BancoBNI
Passion for the future

Annual Report 2017

www.bni.ao

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Message from the Chairman

General elections in August 2017 punctuated a year of peaceful political transition, characterized by an increase of confidence in Angola's future.

During 2017 there were also some changes that impacted the financial sector, of which we highlight the following:
- Decline in net international reserves and liquidity in foreign currency;
- Increase in non-performing loans due to a significant increase in the ratio of overdue loans, which led to a contraction in lending due to fears of an increase in loan defaults;
- Overall decline in the factors of production and a low rate of diversification of the economy, taking into account the degree of dependence on oil revenues and the negative impacts caused by falling oil prices;
- Increased regulatory requirements with the consequent increase in costs to adapt organizational and technological structures of banks in order to comply with these measures;
- Since there was no devaluation of the AOA in 2017, the need for State indebtedness with the consequent regular issuance of public debt and the attractiveness of interest rates contributed to an increase in banks' net interest income and to a lesser appetite for lending.

The following key indicators were as follows in 2017:
- Net Profit of AOA 2,002,778,000.00;
- Increase in Net Assets for AOA 266,794,950.00;
- Increase of the Banking Income for AOA 19,217,993.00;
- Regulatory Own Funds of AOA 20,954,406,000.00;
- Solvency Ratio under the terms of Notice no. 2/2016 of 14.1% above the minimum regulatory limit of 10% and an increase of 23.68% in relation to fiscal year 2016 (11.4%).

Net income grew marginally in relation to the previous year because the bank opted for prudential management in light of expected conditions that called upon an increase in impairments.

Continuing its strategy of sustained growth and taking into account its position in the market and the monitoring of the needs of its clients, Banco BNI launched some platforms, including the following, aimed at providing increasingly better service:
- BNIX – Mobile payment service;
- APPS – BNI mobile application;
- INTERNET BANKING – Institutional Site Update;
- CALL CENTER – Increased interactivity with customers.

Preparing for the sector's new challenges, the bank launched a programme to restructure its branch network and the number of employees as a way to support the entire process of rationalizing structural costs, as the total number of branches declined from 92 to 86. Reduction of an additional 6 branches and the conversion to digital agencies of 6 existing branches are also expected in 2018.

Taking into account the ongoing restructuring program, the number of employees was adjusted to 720, with a 15% salary improvement. A reduction of the current number of staff is expected for 2018.

In terms of structured financing and responding to executive requests, some mandates were assigned that BNI led and executed.

We would also like to point out that the aspect focused on the Report of the External Auditor on the bases for opinion with qualifications constitutes a cross-functional reference for the entire bank by agreement of the various external auditors. Although IAS 29 Standards that are in force oblige Angolan banks to adjust the value of their fixed and monetary assets in 2016 and 2017, such adjustment will not occur because the BNA exempted banks from the application of said standard as the BNA does not that the economy is exhibiting an hyper-inflationary conditions. However, the application of IAS 29 in BNI's accounts would have a neutral effect since the value of the bank's assets would increase and any reduction in net income for the year would be offset by the retained earnings of previous years.

In social terms, the BNI could not remain indifferent to the challenges posed by civil society, having developed some projects:
- BNI SOLIDÁRIO (Christmas Together) - Outubro Rosa activities promoted by LACC (Angolan League for Cancer Control);
- CRIANÇA DESPROTEGIDA (Unprotected Child) in partnership with the David Bernardino Pediatric Hospital;
- NATAL SOLIDÁRIO (Christmas Together);
- CHESS SCHOOL OF LIXEIRA SOCCER CLUB OF SAMBIZANGA.

For 2018, BNI's primary objectives are as follows:
- Continuation of the improvement of the quality of services and offering of new products;
- Continuation of innovation and enhancement of technological solutions, striving to provide distinctive service;
- Segmentation of the customer portfolio, aiming at improving and enhancing customers' relationship with the bank;
- Rationalisation of structural costs, preparing the bank for the sector's new challenges;
- Ongoing commitment to training and building the skills of our employees.

At the same time, we will remain attentive to the evolution of the Angolan banking system, particularly as regards the processes corresponding to the merger and concentration processes in view of the perceived need for stronger and more stable Angolan banks.

Finally, I would like to thank all the bank's Employees for their dedication and performance, as well as the shareholders for their unconditional and lasting support, our Customers and Suppliers, in addition to all stakeholders, who are fundamental to supporting our activity and in the absence of which it would have impossible to come as far has we have to date.

We underscore our commitment to continue contributing to Angola's economic growth, always with the same Passion for the Future.

BNI - Passion for the future

Mário Abílio P. M. Palhares
Chairman of the Board

THE BANCO DE NEGÓCIOS INTERNACIONAL

Corporate Bodies

BOARD OF THE GENERAL MEETING

Chairman
Rui António da Cruz

Vice-Chairman
João Baptista de Matos

BOARD OF AUDITORS

Chairman
Manuel Arnaldo Calado

Member
Dina Maria Leote

Member
Licínio Menezes de Assia

Alternate Member
Haile Muiapi Cruz

GENERAL BOARD

Chairman
Carlos Maria da Silva Feijó

Permanent Member
Dina Luís Manuel Neves

Obligatory Members
Presidente do CA/CE/CF

Members Shareholders
with more than 4%

AUDITORS
Pricewaterhouse Coopers 2015 to 2018

BOARD OF DIRECTORS

Chairman
Mário Abílio Pinheiro R. M. Palhares

Vice-Chairman
José Teodoro Garcia Boyol

Director
Sandro da Cunha Pereira Africano

Director
Pedro Paulo Louro Palhares

Director
Hélio Ricardo Coelho Pitra

Director
Carlos Alberto Alves de Ceita

Director
Eva Manuela Cortez Araújo

Director
Júlio Magalhães Lopes

Independent Director
Francisco Agostinho Itembo

Director
Guy Rene Declerq

EXECUTIVE COMMITTEE

Chairman
Sandro da Cunha Africano

Executive Director
Pedro Paulo Louro Palhares

Executive Director
Hélio Ricardo Coelho Pitra

Executive Director
Eva Manuela Cortez Araújo

Executive Director
Carlos Alberto Alves de Ceita

Executive Director
Júlio Magalhães Lopes

Main Indicators

	2017 AKZ'000	2017 USD'000	2016 AKZ'000	2016 USD'000
Net Assets	266 794 950	1 607 940	258 806 370	1 559 990
Equity	18 237 135	109 913	16 580 484	99 941
Regulatory Equity [1]	20 954 406	126 290	22 880 397	137 915
Total Credit	89 940 081	542 058	93 484 839	563 492
Total Resources [2]	245 507 761	1 479 644	239 602 568	1 444 236
Financial margin	11 941 469	71 973	9 413 832	57 394
Foreign exchange earnings	4 647 102	28 009	5 938 419	36 205
Income from financial services rendered	2 577 898	15 537	2 179 693	13 289
Banking Income	19 217 993	115 829	17 893 287	109 092
Overhead	12 881 703	77 640	11 070 558	67 495
Cash Flow	5 180 186	31 222	5 553 001	33 855
Net Income for the Year	2 002 778	12 071	1 730 636	10 551

	2017	2016
Return on Total Assets (ROA)	0,75%	0,67%
Return on Equity (ROE)	9,56%	7,56%
Cost-To-Income	67,03%	61,87%
Solvency Ratio	14%	11%
Past-Due Credit/Total Credit	12,24%	5,76%
Coverage of Past-Due Credit by Impairments	125,58%	239,77%
Coverage of Total Credit by Impairments	15,37%	13,91%
Cost of Risk	2,34%	3,83%
Transformation Ratio [3]	44,40%	46,16%
No. of Employees	720	724
No. of Business Centres	8	8
No. of Branches	39	42
No. of Premises	39	42
No. of Customers	213 376	212 379

[1] Own Funds calculated in accordance with the BNA Instruction no. 3/11 of 8 June;
[2] Category comprised of Resources of customers and other loans, Resources of Central Banks and other credit institutions and Subordinated liabilities;
[3] Transformation Ratio includes Resources of customers and other Subordinated liabilities.

Mission, Strategy, Values and Social Responsability

THE BNI MISSION

The BNI Mission We are one of Angola's leading banks. We have a profound knowledge of the financial sector and the markets in which we operate. We create value for our customers, partners, shareholders and employees through our range of innovative products and services, adhering to high standards of conduct and to the corporate principles of transparency and rigour.

THE BNI VISION

We aspire to be a model of financial sustainability, operational efficiency and image in the national and international marketplace. We endeavour to contribute to the success of our customers', shareholders' and employees' initiatives, offering innovative and competitive solutions. We seek to expand our involvement in new business segments, forging sound partnerships. .

BNI'S VALUES

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

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

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

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

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

SOCIAL RESPONSIBILITY

A passion for people elevates BNI's sense of social responsibility, which is why we ensure, respect and do everything we can to make society a better place. In 2017, the following institutions were supported:

OUTUBRO ROSA (PINK OCTOBER)

Banco BNI, as partner of the Liga Angolana Contra o Cancro (Angolan League Against Cancer) and in the framework of its social solidarity project, carried out several activities in 2017 to raise social awareness for the campaign aimed at the screening and diagnosis of breast cancer, to

collect support and to raise funds for the cause, called "Outubro Rosa" (Pink October).

NATAL SOLIDÁRIO (CHRISTMAS TOGETHER)

With the aim of making all employees aware of social responsibility issues and helping others, on 18 December 2017, Banco BNI, represented by a group of its employees, was present at the Centro Consoladoro dos Aflitos (Centre for Aid of the Afflicte) for another solidarity event.

The event was marked not only by donations, but also by the dynamics established between employees and children. In this way, Banco BNI also provided comfort, consolation, socializing and lots of entertainment.

PROJECTO CRIANÇA DESPROTEGIDA (UNPROTECTED CHILD PROJECT)

A project with the partnership of the David Bernardino Paediatrics Hospital, which Banco BNI supported through a donation to provide snacks in the hospital's courtyard to children with special needs. Moreover, it was possible with the resources allocated to purchase toys and print some t-shirts.

SCHOOL OF CHESS - LIXEIRA FUTEBOL CLUBE DO SAMBIZANGA (LIXEIRA FOOTBALL CLUB OF SAMBIZANGA)

In order to provide better conditions for chess players, and since the school lacked certain materials, Banco BNI provided funds for the purchase of tables, chairs, chess-boards, as well as the interior painting of the space;

STUDIES ON THE DIVERSIFICATION OF THE ANGOLAN ECONOMY

Banco BNI awarded a grant for the launch of a book written Dr. Alves da Rocha. The book describes the effects of the crisis in Angola in the last two years, addressing its causes and consequences while proposing solutions to overcome the crisis.

