	-	-	-	-	346 127	-	346 127
INCORPORATION OF RETAINED EARNINGS	˜	-	-	-	1 847 299	-	1 847 299	1 847 299	78 938	78 938
NET INCOME OF THE FINANCIAL YEAR	˜	-	-	-	-	-	-	2 384 803	29 719	2 414 519
OTHER RESERVES	˜	-	-	-	-	35 283	35 283	-	179 180	143 897
RETAINED EARNINGS OF ENTITIES NOT CONSOLIDATED IN THE PAST / (DISPOSED OF)	˜	-	-	-	53 053	-	53 053	-	-	53 053
BALANCE AT 31 DECEMBER 2017	**14 642 808**	**(1 071 854)**	**-**	**(807 084)**	**1 939 510**	**1 860 704**	**2 993 130**	**2 384 803**	**384 802**	**19 333 689**

The notes are an integral part of the Consolidated Financial Statements.

BancoBNI
Banco de Negócios Internacional

CONSOLIDATED CASH FLOW STATEMENT OF THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2016

(000 Kz)

	31.12.2017	31.12.2016
RECEIVED INTEREST AND INCOME	16 468 407	13 606 129
PAID INTEREST AND COSTS	(7 190 880)	(7 791 882)
RECEIVED SERVICES AND COMMISSIONS	3 597 649	2 252 895
PAID SERVICES AND COMMISSIONS	(1 019 752)	(519 841)
RECOVERIES OF LOANS	97 331	294 445
CONTRIBUTIONS TO THE PENSION FUND	-	-
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS	(11 341 060)	(9 887 549)
FOREIGN EXCHANGE TRANSACTIONS	4 637 802	2 394 902
VARIATION IN THE OPERATING ASSETS AND LIABILITIES		
INVESTMENTS IN AND RESOURCES OF CENTRAL BANKS	-	(21 224 002)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	(5 524 610)	(1 694 891)
FINANCIAL ASSETS AVAILABLE FOR SALE	2 762 539	(31 635 000)
INVESTMENTS IN CREDIT INSTITUTIONS	14 228 717	9 662 398
LOANS TO CUSTOMERS	1 133 524	(3 929 056)
CUSTOMER RESOURCES AND OTHER LOANS	5 636 641	74 942 649
OTHER OPERATING ASSETS AND LIABILITIES	(9 908 808)	475 431
PAID TAXES ON PROFITS	(554 457)	(91 390)
NET CASH FLOWS OF THE OPERATIONAL ACTIVITIES, BEFORE TAXES ON PROFITS	**13 023 043**	**26 855 238**
INVESTMENTS HELD UNTIL MATURITY	(10 074 969)	(33 747 187)
PURCHASE OF ASSETS	(1 320 923)	(1 161 170)
NET CASH FLOWS OF THE INVESTMENT ACTIVITIES	**(11 395 892)**	**(34 908 357)**
CAPITAL REDUCTIONS	-	(1 638 573)
ISSUE OF SUBORDINATED LIABILITIES	-	5 038 835
REPAYMENT OF SUBORDINATED LIABILITIES	2 862 538	(4 011 353)
PAID DIVIDENDS OF ORDINARY SHARES	-	-
NET CASH FLOWS OF THE FINANCING ACTIVITIES	**(2 862 538)**	**(611 091)**
CASH AND EQUIVALENTS AT THE START OF THE PERIOD	2 862 538	41 155 277
EFFECTS OF THE ALTERATION OF THE EXCHANGE RATE ON CASH AND ITS EQUIVALENTS	100 132	3 169 131
NET VARIATION IN CASH AND ITS EQUIVALENTS	1 627 151	(8 664 210)
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	37 387 481	35 660 198

The notes are an integral part of the Consolidated Financial Statements.

BancoBNI
Banco de Negócios Internacional

ANNEX TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 AND 2016

NOTE 1
ACTIVITY AND STRUCTURE OF THE GROUP

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.

The structure of the **BNI Group** is presented below with the breakdown of the companies in which the Bank holds a direct or indirect share greater than or equal to 20%, or over which they exercise a significant control or influence in their management and which were included in the consolidation perimeter.

	YEAR OF INCORPORATION	HEADQUARTERS	ACTIVITY	% OF ECONOMIC INTEREST	METHOD OF CONSOLIDATION
BNI ASSET MANAGEMENT	2016	Luanda	Asset Management	100%	Comprehensive
BNI EUROPA	2012	Lisboa	Bank	93%	Comprehensive

BNI EUROPA (NON-CURRENT ASSETS HELD FOR SALE)

As a result of the intention to sell and start the corresponding sale process in December 2016, the Bank classified its subsidiary **BNI Europa (BNIE)** since the end of the 2016 financial year as a discontinued operation, and this is presented in the balance sheet under non-current assets held for sale and non-current liabilities held for sale and in the income statement under results of discontinued operations.

Insofar as the investment in the BNIE was considered immaterial in the context of the BNI's individual and consolidated financial statements in the financial year ending 31 December 2015, in conformity with the IAS 1 revised, the Bank decided not to consolidate the financial interest held in the BNIE at this date for comparative purposes in the financial years ending 31 December 2016, upon transition to the IFRS, insofar as this information isn't materially significant for purposes of the presentation of the Bank's or the Group's accounts, nor does it influence the decision of their readers.

The above decision also had the fact of the BNA having authorised the non-consolidation of the BNIE in the financial year ending 31 December 2015 and 2016 as well as the fact of this interest not having been fully consolidated in the financial year ending 31 December 2016 insofar as that it came to be presented as Non-current assets held for sale, in conformity with that provided for in the IFRS 5.

FACILCRED

On 31 December 2016, the BNI Group sold the entire stake in Facilcred at the net acquisition cost of impairment, and no result was recognized in the 2017 financial year arising from the sale.

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 Bank's consolidated financial statements are presented for the year ended 31 December 2017 and have been prepared in accordance with the IFRS in force on that date. The accounting policies used by the BNI Group in their preparation are consistent with those used in the preparation of the financial statements as at 31 December 2016.

The accounting standards and their interpretations that were issued recently, 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 38.**

The financial statements are expressed in thousands of Kwanzas (AKZ' 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 diˆerences of these in light of the reality may have an impact 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 consolidated financial statements and the management report of the financial year ending 31 December 2017 were approved in the Board of Directors meeting on 10 April 2018, 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 be approved without significant alterations.

NOTE 2
2.2. PRINCIPLES OF CONSOLIDATION

The now presented consolidated financial statements reflect the assets, liabilities, income, costs and other comprehensive income and cash ˛ows of Banco de Negócios Internacional and their subsidiaries (BNI Group) and the income attributable to the Group referring to the financial interests in associated companies should they exist.

The accounting principles were applied consistently by all of the Group's subsidiaries and associated companies, relative to the periods covered by these consolidated financial statements.

A) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or it has rights to the variability of the return from its involvement with this entity, whilst being able to assume control of it through the power that it holds over this entity (de facto control) and having the capacity to affect these variable returns through the power that it exercises over the entity's relevant activities.

Pursuant to that set forth in the IFRS 10, the Group proceeds to analyse the purpose and the structuring of the way in which the operations of an entity are carried out in the assessment of control over it. Subsidiaries are fully consolidated from the moment the Group assumes control over their activities until such control ceases, unless the subsidiaries are considered immaterial in the context of the group's operations. The interest of third parties in these companies is presented in the category of interests that they do not control.

The accumulated losses of a subsidiary are attributed to the interests that they do not control in the held proportions, which may imply the recognition of negative interests that they do not control.

In a step acquisition operation that results in the acquisition of control, any previously held minority interest is revalued at fair value through the income statement upon the calculation of the goodwill. At the time of a partial sale, from which there is the loss of control over a subsidiary, any remaining held minority interest is revalued at fair value on the date of the sale and the gain or loss resulting from this revaluation is recorded through the income statement.

B) ASSOCIATED COMPANIES

All the companies over which the Group holds the power to exercise a signiÿcant in˛uence over their financial and operational policies, even though it doesn't hold their control, are classiÿed as associated companies. It is normally assumed that the Group exercises a signiÿcant in˛uence when it holds the power to exercise more than 20% but less than 50% of the associated company's voting rights. Even when the voting rights are lower than 20%, the Group may exercise a signiÿcant in˛uence through the participation in the management of the associated company or in the composition of the Governing bodies with executive powers.

The investments in associated companies are recorded in the Bank's consolidated financial statements through the equity method, from the time that the Group acquires the signiÿcant in˛uence until the time at which it ends. The balance sheet value of the investments in associated companies includes the value of the respective goodwill determined in the acquisitions and it is presented net of possible impairment losses. Impairment tests are carried out for the investments in associated companies whenever signs of impairment are veriÿed. The impairment losses accounted for in previous periods may be reversible, up to the limit of the accumulated losses.

In a step acquisition operation that results in the acquisition of significant influence, any previously held interest is revalued at fair value through the income statement upon the first application of the equity method.

When the value of the accumulated losses incurred by an associated company and attributable to the Group is equal to or exceeds the accounting value of the interest and of any other medium- or long-term interests in this associated company, the equity method is interrupted, except if the Group has the legal or constructive obligation to recognise these losses or has made payments on behalf of the associated company.

Gains or losses in the sale of capital shares in associated companies are recorded through the income statement even if from this sale there is no loss of significant influence. The dividends attributed by the associated companies reduce the balance sheet value recorded by the Group.
At 31 December 2017 and 2016 the Bank does not hold any investment in associated companies.

C) GOODWILL

The goodwill represents the diˆerence between the cost of acquisition of the thus determined interest and the fair value attributable to the acquired assets, liabilities and contingent liabilities.

Pursuant to the IFRS 3 – Concentration of Business Activities, the Group measures the goodwill as the diˆerence between the fair value of acquisition of the business, including the fair value of any previously held minority interest, and the fair value attributable to the acquired assets and assumed liabilities and any issued equity instruments. The fair values are determined on the acquisition date. The costs directly attributable to the acquisition are recognised at the time of the purpose in costs of the financial year.

On the acquisition date, the Group recognises the values corresponding to the proportion of the fair value of the acquired assets and assumed liabilities without the respective portion of goodwill, as interests that they do not control. Thus, the recognised goodwill corresponds only to the portion attributable to the Bank's shareholders.

The positive goodwill is recorded in the asset through its cost value and it isn't amortised, in accordance with the IFRS 3. In the case of investments in associated companies, the goodwill is included in the respective balance sheet value determined based on the equity method. The negative goodwill is recognised directly in the income statement in the period in which the acquisition occurs. The impairment losses of the goodwill are not reversible in the future.

The recoverable value of the goodwill recorded in the asset is revised annually, regardless of the existence of signs of impairment. The possible determined impairment losses are recognised in the income statement. The recoverable value corresponds to the greater of between the value in use and the market value deducted from the sale costs. In the determination of the value in use, the estimated future cash flows are discounted based on a rate that reflects the market conditions, the temporary value and the business risks.

D) TRANSACTIONS WITH INTERESTS THAT THEY DO NOT CONTROL

The acquisition of interests that they do not control from which there isn't a change of control over a subsidiary, is accounted for as a transaction with shareholders and, as such, additional goodwill resulting from this transaction isn't recognised. The diˆerence between the acquisition cost and the balance sheet value of the interests that acquired companies do not control is recognised directly in reserves. Likewise, the gains or losses resulting from disposals of interests that they do not control, from which there isn't a loss of control over a subsidiary, are always recognised in reserves.

The gains or losses resulting from the dilution or sale of a part of the financial interest in a subsidiary, with a loss of control, are recognised by the Group in the income statement.

E) TRANSLATION OF FINANCIAL STATEMENTS INTO FOREIGN CURRENCY

The financial statements of each of the Group's subsidiaries and associated companies are prepared in their functional currency, defined as the currency of the economy where these subsidiaries and associated companies operate. The Group's consolidated financial statements are prepared in Kwanzas, which is the functional currency of the BNI.

The financial statements of the Group's companies whose functional currency is differentt to the Kwanza are translated into Kwanzas in accordance with the following criteria:

- The assets and liabilities are converted at the exchange rate on the balance sheet date;
- The income and costs are converted based on the application of approximate exchange rates of the real rates on the dates of the transactions;
- The exchange rate di˘erences determined between the value of conversion into Kwanzas of the assets at the start of the year and its value converted at the exchange rate in force at the balance sheet date, upon which the consolidated accounts are reported, shall be recorded in reserves. In the same way, in relation to the income of the subsidiaries and associated companies, the exchange rate di˘erences resulting from the conversion into Kwanzas of the income of the financial year, between the exchange rates used in the income statement and the exchange rates in force at the balance sheet date, shall be recorded in reserves. On the company's disposal date, these di˘erences shall be recognised in the income statement as an integral part of the gain or loss resulting from the disposal.

F) BALANCES AND TRANSACTIONS ELIMINATED IN THE CONSOLIDATION

Balances and transactions between companies of the Group, including any unrealised gains or losses resulting from intra-group operations, are eliminated in the consolidation process, except in the cases in which the unrealised losses indicate the existence of impairment which must be recognised in the consolidated accounts.

Unrealised gains resulting from transactions with associated entities are eliminated in the proportion of the Group's share in them. Unrealised losses are also eliminated, but only in the situations in which they do not indicate the existence of impairment.

NOTE 2
2.3. 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 2017 and 2016 were the following:

	2017	2016
USD	165.924	165.903

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 corresponds to the net balance of the assets and liabilities expressed in that currency, as well as spot transactions pending settlement and forward transactions maturing in the following two business days. The spot currency position is revalued daily based on the average exchange rate published by the BNA on this date, giving rise to the transaction of the currency position account (national currency), 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 di ˆ erence between the counter values in kwanza at the forward revaluation rates applied, and the counter values at the contracted rates, which represent the cost or income or the forward currency position revaluation cost, is recorded under the asset or liability, with a corresponding entry in foreign exchange earnings.

NOTE 2

2.4. 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

The 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 oˆ -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 suˇcient 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 eˆ ective 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 eˆ ective 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 diˆ erences between the estimates of losses and the real losses.

SEGMENTATION OF THE LOAN PORTFOLIO FOR COLLECTIVE ANALYSIS

In 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, in the context of the estimate of the PD, some characteristics of the credit operations, such as the type of customer and the type of product, were considered as relevant segmentation factors, namely: (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

In the scope of the determination of the impairment losses for loans analysed on a collective basis, in line with the regulatory requirements, the Bank carries out the classification of the exposures in 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 probabili ties of default.

(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.

NOTE 2
2.5. 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 as:
  - Held for trading;
  - Designated at fair value through profit and loss.
- 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 TRADING

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 e ˆ ective 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 e ˆ ective interest rate method. The interest is calculated through the e ˆ ective interest rate method and recognised in the financial margin. 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 SALE

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 changes in the fair value are recorded through fair value reserves until the time at which they are sold or until the recognition of impairment losses, in which case they will 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 eˆective interest rate in the financial margin, including a premium or discount, when applicable. Dividends are recognised in the income statement in the category of "Income from equity instruments" when the right to the receipt is attributed.

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

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. Financial liabilities are derecognised when the underlying obligation is settled, expires or is cancelled.

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

Financial liabilities are initially recognised at fair value and subsequently at amortised cost. The associated transaction costs are part of the eˆective interest rate. The interest recognised through the eˆective interest rate method is 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 eˆective rate method or at fair value through profit and loss.

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 eˆective interest rate method, resulting from the diˆerence between the initially recognised value and the amount upon maturity, minus the reductions resulting from impairment losses.

(I) 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 to which 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 measured by using its market price in an active market for that instrument. A market is considered active if there is a suˇcient frequency and volume of transactions for there to be price quotations on a continuous basis. If there are no 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 transaction.

(II) IMPAIRMENT

In addition to the analysis of impairment regarding the loans to customers, on each balance sheet date an assessment of the 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 that of a significant value 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 from the financial asset, or group of financial assets, which may be reasonably estimated.

With regard to the investments held until maturity, the impairment losses correspond to the diˆerence 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 eˆective 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 eˆective 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 diˆerence 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.

(III) TRANSFERS BETWEEN CATEGORIES

The Bank only transfers 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 diˆerence between this fair value and the respective nominal value is recognised in the income statement until the maturity of the asset, based on the eˆective rate method. The fair value reserve existing on the date of the transfer is also recognised in the income statement based on the eˆective 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.

(IV) 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 derecognises financial liabilities when they are cancelled, extinct or expired.

(V) COMPENSATION OF FINANCIAL INSTRUMENTS

The Bank compensates for 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 with 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.

NOTE 2
2.6. 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;
- 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 eˆective part of the hedge relationships. The fair value variations of the ineˆective 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 aˆects 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 2017 and 2016 the Bank had no 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 eˆectiveness of the hedge relationships, showing that the fair value changes of the hedging instrument are hedged by changes in the hedged item with regard to the hedged risk. Any determined ineˆectiveness 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.

NOTE 2
2.7. EQUITY INSTRUMENTS

A financial instrument is classified as an equity instrument when there is no 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.

Income from equity instruments (dividends) is recognised when the right to receive it is established and deducted from equity.

NOTE 2

2.8. OTHER TANGIBLE ASSETS

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.

Subsequent costs are recognised as a separate asset only if it is probable that there shall be future economic benefits for the Bank from them. 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.

Land is not amortised. Amortisations are calculated through the straight-line method, in accordance with the following expected useful life periods:

	YEARS OF USEFUL LIFE
REAL ESTATE OF OWN USE (BUILDINGS)	**25 to 50**
EQUIPMENT	
FURNITURE AND MATERIALS	8 and 10
MACHINES AND TOOLS	4 and 10
COMPUTER EQUIPMENT	3 and 6
INDOOR INSTALLATIONS	4 and 10
TRANSPORT EQUIPMENT	4
SECURITY EQUIPMENT	10

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. 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.

NOTE 2

2.9. INTANGIBLE ASSETS

The costs incurred with the acquisition of 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.

The costs directly related to the development of computer applications, over which it is expected that they will 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.

NOTE 2

2.10. INVESTMENT PROPERTIES

The Group classifies the real estate held for leasing or for capital appreciation or both, as investment properties.

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. Investment properties are not amortised.

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

At 31 December 2017 and 2016 the Group does not have investment properties.

NOTE 2

2.11. ASSETS TRANSFERRED WITH A SECURITY REPURCHASE AND LOAN AGREEMENT

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 are not left out of the balance sheet, and they are classified and valued in conformity with the accounting policy referred to in Note 2.5. The securities received through loan agreements are not recognised in the balance sheet.

NOTE 2

MAIN ACCOUNTING POLICIES

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).

NOTE 2

2.13. ASSETS RECEIVED THROUGH THE RECOVERY OF LOANS

The Bank classifies 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 refers to 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 property; value of the construction; and value of indirect costs.

The 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.

NOTE 2
2.14. LEASING

The Bank classifies leasing transactions as financial leases or operating leases according to their substance and not their legal form. 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 lease income due. 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. 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 to which they relate.

BancoBNI
Banco de Negócios Internacional

NOTE 2
2.15. TAXES ON PROFITS

The taxes on profits recorded in the income statement include the effect of the current taxes and deferred taxes. 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 TAXATION

The current taxes correspond to the value that is determined in relation to the taxable income of the financial year, 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

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, over the temporary diˆerences 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 diˆerences are reversed.

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

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

NOTE 2
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 be demanded and (iii) when a reliable estimate of the value of this obligation can be made.

The measurement of 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 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.

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.

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. Contingent liabilities are always subject to disclosure, except in the cases in which the possibility of their specification is remote.

NOTE 2
2.17 RECOGNITION OF INTEREST

The income referring to interest from financial asset and liability instruments measured at amortised cost is recognised in the categories of similar interest and income or similar interest and charges (financial margin), through the effective interest rate method. The effective interest rate from financial assets available for sale is 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 eˆective interest rate, the Bank estimates 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 eˆective 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:

- Interest on overdue loans with real guarantees up until the prudently assessed coverage limit is reached are recorded against the results; 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 as the chances of its recovery are considered to be remote.

For the derivative financial instruments, with exception of those that are classified as interest rate risk hedging instruments, the interest component is not separated from changes 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).

NOTE 2

2.18 RECOGNITION OF DIVIDENDS

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

NOTE 2

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 to which it relates;

- 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.

NOTE 2

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.

NOTE 2

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.

NOTE 2

2.22. CASH AND CASH 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.

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

NOTE 2
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 to provide 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.

NOTE 2
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 are altered as a result of an issue at a premium or discount or another event that alters the potential number of ordinary shares or changes in the accounting policies, the calculation of the earnings per share for all the presented periods is retrospectively adjusted.

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 the necessary estimates for deciding what the most appropriate 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 choices made are appropriate and that the financial statements truly and accurately present the Bank's financial position and the income from its operations in all materially relevant aspects.

NOTE 3
3.1. IMPAIRMENT OF THE FINANCIAL ASSETS AVAILABLE FOR SALE

The Bank determines that there is impairment in its 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 devaluation continued if the fair value remains below the acquisition cost for a period of 12 months and a significant amount 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), when they require the use of certain assumptions or a 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 a 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.**

NOTE 3

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.

NOTE 3

3.3. IMPAIRMENT LOSSES IN LOANS TO CUSTOMERS

The Bank carries out a periodic revision of its loan portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in **Note 2.4.**

The process of assessing 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 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.**

NOTE 3

3.4. INVESTMENTS HELD TO MATURITY

The Bank classifies its 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 judgement made, the Bank assesses its 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.

NOTE 3
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 3
3.6. ENTITIES INCLUDED IN THE CONSOLIDATION PERIMETER

In order to determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which: (i) it is exposed, or has rights, to the variable return from its involvement with the entity; and (ii) it can appropriate that return through its own resources. In this analysis, the Group also considers shareholder agreements that may exist and that result in the power to take decisions that have an impact on the management of the entity's activity. The decision that an entity has to be consolidated within the Group requires the use of judgements to determine to what extent the Group is exposed to the variability of an entity's return and has the power to appropriate that return. In using this judgement, the Group analyses assumptions and estimates. Other assumptions and estimates could therefore cause the consolidation perimeter to be different, with a direct impact on the Group's financial statements.

NOTE 3

3.7. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

International Accounting Standard 29 - Financial Reporting in Hyperinflationary Economies (IAS 29) states that an assessment should be made of when it is necessary to restate the financial statements in accordance with this standard. The judgement must take into account the characteristics of the country's economic environment as follows:

- the population in general prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. The amounts of local currency held are immediately invested in order to maintain purchasing power;
- the population in general sees monetary amounts not in terms of local currency but in terms of a stable foreign currency. Prices must be quoted in that currency;
- sales and purchases on credit occur at prices that compensate for the expected loss of purchasing power;
- during the credit period, even if the period is short;
- interest rates, salaries and prices are linked to a price index; and
- the accumulated inflation rate over three years is close to 100% or exceeds this value.

With regard to the Angolan economy, the Angolan Association of Banks ("ABANC") and the National Bank of Angola ("BNA") have expressed an interpretation that not all the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") are present for the Angolan economy to be considered hyperinflationary in the year ended 31 December, 2017 and, consequently, the Bank's Management decided not to apply the provisions of that Standard to its financial statements as of that date.

NOTE 3

3.8. REAL ESTATE RECEIVED AS SETTLEMENT OF DEBTS

The Bank classifies 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.

As mentioned in note 2.13, the valuations of these properties are carried out according to one of the following methodologies, applied according to the specific situation of the property: market method, income or cost.

The 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.

NOTE 4

FINANCIAL MARGIN

The value of this category is comprised of:

(AKZ 000)

31.12.2017	OF ASSETS / LIABILITIES AT AMORTISED COST AND AVAILABLE FOR SALE	OF ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
INTEREST AND SIMILAR INCOME	**18 624 517**	**472 560**	**19 097 077**
INTEREST FROM LOANS TO CUSTOMERS	12 734 997	-	12 734 997
INTEREST FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	472 560	472 560
INTEREST FROM CASH ON HAND AND INVESTMENTS IN CREDIT INSTITUTIONS	422 979	-	422 979
INTEREST FROM INVESTMENTS HELD UNTIL MATURITY	5 466 541	-	5 466 541
INTEREST AND SIMILAR CHARGES	**(7 185 965)**	**-**	**(7 185 965)**
INTEREST FROM RESOURCES OF CENTRAL BANKS AND CREDIT INSTITUTIONS	(111 266)	-	(111 266)
INTEREST FROM RESOURCES OF CUSTOMERS	(6 597 740)	-	(6 597 740)
INTEREST FROM SUBORDINATED LIABILITIES	(476 959)	-	(476 959)
FINANCIAL MARGIN	**11 438 552**	**472 560**	**11 911 112**

(AKZ 000)

31.12.2016	OF ASSETS / LIABILITIES AT AMORTIZED COST AND ASSETS AVAILABLE FOR SALE	OF ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
INTEREST AND SIMILAR INCOME	**16 514 853**	**149 508**	**16 664 361**
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	634 320	-	634 320
INTEREST FROM INVESTMENTS HELD UNTIL MATURITY	4 114 791	-	4 114 791
INTEREST AND SIMILAR CHARGES	**(7 207 397)**	**-**	**(7 207 397)**
INTEREST FROM RESOURCES OF CENTRAL BANKS AND CREDIT INSTITUTIONS	(886 210)	-	(886 210)
INTEREST FROM RESOURCES OF CUSTOMERS	(5 992 761)	-	(5 992 761)
INTEREST FROM SUBORDINATED LIABILITIES	(328 426)	-	(328 426)
FINANCIAL MARGIN	**9 307 456**	**149 508**	**9 456 964**

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 COMISSIONS

The value of this category is comprised of:

(AKZ 000)

	31.12.2017	31.12.2016
INCOME FROM SERVICES AND COMMISSIONS	**3 597 649**	**2 684 825**
VISA AND MASTERCARD CARDS	1 541 437	921 131
TRANSFERS	365 550	301 253
OPENING OF CREDIT LINES	349 541	228 985
DOCUMENTARY CREDIT	4 029	200 706
OTHER BANKING TRANSACTIONS	-	97 094
OTHER BANKING SERVICES	840 512	645 816
OTHER COMMITMENTS	150 109	176 339
SECURITIES	346 471	113 501
CHARGES WITH SERVICES AND COMMISSIONS	**(987 794)**	**(449 485)**
VISA AND MASTERCARD CARDS	(682 405)	(400 465)
IRREVOCABLE CREDIT LINES	(22 639)	(42 202)
OTHER COMMITTEES	(282 750)	(6 818)
INCOME WITH COMMISSIONS	**2 609 855**	**2 235 340**

The category of Visa and Mastercard Cards refers to the received and paid commissions for cards of different entities. The category of Other banking transactions refers to commission income from managing the credit 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:

(AKZ 000)

	31.12.2017			31.12.2016		
	INCOME	COSTS	TOTAL	INCOME	COSTS	TOTAL
INCOME IN ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	(17 504)	(17 504)	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 does not have liabilities measured at fair value.

NOTE 7
FOREIGN EXCHANGE EARNINGS

The value of this category is comprised of:

(AKZ 000)

	31.12.2017	31.12.2016
INCOME	5 687 092	7 317 992
EXCHANGE REVALUATION	15 061	65 810
FOREIGN CURRENCY SALE	5 667 156	2 862 626
REVALUATION OF INDEXED TREASURY OBLIGATIONS	4 875	4 389 556
COSTS	(1 040 492)	(2 775 569)
EXCHANGE REVALUATION	(11 138)	(2 307 589)
FOREIGN CURRENCY SALE	(1 029 354)	(467 980)
FOREIGN EXCHANGE EARNINGS	4 646 600	4 542 423

NOTE 8
INCOME FROM THE DISPOSAL OF OTHER ASSETS

The value of this categ ory is comprised of:

(AKZ 000)

	31.12.2017	31.12.2016
TANGIBLE ASSETS	362	18 114
INTANGIBLE FIXED ASSETS	1 938	160
INCOME FROM THE DISPOSAL OF ASSETS	2 300	18 274

NOTE 9
OTHER OPERATING INCOME

The value of this category is comprised of:

		(AKZ 000)
	31.12.2017	31.12.2016
INCOME	**685 760**	**1 005 529**
COST RECOVERY	-	11 115
RECOVERIES REGARDING LOANS WRITTEN OFF IN ASSETS	97 331	278 646
OTHER INCOME	588 429	715 768
COSTS	**(671 857)**	**(686 064)**
TAXES AND FEES NOT APPLICABLE TO THE INCOME	(202 424)	(346 426)
PENALTIES APPLIED BY REGULATORY ENTITIES	(230)	(321 487)
OTHER COSTS	(469 203)	(18 151)
TOTAL	**13 903**	**319 465**

NOTE 10
STAFF COSTS

The value of this category is comprised of:

		(AKZ 000)
	31.12.2017	31.12.2016
WAGES AND SALARIES		
MANAGEMENT AND SUPERVISORY BOARDS	**(1 336 851)**	**(795 246)**
BASE SALARY	(663 795)	(509 784)
ALLOWANCES AND BONUSES	(673 056)	(285 462)
EMPLOYEES	**(3 723 850)**	**(3 363 990)**
BASE SALARY	(2 331 044)	(1 974 378)
ALLOWANCES AND BONUSES	(1 392 806)	(1 389 612)
SOCIAL SECURITY CONTRIBUTIONS	**(235 784)**	**(206 761)**
MANDATORY	(189 481)	(169 719)
OPTIONAL	(46 303)	(37 042)
OTHER COSTS	**(97 962)**	**(131 025)**
STAFF COSTS	**(5 394 447)**	**(4 497 022)**

Other costs relate to the costs of training employees and fraternisation events.

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

(AKZ 000)

	BOARD OF DIRECTORS					
	EXECUTIVE COMMITTEE	OTHER ELEMENTS	TOTAL	AUDIT COMMITTEE	OTHER KEY MANAGEMENT STAFF	TOTAL
31 DECEMBER 2017						
SALARIES AND OTHER SHORT TERM BENEFITS	1 091 385	183 509	1 274 894	-	36 324	36 324
VARIABLE SALARIES	79	297	377	-	524	524
LONG TERM BENEFITS AND OTHER SOCIAL SECURITY CONTRIBUTIONS	35 986	11 162	47 148	-	1 648	1 648
OTHER REMUNERATION AND SENIORITY BONUSES	4 200	-	4 200	-	-	-
TOTAL	**1 131 650**	**194 969**	**1 326 618**	**-**	**38 496**	**38 496**
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 BENEFI TS AND OTHER SOCIAL SECURITY CONTRIBUTIONS	-	-	-	-	-	-
OTHER REMUNERATION AND SENIORITY BONUSES	-	-	-	-	-	-
TOTAL	**627 366**	**163 094**	**790 460**	**-**	**72 260**	**72 260**

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 a pension fund.

The Bank's number of employees, including permanent workers and those on fixed-term contracts, can be broken down by professional category as follows:

	31.12.2017	31.12.2016
SENIOR MANAGEMENT POSITIONS	107	107
MANAGERIAL POSITIONS	109	93
SPECIFIC POSITIONS	218	193
ADMINISTRATIVE AND OTHER POSITIONS	286	331
TOTAL	**720**	**724**

NOTE 11
SUPPLIES AND SERVICES OF THIRD PARTIES

The value of this category is comprised of:

(AKZ 000)

	31.12.2017	31.12.2016
RENTS AND LEASES	(1 017 440)	(953 402)
ADVERTISING AND PUBLICATIONS	(205 067)	(244 599)
COMMUNICATIONS AND DISPATCHING	(266 460)	(265 988)
CONSERVATION AND REPAIR	-	(479)
TRAVEL AND REPRESENTATION	(608 566)	(457 792)
WATER, ENERGY AND FUEL	(92 499)	(92 048)
CONSULTANCY AND AUDITING	(1 837 428)	(2 072 732)
SECURITY AND SURVEILLANCE	(778 043)	(691 358)
INSURANCE	(49 455)	(17 510)
OTHER COSTS	(1 101 887)	(569 357)
TOTAL	**(5 956 845)**	**(5 365 265)**

NOTE 12
PROVISIONS AND IMPAIRMENTS FOR OTHER ASSETS, GUARANTEES AND OTHER COMMITMENTS

The value of this category is comprised of:

(AKZ 000)

	BALANCE AT 31.12.2016	REVERSALS/ (APPROPRIATIONS)	USES	TRANSFERS	EXCHANGE RATE DIFERENCES AND OTHERS	BALANCE AT 31.12.2017
IMPAIRMENT FOR GUARANTEES AND OTHER COMMITMENTS °SEE NOTE 28˛	(209 075)	108 458	-	-	-	(100 617)
OTHER PROVISIONS FOR RISKS AND CHARGES °SEE NOTE 28˛	(5 699)	(1 210 414)	1 215 074	-	-	(1 039)
IMPAIRMENT FOR OTHERS ASSETS °SEE NOTE 21˛	-	(296)	-	-	296	-
TOTAL		**(1 102 252)**	**1 215 074**	**-**	**296**	

(AKZ 000)

	BALANCE AT 31.12.2015	REVERSALS/ (APPROPRIATIONS)	USES	TRANSFERS	EXCHANGE RATE DIFERENCES 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	(369 713)	-	-	369 713	-	-
TOTAL		**907 993**	**338 808**	**369 713**	**-**	

NOTE 13
EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

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

(AKZ 000)

	31.12.2017	31.12.2016
CONSOLIDATED INCOME	2 414 519	2 170 170
LIQUID INCOME ATTRIBUTABLE TO INTERESTS THAT DO NOT CONTROL	29 716	(23 256)
NET INCOME ATTRIBUTABLE TO BANK SHAREHOLDERS	2 384 803	2 193 426
AVERAGE NUMBER OF ORDINARY SHARES ISSUED °THOUSANDS	2 000	2 000
AVERAGE NUMBER OF ORDINARY SHARES IN CIRCULATION (THOUSANDS)	1 854	1 854
IINCOME BY BASIC ACTION ATTRIBUTABLE TO BANK SHAREHOLDERS (UNITS)	1 303	1 183

NOTE 14
CASH AND CASH EQUIVALENTS IN CENTRAL BANKS

The value of this category is comprised of:

(AKZ 000)

	31.12.2017	31.12.2016
CASH	3 891 219	2 979 123
AOA	2 739 944	2 454 633
USD	489 319	67 899
EUR	590 366	381 816
GBP	71 111	72 191
ZAR	357	2 474
NAD	122	110
BANCO NACIONAL DE ANGOLA	22 799 073	25 160 642
AOA	20 584 585	23 195 286
USD	2 214 488	1 965 356
TOTAL	**26 690 292**	**28 139 765**

The category of Cash equivalents in the National Bank of Angola includes compulsory deposits, in the amount of AKZ AOA 16 838 976 thousands (31 December 2016: AOA 18 386 879 thousands), which aims to meet the legal requirements with regard to the constitution of minimum cash equivalents.