Organic Structure

BOARD OF DIRECTORS

- Chairman – Mário Abílio Pinheiro R. M. Palhares
- Vice-Chairman – José Teodoro Garcia Boyol
- Director – Sandro da Cunha Pereira Africano
- Director – Pedro Paulo Louro Palhares
- Director – Hélio Ricardo Coelho Pitra
- Director – Carlos Alberto Alves de Ceita
- Director – Eva Manuela Cortez Araújo
- Director – Júlio Magalhães Lopes
- Independent Director – Francisco Agostinho Itembo
- Director – Guy Rene Declerq

INTERNAL CONTROL COMMITTEE

COMMITTEE ON INNOVATION, TECHNOLOGIES AND INVESTMENTS

RISK COMMITTEE

APPOINTMENT, EVALUATION AND REMUNERATION COMMITTEE

BUSINESS AND PRODUCT COMMITTEE

ALCO COMMITTEE

CREDIT COMMITTEE

EXECUTIVE COMMITTEE

- Chairman – Sandro da Cunha Africano
- Executive Director – Pedro Paulo Louro Palhares
- Executive Director – Hélio Ricardo Coelho Pitra
- Executive Director – Eva Manuela Cortez Araújo
- Executive Director – Carlos Alberto Alves de Ceita
- Executive Director – Júlio Magalhães Lopes

COMPANY SECRETARY
Daniel Salgado dos Santos

BOARD OF THE GENERAL MEETING

- Chairman – Rui António da Cruz
- Vice-Chairman – João Baptista de Matos

BOARD OF AUDITORS

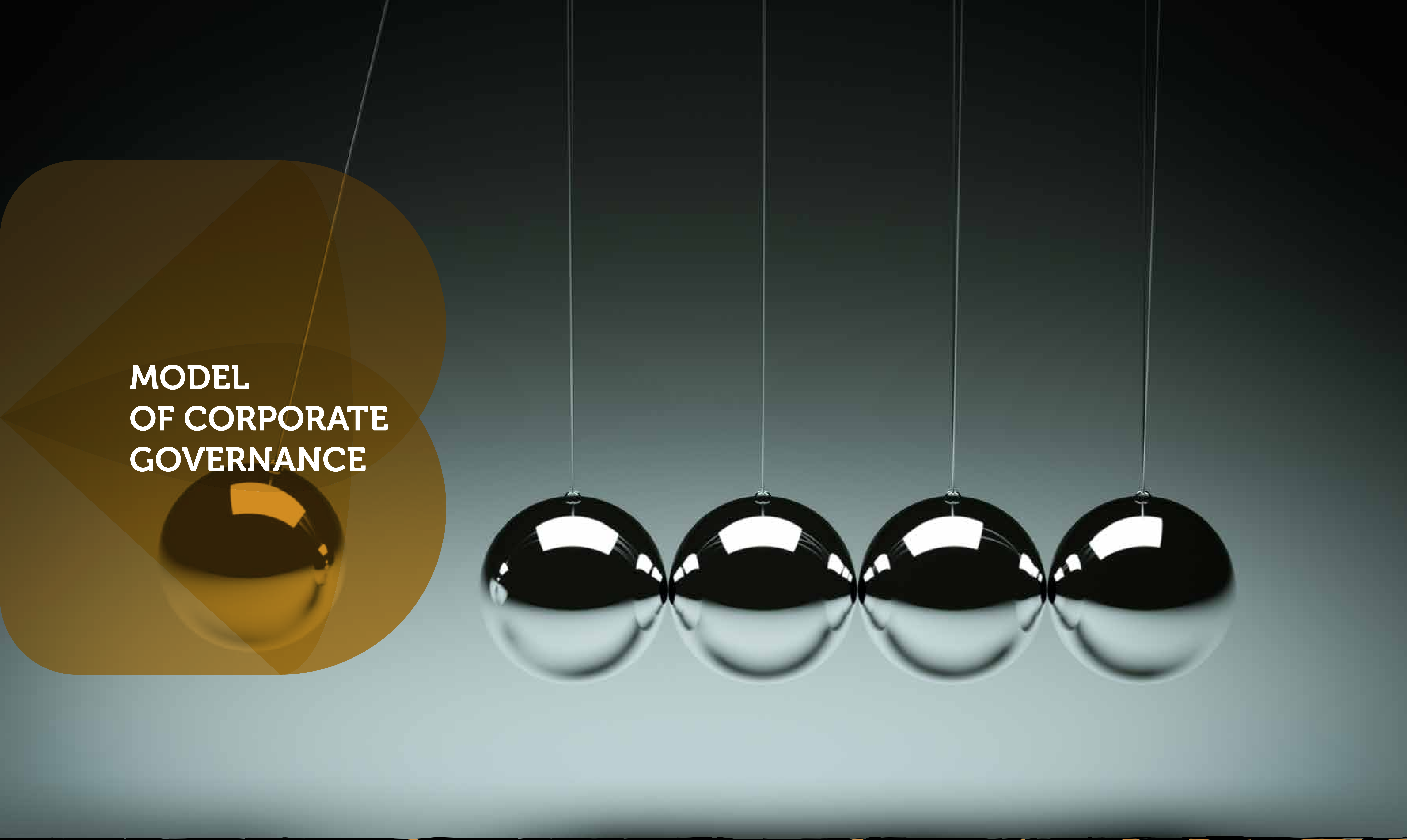
- Chairman – Manuel Arnaldo Calado
- Member – Dina Maria Leote
- Member – Licínio Menezes de Assia
- Alternate Member – Haile Muiapi Cruz

GENERAL BOARD

- Chairman – Carlos Maria da Silva Feijó
- Permanent Member – Dina Luís Manuel Neves
- Obligatory Members – Presidente do CA/CE/CF
- Members Shareholders with more than 4%

REMUNERATION COMMITTEE

- Chairman – Lourenço Gomes Duarte
- Member – Arnaldo Leiro Octávio
- Member – Celso Miguel Leiro Furtado



MODEL OF CORPORATE GOVERNANCE

The BNI Model of Corporate Governance respects and complies with the requirements expressed in the Basic Law of Financial Institutions No. 12/2015 of 17 June, the Company Law, the Statute of the Bank and other complementary activity legislation.

Banco BNI defines, periodically implements the corporate governance model, including the capital structure, business strategy, risk management policies and processes, organizational units and structures and policies applied, namely:

a) the remuneration policy;
b) the policy to avoid conflicts of interest;
c) policy on the Transparency and Disclosure of Information;

In compliance with the regulations, Banco BNI implements a model of corporate governance that best suits its size, structure, organizational processes, current management and risk society.

1.1 |GUIDING PRINCIPLES OF THE GOVERNANCE MODEL

Taking into account the size, nature and complexity of the activity it carries out, Banco BNI defined the following as guiding principles:

a) comply with the periodicity of formally defined meetings, without prejudice to extraordinary meetings determined by relevant events;
b) properly formalize the work orders, agendas and other documents supporting the meetings referred to in paragraph a) of this number;
c) inform all members of the minutes and other documents referred to in paragraph b) of this paragraph and collect signatures on the minutes from all the participants in the meetings;
d) respect in the subcontracting of functions of support to the Bank, the strict compliance with the objectives and principles of corporate governance established in the various regulations in effect, namely with regard to the responsibilities of the management body;
e) review, periodic disclosure of the corporate governance model in effect at BNI;
f) Review and periodic disclosure of relevant BNI policies.

1.2 | General Meeting of Shareholders

2.1.1 | Competencies of the General Meeting

In addition to the provisions set forth in the Law, the General Assembly is responsible in particular for:

a) Electing the members of the Presiding Board of the General Meeting of Shareholders, the Board of Directors and the Board of Auditors, and appointing their respective Chairmen;
b) Electing the General Board members;
c) Electing the Remuneration Committee members;
d) Approving the annual report and accounts, as well as the Board of Auditors' report;
e) Deciding on share capital increases proposed by the Board of Directors.
f) Approving their Internal regulations.

2.1.2 | Composition

BNI's General Meeting of Shareholders represents the universality of shareholders entitled to vote, under the legal and statutory terms.
The Board of the General Meeting is composed of the following members:
Vice-Chairman: Rui António da Cruz
Vice-Chairman: João Baptista de Matos

2.1.3 | Rules of Operation

The operation of the BNI General Meeting of Shareholders is governed by the general rules and in particular the rules established in its Regulation.

1. The General Assembly shall meet:
   a) In ordinary session, in the first quarter of each year, for the purposes of the provisions of the Business Companies Law;
   b) In extraordinary session, whenever called by the Chairman of the Board, on its own initiative or at the request of the Board of Directors, or of the Board of Auditors, to deal with any matters that should be resolved by this body.
2. The General Meeting shall also be convened when one or more shareholders owning shares corresponding to at least 5% of the share capital so request in writing to the Chairman of the Board, stating the reasons for the need for the meeting and he grants the request.
3. The other rules of Operation are set forth in the Regulations of the General Meeting.

2.2 | Board of Directors

2.2.1 |Responsibilities of the Board of Directors

1. The Board of Directors is responsible for exercising the broadest powers of management and representation of the company.
2. In the performance of its powers, the Board of Directors is, notwithstanding the responsibilities delegated in the Executive Committee, responsible for:
   a) Defining the Bank's general policies and approving the annual and multi-year plans and budgets;
   b) Setting up the Bank's internal organisation and delegating powers throughout the hierarchical chain;
   c) Managing the Bank's activity, executing all the acts and operations that are inserted into its corporate purpose;
   d) Fundamentally proposing possible alterations to the bylaws and the necessary capital increases, as well as the criteria for attribution of the right to subscription of shares to members of the Bank's staff, in the cases in which the reserve of a number of shares is decided upon for subscription by the aforementioned staff of the Bank;
   e) Acquiring, encumbering and disposing of any movable or immovable property and rights, including interests in the capital of other companies, regardless of the respective purpose, and positions in organisations of cooperation between companies, whenever they deem it appropriate for the Bank, with the restrictions contained in law and the bylaws.
   f) Deciding on the issue of bonds or of any other debt-representative securities within the legally established limits;
   g) Preparing the accounting documents, the financial statements and the proposal for application of income to be presented to the General Meeting of Shareholders;
   h) Appointing representatives or authorized signatories for the purpose of performing certain acts;
   i) Executing and ensuring compliance with provisions of the law and articles of association, and with the General Meeting of Shareholders' decisions.
3. The Board of Directors is also responsible for defining, formalising, implementing and periodically reviewing:
   a) The business strategy;
   b) The organic and functional structure;
   c) The relationships, policies and processes of authority, of delegation of responsibilities, of communication and of provision of information;
   d) The criteria for the classification of relevant operations, taking into consideration the amount, associated risk or special characteristics;
   e) The policies and processes related to:
      i. Risk and Compliance management;
      ii. Remuneration of the Employees;
      iii. Ethics, integrity and professionalism;
      iv. Transactions with related parties;
      v. Prevention of conflicts of interests, and;
      vi. Prevention and detection of suspicious operations of criminal activities or situations of fraud.

2.2.2 | Composition

The Board of Directors if comprised of an uneven number, up to nine members, elected by the General Meeting of Shareholders.

The members of the Board of Directors are inducted for a term of 4 years, can be re-elected, and terminate their positions on the legal terms, whilst they must remain in the positions until the election or co-optation of they who replace them.

Members of the Board of Directors:

- Chairman: Mário Abílio Pinheiro Moreira Palhares
- Vice-Chairman: José Teodoro Garcia Boyol
- Director: Sandro da Cunha Pereira Africano
- Director: Pedro Paulo Louro Palhares
- Director: Hélio Ricardo Coelho Pitra
- Director: Carlos Alberto Alves de Ceita
- Director: Eva Manuela Cortez Araujo
- Director: Julio Magalhães Lopes
- Independent Director: Francisco Agostinho Itembo
- Director: Guy Rene Declerq

2.2.3 | Rules of Operation
1. The Board of Directors shall ordinarily meet once per quarter and extraordinarily whenever called by its Chairman or by two Directors.
2. Meetings shall be held at the Bank's registered office and may be held at another location chosen by the Board.
3. Meetings shall be held, each year, on the dates set, at the latest, at the last meeting of the preceding year. On such dates, written notice shall be given to members who did not attend the meeting at which they were set.
4. Meetings shall be convened in writing, as such being understood, for this purpose, the messages by e-mail, sent at least seven days in advance, and the convocation shall include the agenda of the meeting.
5. The other rules of operation are set out in the Regulations of the Board of Directors.