NOTE 15
CASH EQUIVALENTS IN OTHER CREDIT INSTITUTIONS

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

(AKZ 000)

	31.12.2017	31.12.2016
IN CREDIT INSTITUTIONS ABROAD	**10 163 087**	**7 170 596**
EUR	7 636 306	6 815 773
USD	2 513 646	345 066
GBP	5 661	9 635
ZAR	7 474	122
PAYMENT SYSTEM CREDITS	**531 545**	**347 139**
OUTSTANDING CHEQUES	**2 557**	**2 698**
TOTAL	**10 697 189**	**7 520 433**

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 2017 and 2016 is analysed as follows:

(AKZ 000)

	31.12.2017	31.12.2016
INVESTMENTS IN DOMESTIC CREDIT INSTITUTIONS	-	17 200 000
DEPOSITS IN THE NATIONAL BANK OF ANGOLA	-	17 200 000
INVESTMENTS IN FOREIGN CREDIT INSTITUTIONS	10 261 986	15 849 040
COLLATERAL DEPOSITS	2 325 629	2 824 134
PROVISION OF LIQUIDITY	7 936 357	13 024 906
ACCRUED INTEREST	38 848	24 037
TOTAL	**10 300 834**	**33 073 077**

The currency exposure of investments in central banks and other credit institutions is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
INVESTMENTS IN DOMESTIC CREDIT INSTITUTIONS	-	17 200 000
AOA	-	17 200 000
INVESTMENTS IN FOREIGN CREDIT INSTITUTIONS	10 261 987	15 849 040
USD	8 830 860	11 806 678
EUR	1 431 127	4 042 362
ACCRUED INTEREST	38 847	24 037
USD	38 069	9 769
EUR	778	1 077
AOA	-	13 191
TOTAL	**10 300 834**	**33 073 077**

The scheduling of the investments in central banks and other credit institutions by maturity, at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
UP TO 3 MONTHS	5 577 779	22 645 397
FROM 3 TO 6 MONTHS	1 331 927	4 893 918
FROM 6 MONTHS TO 1 YEAR	3 260 839	2 527 279
MORE THAN 1 YEAR	-	683 086
INDEFINITE TERM	130 289	2 323 397
TOTAL	**10 300 834**	**33 073 077**

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 2017, 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 December 2017 and 2016 is comprised of Angolan Treasury bonds issued in Kwanzas indexed to the USD.

(AKZ 000)

	31.12.2017		
	NOMINAL VALUE	FAIR VALUE	ACCRUED INTEREST
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 347 943	6 452 087	121 649

(AKZ 000)

	31.12.2016		
	NOMINAL VALUE	FAIR VALUE	ACCRUED INTEREST
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	2 358 880	2 409 973	33 631

Exposure is distributed through the following maturities:

(AKZ 000)

	31.12.2017	31.12.2016
FROM 1 TO 3 YEARS	6 452 087	1 280 331
FROM 3 TO 5 YEARS	~	1 129 642
TOTAL	6 452 087	2 409 973

The Bank's option 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 2.5, 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 and Aliança, both measured at historical cost.

COMPANY	CURRENCY	SHARE CAPITAL (IN THOUSANDS)	SPECIE	% PARTICIPATION	Nº OF ASSETS HELD (IN THOUSANDS)
EMIS ~ EMPRESA INTERBANCÁRIA DE SERVIÇOS, SARL	AOA	910 000	SHARES	1,98%	18.018,000
ALIANÇA SEGUROS	AOA	1 000 000	SHARES	9,985%	199,700

In accordance with the accounting policy described in Note 2.5, 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.

BancoBNI
Banco de Negócios Internacional

NOTE 19
INVESTMENTS HELD TO MATURITY

This category at 31 December 2017 and 2016 is analysed as follows:

(AKZ 000)

	31.12.2017	31.12.2016
FROM PUBLIC ISSUERS		
BONDS AND OTHER FIXED-INCOME SUCIRITIES	72 591 596	63 738 884
AOA	65 609 519	56 757 686
USD	6 982 077	6 981 198
ACCRUED INTEREST	1 366 564	982 671
TOTAL	**73 958 160**	**64 721 555**

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

At 31 December 2017 and 2016, the scheduling of the instruments held until maturity by maturity is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
LESS THAN 1 MONTH	210 254	4 262 138
FROM 1 TO 3 MONTHS	8 453 113	3 647 352
FROM 3 TO 6 MONTHS	2 846 081	514 278
FROM 6 MONTHS TO 1 YEAR	10 867 545	2 117 053
FROM 1 TO 3 YEARS	16 232 601	23 671 661
FROM 3 TO 5 YEARS	13 003 704	13 967 622
MORE THAN 5 YEARS	21 566 896	16 541 452
INDEFINITE PERIOD	777 966	-
TOTAL	**73 958 160**	**64 721 555**

In accordance with the accounting policy described in Note 2.5, 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 2017 and 2016, the Bank assessed the existence of objective evidence of impairment in their portfolio of investments held until maturity, having not veriÿed events with an impact on the recoverable amount of the future cash ˛ows from these investments.

NOTE 20
LOANS TO CUSTOMERS

This category at 31 December 2017 and 2016 is analysed as follows:

(AKZ 000)

	31.12.2017	31.12.2016
NET LENDING	89 940 081	93 484 839
GROSS LENDING	106 270 523	108 590 390
OUTSTANDING LOANS	93 348 880	102 331 566
OVERDUE LOANS	12 921 643	6 258 824
IMPAIRMENT	16 330 442	15 105 551
IN DOMESTIC CURRENCY		
COMPANIES AND PUBLIC SECTOR	86 662 894	81 146 583
PRIVATE INDIVIDUALS	5 962 550	6 016 668
IMPAIRMENT	11 995 052	9 940 075
IN FOREIGN CURRENCY		
COMPANIES AND PUBLIC SECTOR	12 775 182	19 579 722
PRIVATE INDIVIDUALS	869 897	1 847 417
IMPAIRMENT	4 335 390	5 165 476

The scheduling of the loans to customers (gross) by maturity, at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
UP TO 30 DAYS	-	5
FROM 30 TO 90 DAYS	365 951	154 760
FROM 90 TO 180 DAYS	52 228	1 460 310
FROM 180 TO 365 DAYS	758 812	2 300 855
FROM 1 TO 2 YEARS	4 211 728	2 066 451
FROM 2 TO 5 YEARS	18 035 909	25 864 413
MORE THAN 5 YEARS	82 845 895	76 743 596
TOTAL GROSS LENDING	**106 270 523**	**108 590 390**

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

	(AKZ 000)
BALANCE AT 31.12.2015	**16 754 397**
INCREASES	8 929 283
REINSTATEMENTS/REVERSALS	(4 771 798)
USES	(8 618 304)
EXCHANGE RATE DIFERENCES AND OTHERS	2 811 973
BALANCE AT 31.12.2016	**15 105 551**
INCREASES	11 769 417
REINSTATEMENTS/REVERSALS	(9 285 342)
USES	(109 356)
EXCHANGE RATE DIFFERENCES AND OTHERS	(1 149 828)
BALANCE AT 31.12.2017	**16 330 442**

Please ÿnd below the exposure to non-overdue operations (1st column) and the total exposure (due and overdue loan component) to overdue loan operations. The distribution of these exposures is additionally presented according to the form of determination of the impairment.

(AKZ 000)

LOANS TO CUSTOMERS 31.12.2017	OUTSTANDING LOANS ASSOCIATED WITH NON,OVERDUE LOANS	CLASS OF DEFAULT: UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MOTNHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
WITHOUT SIGNS OF IMPAIRMENT ˜IBNR°							
LOANS AND INTEREST	25 401 263	-	-	-	-	-	25 401 263
IMPAIRMENT	(250 815)	-	-	-	-	-	(250 815)
INDIVIDUAL	10 828 896	-	-	-	-	-	10 828 896
COLLECTIVE	14 572 367	-	-	-	-	-	14 572 367
WITH IMPAIRMANT ATTRIBUTED ON A INDIVIDUAL ANALYSIS BASIS							
LOANS AND ACCRUED INTEREST	62 289 217	410 691	2 793 572	6 313 514	-	-	71 806 994
IMPAIRMENT	(12 076 223)	(10 437)	(21 040)	(448 260)	-	-	(12 555 960)
WITH IMPAIRMANT ATTRIBUTED ON A COLLECTIVE ANALYSIS BASIS							
LOANS AND INTEREST	4 886 320	282 049	435 210	639 541	2 593 172	225 975	9 062 267
IMPAIRMENT	(1 201 995	(54 039)	(7 053)	(189 605)	(1 971 930)	(99 045)	(3 523 667)

(AKZ 000)

LOANS TO CUSTOMERS 31.12.2016	OUTSTANDING LOANS ASSOCIATED WITH NON,OVERDUE LOANS	CLASS OF DEFAULT: UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MOTNHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
WITHOUT SIGNS OF IMPAIRMENT							
LOANS AND INTEREST	25 946 049	-	-	-	-	-	25 946 049
IMPAIRMENT	(1 515 470)	-	-	-	-	-	(1 515 470)
INDIVIDUAL	20 468 596	-	-	-	-	-	20 468 596
COLLECTIVE	5 477 454	-	-	-	-	-	5 477 454
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 AN INDIVIDUAL ANALYSIS BASIS							
LOANS AND 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.

(AKZ 000)

LOANS WITH IMPAIRMENT 31.12.2017	CLASS OF DEFAULT					
	OUTSTANDING LOANS ASSOCIATED WITH OVERDUE LOANS	LOANS OVERDUE UP TO 30 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 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	10 907 681	7 934	2 755 720	6 313 514	-	9 097 168
WITH IMPAIRMENT ATTRIBUTED ON A COLLECTIVE ANALYSIS BASIS	14 678 388	241 818	431 815	621 228	2 529 614	3 824 475

(AKZ 000)

LOANS WITH IMPAIRMENT 31.12.2016	CLASS OF DEFAULT					
	OUTSTANDING LOANS ASSOCIATED WITH OVERDUE LOANS	LOANS OVERDUE UP TO 30 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 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:

(AKZ 000)

SEGMENT	EXPOSURE 31.12.2017					
	TOTAL EXPOSURE	NON,DEFAULTED LOANS	OF WHICH RECOVERED	OF WHICH RESTRUCTURED	DEFAULTED LOANS	OF WHICH RE STRUCTURED
COMPANIES	89 841 550	81 214 462	14 503	50 135 857	8 627 088	1 296 383
LOANS PRIVATE INDIVIDUALS	2 762 311	2 224 769	201 170	97 397	537 542	37 605
OVERDRAFTS PRIVATE INDIVIDUALS	1 546 546	1 546 546	-	-	-	-
CONSUMER CREDIT	2 527 173	1 919 601	29 844	177 765	607 572	184 755
PUBLIC SECTOR	9 592 943	9 592 943	-	-	-	-
TOTAL	106 270 523	96 498 321	245 517	50 411 019	9 772 202	1 518 743

(AKZ 000)

SEGMENT	IMPAIRMENT 31.12.2017		
	TOTAL IMPAIRMENT	NON,DEFAULTED IMPAIRMENT	DEFAULTED IMPAIRMENT
COMPANIES	14 874 448	12 964 099	1 910 349
LOANS PRIVATE INDIVIDUALS	529 405	183 577	345 828
OVERDRAFTS PRIVATE INDIVIDUALS	334 866	334 866	-
CONSUMER CREDIT	591 723	139 061	452 662
PUBLIC SECTOR	-	-	-
TOTAL	16 330 442	13 621 603	2 708 839

(AKZ 000)

SEGMENT	EXPOSURE 31.12.2016					
	TOTAL EXPOSURE	NON,DEFAULTED LOANS	OF WHICH RECOVERED	OF WHICH RESTRUCTURED	DEFAULTED LOANS	OF WHICH RE STRUCTURED
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**

(AKZ 000)

SEGMENT	IMPAIRMENT 31.12.2016		
	TOTAL IMPAIRMENT	NON,DEFAULTED IMPAIRMENT	DEFAULTED IMPAIRMENT
COMPANIES	13 660 473	12 467 124	1 193 349
LOANS PRIVATE INDIVIDUALS	403 722	182 424	345 828
OVERDRAFTS PRIVATE INDIVIDUALS	497 123	497 123	-221 298
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:

2017 EXPOSURE

(AKZ 000)

SEGMENT	TOTAL EXPOSURE	DAYS IN DEFAULT < 30			DEFAULTED LOANS		
		WITHOUT SIGNS	WITH SIGNS	SUB,TOTAL	BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT <=90 DAYS	DAYS IN DEFAULT > 90 DAYS
COMPANIES	89 841 550	64 530 059	13 891 270	78 421 329	2 793 133	-	8 627 088
LOANS PRIVATE INDIVIDUALS	2 762 311	502 008	1 698 556	2 200 564	24 205	-	537 542
OVERDRAFTS PRIVATE INDIVIDUALS	1 546 546	1 543 888	2 658	1 546 546	-	-	-
CONSUMER CREDIT	2 527 173	292 459	1 215 698	1 508 157	411 444	-	607 572
PUBLIC SECTOR	9 592 943	3 77 554	9 215 389	9 592 943	-	-	-
TOTAL	**106 270 523**	**67 245 968**	**26 023 571**	**93 269 539**	**3 228 782**	**-**	**9 772 202**

2017 IMPAIRMENT

(AKZ 000)

SEGMENT	IMPAIRMENT TOTAL	NON-DEFAULTED LOANDS		DEFAULTED LOANS	
		DAYS IN DEFAULT <30	BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT < = 90 DAYS	DAYS IN DEFAULT > 90 DAYS
COMPANIES	14 874 448	12 962 283	1 816	-	1 910 349
LOANS PRIVATE INDIVIDUALS	529 405	183 185	392	-	345 828
OVERDRAFTS PRIVATE INDIVIDUALS	334 866	334 866	-	-	-
CONSUMER CREDIT	591 723	113 177	25 884	-	452 662
PUBLIC SECTOR	-	-	-	-	-
TOTAL	**16 330 442**	**13 593 511**	**28 092**	**-**	**2 708 839**

31.12.2016
TOTAL EXPOSURE

(AKZ 000)

SEGMENT	TOTAL EXPOSURE	NON-DEFAULTED LOANDS: DAYS IN DEFAULT < 30: WITHOUT SIGNS	WITH SIGNS	SUB, TOTAL	BETWEEN 30 AND 90 DAYS IN DEFAULT	DEFAULTED LOANS: DAYS IN DEFAULT <=90 DAYS	DAYS IN DEFAULT > 90 DAYS
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
TOTAL IMPAIRMENT

(AKZ 000)

SEGMENT	TOTAL IMPAIRMENT	NON-DEFAULTED LOANDS: DAYS IN DEFAULT < 30	BETWEEN 30 AND 90 DAYS IN DEFAULT	DEFAULTED LOANS: 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:

2017

(AKZ 000)

YEAR OF GRANTING	COMPANIES: NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	PUBLIC SECTOR: NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	CONSUMER CREDIT: NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
2017	212	7 349 582	71 838	37	9 497 749	-	23	120 507	39 089
2016	125	18 826 567	2 230 600	-	-	-	28	686 280	50 672
2015	62	10 464 626	1 205 441	-	-	-	30	883 738	39 239
2014	83	25 102 610	3 226 183	-	-	-	63	250 787	54 955
2013	56	7 757 844	1 539 583	-	-	-	31	133 195	104 388
2012	27	8 188 819	3 466 865	-	-	-	62	325 153	233 694
PREVIOUS	162	12 151 502	3 133 938	1	95 194	-	125	100 513	69 686
TOTAL	**727**	**89 841 550**	**14 874 448**	**38**	**9 592 943**	**-**	**362**	**2 527 173**	**591 723**

31.12.2017

(AKZ 000)

YEAR OF GRANTING	LOANS , PRIVATE INDIVIDUALS: NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	OVERDRAFTS , PRIVATE INDIVIDUALS: NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
2017	301	493 742	18 499	19	144	33
2016	295	828 537	180 547	141	18 503	4 206
2015	113	212 623	65 414	271	14 302	3 251
2014	399	384 277	28 779	2 954	80 589	18 493
2013	89	52 737	9 034	1 447	24 126	5 621
2012	110	93 753	11 932	1 471	127 441	31 233
PREVIOUS	587	696 642	215 200	3 386	1 281 441	272 029
TOTAL	**1 894**	**2 762 311**	**529 405**	**9 689**	**1 546 546**	**334 866**