2.3 | Executive Committee
2.3.1 Competencies of the Executive Committee
In accordance with the resolution of the Board of Directors, the day-to-day management of Banco BNI was delegated to the Executive Committee, and it includes all management powers necessary or convenient for the exercise of the Bank's activity, under the terms and with the extent to which in the Law, and, in particular, powers to decide and represent BNI in the following matters:
a) Propose to the Board of Directors the internal organization of the BNI and delegate powers along the hierarchical chain;
b) Ensure the implementation of the Bank's general policies and strategic guidelines defined by the Board of Directors;
c) Ensure the proper execution of the relationship policy with the authorities, in particular with the exchange authority, as well as with the fiscal authority:
d) Ensure the proper execution of the approved plans and budgets, through adequate management control;
e) Propose to the Board of Directors on the opening or closing of branches, agencies, representative offices or other forms of representation in national territory;
f) Ensure the application of the salary scale, in accordance with the policy defined by the Board of Directors, as well as authorizing staff travel;
g) Decide on the conduct and sanction of audits and inspections;
h) Approve the pricing policy to be applied to customers, after the opinion from the respective Committee;
i) Ensure the permanent compliance with the prudential ratios in effect at all times, as well as all the rules emanating from the monetary exchange rate authority;
j) Implement the policies defined by the Board of Directors on the various types of risks of BNI's activity;
k) Contract suppliers of goods and services, proposing to the Board of Directors norms that regulate the consultations in the market;
l) Grant credit or financing operations up to the maximum amount established in the complementary document;
m) Propose the remunerated provision of personal guarantees;
n) Propose the provision of real guarantees that have the object of transferable securities and that are necessary or convenient for the pursuit of the activities included in the object of the company;
o) Carry out foreign exchange operations strictly necessary to cover current operations;
p) Propose to the Board of Directors the acquisition, sale or encumbrance of any other securities;
q) Propose to the Board of Directors the acquisition, sale and encumbrance of assets and real estate up to the limit established in the complementary document;
r) Propose admissions to the Board of Directors, remuneration conditions and other benefits of employees, as well as assignment of management positions;
s) Exercise of disciplinary power and application of any sanctions;
t) Issuance of binding instructions to companies that are with the company in relation to a group consisting of total ownership;
u) Representation of the company in court or outside it, actively and passively, including the initiation and challenge of any judicial or arbitration proceedings, as well as confession, withdrawal or transaction in any actions and the assumption of arbitration commitments, being dependent on decision that is taken in the Board of Directors;
v) Formation of representatives, for the practice of certain acts, or categories of acts defining the extension of their respective mandates within the scope of the powers delegated by the CA;
w) Other powers that may be delegated to specific matters, and the Board of Directors shall grant its mandate;
2. The Executive Committee operates under the attribution of responsibilities and with a designated substitute Administrator, in order to ensure adequate segregation of duties;
3. The Executive Committee shall keep the Board of Directors regularly informed about situations that go beyond the delegation of powers, requesting its immediate ratification in the Board of Directors.

2.3.2 | Composition
The Executive Committee of the BNI is comprised of an odd number of members appointed by the Board of Directors, including one Chairman and the members.

Executive Committee:
• Chairman of the Executive Committee: Sandro da Cunha Africano
• Executive Director: Pedro Paulo Louro Palhares
• Executive Director: Hélio Ricardo Coelho Pitra
• Executive Director: Eva Manuela Cortez Araujo
• Executive Director: Carlos Alberto Alves de Ceita
• Executive Director: Julio Magalhães Lopes

2.3.3 | Rules of Operation
1. The Executive Committee shall meet, at the invitation of its Chairman, whenever the interests of the company so require and at least once a month. .
2. Meetings shall be held at the registered office of the Bank and may be held at another location chosen by the Commission.
3. Meetings shall be convened in writing, as such being understood, for this purpose, the messages by e-mail, sent at least four days in advance, and the convocation shall include the agenda of the meeting.
4. The other rules of operation are set forth in the Executive Committee Regulations.

2.4 | Board of Auditors
2.4.1 | Powers of the Board of Auditors
a) Overseeing the Company's management;
b) Overseeing the effectiveness of the risk management system, the internal control system and of the internal audit system;
c) Verifying the regularity of the books, accounting records and documents that serve them as a support;
d) Verifying whether the accounting policies and the valuation criteria adopted by the Bank lead to a correct assessment of the assets and the income;
e) Verifying the accuracy of the accounting documents;
f) Receiving the communications of irregularities presented by shareholders, Employees of the company and others.

2.4.2 | Composition
The Board of Auditors is composed of three permanent member and 2 substitutes.

One of the effective voting members and one of the substitutes shall be accountant experts, duly registered in the respective order.

Board of Auditors
• Chairman: Manuel Arnaldo Sousa Calado
• Member: Dina Maria Leote de Oliveira
• Member: Licínio Manuel Menezes de Assis
• Alternate Member: Hailé Muiapi Cruz

2.4.3 | Rules of Operation
1. The Board of Auditors shall meet ordinarily within the periods established by law and extraordinarily whenever called by the Chairman, by a majority of its members;
2. The decisions of the Board of Auditors are made by a majority of votes cast, and in the mandatory presence of more than half of its members in office.
3. In case of tie in the votes, the Chairman: has a casting vote;
4. The members of the Board of Auditors, whenever they deem it appropriate, may attend meetings of the Board of Directors without the right to vote;
5. The Board of Auditors shall approve its Internal Regulations.

2.5 | General Board

2.5.1 Competencies of the General Board

The General Board is responsible for collaborating with the Bank's Board of Directors, through the issue of prior opinions on matters submitted to it and also on the strategic guidelines for development of the Bank and for all that, due to their special relevance for the Bank, are submitted to them for appreciation by the Board of Directors. The General Board shall obligatorily rule, albeit in a non-binding manner, on the decisions of the Board of Directors and of the General Meeting of Shareholders regarding:

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

2.5.2 | Composition

1 . The Board Council is made up of an odd number of members, not exceeding fifteen, including, by inherent functions, the Chairman of the Board of Directors and the Chairman of the Board of Auditors.

2. The resolution of the General Meeting that elects the General Board will also decide who will be its Chairman.

3. The members of the General Board shall be elected by the General Assembly for periods of four years.

GENERAL BOARD

- Chairman: Carlos Maria da Silva Feijó
- Permanent member: Luís Manuel Neves
- Obligatory Members: Chairmen of BC / EC / BA
- Members: Shareholders with more than 4%

2.5.3 | Rules of Operation

1. The General Board shall ordinarily meet once every six months and extraordinarily whether called by its Chairman, at their own initiative or request of the Chairman of the Board of Directors or of a fourth of the total number of its members.
2. Meetings shall be held at the Bank's registered office and may be held at another location chosen by the Board.
3. Meetings shall be held, each year, on the dates set, at the latest, at the last meeting of the preceding year. On such dates, written notice shall be given to members who did not attend the meeting at which they were set.
4. Meetings shall be convened in writing, as such being understood, for this purpose, the messages by e-mail, sent at least seven days in advance, and the convocation shall include the agenda of the meeting.

2.6 | Auditors

PWC - Pricewaterhouse Coopers - 2015 to 201

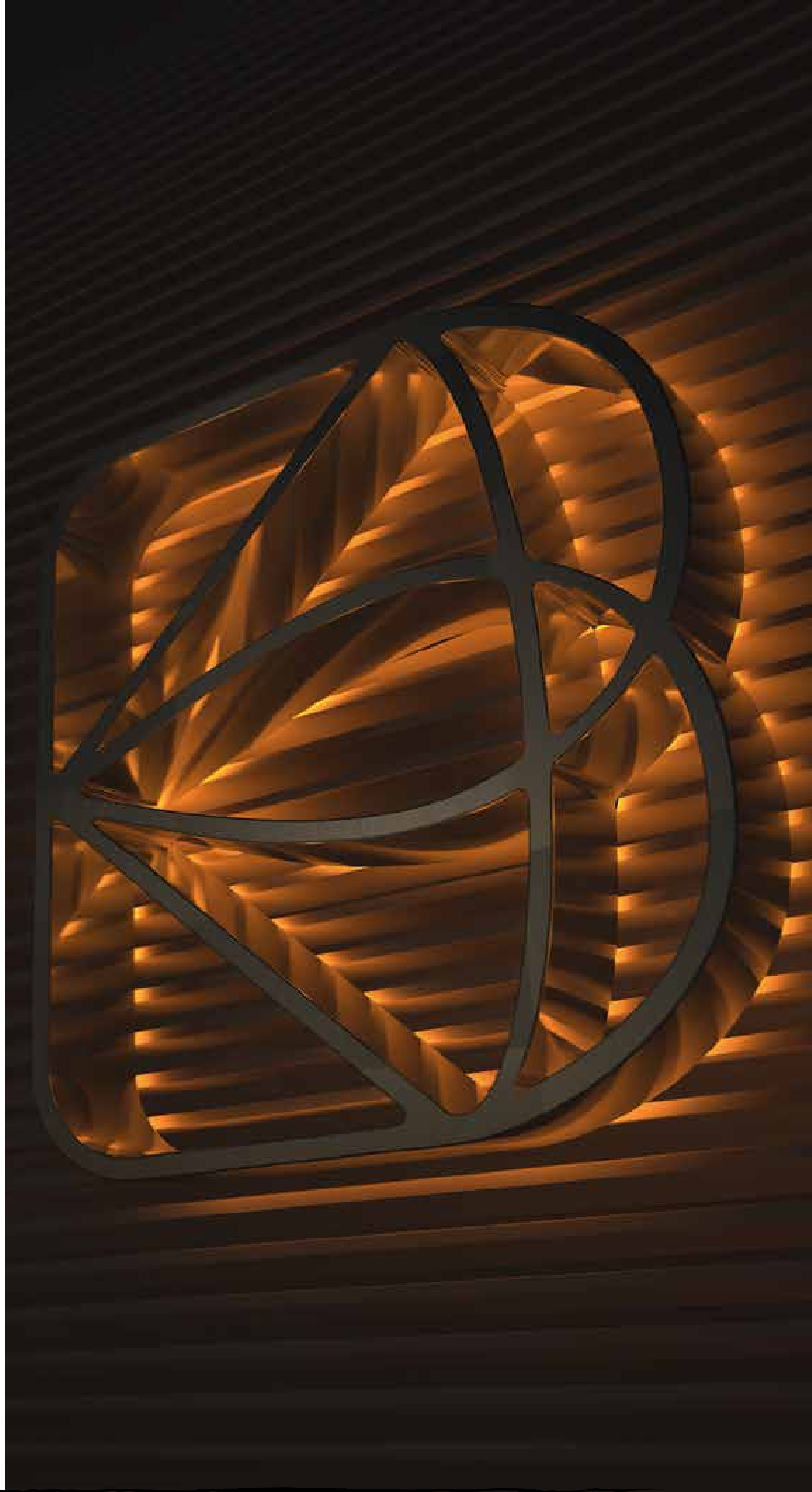
2.7 | Other Committees

2.7.1 Considerations

The Board of Directors and the Executive Committee have 7 committees that are bodies with an interdisciplinary composition, in charge of the oversight and control of the Bank's activity, thus being important assistants of the Bank's management, in the monitoring, management and control of the day-to-day activity of the institution.

Established Committees:

- Internal Control Comission;
- Committee on Innovation, Technology and Investments;
- Risk Committee
- Appointments, Evaluations and Remuneration of Employees Committee;
- Business and Products Committee;
- Assets and Liabilities Committee;
- Credit Committee



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

Appointments, Evaluations and Remuneration of Employees Committee

Composition	It is composed of permanent and non-permanent members, being assisted in its functions by the Human Resources Department, as Operational Coordinator of the Committee. Whenever it is appropriate for the good progress of the works, other members of the Board of Directors and other managers of the areas whose matters are analysed may be invited to participate in the meetings.
Responsibilities	• Defining the remuneration policies and processes for the employees that are adequate for the long-term culture and strategy, considering the strands of business and risk; • Recommending to the governing body the appointment of new employees for Management positions, for which they must prepare/review the detailed description of the position, taking into consideration the existing internal responsibilities; • Supporting and supervising the definition and conducting of the process of assessment of the employees; • Defining the hiring process of new employees; • And others set forth in the respective regulations.
Rules	The Committee shall meet on a quarterly basis and, extraordinarily, whenever convened by its Chairman or any other permanent member of the Committee, provided that its members are notified in good time by the operational coordinator at least 4 working days. **a.** Meetings shall be held at the registered office of the Bank and may be held at another location chosen by the Committee. **b.** The meetings are convened in writing, as such being understood, for this purpose, also the messages by e-mail and fax, sent at least 5 working days in advance of the date of the meeting. **c.** The Chairman may decide, in a reasoned manner, to shorten the period referred to in the preceding paragraph, in case of urgency or necessity, for a minimum of 2 working days. **d.** The presence of at least three voting members, including two non-executive members, is indispensable, and the presence of the Chairman of the Committee is indispensable, but he may delegate his responsibility in writing to one of the permanent members, as defined in Article 6 (4). **e.** The convocation for each meeting should include the respective agenda with the topics for discussion, the indication on the prior availability of documents supporting the decisions and the presidency of the work. **f.** Without prejudice to paragraph 3, the notice shall be released whenever the Committee decides to prefix dates and times of its meetings, no later than the last meeting of the previous year, of which members who did not attend the meeting at which they were appointed shall be given immediate written notice. **g.** Each member of the Committee shall notify the Operational Coordinator of their presence within 2 working days before the date set for the meeting. **h.** Whenever possible with regard specifically to meetings scheduled on an extraordinary basis, meetings shall be held with a minimum period of 10 working days prior to the meetings of the Management Board in order to ensure that the topics are discussed by the Committee and reported to the Committee, with due notice.