31.12.2016 (AKZ 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
PREVIOUS	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 (AKZ 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:

31.12.2017 (AKZ 000)

	COMPANIES		LOANS , PRIVATE INDIVIDUALS		OVERDRAFTS , PRIVATE INDIVIDUALS	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	70 420 451	12 462 567	-	-	642 268	72 352
COLLECTIVE IMPAIRMENT	6 026 090	2 224 963	1 077 490	499 874	901 639	262 513
IBNR	13 395 009	186 918	1 684 821	29 531	2 639	1
TOTAL	**89 841 550**	**14 874 448**	**2 762 311**	**529 405**	**1 546 546**	**334 866**

31.12.2017 (AKZ 000)

	CONSUMER CREDIT		PUBLIC SECTOR	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	397 890	21 040	346 236	-
COLLECTIVE IMPAIRMENT	941 376	536 317	95 194	-
IBNR	1 187 907	34 366	9 151 513	-
TOTAL	**2 527 173**	**591 723**	**9 592 943**	**-**

31.12.2016 (AKZ 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 (AKZ 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 amount of non-defaulted loans and of the defaulted loans of the loan portfolio by business sector, by segment is as follows:

(AKZ 000)

	FINANCIAL ACTIVITY		REAL ESTATE, RENTING AND BUSINESS ACTIVITIES		AGRICULTURE, LIVESTOCK, HUNTING AND FORESTRY		ACCOMMODATION AND RESTAURANTS (RESTAURANTS AND SIMILAR)	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	1 364 210	68 468	13 573 819	2 725 177	-	-	7 348 841	643 002
COLLECTIVE IMPAIRMENT	6 003	1 169	5 392	2 306	474 880	364 570	783 542	166 701
IBNR	2 269 253	13 889	771	1	8 060	138	623	14
TOTAL	**3 639 466**	**83 526**	**13 579 982**	**2 727 484**	**482 940**	**364 708**	**8 133 006**	**809 717**

(AKZ 000)

	WHOLESALE AND RETAIL TRADE		CONSTRUCTION		EDUCATION		FOOD, BEVERAGE AND TOBACCO INDUSTRIES	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	9 435 069	957 364	3 403 968	241 359	-	-	-	-
COLLECTIVE IMPAIRMENT	1 894 690	671 134	522 045	58 138	15	3	39	7
IBNR	7 183 893	121 904	258 934	1 395	-	-	169 489	37
TOTAL	**18 513 652**	**1 750 402**	**4 184 947**	**300 892**	**15**	**3**	**169 528**	**44**

(AKZ 000)

	EXTRACTIVE INDUSTRIES		METAL, BASED INDUSTRIES AND METAL PRODUCTS		MANUFACTURING INDUSTRIES		INTERNATIONAL ORGANIZATIONS AND OTHER EXTRATERRITORIAL INSTITUTIONS	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	3 222 140	1 056 754	-	-	4 665 902	98 451	1 417 676	124 149
COLLECTIVE IMPAIRMENT	335 845	65 389	-	-	473 664	392 455	110 363	3 787
IBNR	7 495	77	405	-	1 164 228	34 852	-	-
TOTAL	**3 565 480**	**1 122 220**	**405**	**-**	**6 303 794**	**525 758**	**1 528 039**	**127 936**

(AKZ 000)

	OTHER COLLECTIVE, SOCIAL AND PERSONAL SERVICES ACTIVITIES		INDIVIDUAL		HEALTH AND SOCIAL WORK		TRANSPORT, STORAGE AND COMMUNICATIONS	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
INDIVIDUAL IMPAIRMENT	16 569 894	4 179 833	1 040 158	93 393	-	-	9 763 403	2 368 012
COLLECTIVE IMPAIRMENT	681 567	355 317	2 919 344	1 298 704	-	-	833 130	143 985
IBNR	9 491 427	4 879	2 872 944	63 897	-	-	1 997 402	9 732
TOTAL	**26 742 888**	**4 540 029**	**6 832 446**	**1 455 994**	**-**	**-**	**12 593 935**	**2 521 729**

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

(AKZ 000)

31.12.2017	NON,DEFAULTED LOANS			DEFAULTED LOANS			TOTAL		
APPLIED MEASURE	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT
INCREASE OF REPAYMENT TERM	8	1 378 795	52 649	4	38 805	26 839	12	1 417 600	79 488
ALTERATION OF THE PERIODICITY OF PAYMENT OF INTEREST AND/OR CAPITAL	27	6 577 246	1 761 278	62	1 825 998	1 096 747	89	8 403 244	2 858 025
INTRODUCTION OF CAPITAL AND/OR INTEREST GRACE PERIOD	26	42 223 092	7 800 966	1	394 575	-	27	42 617 667	7 800 966
CAPITALISATION OF INTEREST	2	51 849	11 905	-	-	-	2	51 849	11 905
OTHERS	4	181 584	27 256	5	116 036	11 007	9	297 620	38 263
TOTAL	**67**	**50 412 566**	**9 654 054**	**72**	**2 375 414**	**1 134 593**	**139**	**52 787 980**	**10 788 647**

(AKZ 000)

31.12.2016	NON,DEFAULTED LOANS			DEFAULTED LOANS			TOTAL		
APPLIED MEASURE	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT
INCREASE OF REPAYMENT TERM	75	37 496 124	5 357 833	39	1 147 647	853 743	114	38 643 771	6 211 576
ALTERATION OF THE PERIODICITY OF PAYMENT OF INTEREST AND/OR CAPITAL	33	13 526 529	2 792 241	1	199 460	101 677	34	13 725 989	2 893 918
INTRODUCTION OF CAPITAL AND/OR INTEREST GRACE PERIOD	6	2 268 978	381 384	1	-	-	7	2 268 978	381 384
CAPITALISATION OF INTEREST	2	18 238	1 047	1	-	-	3	18 238	1 047
OTHERS	3	625 119	45 860	-	-	-	3	625 119	45 860
TOTAL	**119**	**53 934 988**	**8 578 365**	**42**	**1 347 107**	**955 420**	**161**	**55 282 095**	**9 533 785**

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

(AKZ 000)

	NUMBER OF OPERATIONS	EXPOSURE
31.12.2015	105	22 407 979
NEW SELECTIONS	56	32 874 116
DESELECTIONS	-	-
31.12.2016	161	55 282 095
NEW SELECTIONS	21	18 521 861
DESELECTIONS	43	21 015 976
31.12.2017	139	52 787 980

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 at 31 December 2017 is as follows:

(AKZ 000)

	COMPANIES				REAL ESTATE CONSTRUCTION AND DEVELOPMENT				HOUSING			
	REAL ESTATE		OTHER REAL GUARANTEES		PROPERTIES		OTHER REAL GUARANTEES		PROPERTIES		OTHER REAL GUARANTEES	
FAIR VALUE	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT
< 50 M AOA	12	186 637	85	920 970	-	-	8	85 838	18	134 532	-	-
>= 50 M AOA AND < 100 M AOA	5	394 689	16	978 316	2	145 652	2	100 000	4	241 155	-	-
>= 100 M AOA and < 500 M AOA	14	3 215 402	9	2 084 427	1	497 771	4	500 280	2	224 013	-	-
>= 500 M AOA AND < 1.000 M AOA	6	3 852 685	9	6 419 851	-	-	1	700 202	-	-	-	-
>= 1.000 M AOA AND < 2.000 M AOA	22	26 486 329	6	9 111 447	-	-	1	1 493 312	-	-	-	-
>= 2.000 M AOA and < 5.000 M AOA	7	22 385 695	6	23 624 682	1	3 443 722	-	-	-	-	-	-
>= 5.000 M AOA	3	17 703 619	0	-	-	-	-	-	-	-	-	-
TOTAL	**69**	**74 225 056**	**131**	**43 139 693**	**4**	**4 087 145**	**16**	**2 879 632**	**24**	**599 700**	**-**	**-**

The financing-guarantee ratio of the business, construction, real estate development and housing segments as at 31 December 2017 is as follows:

(AKZ 000)

SEGMENT/RATIO	NUMBER OF REAL ESTATE	NUMBER OF OTHER REAL GUARANTEES	NON-DEFAULTED LOANS	DEFAULTED LOANS	IMPAIRMENT
COMPANIES					
WITHOUT AN ASSOCIATED GUARANTEE		43	69 182 742	1 798 236	9 240 106
< 50%	20	18	4 607 698	212 693	1 844 484
>= 50% AND < 75%	7	12	6 430 884	52 200	2 847 239
>= 75% AND <100%	4	6	1 212 262	-	723
>= 100%	34	56	5 440 250	6 313 514	641 004
REAL ESTATE CONSTRUCTION AND DEVELOPMENT					
WITHOUT AN ASSOCIATED GUARANTEE	2	6	3 930 687	250 446	300 892
< 50%	1	-	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% AND <100%	-	1	-	-	-
>= 100%	1	9	2 883	-	-
HOUSING					
WITHOUT AN ASSOCIATED GUARANTEE	1	-	934 539	-	150 192
< 50%	14	-	57 146	22 871	10 038
>= 50% AND < 75%	2	-	225 622	-	2 719
>= 75% AND <100%	2	-	17 429	-	316
>= 100%	5	-	31 700	-	-
OTHER					
WITHOUT AN ASSOCIATED GUARANTEE	5	48	4 202 358	1 105 120	1 244 250
< 50%	7	4	99 447	17 122	46 691
>= 50% AND < 75%	2	8	16 329	-	1 773
>= 75% AND <100%	1	3	-	-	-
>= 100%	8	101	106 345	-	15

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 at 31 December 2017 is as follows:

(AKZ 000)

TYPE OF REAL ESTATE	NUMBER OF REAL ESTATE	FAIR VALUE OF THE ASSET	NET BOOK VALUE
CONSTRUCTED BUILDINGS COMMERCIAL BUILDINGS	6	12 803 565	9 707 000

(AKZ 000)

TIME PASSED SINCE THE EXCHANGE/EXECUTION	< 1 YEAR	> = 1 YEAR < 2.5 YEARS	> = 2.5 YEAR < 5 YEARS	> = 5 YEAR	TOTAL
CONSTRUCTED BUILDINGS COMMERCIAL BUILDINGS	3 466 392	6 240 608	-	-	9 707 000

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

(AKZ 000)

31.12.2017	IMPAIRMENT PROBABILITY OF DEFAULT						
SEGMENT	< 30 DAYS WITHOUT SGINS	RECOVERY	RESTRUCTURED	< 30 DAYS WITH SIGNS	BETWEEN 30 AND 60 DAYS	BETWEEN 60 AND 90 DAYS	LOSS GIVEN DEFAULT (%)
COMPANIES	4.10%	4.10%	34.82%	34.82%	65.54%	-	64.39%
LOANS ˜ PRIVATE INDIVIDUALS	3.94%	13.41%	36.81%	36.81%	60.22%	-	66.19%
OVERDRAFTS ˜ PRIVATE INDIVIDUALS	0.04%	-	-	36.20%	-	-	62.37%
CREDIT CONSUMER	8.44%	13.12%	39.83%	-	66.55%	-	69.79%
PUBLIC SECTOR	-	-	-	-	-	-	0.00%

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 AND LIABILITIES HELD FOR SALE - DISCONTINUED OPERATIONS

As a consequence of the decision to sell the stake in BNIE and considering that BNIE's operations correspond to a geographical area separate from the group's operations, in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, BNIE is represented in the consolidated financial statements as discontinued operations.

The Bank signed a contract with an investor for the sale of the majority of the capital held at Banco BNI Europa. The completion of the sale is subject to the usual set of conditions for this type of transaction, involving the relevant approval by the Bank of Portugal and the Banco Nacional de Angola.

For purposes of consolidation of the assets and liabilities of discontinued operations, the respective balances and transactions with entities of the Group were removed.

(AKZ 000)

	31.12.2017	31.12.2016
ASSETS OF DISCONTINUED OPERATIONS	94 456 407	67 103 471
BNI EUROPA	94 456 407	67 103 471
LIABILITIES OF DISCONTINUED OPERATIONS	80 620 243	62 428 189
BNI EUROPA	80 620 243	62 428 189

The company financial statements of BNI Europa without consolidation adjustments converted at the EUR/AKZ exchange rate in conformity with that provided for in Note 2.2, are presented as follows:

BNIE BALANCE SHEET

(AKZ 000)

ASSETS	31.12.2017	31.12.2016
CASH AND CASH ON HAND IN CENTRAL BANKS	6 622 001	14 849 226
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	3 919 576	1 442 107
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	676 408	2 049 724
FINANCIAL ASSETS HELD FOR TRADING	139	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	7 743 058	1 308 924
FINANCIAL ASSETS AVAILABLE FOR SALE	65 901 748	33 710 180
INVESTMENTS HELD UNTIL MATURITY	-	11 194 798
LOANS TO CUSTOMERS	7 745 809	940 656
OTHER TANGIBLE ASSETS	137 257	66 485
INTANGIBLE ASSETS	836 737	703 053
CURRENT TAX ASSETS	2 784	1 455
DEFERRED TAX ASSETS	405 980	466 320
OTHER ASSETS	464 910	380 433
TOTAL ASSETS	**94 456 407**	**67 113 361**

LIABILITIES AND EQUITY		
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	31 662 926	13 212 416
CUSTOMER RESOURCES AND OTHER LOANS	56 574 373	48 612 609
PROVISIONS	18 034	4 987
CURRENT TAX LIABILITIES	90 960	16 948
DEFERRED TAX LIABILITIES	78 626	-
FINANCIAL LIABILITIES HELD FOR TRADING	6 529	-
OTHER LIABILITIES	537 197	593 965
TOTAL LIABILITIES	**88 968 645**	**62 440 925**
SHARE CAPITAL	4 069 089	4 069 089
REVALUATION RESERVES	119 577	(271 318)
OTHER RESERVES AND RETAINED EARNINGS	(1 125 753)	(756 989
NET INCOME OF THE FINANCIAL YEAR	423 834	(331 418)
FOREIGN CURRENCY CONVERSION RESERVES	2 001 015	1 963 072
TOTAL EQUITY	**5 487 762**	**4 672 436**
LIABILITIES AND EQUITY TOTAL	**94 456 407**	**67 113 361**

BancoBNI
Banco de Negócios Internacional

BNI INCOME STATEMENT

		(AKZ 000)
	31.12.2017	31.12.2016
INTEREST AND SIMILAR INCOME	1 632 479	550 864
INTEREST AND SIMILAR CHARGES	(1 141 907)	(526 569)
FINANCIAL MARGIN	**490 572**	**24 295**
INCOME FROM EQUITY INSTRUMENTS	-	399
INCOME FROM SERVICES AND COMMISSIONS	84 259	73 202
CHARGES WITH SERVICES AND COMMISSIONS	(40 273)	(14 709)
INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE	1 925 660	368 411
INCOME FROM FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	(5 605)	-
FOREIGN EXCHANGE EARNINGS	(12 302)	256
OTHER OPERATING INCOME	1 932	6 365
PRODUCT OF THE BANKING ACTIVITY	**2 444 243**	**458 219**
STAFF COSTS	(551 062)	(371 952)
SUPPLIES AND SERVICES OF THIRD PARTIES	(679 788)	(429 597)
DEPRECIATIONS AND AMORTISATIONS OF THE FINANCIAL YEAR	(196 296)	(92 312)
PROVISIONS NET OF WRITE˜OFFS	(17 681)	-
IMPAIRMENT FOR LOANS TO CUSTOMERS NET OF REVERSALS AND RECOVERIES	(97 446)	631
IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES	(291 677)	21 193
IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES	(3 568)	-
IMPAIRMENT IN INTANGIBLE ASSETS	(70 530)	-
INCOME OF CONTINUING OPERATIONS BEFORE TAXES	**536 195**	**(413 818)**
INCOME TAXES	(112 361)	82 402
CURRENT	(90 955)	(15 231)
DEFERRED	(21 406)	97 633
NET INCOME	**423 834**	**(331 416)**

BNI CASH FLOW STATEMENT

		(000 Kz)
CASH FLOWS OF OPERATIONAL ACTIVITIES	31.12.2017	31.12.2016
RECEIVED INTEREST AND INCOME	1 729 073	307 856
PAID INTEREST AND COSTS	(652 551)	(256 561)
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS	(1 169 451)	(845 180)
RECOVERIES OF LOANS AND INTEREST	-	-
OTHER RECEIVED PAYMENTS	(208 834)	600 346
VARIATION IN THE OPERATING ASSETS AND LIABILITIES		
LOANS TO CUSTOMERS	(5 090 321)	(596 781)
INVESTMENTS IN CREDIT INSTITUTIONS	18 444 849	1 108 680
CUSTOMER RESOURCES	7 430 557	47 287 694
NET CASH FLOWS OF THE OPERATIONAL ACTIVITIES, BEFORE TAXES ON PROFITS	20 483 321	47 606 054
PAID TAXES ON PROFITS	(18 279)	7 112
CASH FLOWS ON THE OPERATIONAL ACTIVITIES	20 465 042	47 613 166
CASH FLOWS OF THE INVESTMENT ACTIVITIES		
INVESTMENTS IN CREDIT INSTITUTIONS	1 375 148	6 877 262
DISPOSAL OF TANGIBLE AND INTANGIBLE ASSETS	3 993	-
FINANCIAL ASSETS AVAILABLE FOR SALE	2 087 624	(31 526 143)
ACQUISITIONS OF TANGIBLE AND INTANGIBLE ASSETS	(475 202)	(351 794)
FINANCIAL ASSETS HELD FOR TRADING	(12 303)	-
OTHER FINANCIAL ASSETS AT FAIR VALUE THROUH PROFIT OR LOSS	(6 432 936)	(1 308 924)
INVESTMENTS HELD UNTIL MATURITY	(22 763 067)	(10 721 776)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(26 216 743)	(37 031 375)
NET CASH FLOWS OF THE INVESTMENT		
ACTIVITIES NET CASH FLOWS OF FINANCING	-	-
ACTIVITIES CAPITAL INCREASE	-	-
NET CASH FLOWS PROVIDED BY FINANCING		
ACTIVITIES NET VARIATION IN CASH AND ITS	(5 751 702)	10 581 791
EQUIVALENTS	16 291 333	4 553 122
CASH AND EQUIVALENTS AT THE START OF THE	-	1 156 420
PERIOD EXCHANGE EFFECT		
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	10 539 631	16 291 333