Risk Committee

Composition	It consists of permanent members and non-permanent members and guests. Of the permanent members, there are 2 executive directors and 2 non-executive directors (one of them being the Chairman of the Board of Directors). The operational coordinator (Directorate of Risk) is included in the permanent members, without voting rights. The invited members may include other administrators, advisors or other stakeholders, whose participation may be requested by the Chairman of the Committee.
Responsibilities	The Risk Committee is a body to support the Board of Directors in monitoring the overall risk levels and the evolution of the Bank's risk profile in advising on the definition of the risk strategy to be adopted based on the defined risk appetite by the Council, as well as to ensure a rigorous and timely functioning of the risk management system, and in particular the risk management function. The main functions and responsibilities of the Committee shall be the following: • Advise the Board on the risk strategy. Perform the monitoring of the change in the Bank's risk profile, through the monitoring of the various types of risk and analysis of the compatibility of the risk exposure with the available financial resources and the strategies approved by the management body; • Monitoring the risk concentration levels, defining and controlling the internal concentration metrics of the exposure to customers/economic groups, maturities, sources of financing, counterparties, and currencies; • Analyse and decide on the material aspects of risk quantification methodologies and models, as well as approve possible future changes; • Analyse and issue opinions on policies, procedures and limits for the Bank's relevant risks, namely credit, operational, market and liquidity; • Analysing possible vulnerabilities and the approval of action plans for risk mitigation; • Monitor the quantification of and change in the Own Funds and Solvency Ratio, ensuring the alignment with the strategy and sufficiency for the cover of the identified risks; • Analyse the impact of the introduction of new regulatory supervisory requirements on risk assessment and quantification and prospectively identify future trends of regulatory changes thereby assessing the future impact on the strategies defined by the Bank; • Require specific studies that allow a better analysis and understanding of the inherent risks (actual or potential) to the Bank's activity; • Evaluate the consistency of the business model, as well as the approved action program and budget, with the defined risk strategy and risk appetite, and assess its impact on the Bank's viability; • Periodically review the scope and nature of the Bank's activities related to risk taking, management, control and mitigation; • Analyse whether the conditions of products and services offered to clients take into account the Bank's business model and risk strategy; • Supervise the performance of the risk management function.

Risk Committee (cont.)

Rules	• The Risk Committee shall meet on a quarterly basis and, extraordinarily, whenever convened by its Chairman or any other permanent member of the Committee, provided that its members are notified in a timely manner by the operational coordinator - at least 5 working days before; • Meetings shall be held at the registered office of the Bank and may be held at another location chosen by the Committee; • The meetings shall be convened in writing, as such being understood, for this purpose, also the messages by e-mail and fax, sent at least 5 working days in advance of the date of the meeting; • The Chairman may decide, in a reasoned manner, to shorten the deadline referred to in the preceding paragraph, in case of urgency or necessity, to a minimum of two working days; • The presence of at least three voting members, including two non-executive members, is indispensable, and the presence of the Chairman of the Committee is indispensable, but he may delegate his responsibility in writing to one of the permanent members, as defined in Article 6 (4); • The convocation for each meeting must include the agenda with the topics for discussion, the indication on the prior availability of documents supporting the decisions and the chair of the work; • Without prejudice to paragraph 3, the notice shall be released whenever the Committee decides to prefix dates and times of its meetings no later than the last meeting of the previous year, which shall be given immediate written members who did not attend the meeting at which they were set; • Each member of the Risk Committee must report to the Operational Coordinator within two working days before the date set for the meeting; • Whenever possible with regard specifically to meetings scheduled on an extraordinary basis, meetings shall be held with a minimum period of 10 working days prior to the meetings of the Management Board in order to ensure that the topics are discussed by the Committee and reported to the Committee, with due notice. In particular, the Committee shall meet at the appropriate time depending on the reporting cycle of the internal control system and the risk management function monitoring cycle.

Internal Control Committee

Composition	It is comprised of permanent and non-permanent members who are assisted in their positions by the manager of the Internal Audit Division, in the capacity of Operational Coordinator. The Committee is presided by a Chairman. This Committee is responsible for ensuring that controls are documented, are effective and comply with legal and regulatory obligations in information security. Whenever it is appropriate for the good progress of the works, the managers of the areas whose matters are analysed may be invited to participate in the meetings.
Responsibilities	• Assess the adequacy and effectiveness of the internal control system of BNI in the light of the applicable rules and best practices, in particular by identifying that the objectives and principles underlying that system fall within the BNA and its compliance is ensured by the Executive Committee of BNI. • Ensure that the internal control functions have sufficient and adequate human and material resources to carry out their responsibilities and that regular training on internal control is promoted. • Assess whether the organizational structure is based on a coherent, clear and objective definition of the competences and responsibilities of each unit of structure and/or function, reporting lines and authority, as well as the degree and scope of cooperation between the various units of structure or appropriate segregation of potentially conflicting functions; • Monitor the adequacy of systems for identifying and resolving conflicts of interest; • Assess the degree of compliance with established standards of conduct and propose changes to such standards to ensure continuous improvement and alignment with best practices in this area; • Monitor the implementation of corrective measures or improvements identified by the internal control functions or by third parties, assessing the reasons for any delays in their implementation; • Monitor BNI's operational risk profile based on the loss events collected, the assessment of operational risk levels in the organizational structure and operational risk indicators; • Analyse and debate the Plan and the supporting Information Security standards before submitting the formal approval and monitoring its implementation. • Monitor the effectiveness of the measures for management of the Audit and Internal Control deficiencies, namely the segregation between they who authorise, execute, they who record and control and they who report; • Assess and verify the effective control activities regarding the processes that mitigate the identified risks, including that of fraud and identifying the forms of limitation of the different risks, contributing with the implementation of the restrictions by the competent entities or areas;
Rules	• Meetings shall be held on a quarterly basis or whenever the Chairman deems it necessary to take urgent measures, provided that its members are advised by the Coordinator 48 hours in advance, the agenda is defined, and the participation of the appropriate quorum is confirmed; • The Executive Directors and Directors responsible for the areas whose subjects are analysed may also be invited to take part in the meetings of the CCI, whenever this is appropriate for the smooth running of the work.

ALCO Committee

Composition	It is comprised of permanent members and non-permanent members, namely the Executive Directors of the business, financial and risk areas, and assisted by the manager of the International Finance Division, in the capacity of Operational Coordinator. Whenever it is appropriate for the good progress of the works, the managers of the areas whose matters are analysed may be invited to participate in the meetings.
Responsibilities	• Establishment and continuous improvement of Bank policies, limits and guidelines for the management of assets and liabilities in line with defined strategic objectives and regulatory requirements;

ALCO Committee (Cont.)

	• Permanently assess and monitor the diverse financial risks, particularly the interest rate, exchange rate, liquidity and market risks that the BNI is subject to, through pre-defined methodologies and indicators, to measure and control each type of risk; • Propose to the governing body the appropriate risk limits structure for the Bank, in accordance with the methodology that comes to be defined and with the guidelines given by the supervisory bodies; • Determine and monitor the implementation of the investment and hedging strategies that are most adequate for the comprehensive management of the balance sheet; • Monitor the planning, oversight and control of the various financial funding operations, whilst safeguarding the potential negative impacts on the balance sheet that may result from them; • Proposing to the Board of Directors the pricing policy of the assets, liabilities and provided financial services and charged commissions, in accordance with the profitability criteria and bearing in mind the business, commercial or strategic goals; • Analysing and assessing the impact on the Bank's balance sheet, resulting from the launching of new activities/products; • Formulate recommendations regarding the pricing policies of all the products of assets, liabilities and provided financial services, including the new products to be sold.
Rules	• The regular meetings of the ALCO shall take place on a monthly basis; • Under instructions from the Chairman, the Coordinator shall send to each Member, no later than 5 days before the date of each meeting, a convocation of the meeting, specifying the date, time and place of the meeting; • However, any change in the market circumstances underlying the strategies which may result in a significant impact or the verification of exceptional circumstances justifying them may lead to the convening of special meetings of the Committee.

Credit Committee

Composition	It is comprised of 3 decision levels, according to the loan amounts to be approved (for granting or restructuring), namely: **Level 1** – Three Executive Directors and the managers of the commercial and risk areas, who are assisted in their positions by one of the managers of the Credit areas, in the capacity of Coordinator, pursuant to the matters. **Level 2** – An Executive Director and the managers of the commercial and risk areas, who are assisted in their positions by one of the managers of the Credit areas, in the capacity of Coordinator, pursuant to the matters. **Level 3** – Three Directors of the Commercial, Credit and risk areas who are assisted in their positions by the Manager of a Branch, in the capacity of Coordinator. Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings.
Responsibilities	• Analyse the credit proposals and define the conditions of their approval within the previously defined credit trading limits; • Adapt the purpose of the credit to the credit products; • Analyse and monitor the outstanding and overdue loans portfolio, proposing mitigation measures and deciding on the limits of exposure of the portfolio; • Authorise the restructuring of the loans granted within the attributed limits; • Decide on the issue of loans by signing within the attributed limits.
Rules	• The participation of the invited members (permanent and invited) in the CEMR is mandatory and may be made using technological means such as videoconference, teleconference or other electronic means, as long as it is approved by the Chairman; • The impossibility of participation shall be communicated to the Chairman as soon as the impediment is known; • Where the Secretary is unable to attend, the Chairman shall appoint an alternate to the meeting; • The participation of guests in the committee, in whole or in part of a meeting, shall be approved by the Chairman, taking into account the agenda and the need for their participation in the evaluation of specific topics; • All participants will be responsible for taking measures to ensure the necessary confidentiality of CEMR meetings. • The credit committee recommends holding meetings once a week or whenever there are credit processes, provided that its members are advised by the Secretary one day in advance, the agenda is set and the attendance of the appropriate quorum is confirmed.

Committee on Innovation, Technologies and Investments

Composition	• It is permanent and non-permanent members who are assisted in their by one of the managers of the areas of technologies, in the capacity of Operational Coordinator, pursuant to the matters. • Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings.
Responsibilities	• Analyse possible needs of information or alterations to the current TSI's requested by the business areas in order to evaluate the impact on the Action Plans and TSI Projects; • Analyse the progress and the results achieved from the TSI activities and projects. If an analysis leads to the identification of the need to eliminate any Activity or Project related to the TSI's or the revision of its priority • Ensure the validation and post-validation of the technological proposals submitted for assessment, in light of the need to provide efficiency and effectiveness gains in the Bank's processes and projects.

Committee on Innovation, Technologies and Investments (Cont.)

Rules	• Regular meetings of the CITI will be scheduled monthly. However, verification of exceptional circumstances or occurrence of changes with significant impacts that justify CITI intervention may lead to the convening of extraordinary meetings, without notification within 48 hours.

Business and Product Committee

Composition	It is composed of permanent members and non-permanent members Executive Directors of the business areas, Risk, Compliance and Marketing, being assisted in their functions by the person in charge of the business areas, as Operational Coordinator. Whenever it is appropriate for the good progress of the works, other invited members may be invited to participate in the meetings
Responsibilities	• Evaluate and analyse the technical file of new products and services to be commercialized in the network; • Evaluate the opportunity to place on the network products issued by other entities; • Evaluate the products and services in commercialization with a view to the correction of the respective technical sheet with regard to some characteristics or their eventual elimination; • Ensure the creation and/or updating of all components of the product structuring process; • Ensure that the processes of operation and commercialization are consistent with the risk management policy in force at all times; • Ensure immediate correction of possible non-compliance with procedures at all stages of the process from approval to commercialization; • Analyse the impact of any changes to the legal and regulatory framework applicable to the products and services being marketed and, where appropriate, rectify and delete them. • Appreciate the adequacy of the distribution channels and sales points of the new products and services, and to ensure that the Employees involved in this marketing have, through training, competences that enable them to provide Customers with all the necessary clarifications and information, for decision making reasoned, informed and informed consent of the Client, in particular as to the existence of potential risks related to the financial consequences of the acquisition of such products and services; • Ensure that informational and contractual documents contain complete, true, current, clear and objective information on the characteristics of the products and services offered, including their price and other charges to be borne by Customers; • Follow the best market practices in the marketing of comparable products and services and to assess the need to introduce existing process notes; • The Executive Committee will present information on the evolution of the management indicators and prospects for the evolution of the activity of the Commercial Area and agencies.
Rules	• The ordinary meetings of the CNP do not have defined periodicity, but are limited to 1 meeting per month. However, changes in the market circumstances underlying the strategies which may result in a significant impact or the verification of exceptional circumstances justifying them may lead to the convening of extraordinary meetings; • The Coordinator will send to each Member, no later than two days before the date of each meeting, a call for the meeting to occur, specifying the date, time and place of the meeting. • Any changes to the dates of meetings established in accordance with paragraph 1 may be decided by the Coordinator, either on its own initiative or at the request of one or more permanent members.