NOTE 22
TANGIBLE AND INTANGIBLE ASSETS

The category of tangible assets, at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2016	ADDITIONS	WRITE-OFFS	ADJUSTMENTS/ TRANSFERS	31.12.2017
TANGIBLE ASSETS					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	19 068 939	832 990	(149 024)	97 523	19 850 428
OTHER FIXED ASSETS	-	-	-	-	-
FIXED ASSETS IN PROGRESS	1 959 126	103 023	(588 553)	(99 864)	1 373 731
TOTAL	**21 028 065**	**936 013**	**(737 578)**	**(2 341)**	**21 224 159**
ACCUMULATED AMORTISATIONS					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	(5 495 213)	(1 180 011)	-	59 692	(6 615 532)
OTHER FIXED ASSETS	-	-	-	-	-
TOTAL	**(5 495 213)**	**(1 180 011)**	**-**	**59 692**	**(6 615 532)**
NET TANGIBLE ASSETS	15 532 852	(243 998)	(737 578)	57 351	14 608 627

(AKZ 000)

	31.12.2015	ADDITIONS	WRITE-OFFS	ADJUSTMENTS/ TRANSFERS	31.12.2016
TANGIBLE ASSETS					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	18 488 239	392 104	(221 847)	(410 443)	19 068 939
OTHER FIXED ASSETS	-	-	-	-	-
FIXED ASSETS IN PROGRESS	1 924 249	474 237	(28 917)	(410 443)	1 959 126
TOTAL	**20 412 488**	**866 341**	**(250 764)**	**-**	**21 028 065**
ACCUMULATED AMORTISATIONS					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	(4 509 611)	(1 490 089)	-	504 487	(5 495 213)
OTHER FIXED ASSETS	-	-	-	-	-
TOTAL	**(4 509 611)**	**(1 490 089)**	**-**	**504 487**	**(5 459 213)**
NET TANGIBLE ASSETS	15 902 877	(623 748)	(250 764)	504 487	15 532 852

The changes in the category of intangible assets at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
GROSS INTANGIBLE ASSETS		
INITIAL BALANCE	1 905 421	1 709 463
ADDITIONS	469 505	194 829
WRITE-OFFS	(34 898)	(2 897)
ADJUSTMENTS/TRANSFERS	3 057	4 026
FINAL BALANCE	2 343 085	1 905 421
ACCUMULATED AMORTISATIONS	-	-
INITIAL BALANCE	(1 692 701)	(1 583 850)
ADDITIONS	(363 688)	(109 985)
WRITE-OFFS	1 939	2 002
ADUSTMENTS / TRANSFERS	2 017	(959)
FINAL BALANCE	(2 055 409)	(1 692 701)
NET INTANGIBLE ASSETS	287 676	212 720

NOTE 23
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 re‚ected 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 2017 and 2016 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%.

Tax returns are subject to review and correction by the tax authorities during a period of 5 years, and due to different interpretations of tax legislation, could result in corrections to the taxable profits relating to the 2013 to 2017 financial years. However, it isn't foreseeable that any correction relative to these financial years will occur and, if it does occur, signiÿcant 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 2017 and 2016, 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 2017 and 31 December 2016 are detailed as follows:

(AKZ 000)

	31.12.2017	RECOGNIZED IN RESULTS	31.12.2016
IMPAIRMENT ON FINANCIAL HOLDINGS	780 779	(5 970)	786 749
TRANSITION ADJUSTMENT TO IFRS	937 727	(697 935)	1 635 662
REPORTABLE TAX LOSSES	1 302 756	618 680	684 076
OTHERS	47 012	(53 651)	663
DEFERRED TAX ASSETS	3 068 274	(138 876)	3 107 150

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 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).

Therefore, in determining the taxable income for the years ended 31 December, 2017 and 2016, this income was deducted from taxable income, and the Bank recorded a tax loss of AKZ 4 290 506 thousands (2016: tax loss of AKZ 3 516 233 thousands.

Of the deferred tax assets recognised in the balance sheet, AKZ 1 287 269 thousands expire within 3 years and AKZ 15 487 thousands expire within 2 years. In addition, there were no potential tax beneÿts arising from potential tax losses amounting to AKZ 1 218 630 thousands that have an expiration of 2 years.

Likewise, the cost determined with the settlement of the Capital Gains Tax is excluded from the taxacceptable 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.

In addition, in 2017 the Bank began to present under current tax the amount of income tax expense recognised in the income statement, in that it considers that this tax complies with the requirements defined in IAS 12 to be considered as current tax. In the year 2016, costs of IAC were presented under Operating results. This reclassiÿcation was not carried out for comparative purposes considering its reduced magnitude (AKZ 189 923 thousands).

(AKZ 000)

	31.12.2017		31.12.2016	
	%	VALUE	%	VALUE
RESULT BEFORE TAXES		2 696 110		1 395 515
TAX RATE	30%		30%	
TAX CALCULATED ON THE BASIS OF THE TAX RATE		(808 833)		(418 655)
TAX BENEFITS ON INCOME FROM PUBLIC DEBT SECURITIES		1 755 735		1 406 659
INTEREST ON LOANS ˝HOLDERS OF CAPITAL OR SUPPLIES˝		-		-
PROVISIONS NOT PROVIDED FOR		(379 473)		(724 673)
NON˜DEDUCTIBLE INCOME / COSTS		719 840		970 786
REPORTED TAX LOSSES		(1 287 269)		1 234 117
DEFERRED TAX		(138 876)		302 836
ESTIMATED TAX EXCESS		(40 726)		
IAC ˝CAPITAL TAX˝		(513 731)		-
INDUSTRIAL TAX OF THE FISCAL YEAR	26%	(693 333)	-43%	335 121

NOTE 24
OTHER ASSETS

The category of Other assets at 31 December 2017 and 2016 is analysed as follows:

(AKZ 000)

OTHER ASSETS	31.12.2017	31.12.2016
ARTISTIC HERITAGE	10 064	10 064
MISCELLANEOUS DEBTORS	7 533 122	3 873 490
PREPAID EXPENSES	996 933	154 558
REAL ESTATE	9 707 000	1 677 486
OTHER ASSETS	331 149	286 322
IMPAIRMENT LOSSES	(377 050)	(296 938)
TOTAL	**18 201 218**	**5 704 982**

The balance relating to real estate results from the recovery of credit (see Note 20).

The category of other debtors at 31 December 2017 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 1 768 415 thousands (31 December 2016: AOA 956 096 thousands).

The detail of the real estate received as a share is detailed in note 20.

NOTE 25
RESOURCES OF CENTRAL BANKS AND OF OTHER CREDIT INSTITUTIONS

At 31 December 2017 and 2016 the Bank doesn't have resources of Central banks

The category of Resources of other credit institutions is presented as follows:

(AKZ 000)

RESOURCES OF OTHER BANKS	31.12.2017	31.12.2016
INTERBANK MONETARY MARKET	5 870 065	3 915 201
LOANS	-	-
PAYMENT SYSTEM OBLIGATIONS	272 504	203 668
TOTAL	**6 142 569**	**4 118 869**

The scheduling of the Resources of other credit institutions by maturity, at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
LESS THAN 1 MONTH	5 864 450	4 118 869
1 TO 3 YEARS	2 042	-
INDEFINITE PERIOD	276 077	-
TOTAL	**6 142 569**	**4 118 869**

NOTE 26
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:

(AKZ 000)

	31.12.2017	31.12.2016
DEMAND DEPOSITS	131 010 737	120 874 787
TERM DEPOSITS	104 108 811	106 482 982
TERM DEPOSITS	103 603 752	105 933 058
OTHER	505 059	549 924
TOTAL	**235 119 548**	**227 357 769**

The scheduling of the resources of customers and other loans by maturity, at 31 December 2017 and 2016, is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
TERM PAYABLE	131 010 737	120 874 787
DUE IN TIME		
LESS THAN 1 MONTH	27 831 644	31 810 900
FROM 1 TO 3 MONTHS	27 245 937	19 404 025
FROM 3 TO 6 MONTHS	20 026 775	17 374 599
FROM 6 MONTHS TO 1 YEAR	26 326 530	21 720 021
FROM 1 TO 3 YEARS	877 513	13 085 944
FROM 3 TO 5 YEARS	983 106	2 274 958
MORE THAN 5 YEARS	817 305	812 535
TOTAL	**235 119 548**	**227 357 769**

NOTE 27
PROVISIONS

At 31 December 2017 and 2016, the category of Provisions presents the following balances:

(AKZ 000)

	31.12.2017	31.12.2016
PROVISIONS		
OFF ˜BALANCE SHEET EXPOSURE	100 617	209 075
OTHER PROVISIONS	1 039	5 699
TOTAL	**101 656**	**214 774**

The main balances concern impairments accounted for regarding off-balance sheet exposures (see Note 12).

NOTE 28
SUBORDINATED LIABILITIES

The category of subordinated liabilities is comprised of non-perpetual bonds. The main characteristics of the subordinated liabilities are presented as follows:

(AKZ 000)

31.12.2017	REFERENCE	CURRENCY	DATE OF ISSUE	EMISSION VALUE	BALANCE SHEET VALUE	INTEREST RATE	MATURITY
	OBLIGATIONS	AOA	25.11.2016	5 000 000	5 038 946	7.75%	25.11.2023
TOTAL				5 000 000	5 038 946		

(AKZ 000)

31.12.2016	REFERENCE	CURRENCY	DATE OF ISSUE	EMISSION VALUE	BALANCE SHEET VALUE	INTEREST RATE	MATURITY
	OBLIGATIONS	USD	01.17.2010	2 820 327	2 862 649	6.00%	01.07.2020
	OBLIGATIONS	AOA	25.11.2016	5 000 000	5 038 835	7.75%	25.11.2023
TOTAL				**7 820 327**	**7 901 484**		

The movement that occurred during the financial year of 2017 and 2016, in the category of Other subordinated liabilities, was the following:

(AKZ 000)

	BALANCE IN 31.12.2016	EMISSIONS	REFUNDS	PURCHASES (NET)	BALANCE IN 31.12.2017
	7 901 484	-	(2 862 538)	-	5 038 946
TOTAL	**7 901 484**	**-**	**(2 862 538)**	**-**	**5 038 946**

(AKZ 000)

	BALANCE IN 31.12.2016	EMISSIONS	REFUNDS	PURCHASES (NET)	BALANCE IN 31.12.2016
	6 874 002	5 038 835	(4 011 353)	-	7 901 484
TOTAL	**6 874 002**	**5 038 855**	**(4 011 353)**	**-**	**7 901 484**

NOTE 29
OTHER LIABILITIES

(AKZ 000)

	31.12.2017	31.12.2016
OTHER LIABILITIES		
DIVIDENDS PAYABLE	135 860	157 290
OF A TAX NATURE	106 172	207 545
OF A CIVIL NATURE	1 482 598	1 364 809
STAFF , SALARIES AND REMUNERATION	921 134	678 900
AMOUNTS PAYABLE	-	8 620
TOTAL	**2 645 764**	**2 417 164**

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 corresponding invoices have still not been received.

NOTE 30
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.

Thus, the balance at 31 December 2017 and 2016 is as follows:

(AKZ 000)

	31.12.2017	31.12.2016
LEGAL RESERVE	2 770 794	4 066 837
RETAINED EARNINGS	5 712 110	2 621 821
EFFECT OF ALTERATIONS IN THE ACCOUNTING POLICIES	(6 543 394)	(6 543 394)
TOTAL	**1 939 510**	**145 264**

The effect of changes on the accounting policies re¸ects the impact of the adjustments associated with the adoption of the international accounting standards with an impact on the Bank's capital.

NOTE 31
SHARE CAPITAL, OWN SHARES AND REVALUATION RESERVES

At 31 December 2017, the Bank's share capital, in the amount of AOA 14 642 808 thousands was represented by 1 853 600 ordinary shares, fully subscribed and paid-up by different shareholders and AOA 146 000 own shares (total of 2 000 000 shares).

(AKZ 000)

	31.12.2017			31.12.2016		
	%	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 ARNALDO 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	2.50%	50 000	366 069
SAHRES IN PROTFOLIO	7.32%	146 400	1 071 854	7.32%	146 400	1 071 854
NET TOTAL	**100%**	**2 000 000**	**14.642.808**	**100%**	**2 000 000**	**14 642 808**

In the first quarter of 2018, 5% of own shares in the portfolio were sold to a new shareholder: Salim Anwarali Kamani.

(AKZ 000)

	31.12.2017	31.12.2016
OWN SHARES REVALUATION	(1 071 854)	(1 071 854)
RESERVES:		
INCOME GENERATED WITH THE ACQUISITION OF OWN SHARES	(918 276)	(918 276)
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:

(AKZ 000)

	%	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 32
GUARANTEES AND OTHER COMMITMENS

The amounts of provided guarantees and sureties and the commitments with third parties are analysed as follows:

(AKZ 000)

	31.12.2017	31.12.2016
PROVIDED GUARANTEES AND SURETIES	33 287 232	21 631 865
RECEIVED GUARANTEES AND SURETIES	261 992 814	237 358 421
COMMITMENTS TOWARD THIRD PARTIES	26 291 645	6 760 222
COMMITMENTS ASSUMED BY THIRD PARTIES	10 771	58 546 031
TOTAL	**(202 424 708)**	**(267 512 365)**

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 veriÿed 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 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. Since 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 2.4. 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:

(AKZ 000)

	31.12.2017	31.12.2016
AMOUNTS RECEIVED IN DEPOSITS	(78 704 116)	(66 228 760)
OTHER O BALANCE SHEET ACCOUNTS	40 272 658	23 250 211

Within the scope of the fiduciary activity, the Bank proceeds to the custody of customer amounts.

NOTE 33
TRANSACTION WITH RELATED PARTIES

The amount of the Bank's transactions with related parties at 31 December 2017 and 2016, as well as the respective costs and income recognised in the period under analysis, is summarised as follows:

(AKZ 000)

	2017				2016			
	ASSETS	LIABILITIES	INCOME	COSTS	ASSETS	LIABILITIES	INCOME	COSTS
SUBSIDIARIES								
BNI ASSET MANAGEMENT	1 863	2 842	3 006	-	-	27 856	-	-
BNIE	8 348 402	-	35 272	35 906	12 736 244	9 825	34 631	72 162
TOTAL	8 350 265	2 842	38 278	35 906	12 736 244	37 681	34 631	72 162

At 31 December 2017 and 2016, 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:

(AKZ 000)

	2017					2016				
	ASSETS	LIABILITIES	GUARANTEES	INCOME	COSTS	ASSETS	LIABILITIES	GUARANTEES	INCOME	COSTS
SHAREHOLDERS	4 601	4 164 673	4 346	1 743	90 616	4 613	2 171 468	-	1 597	313 495
CORPORATE BOARD MEMBERS	329 442	707 602	491 355	13 180	4 130	141 667	583 851	136 200	-	8 999
SUBSIDIARIES AND ASSOCIATED	-	-	-	-	-	-	5 640 936	-	-	196 647
OTHER	-	-	-	-	-	-	-	-	-	-
TOTAL	**334 043**	**4 872 276**	**495 923**	**14 923**	**94 746**	**146 280**	**8 396 255**	**136 200**	**1 597**	**519 141**

NOTE 34
BOOK VALUE OF FINANCIAL INSTRUMENTS

The book value of the financial asset and liability instruments distributed according to their measurement category is presented below.

31.12.2017 (AKZ 000)

ASSETS	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	-	26 690 292	-	-	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	10 697 189	-	-	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	10 300 834	-	-	10 300 834
LOANS TO CUSTOMERS	-	106 270 523	-	(16 330 442)	89 940 081
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	123 449	-	123 449
INVESTMENTS HELD UNTIL MATURITY	-	73 958 160	-	-	73 958 160
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	-	-	-	6 452 087
LIABILITIES					
RESOURCES OF CUSTOMERS AND OTHER LOANS	-	235 119 548	-	-	235 119 548
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	6 142 569	-	-	6 142 569
SUBORDINATED LIABILITIES	-	5 038 946	-	-	5 038 946

31.12.2016 (AKZ 000)

ASSETS	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	–	28 139 765	–	–	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	–	7 520 433	–	–	7 520 433
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	–	33 073 077	–	–	33 546 854
LOANS TO CUSTOMERS	–	108 671 985	–	(15 125 131)	93 546 854
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
LIABILITIES					
RESOURCES OF CUSTOMERS AND OTHER LOANS	–	227 357 769	–	–	227 357 769
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	–	4 118 869	–	–	4 118 869
SUBORDINATED LIABILITIES	–	7 901 484	–	–	7 901 484

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 35
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.

	31.12.2017		(AKZ 000)
	THROUGH THE INCOME STATEMENT		
ASSETS	GAINS	LOSSES	NET
CASH ON HAND AND INVESTMENTS IN CREDIT INSTITUTIONS	422 979		422 979
LOANS TO CUSTOMERS	12 734 997	(2 484 075)	10 250 922
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	472 560	(17 504)	455 056
INVESTMENTS HELD UNTIL MATURITY	5 466 541	-	5 466 541
LIABILITIES			
RESOURCES OF CUSTOMERS AND OTHER LOANS	-	(6 567 740)	(6 597 740)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	(111 266)	(111 266)
SUBORDINATED LIABILITIES	-	(476 959)	(476 959)
TOTAL	**19 097 077**	**(9 687 544)**	**9 409 533**

	31.12.2016		(AKZ 000)
	THROUGH THE INCOME STATEMENT		
ASSETS	GAINS	LOSSES	NET
CASH ON HAND AND INVESTMENTS IN CREDIT INSTITUTIONS	634 320	-	634 320
LOANS TO CUSTOMERS	11 765 742	(4 901 483)	16 667 225
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	149 508	-	149 508
INVESTMENTS HELD UNTIL MATURITY	4 114 791	-	4 114 791
LIABILITIES			
RESOURCES OF CUSTOMERS AND OTHER LOANS	-	(5 992 761)	5 992 761
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	(886 210)	886 761
SUBORDINATED LIABILITIES	-	(328 426)	328 426
TOTAL	**16 664 361**	**(12 108 880)**	**28 773 241**

NOTE 36
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:

	31.12.2017				(AKZ 000°
ASSETS	BOOK VALUE (NET °	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORICAL COST	TOTAL BOOK VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	26 690 292	26 690 292	-	-	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	10 697 189	10 697 189	-	-	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	10 300 834	10 300 834	-	-	10 300 834
LOANS TO CUSTOMERS	89 940 081	89 940 081	-	-	89 940 081
INVESTMENTS HELD UNTIL MATURITY	73 958 160	71 807 789	2 150 371	-	73 958 160
LIABILITIES					
RESOURCES OF CUSTOMERS AND OTHER LOANS	235 119 548	235 119 548	-	-	235 119 548
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	6 142 569	6 142 569	-	-	6 142 569
SUBORDINATED LIABILITIES	5 038 946	5 038 946	-	-	5 038 946

	31.12.2016				(AKZ 000°
ASSETS	BOOK VALUE (NET °	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORICAL COST	TOTAL BOOK VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	28 139 765	28 139 765	-	-	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 520 433	7 520 433	-	-	7 520 433
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	33 073 077	33 073 077	-	-	33 073 077
LOANS TO CUSTOMERS	93 546 854	93 546 854	-	-	93 546 854
INVESTMENTS HELD UNTIL MATURITY	64 721 555	63 246 874	1 474 681	-	64 721 555
LIABILITIES					
RESOURCES OF CUSTOMERS AND OTHER LOANS	227 357 769	227 357 769	-	-	227 357 769
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	4 118 869	4 118 869	-	-	4 118 869
SUBORDINATED LIABILITIES	7 901 484	7 901 484	-	-	7 901 484

All the assets recognised at fair value are valued in accordance with the IFRS 13 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 used 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 financial assets and liabilities valued at amortised cost is the following:

	31.12.2016			(AKZ 000'
			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	26 690 292	-	26 690 292	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	10 697 189	-	10 697 189	-
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	10 300 834	-	10 300 834	-
LOANS TO CUSTOMERS	89 940 081	-	-	-
INVESTMENTS HELD UNTIL MATURITY	71 807 789	-	71 807 789	89 940 081
LIABILITIES				
RESOURCES OF CUSTOMERS AND OTHER LOANS	235 119 548	-	235 119 548	-
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	6 142 569	-	6 142 569	-
SUBORDINATED LIABILITIES	5 038 946	-	5 038 946	-

	31.12.2016			(AKZ 000°
			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	28 139 765	-	28 139 765	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 520 433	-	7 520 433	-
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	33 073 077	-	33 073 077	-
LOANS TO CUSTOMERS	93 546 854	-	-	-
INVESTMENTS HELD UNTIL MATURITY	64 721 555	-	64 721 555	93 546 854
LIABILITIES				
RESOURCES OF CUSTOMERS AND OTHER LOANS	227 357 769	-	227 357 769	-
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	4 118 869	-	4 118 869	-
SUBORDINATED LIABILITIES	7 901 484	-	7 901 484	-

Cash equivalents and investments in central banks and in other credit institutions

Given the short maturity and high liquidity of financial instruments, the fair value is equal to the amortized cost.

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.

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 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.

Customer resources 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.

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 37
RISK MANAGEMENT ACTIVITY

The Bank is subject to a various range of risks within the scope of carrying out their activity. Risk management is carried out in a manner focused on 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 – 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 changes (interest and exchange) and/or changes of the prices of the different financial instruments that comprise them, considering either the correlations existing between them, or the respective volatilities. Thus, Market Risk encompasses the interest rate and exchange rate risk and other price risks.

Liquidity – 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 - Real estate risk results from possible negative impacts on the Bank's income or level of capital, due to oscillations in the real estate 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.

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.

Customer resources 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.

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.

Internal organization

As a basic element for the activity's success, the Bank considers the implementation and preservation of adequate risk management as fundamental, which must materialise in the definition of the Bank's risk appetite and in the implementation of strategies and policies that look to achieve their goals whilst taking into account the defined risk appetite, ensuring that it remains within pre-defined limits and that it is subject to adequate and continuous oversight.

The BNI's Board of Directors is responsible for the approval of risk appetite, 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 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 to carry 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 monitoring and reporting 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 risk appetite; automatically producing (whenever possible) risk appetite reports.

The *Compliance Department*, responsible for compliance policy, 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 Bank's organisational units.

The risk and compliance positions functionally report to an executive director who does not 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 2017 financial year, the National Bank of Angola issued 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 its implementation phase in terms of proceeding to the reporting within the legally applicable periods applicable periods.

Risk assessment

Credit Risk

The credit risk models fulfil an essential role in the credit decision process. Thus, the operational decision process for the loan portfolio is based on a set of policies using scoring models for the portfolios of Private customers and Businesses and of a rating for the Companies segment.

The credit decisions depend on the classifications of risk and compliance with various rules regarding applicants' financial capacity and behaviour. There are scoring models relating to the main loan portfolios for private individuals, namely housing credit and individual credit, covering the necessary segmentation between customers and non-customers (or recent customers).

In terms of company loans, internal rating models are used for large and medium-sized companies, differentiating the construction sector and the third sector from the remaining business sectors, whilst for Sole Proprietors (SP) and Micro-enterprises, the Business scoring model is applied.

The information relating to the Bank's exposure to credit risk is presented below:

31.12.2017			(AKZ 000°
ON - BALANCE SHEET	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	37 387 481	-	37 387 481
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT	10 300 834	-	10 300 834
INSTITUTIONS LOANS TO CUSTOMERS	106 270 523	(16 330 442)	89 940 081
INVESTMENTS HELD UNTIL MATURITY	73 958 160	-	73 958 160
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	-	
OTHER VALUES	531 545	-	531 545
OFF - BALANCE SHEETFF			
PROVIDED GUARANTEES	33 287 232	(100 616)	33 186 616
COMMITMENTS ASSUMED TOWARDS THIRD PARTIES	26 291 645	-	26 291 645

31.12.2016			(AKZ 000)
ON - BALANCE SHEET	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 520 433	-	7 520 433
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT	33 073 077	-	33 073 077
INSTITUTIONS LOANS TO CUSTOMERS	108 671 985	(15 125 131)	93 546 854
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 SHEETFF			
PROVIDED GUARANTEES	21 631 865	(209 075)	21 422 790
COMMITMENTS ASSUMED TOWARDS THIRD PARTIES	6 760 222	-	6 760 222

(AKZ 000)

COMPANIES	OUTSTANDING	OVER DUE	GUARANTEES PROVIDED	TOTAL EXPOSURE	RELATIVE WEIGHT	ON BALANCE IMPAIRMENT	OFF BALANCE IMPAIRMENT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT/ TOTAL EXPOSURE
AGRICULTURE ,ANIMAL PRODUCTION, HUNTING AND FORESTRY	30 043	452 898	103 250	586 191	0%	364 708	1 169	365 877	63%
FISHING	-	-	-	-	0%	-	-	-	0%
EXTRACTIVE INDUSTRIES	3 565 481	-	66 363	3 631 844	2%	1 122 221	355	1 122 576	31%
TRANSFORMING INDUSTRIES	5 836 602	467 191	2 203 722	8 507 515	5%	525 758	16 376	542 134	6%
FOOD, BEVERAGES AND TOBACCO INDUSTRIES	169 528	-	2 394 497	2 564 025	2%	44	5 956	6 000	0%
TEXTILE INDUSTRIE	-	-	-	-	0%	-	-	-	0%
LEATHER AND LEATHER INDUSTRY	-	-	-	-	0%	-	-	-	0%
INDUSTRY OF WOOD AND CORK AND ARTICLES THEREOF	-	-	-	-	0%	-	-	-	0%
PULP, PAPER AND CARDBOARD INDUSTRY AND ARTICLES THEREOF	-	-	-	-	0%	-	-	-	0%
BASIC METALLURGICAL INDUSTRIES AND METALLIC PRODUCTS	405	-	1 092	1 497	0%	-	-	-	0%
PRODUCTION ND DISTRIBUTION OF ELECTRICITY, GAS AND WATER	-	-	-	-	0%	-	-	-	0%
CONSTRUCTION	3 936 077	248 869	2 795 762	6 980 708	4%	300 892	9 743	310 635	4%
WHOLESALE AND RETAIL TRADE	17 954 753	558 898	3 417 932	21 931 583	14%	1 750 403	22 483	1 772 886	8%
ACCOMMODATION AND RESTORATION ˆRESTAURANTS AND SIMILARˇ	1 268 627	6 864 380	4 150 120	12 283 127	8%	809 718	50	809 768	7%
TRANSPORT, STORAGE AND COMMUNICATIONS	12 480 939	112 996	175 806	12 769 741	8%	2 521 726	2 204	2 523 930	20%
FINACIAL ACTIVITIES	3 639 465	-	539 007	4 178 472	3%	83 526	8 494	92 020	2%
REAL ESTATE ACTIVITIES, RENTALS AND SERVICES PROVIDED TO COMPANIES	11 216 135	2 363 847	1 647 919	15 227 901	10%	2 727 483	6 187	2 733 670	18%
EDUCATION	15	-	970	985	0%	3	11	14	1%
HEALTH AND SOCIAL ACTION	-	-	500	500	0%	-	6	6	1%
OTHER ACTIVITIES OF COLLECTIVE, SOCIAL AND PERSONAL SERVICES	26 454 160	288 729	40 702 325	67 445 214	43%	4 540 029	11 207	4 551 236	7%
INTERNATIONAL ORGANIZATIONS AND OTHER EXTRA˜TERRITORIAL INSTITUTIONS	1 512 930	15 108	10 000	1 538 038	1%	127 937	435	128 372	8%
INDIVIDUALS									
CONSUMPTION	1 534 112	990 458	-	2 524 570	31%	591 723	-	591 723	23%
HOUSING	1 244 230	45 741	-	1 289 971	16%	163 265	-	163 265	13%
OTHERS PURPOSES	2 505 378	512 528	1 203 688	4 221 594	52%	701 006	15 941	716 947	17%
TOTAL	93 348 880	12 921 643	59 412 953	165 683 476		16 330 442	100 617	16 431 059	

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 2017 and 2016:

31.12.2017 (AKZ 000)

	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
CASH ON HAND IN CENTRAL BANKS	22 799 074	-	-	3 891 218	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	2 679 516	8 015 116	-	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	5 401 012	4 899 822	-	10 300 834
LOANS TO CUSTOMERS	106 270 523	-	-	-	106 270 523
INVESTMENTS HELD UNTIL MATURITY	73 958 160	-	-	-	73 958 160
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	-	-	-	6 452 087
AVAILABLE FOR SALE FINANCIAL ASSETS	123 449	-	-	-	123 449

31.12.2016 (AKZ 000)

	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
CASH ON HAND IN CENTRAL BANKS	28 139 765	-	-	-	28 139 765
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	17 200 455	4 754 487	9 126 542	1 991 593	33 073 077
LOANS TO CUSTOMERS	108 671 985	-	-	-	108 671 985
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
AVAILABLE FOR SALE FINANCIAL ASSETS	-	-	-	-	-

For the purposes of reducing credit risk, 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, Angolan state bonds amongst other similar, are contemplated.

In relation to real mortgage guarantees, 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 valuations on site, by a technical valuer, in accordance with the best practices adopted in the market.

The calculation model for 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 IAS/IFRS guidelines and implementation iterations at the National Bank of Angola, in order to bring the calculation process into line with best international practices.

The Bank's impairment model starts by segmenting the loan portfolio customers into different groups, pursuant to the existence of signs of impairment (which cover internal and external information) and the size of the set of exposures for each economic group/customer:

- Individually Signiÿcant: Individual Customers or Economic Groups that meet at least one of the following requirements are subject to analysis:

- Homogeneous Populations with signs of impairment: Customers or Economic Groups that do not meet the criteria for being Individually Signiÿcant 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 Signiÿcant 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 found, which cover 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 loan portfolio 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. Calculating the value of the impairment on loans for 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 crossdefault, 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 individually significant customers, customer exposures are subject to analysis on an individual basis. This analysis has an impact on the debtor's credit rating, as well as on the loan recovery expectations, in view of the existing collateral and guarantees.

The impairment value for the Individually Signiÿcant customers is determined through the discounted cash ¸ow method, i.e., the impairment value corresponds to the difference between the value of the loan and the sum of the expected cash ¸ows relating to the diferent customer operations, adjusted according to the interest rates for each operation.

Market Risk

With regard to the information and analysis of market risk, regular reporting on financial asset portfolios is ensured. At the level of own portfolios, various risk limits are defined. Diferent 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 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 outthrough an analysis of sensitivity to the risk.

Based on the financial characteristics of each contract, the respective projection of the expected cash ¸ows 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 ¸ows 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 its 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 as at 31 December 2017 and 2016 as follows:

31.12.2017 (AKZ 000)

	EXPOSURE TO					
	FIXED RATE	VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
ASSETS	85 434 625	88 764 451	174 199 076	43 963 017	-	218 162 092
CASH AND CASH ON HAND IN CENTRAL BANKS	-	-	-	26 690 292	-	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	10 697 189	-	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	10 300 834	-	10 300 834	-	-	10 300 834
LOANS TO CUSTOMERS	60 619 287	29 320 794	89 940 081	-	-	89 940 081
INVESTMENTS HELD UNTIL MATURITY	14 514 503	59 443 656	73 958 160	-	-	73 958 160
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-	123 449	-	123 449
FINANCIAL ASSETS AT FAIR VALUE THROUGH PRO T AND LOSS	-	-	-	6 452 087	-	6 452 087
NON˜CURRENT ASSETS HELD FOR SALE	-	-	-	-	-	-
LIABILITIES	(116 076 514)	-	(116 076 514)	(130 224 549)	-	(246 301 063)
RESOURCES OF CUSTOMERS AND OTHER LOANS	(104 894 999)	-	(104 894 999)	(130 224 549)	-	(235 119 548)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(6 142 569)	-	(6 142 569)	(0)	-	(6 142 569)
SUBORDINATED LIABILITIES	(5 038 946)	-	(5 038 946)	-	-	(5 038 946)
TOTAL	**(30 641 890)**	**88 764 451**	**58 122 561**	**(86 261 532)**	**-**	**(28 138 971)**

31.12.2016 (AKZ 000)

	EXPOSURE TO					
	FIXED RATE	VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
ASSETS	40 476 669	185 888 368	226 365 037	18 195 350	-	244 560 387
CASH AND CASH ON HAND IN CENTRAL BANKS	-	25 260 642	25 260 642	2 879 123	-	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	7 520 433	-	7 520 433
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	30 248 943	2 824 134	33 073 077	-	-	33 073 077
LOANS TO CUSTOMERS	-	108 671 985	108 671 985	-	-	108 671 985
INVESTMENTS HELD UNTIL MATURITY	10 227 726	46 721 634	56 949 360	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	-	-	2 409 973
NON˜CURRENT ASSETS HELD FOR SALE	-	-	-	-	-	-
LIABILITIES	-	(239 174 506)	(239 174 506)	(203 616)	-	(239 378 122)
RESOURCES OF CUSTOMERS AND OTHER LOANS	-	(227 357 769)	(227 357 769)	-	-	(227 357 769)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	(3 915 253)	(3 915 253)	(203 616)	-	(4 118 869)
SUBORDINATED LIABILITIES	-	(7 901 484)	(7 901 484)	-	-	(7 901 484)
TOTAL	**40 476 669**	**(53 286 138)**	**(12 809 469)**	**17 991 734**	**-**	**5 182 265**

Detail of the financial instruments with an exposure to interest rate risk according to the maturity or re-setting date at 31 December 2017 and 2016.