2.8 | Company Secretary

2.8.1 Competencies of the Company Secretary

• In addition to other functions assigned by the Bank, the Company Secretary performs the functions provided by law:
• Organize meetings of the corporate bodies;
• Draw up the minutes and sign them jointly with the members of the respective corporate bodies and the Chairman of the Board of the General Meeting, when applicable;
• Keep, store and keep in order the books and records of minutes, attendance lists, the register of shares, as well as the dossier relating thereto;
• Proceed with the dispatch of the legal notice to the meetings of all the Governing Bodies;
• Certify the signatures of the members of the corporate bodies betting on the Company's documents;
• Make sure that all copies or transcriptions extracted from the Company's books or archived documents are true and complete;
• Satisfy, within its competence, the requests made by the shareholders in the exercise of the right to information and to provide the requested information to the members of the corporate bodies that exercise supervisory functions on the deliberations of the Board of Directors or the Executive Committee;
• Certify the updated copies of the articles of association, the resolutions of the members and of the Administration and of the entries in force in the social books, as well as to ensure that they are delivered or sent to the holders of shares that have requested them and that have paid the respective cost;
• Authenticate with their initials all documentation submitted to the general meeting and referred to in the respective minutes;
• Promote the registration of social acts subject to it.

2.9 | Assistants of the Board of Directors

They are supporting members of the Board of Directors.

2.10 |Share Capital

The share capital is 14,642,775,000.00 (fourteen billion, six hundred and forty-two million, seven hundred and seventy-five kwanzas), equivalent to USD 150,000,000.00 (One Hundred and Fifty million North American dollars), fully subscribed and paid in cash, divided into 2,000,000 (two million) shares with a par value of kz: 7,321.00 (seven thousand three hundred and twenty-one kwanzas) equivalent to USD 75.00 (Seventy-five dollars North Americans) each.

2.10.1 | Representation of Capital

1. The shares are registered and represented by securities of 100, 500, 1000, 10,000 and multiples of 10,000 shares.

2. Shares may, under the conditions permitted by law, be converted into a purely ecritural form,
3. Non-voting preferred shares may be issued, which may be redeemable at the nominal value, with or without a premium, if the General Meeting so decides, and in this case, determine the method of calculating the eventual premium. remission.
4. In the event of non-compliance with the redemption obligation, the company is obliged to indemnify the holder, in an amount already determined in the issuance resolution.
5. Securities representing shares are signed by directors.

2 | RELEVANT POLICIES

2.1 | Code of Ethics and Comduct

Banco BNI has a Code of Ethics and Conduct that sets forth the principles of conduct of the employees. Their revision is carried out annually, in accordance with the following topics:
• Framework and Aims;
• Scope of Application;
• Implementation, Reinforcement and Disciplinary Actions;
• Guiding Principles of Ethics and Conduct of the BNI;
• Relationship with the community, competition, regulatory entities and authorities;
• Duties and Responsibilities of the Employees;
• Reporting the violations of the Bank's Code of Conduct.

2.1.1 | Responsibilities and Duties

In addition to the BNI Guiding Principles of Ethics and Conduct, it is important to highlight the BNI's perspective on the following responsibilities and duties:
The Bank has an obligation to promote a good work environment, which supports the values and ethical behaviour of professionals.
Employees are required to perform their duties and responsibilities at the Bank, assuming a coherent behaviour towards Integrity, Transparency, Loyalty and Impartiality.

Global Responsibility

BANCO BNI intends to play a relevant role in the financial world.
This responsibility includes:
a) commitment to democracy, tolerance and equality of opportunities;
b) compliance with the laws and regulations in effect, in the sector related to the banking activity or that relates to it.

2.1.2 | BNI's Relationship with Third Parties

BNI undertakes to ensure a treatment based on dignity and respect for Individuals and Institutions in their interaction with Collective or Private Entities that relate to the Bank.
BNI will always seek to understand and listen to others, attentive to their concerns and doubts, in order to guarantee the best treatment and relationship with Third Parties.

2.1.2 | Relationship with Clients and Market

BNI knows how important it is to preserve the treatment and relationship with the various Stakeholders through cooperation and mutual support.
Thus:
• Relates to its Clients and Competitors by promoting understanding and cooperation;
• Provides quality services to its Clients, providing a close relationship and constant support;
• Safeguards the benefits of its Stakeholders;
• Respects local authorities;
• Supports the activities of the Community, as well as enhances the opportunities for market growth.

2.2 | Policy on Conflicts of Interest

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

1. According to the Policy, Conflicts of Interests are the circumstances in which, amongst other things, and according to the case, the Bank, a member of a Corporate Body or an Employee:
a) Is about to obtain a financial profit/gain, or avoid a financial loss at the Bank's or Customer's expense;
b) Has an interest in the result of a service provided to the Bank or the Customer or of a transaction carried out in the Bank's or Customer's name, which is different to the interest that the Bank or the Customer has in that result;
c) Has a financial or other incentive in favouring the interest of a Customer or of a group of Customers, above the interests of another Customer;
d) Conducts the same business as the Customer;
e) Receives or shall receive from a person that isn't the Customer an incentive in relation to a service provided to the Customer, in the form of securities, goods or services, that isn't the standard commission or fee for that service.

2.3 | Policy on Transactions with Related Parties

The principles, procedures and rules set forth, the guarantee of transparency and equality in the relationship with them relative to the conditions practiced in the operations with the institution's other customers, in order to ensure that the shareholders, investors and other interested parties are treated in accordance with the corporate governance best practices, are an integral part of the Policy on Transactions with Related Parties.
Taking into account significant and substantial amounts of the transactions, material aspects are considered regarding the subject, the formalisation of the transactions between related parties, whilst considering the market conditions and conformity, and ensuring equality with regard to practiced prices and services.

2.4 | Policy on the Transparency and Disclosure of Information;

In conformity with Art. 21 of Notice 1/2013, the institution has adhered to the transparency in the disclosure of their capital structure, of the composition of the Corporate Bodies and interests held in other companies, since this information is noted in the Report and Accounts produced every year.
The disclosure of the composition of the members of the Governing body and of the Executive Committee, the Bank's Financial Statements, are assumed disclosed on the BNI's institutional site annually, completely, currently and reliably as set forth in Art. 22 of the same Notice.

2.5 | Remuneration Policy of the corporate bodies

The remuneration of the Corporate Bodies is defined by the Remuneration Committee of the Corporate Bodies, which is responsible for:
a) Determining the various components of the remuneration, if fixed or fixed and variable, according to the Corporate Bodies to whom it is allocated, and possible benefits or complements, especially the pension complements due to old age or disability;
b) Defining the respective Remuneration policy and setting the remuneration of the members of the BNI's Corporate Bodies in accordance with the defined policy;
c) Monitoring the change in the Bank's situation for the purposes of weighting and determination of the variable remuneration of the members of the Board of Directors;
d) Proceeding to the assessment of the members of the BNI's Executive Committee, with a view to the determination of the respective annual variable remuneration;
e) Monitoring the contractual vicissitudes of the terms of the members of the Corporate Bodies reflected in their remuneration, namely in the event of their suspension or termination;
f) Evaluating the consequences, within the scope of the remuneration policy, of the possible receipt, by the members of the Board of Directors, of possible remuneration by virtue of the exercise of positions in controlled companies or subsidiaries;
g) Making the shareholders aware, in the annual general accounting meetings, of the criteria, parameters and methods of calculation of the remuneration policy of the members of the Corporate Bodies and of the assessment of the performance of the executive members of the Board of Directors.

Historical Milestones

2006	• Creation of Banco de Negócios Internacional, S.A.
2007	• Opening of first Business Centre; • Creation of the Expresso 24 Network brand, targeting the retail segment; • The Bank entered into a partnership agreement with Fortis Bank for the development of new financial products; • Line of credit with Deutsche Bank (USD 500,000,000), to finance infrastructure projects; • Line of credit with Fortis Bank (USD 50,000,000); • Signing of agreement with the BDA to market its services and products through our branch network; • Banco de Negócios Internacional signed an exclusivity agreement for Angola with MasterCard, under which the Bank conducted the issuance and acquiring of MasterCard credit cards.
2008	• Banco de Negócios Internacional is approved as Member of Visa and acquiring POS; • The Bank issues the first kwanza-denominated Visa Electron debit card in the country; • Agreement signed between BNI and GA Seguros – cross-selling partnership for selling insurance; • Approval of the Bank's capital increase (USD 20 million); • Opening of branches in the following provinces: Benguela, Huila, Cunene, Zaire.
2009	• Issue of the prepaid Visa Kwanza debit card, the first prepaid card in domestic currency in the country; • Opening of branches in the following provinces: Cabinda, Kwanza Sul.
2010	• New share capital increase (USD 20 million); • Issue of subordinated bonds (USD 50 million); • Continuation of the branch network expansion.
2011	• Participation in the banking syndicate to finance the acquisition of new Taag aircraft; • License to operate in Portugal; • Attained the milestone of 50 branches; • Addition to the "Bankita" program and fostering home ownership.
2012	• Rebranding: the Bank adopts a new image, a new identity and a new logo; • Inauguration of the Bank's new head office building; • Creation of an agreement with Hertz, covering all the Visa and MasterCard gold cards, offering discounts and advantages to customers in car hire around the world; • Creation of a MasterCard co-branded debit card, TAAG-BNI, the first co-branded card in Angola; • Signing of a partnership with the Angolan government under the program entitled Angola Investe, whose purpose is to finance micro, small and medium-sized enterprises in priority sectors of the national economy.
2013	AWARDS: • The Bizz 2013 – World Business Leader given by the World Confederation of Business (Houston, Texas); • The Bizz 2013 – Inspirational Company awarded by the World Confederation of Business (Houston, Texas); • The Majestic Five Continents Award for Quality/Excellence given by the Chairman of the Association Other-ways Management / Consulting (Geneva); • Total quality aptitude seal for the high quality performance/best customer satisfaction (Geneva); • Best Enterprise – Socrates Committee – in the field of Bank Services (Oxford, UK). OTHER HIGHLIGHTS • Development and launching of the 4th phase of the "DESAFIO CRESCER" (Growth Challenge) project, in partnership with human resources, to create and promote internal communication at BNI; • Launch of Angola Invest project; • Production of the new graphic image of the Multicaixa and Visa Electron debit cards, as well as of the Visa GOLD and MasterCard GOLD credit cards; • As part of the social solidarity initiatives, the gift of 50 Magalhães computers to the David Bernardino Paediatrics Hospital and 15 to Lar Kuzola, as well as a cash donation for advertisement in the Livro de Honra da Fundação Lwini at the Foundation's Gala • Participation in the BNA Savings Forum; • Presence at the ceremony for the awarding of the SIRIUS Prizes, with finalists in the category Angola's Best Bank and the Best Report and Accounts 2012; • Banco BNI was ranked second in the top three banks in customer service according to a KPMG survey;
2014	• Share capital increase to USD 150 million; • Leadership in the TAAG banking syndicate, comprised of various Angolan banks, in structuring the purchase transaction for a latest-generation Boeing aircraft, the 777-300ER; • Announcement of the public opening, in Lisbon, Portugal, of BNI Europa, with share capital of €25 million, targeting the Private and Corporate sectors; • Activation, together with IFC (International Finance Corporation), of a USD 25 million line of credit to expand trade finance and support SMEs and corporate customers in projects contributing towards Angolan growth; • Supplement to financing agreement with COMMERZBANK, totalling €70 million; • Implementation of disaster recovery program; • Celebration of eighth anniversary; • Inauguration of 8 new branches, for a total network of 84 branches covering 14 of Angola's 18 provinces; • The milestone of 150,000 customers is surpassed; • Implementation of information security program; • Customer deposits total USD 1.51 billion, for a market share of 2.71%. OTHER HIGHLIGHTS • Launching of several products, including: MULTIBÓNUS BNI, BNI CLICK, DO BNI SUPERFLASH and DP BNI JUNIOR; • Launch of new BNI furniture line for Retail and Prime, first unveiled in the GIKA space. • Launch of the new BNI Click internet banking service, allowing BNI Customers to carry out payment transactions normally conducted via the Multicaixa system (taxes, insurance, purchase of refills, account balance, 2nd payment receipt, etc.).

2015

• BNI Europe was awarded the "MOST INNOVATIVE BANK IN PORTUGAL - 2016" Prize, awarded by the publication "International Finance Magazine"
• Supplement of credit line with COMMERZBANK;
• BNI underwrites a EUR 500 million credit facility with BNI Europe;
• It increased the loans granted in national currency, within a context of strong regulatory requirements, in which it focused on the supplementation of the own funds and improved the solvency ratio.

2016

• BNI financed the start-up of a consortium of 3 housing projects for the middle class, called Pérola Imperial (Imperial Pearl). Located in Luanda, in Morro Bento, and built over an area of 220,000 m2, it covers a building area of 90,000 m2 and includes, in addition to the private housing condominium, leisure spaces, an apart-hotel and commerce;
• Banco BNI continued to support the underprivileged children of Clube Lixeira do Sambizanga, with subsidies for schools, shows, charity football games and meal distribution;
• Participation in the international financing of two TAAG Boeing 777-300 ER aircraft (named Iona and Morro de Mouco, respectively). 10th Anniversary celebration with a party on 26 November.
• Internally, BNI's Medical Centre provided care to our employees and dependents, through 5,020 acts of medical care. Several hundreds of our employees have been involved since 2013;
• Launched products and an innovative service, which will change the way mobile payments are made in Angola: BNIX.

2017

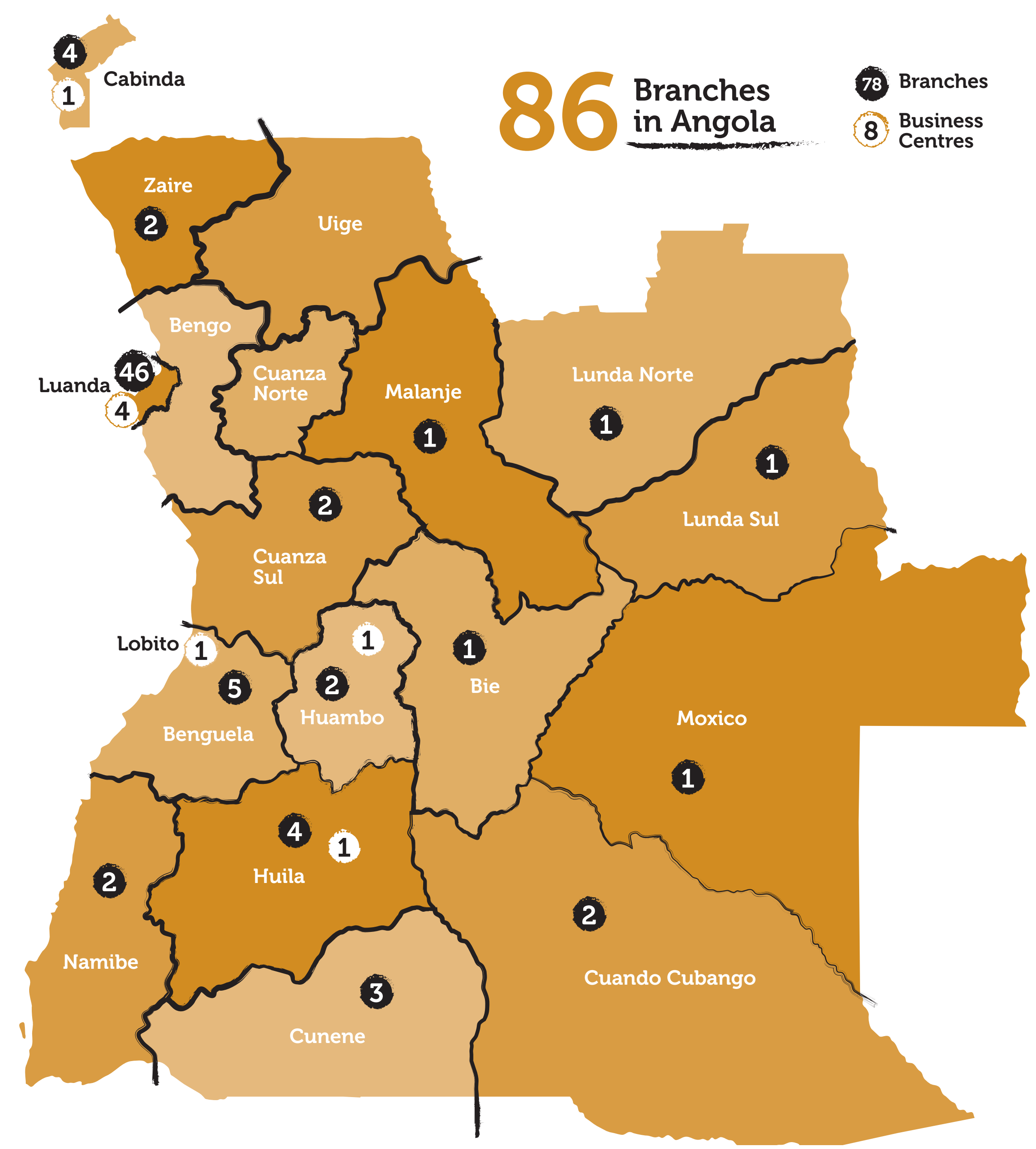
• Banco BNI led financing in national currency, as one of the major projects to stimulate Angolan production, contributing to the resulting sectoral promotion and diversification within the Angolan economy;
• Banco BNI and Liga Angolana Contra o Cancro signed a protocol of partnership, in the framework of the Outubro Rosa, which aims to combat breast and prostate cancer. BNI and LACC (Liga Angolana Contra o Cancro - Angolan League Against Cancer) developed a campaign that involved several moments aimed at raising social awareness, building support and raising funds for the respective cause.
• In the last quarter of 2017, the Banco BNI Governance model changed, by resolution of the General Meeting of Shareholders, with the appointment of Sandro da Cunha Pereira Africano as Chairman of the Executive Committee (PCE), and a new Executive Committee. In turn, the Chairman, Mário Abílio Palhares no longer combines the functions of Chairman of the Board of Directors (PCA) and Executive Committee (PCE), assuming the sole function of PCA.

Geographical Presence and Network of Branches

BancoBNI
Passion for the future

BNI'S STRATEGY IS CENTRED ON BEING CLOSE TO ITS CUSTOMERS, ADHERING TO A POLICY OF SUSTAINED GROWTH.

At the end of 2017, the Bank had a total of 86 branches. In Luanda, the Bank operated 4 business centres, 46 branches and service outlets compared to 4 business centres and 32 branches and service outlets in the country's other



EVENTS & RELEVANT FACTS

Events & Relevant Facts

SAVINGS FAIR

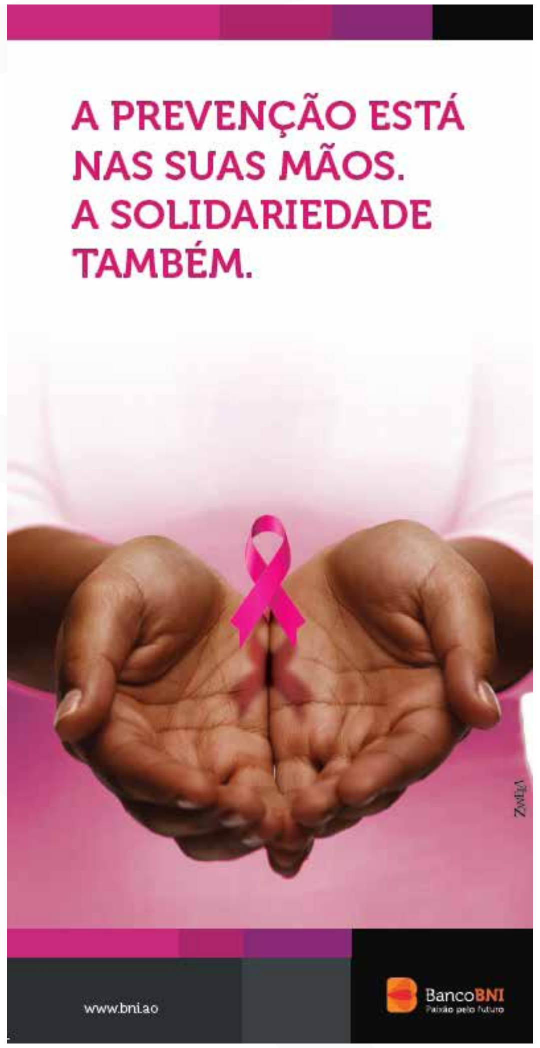
As part of the celebrations of World Savings Day, 31 October, BNA held the Savings Fair, which aimed to inform the public about the need for responsible consumption and the adoption of savings culture.
The Savings Fair was held from 30 October to 5 November at the Viana Youth House in Luanda. Banco BNI had a presence at these fairs, not only in Luanda, but also in the provinces of Cabinda, Huambo, Benguela, Malange and Huíla, during the same dates. Banco BNI garnered recognition for its customer service and exhibitors alike.

EMPLOYMENT FAIR

BNI attended the 6th edition of the Employment Fair of the Higher Institute of Social Sciences and International Relations (CIS), whose objective was to inform students of job offers in the Angolan market, as well as to promote services provided by public and private companies in the academic community;

FILDA 2017

Banco BNI had a presence at the Luanda International Fair 2017, contributing directly to the evolution and development of Angola's business and socio-economic fabric.



OUTUBRO ROSA (PINK OCTOBER)

Banco BNI held a Solidarity Cocktail on 4 October to raise social awareness for the campaign for the screening and diagnosis of breast cancer, to collect support and to raise funds for this cause, as part of its Social Solidarity project to support LACC, called "Outubro Rosa" (Pink October).

SIBOS, TORONTO-CANADÁ

Sibos 2017 explored current challenges such as cybersecurity, opportunities for payment modernization and innovative FinTechs that are extending the reach of financial services.
As an innovative financial institution and attentive to what happens in the different markets, Banco BNI was compelled to attend an event of such renown and importance;

BNI'S 11TH ANNIVERSARY

Banco BNI wrote another page in its history with the celebration of its 11th Anniversary. To commemorate the date, 13 November 2017, a brief celebration was conducted with all employees in the province of Huíla, Lubango Municipality, essentially aimed at ensuring outreach to employees assigned to the South Region.

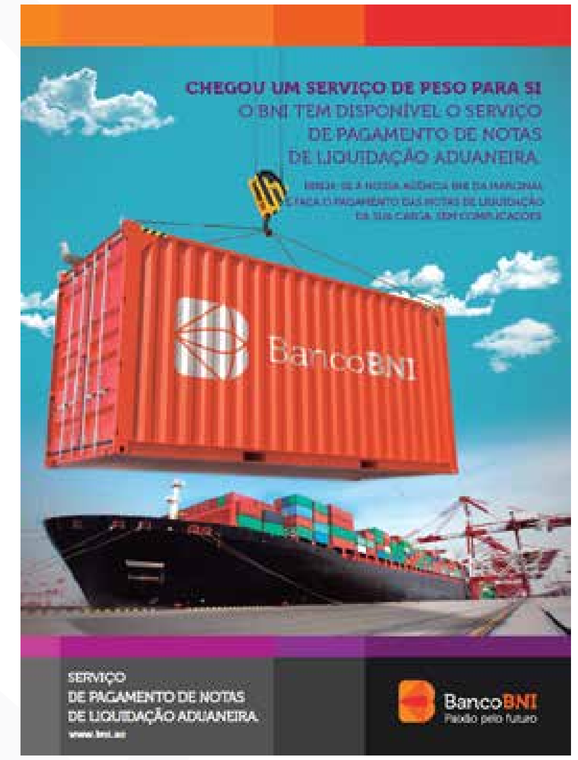
Campaigns

FINANCIAL EDUCATION CAMPAIGN

In 2017, Banco BNI initiated the Financial Education Campaign in Luena, capital of the Province of Moxico, contributing to the increase of levels of financial literacy among the population. This initiative included the introduction of financial training programs in schools.