31.12.2017 (AKZ 000)

	EXPOSURE								
	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	31 854 291	29 456 278	31 440 170	45 428 257	9 821 132	13 069 371	13 129 576	-	174 199 076
CASH AND CASH ON HAND IN CENTRAL BANKS	-	-	-	-	-	-	-	-	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	-	-	-	-	-	-
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	2 084 304	3 493 519	1 462 202	3 260 808	-	-	-	-	10 300 834
LOANS TO CUSTOMERS	16 560 011	3 674 429	1 545 901	39 191 499	8 720 865	7 117 801	13 129 576	-	89 940 081
INVESTMENTS HELD UNTIL MATURITY	13 209 975	22 288 330	28 432 066	2 975 951	1 100 268	5 951 570	-	-	73 958 160
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	-	-	-	-
LIABILITIES	(31 691 321)	(26 286 384)	(21 060 889)	(28 415 471)	(1 783 094)	(983 106)	(5 856 251)	-	(116 076 514)
RESOURCES OF CUSTOMERS AND OTHER LOANS	(26 326 475)	(26 286 384)	(21 060 889)	(28 415 471)	(1 005 370)	(983 106)	(817 305)	-	(104 894 999)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(5 364 846)	-	-	-	(777 723)	-	-	-	(6 142 569)
SUBORDINATED LIABILITIES	-	-	-	-	-	-	(5 038 946)	-	(5 038 946)
NET EXPOSURE	162 971	3 169 894	10 379 282	17 012 787	8 038 039	12 086 265	7 273 325	-	58 122 562

31.12.2016 (AKZ 000)

	EXPOSURE								
	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	82 168 803	13 727 100	6 535 513	32 245 104	34 544 353	27 673 667	44 732 389	2 909 859	244 536 788
CASH AND CASH ON HAND IN CENTRAL BANKS	28 139 765	-	-	-	-	-	-	-	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 422 199	-	-	-	-	-	-	98 234	7 520 433
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 811 398	33 073 077
LOANS TO CUSTOMERS	18 243 928	2 881 649	343 814	28 954 372	4 525 421	19 709 348	34 013 453	-	108 671 985
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
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	770 509	-	667 615	971 849	-	-	2 409 973
LIABILITIES	(153 776 715)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(10 170 820)	(810 527)	(3 511 114)	(239 378 122)
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)	-	-	-	-	-	-	(2 949 304)	(4 118 869)
SUBORDINATED LIABILITIES	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
NET EXPOSURE	(71 607 912)	(5 628 978)	(10 796 153)	10 877 510	21 490 745	17 502 847	43 921 862	(601 255)	5 158 666

The sensitivity to the balance sheet's interest rate risk, by currency, is calculated through the diference between the current value of the interest rate mismatch discounted at the market interest rates and the value discounted from the same cash ¸ows by simulating the parallel dislocations of the market interest rate curve.

At 31 December 2017 and 2016, the analysis of sensitivity of the financial instruments to interest rate variations are as follows:

31.12.2017 (AKZ 000)

	CHANGES IN THE INTEREST RATE IN					
	‚2%	‚1%	‚1%	‚1%	‚1%	2%
ASSETS	(5 029 096)	(2 514 548)	(1 257 274)	1 257 274	2 514 548	5 029 096
CASH AND CASH ON HAND IN CENTRAL BANKS	-	-	-	-	-	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	-	-	-
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	(76 683)	(38 341)	(19 171)	19 171	38 341	76 683
LOANS TO CUSTOMERS	(4 131 904)	(2 065 952)	(1 032 976)	1 032 976	2 065 952	4 131 904
INVESTMENTS HELD UNTIL MATURITY	(820 510)	(410 255)	(205 127)	205 127	410 255	820 510
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	-
LIABILITIES	1 488 498	744 249	372 125	(372 125)	(744 249)	(1 488 498)
RESOURCES OF CUSTOMERS AND OTHER LOANS	938 057	469 029	234 514	(234 514)	(469 029)	(938 057)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	38 988	19 494	9 747	(9 747)	(19 494)	(38 988)
SUBORDINATED LIABILITIES	511 453	255 727	127 863	(127 863)	(255 727)	(511 453)
TOTAL	**(3 540 598)**	**(1 770 299)**	**(885 150)**	**885 150**	**1 770 299**	**3 540 598**

31.12.2016 (AKZ 000)

	CHANGES IN THE INTEREST RATE IN					
	‚2%	‚1%	‚1%	+1%	+1%	+2%
ASSETS	(4 887 358)	(2 443 680)	(1 221 840)	1 221 840	2 443 680	4 887 358
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
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	(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
FINAN. 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)
TOTAL	**(95 307)**	**(47 654)**	**(23 827)**	**23 827**	**47 654**	**95 307**

By 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 2017 and 2016 financial years, the Bank met this requirement.

The distribution of the financial asset and liability instruments, at 31 December 2017 and 2016, 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:

31.12.2017					(AKZ 000)
	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
ASSETS	**189 274 202**	**34 554 732**	**10 455 426**	**84 725**	**234 369 085**
CASH AND CASH ON HAND IN CENTRAL BANKS	23 324 528	2 703 807	590 366	71 590	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	2 513 646	8 167 851	13 135	10 697 189
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	-	8 868 929	1 431 906	-	10 300 834
LOANS TO CUSTOMERS	92 555 229	13 449 990	265 304	-	106 270 523
INVESTMENTS HELD UNTIL MATURITY	66 939 800	7 018 360	-	-	73 958 160
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	-	-	-	6 452 087
LIABILITIES	**(184 294 747)**	**(46 322 260)**	**(15 676 483)**	**(7 574)**	**(246 301 063)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(173 968 498)	(46 244 725)	(14 898 751)	(7 574)	(235 119 548)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(5 287 303)	(77 535)	(777 732)	-	(6 142 569)
SUBORDINATED LIABILITIES	(5 038 946)	-	-	-	(5 038 946)
TOTAL	**4 979 454**	**(11 767 528)**	**(5 221 056)**	**77 151**	**(11 931 978)**

31.12.2016					(AKZ 000)
	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
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	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
FINAN. 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**

ii) Exposure considering the effect of the indexation:

31.12.2017	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
ASSETS	**122 895 922**	**100 933 012**	**10 455 426**	**84 725**	**234 369 085**
CASH AND CASH ON HAND IN CENTRAL BANKS	23 324 528	2 703 807	590 366	71 590	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	2 513 646	8 167 851	13 135	10 697 189
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	-	8 868 929	1 431 906	-	10 300 834
LOANS TO CUSTOMERS	92 555 229	13 449 990	265 304	-	106 270 523
INVESTMENTS HELD UNTIL MATURITY	7 013 608	66 944 552	-	-	73 958 160
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	6 452 087	-	-	6 452 087
LIABILITIES	**(166 573 182)**	**(64 043 825)**	**(15 676 483)**	**(7 574)**	**(246 301 063)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(156 246 933)	(63 966 290)	(14 898 751)	(7 574)	(235 119 548)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(5 287 303)	(77 535)	(777 732)	-	(6 142 569)
SUBORDINATED LIABILITIES	(5 038 946)	-	-	-	(5 038 946)
TOTAL	**(43 677 260)**	**36 889 187**	**(5 221 056)**	**77 151**	**(11 931 978)**

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
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	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
FINAN. 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**

The analysis of sensitivity of the equity value of the financial instruments to variations of the exchange rates at 31 December 2017 and 2016 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 sensitivity analysis 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:

31.12.2017	-20%	-10%	-5%	5%	10%	10%
USD	1 467 404	733 702	366 851	(366 851)	(733 702)	(1 467 404)
EUR	93 356	46 678	23 339	(23 339)	(46 678)	(93 356)
OTHER CURRENCIES	(16 160)	(8 080)	(4 040)	4 040	80 080	16 160
TOTAL	**1 544 600**	**772 300**	**386 150**	**(386 150)**	**(772 300)**	**(1 544 600)**

31.12.2016	-20%	-10%	-5%	5%	10%	10%
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**	**(340 551)**	**(681 096)**	**(1 362 195)**

ii) Variation of the equity value of the financial instruments considering the effect of the indexation:

31.12.2017	-20%	-10%	-5%	5%	10%	10%
USD	(8 263 939)	(4 131 969)	(2 065 985)	2 065 985	4 131 969	8 263 939
EUR	93 356	46 678	23 339	(23 339)	(46 678)	(93 356)
OTHER CURRENCIES	(16 160)	(8 080)	(4 040)	4 040	8 080	16 160
TOTAL	**(8 186 743)**	**(4 093 372)**	**(2 046 686)**	**2 046 686**	**4 093 372**	**8 186 743**

31.12.2016	-20%	-10%	-5%	5%	10%	10%
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	**(4 703 061)**	**(2 351 530)**	**(1 175 763)**	**1 175 765**	**2 351 530**	**4 703 061**

The result of the 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 checking liquidity levels is to maintain a satisfactory level of cash equivalents for satisfying financial needs in the short-, medium- and long-term. The liquidity risk is monitored on a daily basis, and various reports are prepared, for the purposes of control, monitoring and support for decision-making at the ALCO committee headquarters.

Changes in the liquidity situation are based on the estimated future cash flows for various time horizons, taking into account the Bank's balance sheet. The liquidity position on the day of analysis and the amount of assets considered to be highly liquid existing in the uncommitted securities portfolio are added to the amounts obtained, thus determining the accumulated liquidity gap for various time horizons. Additionally, the liquidity positions are also monitored from a prudential 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 2017 and 2016, the liquidity gap of the Bank's balance sheet had the following structure:

EXPOSURE 31.12.2017	SIGHT	UP TO 1 MONTH	1-3 MONTH	3-6 MONTH	6 MONTHS - 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	INDEFINITE	TOTAL
ASSETS	**49 346 659**	**4 239 895**	**14 714 853**	**7 331 210**	**34 994 966**	**34 330 554**	**29 794 461**	**57 625 216**	**1 991 270**	**234 369 085**
CASH AND CASH ON HAND IN CENTRAL BANKS	26 690 292	-	-	-	-	-	-	-	-	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	10 697 189	-	-	-	-	-	-	-	-	10 697 189
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	345 167	3 202 685	2 029 929	1 331 927	3 260 839	-	-	-	130 289	10 300 834
LOANS TO CUSTOMERS	11 614 011	49 214	4 231 812	3 153 202	20 866 582	11 645 866	16 790 757	36 058 320	1 860 757	106 270 523
INVESTMENTS HELD UNTIL MATURITY	-	987 997	8 452 113	2 846 081	10 867 545	16 232 601	13 003 704	21 566 896	233	73 958 160
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	6 452 087	-	-	-	6 452 087
LIABILITIES	**(134 877 905)**	**(30 101 430)**	**(27 245 937)**	**(20 026 775)**	**(26 326 530)**	**(879 555)**	**(983 106)**	**(5 856 251)**	**(3 573)**	**(246 301 063)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(131 745 019)	(27 097 362)	(27 245 937)	(20 026 775)	(26 326 530)	(877 513)	(983 106)	(817 305)	-	(235 119 548)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(3 132 886)	(3 004 068)	-	-	-	(2 042)	-	-	(3 573)	(6 142 569)
SUBORDINATED LIABILITIES	-	-	-	-	-	-	-	(5 038 946)	-	(5 038 946)
GAP	**(85 531 246)**	**(25 861 535)**	**(12 531 084)**	**(12 695 565)**	**8 668 435**	**33 450 999**	**28 811 355**	**51 768 965**	**1 987 696**	**(11 931 978)**
GAP	**(85 531 246)**	**(111 392 781)**	**(123 923 865)**	**(136 619 430)**	**(127 950 995)**	**(94 499 996)**	**(65 688 640)**	**(13 919 675)**	**(11 931 978)**	**(23 863 956)**

EXPOSURE 31.12.2016	SIGHT	UP TO 1 MONTH	1-3 MONTH	3-6 MONTH	6 MONTHS - 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	INDEFINITE	TOTAL
ASSETS	**54 337 063**	**27 831 740**	**13 727 100**	**6 535 513**	**32 245 104**	**34 544 353**	**27 673 667**	**44 732 389**	**2 909 859**	**244 536 788**
CASH AND CASH ON HAND IN CENTRAL BANKS	28 139 765	-	-	-	-	-	-	-	-	28 139 765
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 422 199	-	-	-	-	-	-	-	98 234	7 520 433
INVEST. IN CENTRAL BANKS AND IN OTHER CRED. INSTIT.	-	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 811 398	33 073 077
LOANS TO CUSTOMERS	18 236 762	7 166	2 881 649	343 814	28 954 372	4 525 421	19 709 348	34 013 453	-	108 671 985
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
FINAN. 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)**	**(3 511 114)**	**(239 378 122)**
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)	-	-	-	-	-	-	-	(2 949 304)	(4 118 869)
SUBORDINATED LIABILITIES	-	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
GAP	**(67 872 157)**	**(3 735 755)**	**(5 628 978)**	**(10 796 153)**	**10 877 510**	**21 490 745**	**17 502 847**	**43 921 862**	**(601 255)**	**5 158 666**
GAP	**(67 872 157)**	**(71 607 912)**	**(77 236 890)**	**(88 033 043)**	**(77 155 533)**	**(55 664 788)**	**(38 161 941)**	**5 759 921**	**5 158 666**	**10 317 332**

Real Estate Risk

Real estate risk results from the real estate exposure (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 changes 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 calculated in accordance with applicable regulations, namely with Notice No. 2/2016. The requirements for the solvency ratio are set out in Notice no. 3/2016, Notice no. 4/2016 and Notice no. 5/2016. The applicable instructions are as follows: Instruction no. 12/2016, Instruction no. 13/2016, Instruction no. 14/2016, Instruction no. 15/2016, Instruction no. 16/2016, Instruction no. 17/2016 and Instruction no. 18/2016.

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 8.5%.

A summary of the calculations of the Bank's capital requirements for 31 December 2017 is presented as follows:

31.12.2017	(AKZ 000)
ASSETS WEIGHTED BY THE RISK	
WITH FACTOR OF 0%	-
WITH FACTOR OF 8%	-
WITH FACTOR OF 10%	-
WITH FACTOR OF 20%	2 908 009
WITH FACTOR OF 35%	1 483 821
WITH FACTOR OF 50%	7 690 177
WITH FACTOR OF 75%	6 795 933
WITH FACTOR OF 100%	91 888 072
WITH FACTOR OF 150%	5 054 818
TOTAL OF ASSETS WEIGHTED BY THE RISK	**115 820 830**
FUNDS REQUIREMENTS: CREDIT RISK	**11 582 083**

POSITIONS OF DEBT INSTRUMENTS SUBJECT TO MARKET RISK	109 463
TRADING PORTFOLIO RISK	109 463
GLOBAL NET CURRENCY POSITION	7 803 801
FUNDS REQUIREMENTS: CREDIT RISK	**733 767**
RISK˜WEIGHTED ASSETS FOR OPERATIONAL RISK	16 892 868
FUNDS REQUIREMENTS: OPERATIONAL RISK	**2 533 930**
TOTAL FUNDS REQUIREMENTS	**14 849 780**

OWN FUNDS	
BASE	15 915 460
ADDITIONAL	5 038 946
TOTAL	**20 954 406**
DEDUCTIONS	**-**
REGULATORY OWN FUNDS	**20 954 406**
SOLVENCY RATIO	14.1%

The Bank obtained authorisation from the regulator not to write oˆ the regulatory own funds to financial interest in the BNIE due to the fact that these funds were in the category of non-current financial assets held for sale and impairment was recorded as the lower of the fair value and the book value, in conformity with that provided for in the IFRS 5.

NOTE 38
RECENTLY-ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Impact of the adoption of the amendments to the standards that became eˆective on 1 January 2017

a) IAS 7 (amendment), 'Revision to the disclosures' (to be applied in the financial years that begin on or after 1 January 2017). This amendment 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.

b) IAS 12 (amendment), 'Income tax – Recognition of deferred tax assets over potential losses' (to be applied in the financial years that begin on or after 1 January 2017). This amendment 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 diˆerences and how to assess the recoverability of the deferred tax assets when there are restrictions in the tax law.

Published standards (new and amendments), the application of which is mandatory for annual periods beginning on or after 1 January 2018, which the European Union has already endorsed:

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, relative to: (i) the classification and measurement of the financial assets and liabilities; (ii) the recognition of impairment over receivables (through the expected loss model); and (iii) 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) IFRS 16 (new), 'Leases' (to be applied in the financial years that begin on or after 1 January 2019). 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".

d) IFRS 4 (amendment), '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 amendment 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.

e) 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 changes 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.