CUSTOMS CLEARANCE NOTES

The campaign was intended to promote the new payment service for customs clearance notes.



ROAD TAX

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

BNI 11 YEARS

Campaign to celebrate 11 years of banking activity in Angola. 11 years of growth, modernization, investment, innovation and passion for Angola.

Sponsorships

During 2017 the BNI sponsored the following events:

INTERNATIONAL EMBASSIES FAIR

The BNI sponsored the 1st edition of the International Embassies Fair (FIE), which took place on the 24th and 27th of May 2017 at the Armed Forces Museum, former Fortress of São Miguel, in commemoration of the 54th anniversary of the Organisation of African Unity (OUA), now the AU or African Union.

OCPCA - ACCOUNTING AND AUDIT PROFESSORS FORUM IN ANGOLA

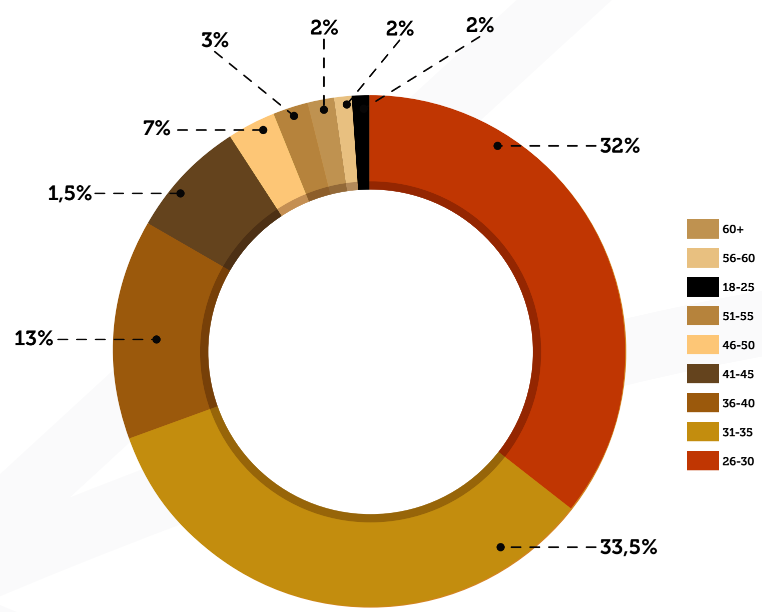
BNI has made funds available for the first National and International Forum on Accounting Normalization and International Standards in Angola.

HUMAN RESOURCES

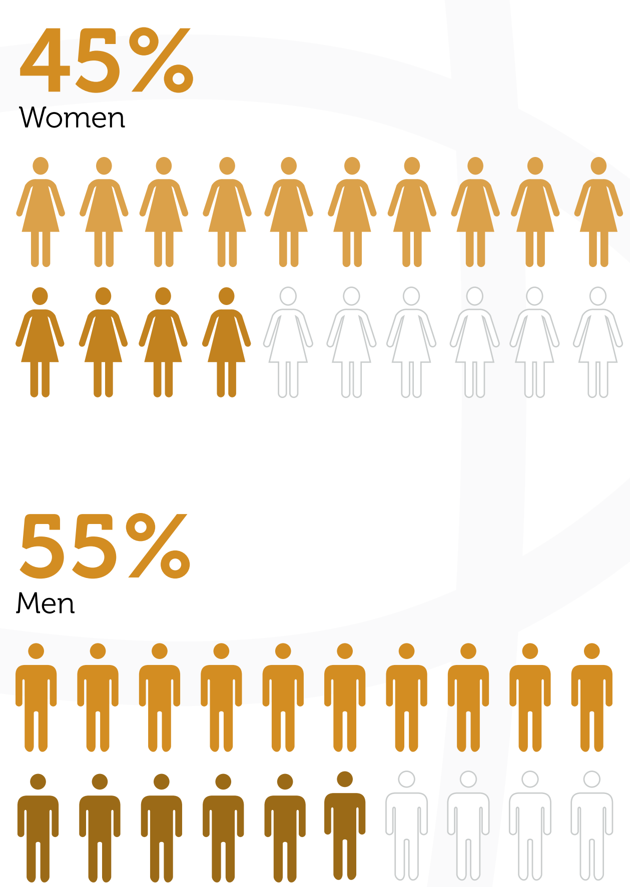
Human Resources

The BNI ended 2017 with 720 permanent employees, 4 less than in the same period of 2016.

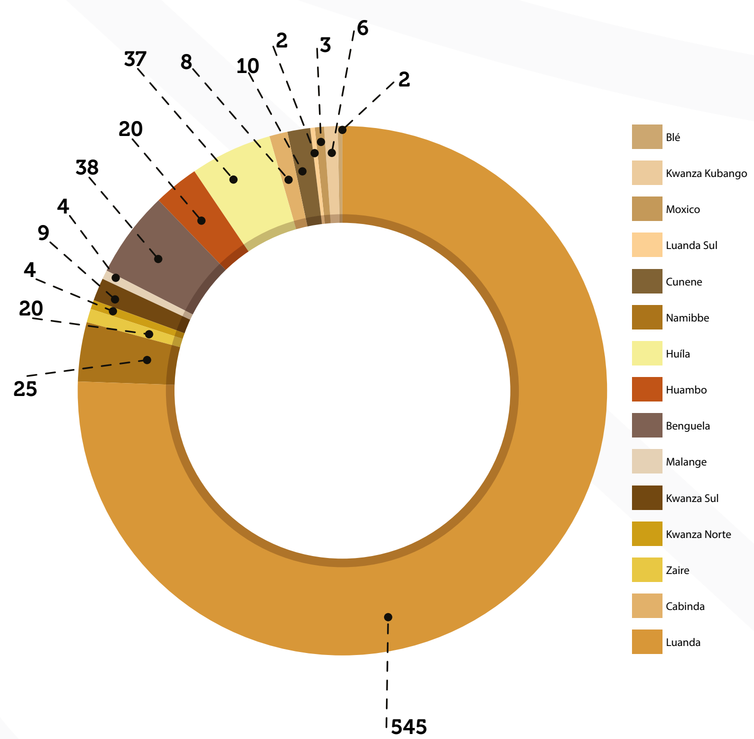
PERCENTAGE OF EMPLOYEES PER AGE



PERCENTAGE OF EMPLOYEES BY GENDER



NUMBER OF EMPLOYEES PER PROVINCE



PERCENTAGE OF EMPLOYEES BY ACADEMIC LEVEL

BASIC	HIGH SCHOOL PRE-UNIVERSITY	ATTENDED UNIVERSITY	LICENSE DEGREE	POST-GRADUATION	MASTER DEGREE OR THERS	TOTAL
5	70	378	242	14	11	720
1%	10%	53%	34%	1,9%	1,5%	100%

NUMBER OF EMPLOYEES BY SENIORITY

YEARS	WOMEN	MEN	TOTAL
less than 1	13	31	44
1	39	37	76
2	31	23	54
3	37	35	72
4	64	86	150
5	25	54	79
6	38	43	81
7	22	24	46
8	33	30	63
9	20	13	33
10	3	14	17
11	1	4	5
TOTAL	326	394	720

BREAKDOWN OF ACTIVE EMPLOYEES PER CATEGORY (%)

CATEGORY	No. OF EMPLOYEES	%
Board (President, Vice-Presidents, CA Administration and Advisors)	13	2%
Management (Directors, Subdirectors, Managers, Submanagers	94	13%
Mid-level Managers (Heads of Department, Treasurers, Coordinators)	109	15%
Technicians (Technicians, Inspectors and Managers)	218	30%
Operational Administration Staff	286	40%
	720	100%

TRAINING AND QUALIFICATION OF STAFF

During the course of 2017, 67 training courses were carried out covering 700 employees from all the Bank's Directorates, totalling 64,694 hours of training and a total cost of KZ 30,399,810, corresponding to only 76,46% of the annual budget approved by the Board for 2017 (since less costly partnerships were achieved over the year).

Costs include two trainings not yet completed, Advanced Business Simulation Training, will be given by ABANC and Executive Secretariat by NOX.

All the training actions carried out were evaluated by the participants through the completion of a Assessment Sheet. From the results of the evaluations for the year 2017, we highlight the following positive evaluations by the participants:

- Contents taught;
- Trainer: mastery and clarity in the presentation of contents / methodologies;
- Organization, management of training and support material;

The responses illustrate an approximate average satisfaction rate of 90%, and recommend that in future training actions a better coffee break service could be offered.

No.	DESIGNATION	TYPE OF TRAINING
1	Payment of Customs Fees AGT System	Internal
2	BNIX Use Training	Internal
3	Induction Program	Internal
4	BCFT_ Benguela	Internal
5	BCFT_ Cabinda	Internal
6	Investment Credit	External
7	CRM	Internal
8	Clarification Session	Internal
9	Clarification Session	Internal
10	Sales Training_BNIX	Internal
11	SHST International Forum	External
12	SHST International Forum	External
13	Risk Strategic Management	External
14	Risk of Interest Rate	External
15	HRD	External
16	Commercial Directorates Dynamics_Managers G1	External
17	BCFT Training_Capital Market	External
18	BCFT_ Huambo	Internal
19	Service Portal	External
20	BCFT_ Lubango	Internal
21	Banking Compliance Function	External
22	Banking Compliance Function	External
23	Risk of Foreign Exchange Rate	External
24	Market Risk	External
25	Liquidity Risk	External
26	Customs Collection	Internal
27	BCFT Training_Network	Internal
28	Accounting and taxation	Internal
29	The organization of the Risk Function in a Bank	External
30	Commercial Directorates Dynamics_Managers G2	External
31	Credit Risk	External
32	CRM	Internal
33	Clarification Session_HR_Directorates	Internal
34	Training About the Service Management Portal-HR	Internal
35	Tax Payment via Taxpayer's Portal	External
36	Mcx Settlement	External
37	ATM Settlement	External

No.	DESIGNATION	TYPE OF TRAINING
38	Procedures Purchasing Settlement	External
39	Operational and Reputational Risk	External
40	Compliance Risk	External
41	Bancassurance services	Internal
42	Money Laundering and Financing of Terrorism	Internal
43	Induction Program	Internal
44	Conference Tax Inspections and Means of Defense of Taxpayers	External
45	STC / SCC	External
46	Conference: Banking regulation and supervision: Experience and Challenges	External
47	Management of Capital Adequacy in Banking	External
48	Seminar on Licensing and Products and Services	External
49	Application Exxis	Internal
50	Seminar on Licensing and Products and Services	External
51	Seminar on Licensing and Products and Services	External
52	Seminar on Licensing and Products and Services	External
53	Seminar on Licensing and Products and Services	External
54	Training for BCFT_ Operational Directions and Support	Internal
55	Training for BCFT_ Operational Directions and Support	Internal
56	Lecture on Accidents at Work and Prevention of Occupational Risks	External
57	New Features SMS version	Internal
58	New Capital Market Investment Options	External
59	Lecture on Positioning the Human Resources Department in the Organizational Structure	External
60	Management of Commercial Directorates_ Directors	External
61	Risk Training	Internal
62	Methodologies for measurement of impairment and impacts in the adoption of IFRS 9	External
63	Call Centre;	External / Internal
64	Management of Performance Evaluation, Management by Competencies	External
65	BNI NET - Initiating Network Membership	Internal
66	Advanced Business Simulation Training_ Module 2	External
67	Executive Secretariat	External

BNI Growth Project

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

The aims of the BNI Growth Project are:
1. Boosting knowledge about the organization;
2. Fostering the consolidation of the organizational culture;
3. Reinforcing the visibility of leadership;
4. Elevating the levels of competency in leadership's communication;
5. Creating consistency in the Internal Communication so that changes can be made.

The 10 CHALLENGES put forward by this project:
1. BNI is identical throughout the Angolan territory
2. In the BNI each makes the difference
3. The information is precious and should be shared
4. Everyone can be part of the history of BNI
5. BNI valorize the merit
6. We want to form more to be better
7. Foster trust in our bank
8. We want to recruit the most competent
9. We want that everyone feels pride to work in BNI
10. We want to be the best bank on Angola

BNI GROWTH NEWSLETTER

In 2017, we had an issue of the Newsletter (nº 16 / March and April 2017), where the following topics were addressed:

1. Performance evaluation;
2. Schedule of the Sports Commission 2017;
3. BNIX Training;
4. Knowing the Banking - Financial Literacy (Bank Guarantee) ;
5. Knowing BNI (Code of Ethics and Conduct);
6. How to collaborate in the elaboration of this Newsletter?