New and amended) standards and published interpretations, the application of which is mandatory for annual periods beginning on or after 1 January 2017 but which the European Union has not yet endorsed:

Standards

a) 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 aˆects the following regulations: IFRS 1, IFRS 12 and IAS 28.

b) IAS 40 (amendment) 'Transfer of investment properties' (to be applied in the financial years that begin on or after 1 January 2018). This amendment is also subject to the process of endorsement by the European Union. This amendment clarifies that the assets may only be transferred from and to the category of investment properties when there is evidence of a change in use. The management's intention alone to a change in use is not suˇcient for making the transfer.

c) IFRS 2 (amendment), '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 amendment is also subject to the process of endorsement by the European Union. This amendment 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.

d) IFRS 9 (new), 'Prepayment features with negative compensation' (to be applied in the financial years that begin on or after 1 January 2019). This amendment is also subject to the process of endorsement by the European Union. This amendment introduces the possibility of classifying financial assets with negative prepayment conditions at amortized cost, provided that specific conditions are met, instead of being classified at fair value through profit or loss.

e) IAS 28 (amendment), 'Long-term interests in associates and joint ventures' (to be applied for annual periods beginning on or after 1 January 2019). This amendment is also subject to the process of endorsement by the European Union. This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured using the equity method, are accounted for under IFRS 9, subject to the estimated impairment loss model, before any impairment test for the investment as a whole.

f) Improvements to standards 2015 – 2017 (to be applied, in general, to the financial years that begin on or after 1 January 2019). This cycle of improvements is also subject to the process of endorsement by the European Union. This cycle of improvements aˆects the following regulations: IAS 23, IAS 12, IFRS 3 and IFRS 11.

g) IFRS 17 (new), 'Insurance contracts' (to be applied in the financial years that begin on or after 1 January 2021). This standard is also subject to the process of endorsement by the European Union. This new standard replaces IFRS 4 and is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete 'building block approach' or simpified 'premium allocation approach'. The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is to be applied retrospectively.

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 eˆects of changes 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.

b) IFRIC 23 (new), 'Uncertainty over income tax treatments' (to be applied to annual periods beginning on or after 1 January 2019). This interpretation is also subject to the process of endorsement by the European Union. This is an interpretation of IAS 12 - 'Income tax', referring to the measurement and recognition requirements to be applied when there is uncertainty as to the acceptance of a certain treatment by the tax authorities in respect of income tax. In the event of uncertainty as to the position of the tax authority on a specific transaction, the entity shall make its best estimate and record the income tax assets or liabilities under IAS 12 and not IAS 37 - "Provisions, contingent liabilities and contingent assets", based on the expected or the most probable amount. The application of IFRIC 23 may be retrospective or retrospectively modified.

IFRS 9

The Bank does not estimate significant impacts on the financial statements in the future adoption of the standards and interpretations outlined, with the exception of IFRS 9 as presented below:

In July 2014, the IASB issued the final version of IFRS 9 replacing IAS 39 - Financial Instruments: Recognition and Measurement, which was endorsed by the European Union on 3 November 2017. IFRS 9 introduces new requirements for (i) classification and measurement of financial assets and liabilities, (ii) measurement and recognition of impairment of financial assets through an expected loss model and (iii) hedge accounting.

IFRS 9 is mandatory for annual periods beginning on or after 1 January 2018 and these new rules apply retrospectively as from that date. However, respective balances will not be restated.

The impacts on the Bank's financial statements arising from the adoption of this new standard were estimated bas at 1 January, 2018, based on the information available to date and a set of assumptions. Based on these estimates, and bearing in mind that the Bank continues to date to assess the impact more rigorously that IFRS 9 will have on its financial statements, with models that continue to be subject to improvement and internal and external validation.

The tax treatment of the impacts resulting from the adoption of IFRS 9 is dependent on the tax legislation that will be approved during the year 2018.

During the 2018 financial year, the Bank will continue to calibrate the models it has developed to comply with the new requirements of IFRS 9 and will follow any guidelines from national and international regulators on the application of this standard.

(i) Classification and measurement - Financial assets

IFRS 9 provides for the classification of financial assets according to three criteria:
(1) The business model under which financial assets are managed;

(2) The type of financial instruments, i.e. (i) financial derivative instruments, (ii) equity instruments or (iii) debt instruments; and

(3) The characteristics of the contractual cash flows of debt instruments (representing payments of principal and interest only).

The main categories of financial assets under IFRS 9 are summarised as follows:

- A debt instrument that (i) is managed under a business model whose purpose is to keep financial assets in the portfolio and receive all of its contractual cash flows and (2) has contractual cash flows on specific dates that correspond exclusively to the payment of principal and interest on the outstanding capital - should be measured at amortized cost, unless it is designated at fair value through profit or loss under the 'Hold to Collect' fair value option.

- A debt instrument that (i) is managed under a business model whose objective is achieved either by receiving contractual cash flows or through the sale of financial assets and (2) contains contractual clauses that give rise to cash flows which correspond exclusively to the payment of principal and interest on the outstanding capital - should be measured at fair value through other comprehensive income ('FVTOCI'), unless it is designated at fair value through profit or loss under the fair value option - 'Hold to Collect & Sale'.

- All other debt instruments should be measured at fair value through profit or loss ('FVPL').

The Bank assessed its business models based on a broad set of indicators, including its business plan, the main KPIs, but also its current risk management policies. For the 'Hold to Collect' business model, in order to evaluate the frequency and materiality of sales, quantitative thresholds were established based on past experience. The sales forecast for the financial assets classified in this business model do not exceed the thresholds set by the Bank.

With respect to other financial instruments, namely equity and derivatives, these are, by definition, classified at fair value through profit or loss. For equity instruments, there is an irrevocable option to designate that all fair value changes are recognised in other comprehensive income, in which case only dividends are recognised in the income statement, since gains and losses are not reclassified as income even when they are derecognised.

(ii) Credit impairment

IFRS 9 introduces the concept of expected credit losses which diˆers significantly from the concept of losses incurred under IAS 39, thereby anticipating the recognition of credit losses in banks' financial statements. IFRS 9 requires that the concept of impairment based on expected loss is applied to all financial assets except financial assets measured at fair value through profit or loss and equity instruments measured at fair value through equity. The concept of expected losses under IFRS 9 also includes financial assets at amortized cost, debt instruments measured at fair value through equity, oˆ-balance sheet exposures, financial leasing, other amounts receivable, financial guarantees and non-performing credit commitments not valued at fair value.

This conceptual change is introduced in conjunction with new criteria for the classification and measurement of expected impairment losses, and financial assets subject to impairment are required to be classified according to different stages depending on the changes to their credit risk from the date of initial recognition and not on the credit risk at the reporting date:

- Stage 1: financial assets are classified as stage 1 whenever there is no significant increase in credit risk from the date of their initial recognition. For these assets, the expected loss of credit impairment resulting from non-performing events occurring during the 12 months after the reporting date must be recognised in the income statement;

- Stage 2: incorporates financial assets in which there has been a significant increase in credit risk from the date of its initial recognition. For these financial assets, expected impairment losses are recognised over the life of the assets ('lifetime'). However, interest will continue to be calculated on the gross amount of the asset;

- Stage 3: Assets classified in this stage represent objective evidence of impairment at the reporting date as a result of one or more events which have already occurred and result in a loss. In this case, the expected loss of credit impairment during the expected residual life of the financial assets will be recognized in the income statement for the period. Interest is calculated on the net asset value of the assets.

Generally, the impairment losses on the assets classified in stages 1 and 2 largely replace the impairment recognised from a collective point of view for financial assets as foreseen in IAS 39. In turn, the impairment losses on the assets classified in stage 3 replace to a certain extent the impairment recognised from an individual and collective perspective with the financial assets already impaired as provided for in IAS 39.

(iii) Main drivers in calculating expected losses

The measurement of expected losses is the result of the product of (i) the default probability (DP) of the financial instrument, (ii) the loss given default (LGD) and (iii) the exposure at default (EAD), subtracted from the eˆective interest rate of the contract up to the reporting date.

As mentioned above, the main diˆerence between the impairment losses measured for financial assets classified in stages 1 and 2 is the corresponding time horizon in the DP calculation. The expected losses for stage 1 financial assets will be calculated using a 12-month DP whereas the expected losses in stage 2 use a DP-lifetime. The calculation of the expected loss for stage 3 financial assets was leveraged in the existing processes for the impairment estimate developed to comply with IAS 39, updated to reflect the new requirements of IFRS 9, to include point-in-time and forward-looking information.

(iv) Significant increase in credit risk and definition of default

The transition from stage 1 to stage 2 takes place at a time when credit risk increases significantly compared to credit risk on the date of its initial recognition. The significant increase in credit risk should be determined by analysing the internal quantitative and/or qualitative indicators used by the Bank in the normal management of credit risk, thus requiring a better linkage of accounting requirements with the credit risk management policies established by the Bank.

Assessing the significant increase in credit risk is a new concept introduced by IFRS 9, which requires the application of a strong element of judgement. The existence of a significant increase in credit risk is assessed for each financial asset, considering a set of quantitative and qualitative indicators, among which are the following:

1) Variation of PD-lifetime as compared to the acquisition or origin of financial assets; for that, percentage and absolute ranges of variation have been established. The intervals established diˆer according to the product and/or business;

(2) Qualitative indicators.

IFRS 9 presupposes the refutable assumption that financial assets with at least 3 days delay should be classified as stage 2, i.e. showing a significant increase in credit risk since the date of their initial recognition. The Bank has not refuted this assumption. However, for the most significant exposures, the Bank has made additional qualitative revisions and adjustments where necessary to ensure that loans that have significantly increased credit risk are correctly identified.

Generally, financial assets transition from stage 2 to stage 3 when they are in default.

IFRS 9 does not provide an objective default definition. However, it assumes a refutable assumption that the default occurs at the time an exposure is more than 90 days late. The Bank has not refuted this assumption. This definition of default is consistent with the definition used in the Bank's current credit risk management policies.

(v) Forward-looking information

The measurement of expected credit losses for each stage and the assessment of the significant increase in credit risk should consider not only information on past events but also current conditions and reasoned and reasonable forecasts of future economic events and conditions (i.e. forward-looking information).

The estimation and application of forward-looking information requires a significant degree of judgement. The risk factors (i.e. PD, LGD and EAD) used to estimate impairment losses were estimated to take into account the expected evolution of the macroeconomic variables that are correlated with expected credit losses. The macroeconomic scenarios used to calculate expected credit losses contain forecasts for the behaviour of the most relevant macroeconomic variables - namely the unemployment rate, GDP, bond yields, CDS spreads, stock prices, market volatility, prices of residential and commercial real estate and the price of goods.

Disclosures

IFRS 9 requires a fairly extensive set of additional disclosures, particularly with respect to credit risk and expected loss calculation. The Bank is analysing the information currently available in order to identify potential additional information needs, while at the same time implementing a process to collect and control the data needed to respond to these new requirements.

NOTE 39

SUBSEQUENT EVENTS

We are not aware of any facts or events after 31 December 2017 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 significantly alter the Bank's financial situation, their income and/or their activities.

OPINION
INDEPENDENT AUDITOR'S REPORT

pwc

Independent auditor's report

To the Board of Directors of
Banco de Negócios Internacional, S.A.

Introduction

1. We have audited the accompanying consolidated financial statements of Banco de Negócios Internacional, S.A. comprising the consolidated balance sheet as at 31 December 2017 with total assets of 349.305.049 thousands of Kwanzas and total consolidated shareholder's equity of 19.333.689 thousands of Kwanzas including a net profit of 2.384.803 thousands of Kwanzas and non controlling interests of 384.802 thousands of Kwanzas, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the corresponding the corresponding notes to the accounts.

Responsibilities of the Board of Directors for the consolidated financial statements

2. Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) in force and for such internal control, as the Board of Directors determine necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with the Technical Standards issued by the Institute of Statutory Auditors "Ordem dos Contabilistas e Peritos Contabilistas de Angola". Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

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

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

PricewaterhouseCoopers (Angola), Limitada
Edifício Presidente - Largo 17 de Fevereiro, n.º 3, 1º andar – sala 137, Luanda- República de Angola
T: +244 227 286 109, +244 222 311 295, www.pwc.com/ao

Basis for qualified opinion

6. As referred in Note 3.7. of the consolidated financial statements, the Angolan Association of Banks ("ABANC") and the National Bank of Angola ("BNA") formalized an interpretation of not being met all the criteria's referred on IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") to consider the Angolan economy as an hyperinflationary economy as at 31 December 2017. Therefore, the Board of Directors decided not to apply the dispositions of IAS 29 on its consolidated financial statements at 31 December 2017. On 31 December 2017 the accumulated inflation of the last three years is near or exceeds 100% depending on the used index, and there is also the expectation that it will continue to cumulatively exceed 100% in 2018, which is an objective quantitative condition that leads us to consider, in addition to the other conditions referred in IAS 29, that the functional currency of the Bank's consolidated financial statements on 31 December 2017 corresponds to the currency of a hyperinflationary economy. In these circumstances, the Bank should have presented its financial statements on 31 December 2017 taking in accordance dispositions set in IAS 29. However, we have not obtained sufficient information to enable us to accurately quantify the effects of this situation on the Bank's consolidated financial statements as at 31 December 2017, which we consider to be significant.

Qualified opinion

6. In our opinion, except for the effect of the subject referred to in section "Basis for qualified opinion" above, the consolidated financial statements referred in paragraph 1 above present fairly in all material respects, the consolidated financial position of Banco de Negócios Internacional, S.A. as at 31 December 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

Luanda, 13 April 2018

PricewaterhouseCoopers (Angola), Lda
Registered at Ordem dos Contabilistas e Peritos Contabilistas de Angola under the nº E20170010
Represented by:

Ricardo Santos, Perito Contabilista No. 20120086

(free translation from the original in Portuguese)

OPINION
BOARD OF AUDITORS

BANCO DE NEGÓCIOS INTERNACIONAL, ***S.A./BNI Asset Management, S.A.***

CONSOLIDATED ACCOUNTS

Opinion of the Board of Auditors

1. In fulfilling the powers that you granted to us and in conformity with the legal provisions in force in the Country, namely of Law no. 1/04, of 13 February 2004, the Companies Act, we submit to you the opinion of the Audit Committee on the Consolidated Financial Statements for the year ended 31 December 2017 related to the "Grupo Financeiro BNI" constituted for consolidation purposes by BNI - Banco de Negócios Internacional, SA and BNI Asset Management, S.A.

2. They comprise the consolidated Balance Sheet, which presents an Assets total of 349,305,049 Kwanzas, a Liabilities total of 329,971,360 Kwanzas and a consolidated Equity total of 19,333,689 Kwanzas, including a net result of 2,384,803 thousand Kwanzas and non-controlling interests of 384,802 thousand Kwanzas, the Consolidated Income Statement, the Consolidated Comprehensive Income Statement, the Changes in Consolidated Equity Statement and the Consolidated Cash Flows Statement for the year then ended, and the corresponding Annex.

3. The Board of Auditors monitored the activity carried out by the Grupo BNI (BNI Group) during the financial year ending 31 December 2017, they examined the Financial Statements and they obtained all the information and clarifications that were deemed relevant, in addition to observing other procedures considered as essential.

4. Based on the result of the carried-out inspection, we deem that:

   i. the accounting documents prepared by the Board of Directors, in conformity with the International Financial Reporting Standards (IFRS), also respect the accounting principles enshrined for the Financial Institutions that are to operate in Angola, specifically the terms of Instruction no. 9/2007, of 19 September, issued by the BNA, with the updates introduced by Directive no. 04/DSI/2011;

   ii. the existing policies and processes on matters of corporate governance respect the principles set forth in article 5 and the realisation of the aims set forth in article 4, both of Notice no. 1/2013, of 19 April, of the BNA;

   iii. the information contained in the report that this opinion reports on is true and relevant, in accordance with the provisions set forth in article 1 of Instruction no. 1/2013, of 22 March, of the BNA;

   iv. We are not aware of any other situation or deliberation that is contrary to the standards in force and that may bring the reasonability of the presented Financial Statements into question.

5. We deem that the documents mentioned in #1 and #2 allow, as a whole, for the understanding of the "Grupo BNI" financial situation and income, and it is our opinion that the Financial Statements relative to the financial year ending 31 December 2016, reflect, in all the materially relevant aspects, the Financial and Equity position of "**GRUPO FINANCEIRO BNI**", **S.A.** on that date, and are in a position to be submitted to the General Meeting, whilst looking for their approval..

6. For the financial year of 2018, the Board of Auditors recommends:

   (i) the reinforcement and continuity of cautious management policies, given the current limitations of the market, particularly due to the low liquidity and of the access that is conditional to the foreign exchange in the market, and of the unfavourable macroeconomic climate with impacts on the level of domestic demand and that may have an impact of the portfolios of deposits and other transactions with the Bank;

(ii) reinforcement and consolidation of the aspects related to the Corporate Governance and Internal Control, taking into account those set forth in Notice no. 01/2013 of 23 March and no. 2/2013 of 19 April of the National Bank of Angola, and of the Provision Policy, taking into account the current climate of the financial market in Angola

O Conselho Fiscal

Manuel Arnaldo Calado
(Presidente)

Licínio de Assis
(Vogal)

Dina Leote
(Vogal)

www.bni.ao