The BNI is the Best

"The BNI is the Best" is a programme of sporting activities, seeking the enhancement of cheerleading, the promotion of well-being and a healthy approach to living for BNI employees.
Various sporting activities were carried out in 2017, always geared towards the awakening of the team spirit, fraternisation and sporting practices.
- Families' March

2 events were carried out in 2017:
- 25 March in the Coqueiros Stadium in Luanda, with participation of Africanas;
- September 23 at Campo da Paz, Lubango City, with the participation of Zumba Instructors Irina Magalhães and Ângela Sá;

BNI 2017 FUTSAL TOURNAMENT

The aim of the tournament was interprovincial competition. In 2017 two tournaments were held and we had the following classification:

RANKING	TEAMS	GOALS SCORED	GOALS CONCEDED
1º Classified	Luanda	3	2
2nd Place	South region	2	3
3º Classified	Central Region	8	2
4th Place	North region	2	8

TOP SCORER – Adilson Lavrado **BEST GOALKEEPER –** Fábio Tambwé

BNI 2017 SWIMMING TOURNAMENT

On October 28, the 3rd edition of the BNI Swimming Tournament took place in the swimming pool of the Luanda Island Yacht Club, where they had 5 athletes playing for the first place.

At the end of the race, we obtained the following classification:

1ST PLACE – Evandro Baptista (Commercial Assistant / Trainee at the Commercial Department)
2ND PLACE – Milton Gonçalves (Technician of Operations and Systems at DTSI)
3RD PLACE – Isandro Figueiredo (Deputy Manager of the Commercial Department)

BNI 2017 VOLLEYBALL TOURNAMENT

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

1ST PLACE – Deiwr Santos / Telma Sebastião
2ND PLACE – Rui Quintas / Indira Carvalho
3RD PLACE – Ivo Pombal / Filomena Do Rosário

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BNI GROWTH

CHILDREN'S DAY

As part of the celebration of the Children's Day, the HRD and the Sports Commission organized a Mini Futsal Tournament " Caçulinhas BNI - Benguela" in the courtyard of the Colegio Benguela.
For the opening of the event, we had the skill show of the "caçulinhas" in the futsal match Metralhinhas x Traquinas.

The Traquinas team was the winner of the game and it consisted of:

TRAQUINAS

NAME	AGE	FATHER / MOTHER
Edson Abilio Chaluca	13 years	Maria Chaluca
Jetilson Caluassi Amaro	10 years	Francisco D. Amoro
Gelson Canjamba	9 years	Paulo Canjamba
Hamiel Canungue	10 years	Alexandre dos Santos
Dilsio Caputula	7 years	Antunes Bianco
Alexmar dos Santos	8 years	Platini Alexandre dos Santos
Wassi Jordão	7 years	Esperança Patricia Paulo

COACH Renato Freire

Being the event dedicated to children, the Metralhinhas also deserved medals for the commitment and moments provided to the audience.

METRALHINHAS

NAME	AGE	FATHER / MOTHER
Weya Chaluca	13 years	Maria Chaluca
Helio Cancelinha	11 years	Jose Mortagua
Fabião Evaristo	10 years	Marcolino Evaristo
Dario Alexandre	7 years	Nelson Tycuiya
João Marcelino	7 years	Claudia Perestrelo
Jetnelson Mandela Amaro	7 years	Francisco D. Amaro
Abeldane dos Santos	7 years	João Batalha

COACH José Mortágua

EMPLOYEE OF THE QUARTER

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

In 2017, only one employee was awarded the prize in the second quarter of the contest, information follows:

NAME: Edna Francisco
FUNCTION: Executive Secretary
MANAGEMENT/OFFICE: Chairman of Board of Directors

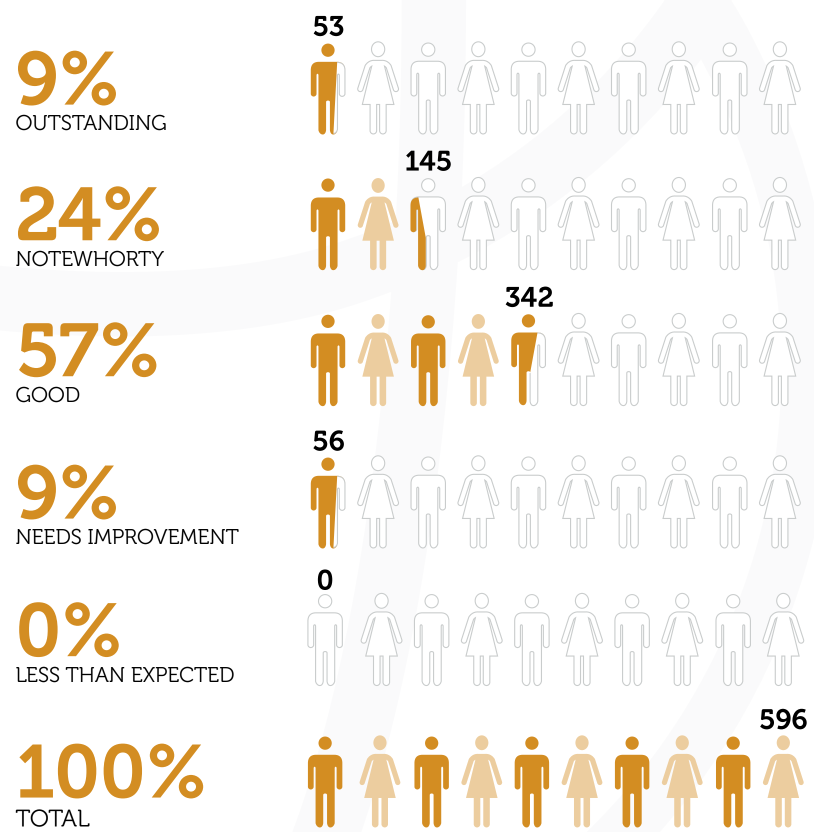
QUIZZ CONTESTS 2017

In 2017, 3 Quizz contests were done, of which we had no winners.

PERFORMANCE ASSESSMENT

The 2017 Performance Evaluation process started in January, when team leaders were asked to establish the individual objectives of their employees for 2017. During 2017, all phases of the Performance Management were completed, namely the monitoring of progress every six months and final evaluation.

The process of Semi-Annual Monitoring and Progress covered 81% of BNI employees.



CORPORATE UNIVERSITY

Distance Learning (DL) is a new teaching alternative that people have found to obtain their diploma, with flexible hours for instruction and study, in order to get a good job or to advance within the organization.

During 2017, UCB implemented the following in partnership with UGS:
• Class with equivalence to Bachelor's Degree in Banking Management (IMETRO), degree in OGE (UGS);
• Eight employees to attend, with equivalence in other institutions of higher education (IES), degree programmes in Law and in Organization and Business Administration.

UCB - EQUIVALENCE	INTERNAL	EXTERNAL	TOTAL
Total students			33
UGS Equivalence Projects	12	16	28
IMETRO EQUIVALENCE PROJECT	4	1	5

In partnership with FGF/IAD, 3 graduate projects via Distance Learning (DL) with 25 employees enrolled.

UCB - GRADUATE MBA PROJECT

Courses	7	Business Management, Financial Mnh., Project Mng., Team Mng., Comm. Networks Mng., Information Networks Mng.
Total/Hours	30 Hours/month	Workload is 360 hours, composed of distance classes and online submission of work.
Total/Students	25 divided into 3 groups	Postgraduate courses: Through a partnership with Faculdade Grande Fortaleza (Faculty of Grande Fortaleza) and IAD- Instituto Alto Desempenho (High Performance Institute), both in Brazil, and under a distance-learning methodology with remote monitoring and tracking, 25 employees enrolled in graduate courses in various areas of knowledge.

Other Projects

IMETRO / UGS
This is a special project with students/employees with a bachelor's degree in Banking Management from IMETRO, an institution with whom we have had an institutional partnership since 2014 and which, under this partnership, has been a source of privileged recruitment, through academic (curricular) and professional traineeships. This project allows them, within a period of 14 months, to obtain, by equivalence, an academic degree in Organization and Management of Companies by the University Gregório Semedo.

UCB / UGS
By institutional agreement with the Instituto Superior de Ciências Económicas Empresarias (Higher Institute of Business Economics) of the city of Praia in Cape Verde, we started 3 face-to-face degree courses at Headquarters 2. These courses, with a total of 30 students/trainees, had to be halted due to lack of commitment on the part of the partner (ISCEE). Thus, corresponding equivalences were negotiated with UGS and the group was enrolled in courses of this IES, such as: Business Administration and Banking Management.

FACULDADE DE GRANDE FORTALEZA AND INSTITUTO DE ALTO DESEMPENHO (BRAZIL)
Through the methodology of distance learning with remote monitoring and tracking, 25 employees were enrolled in graduate courses in several areas of knowledge, such as: Banking, Business Administration, Financial Management, Project Management, Team Management, Computer Network Management, Information Network Management.

CAREER DEVELOPMENT PLANS
The Career Development Plan works as a guide that contributes to the professional advancement and success of employees in the work environment.

During 2017, the Career Development Plans at BNI included 96 participants who are part of the BNI Talent Bank, made up of 213 employees, of which 98 were from 2015 and 115 from 2017. Three training actions were carried out, whose themes were:

- Leadership – 90 participants (BNIX, DCOM, DAI)
- Time Management – 90 participants (DCOM)
- Business English – 3 participants (DAI)

All these training actions culminated in a good level of achievement.

RECRUITMENT AND EMPLOYMENT
Attracting and maintaining talent is the great challenge of Personnel Management. The starting point of this challenge is to identify the right person for the right place in companies. As such, in 2017, the Recruitment and Employment Department was focused on this task and engaged in selecting the best professionals, or rather, those who would contribute positively to the achievement of institutional objectives.

Here is a summary of the Recruitment activities:

ACTIVITIES	TOTAL- ANNUAL 2017
Hiring/Induction	58
Interviews	400
Applied Tests	411
Medical exams	137
Professional Traineeship	35
Curricular Traineeship	8
Trainees to staff	12
Independent Contractors	8
Independent contractors to staff	12
Training and Induction Program	44
Internal recruitment	26

BUSINESS DEVELOPMENTS

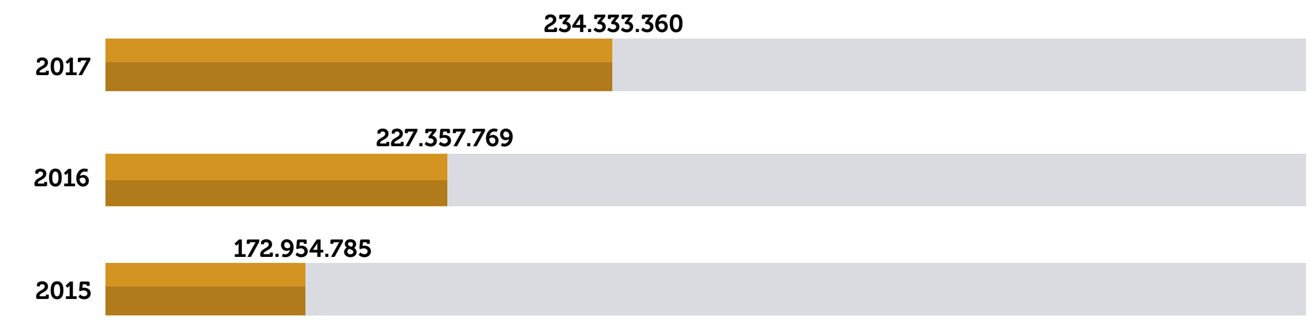
Brief notes on the main indicators:

NETWORK OF BRANCHES

BNI has a total of 86 branches at the service of its customers, of which 8 are business centres, 39 are branches and 39 are offices.

CUSTOMER DEPOSITS AND OTHER LOANS (AMOUNTS IN AOA'000)

The continuous increase in the raising of funds (+3%) shows the market's confidence in the Bank.



CUSTOMERS

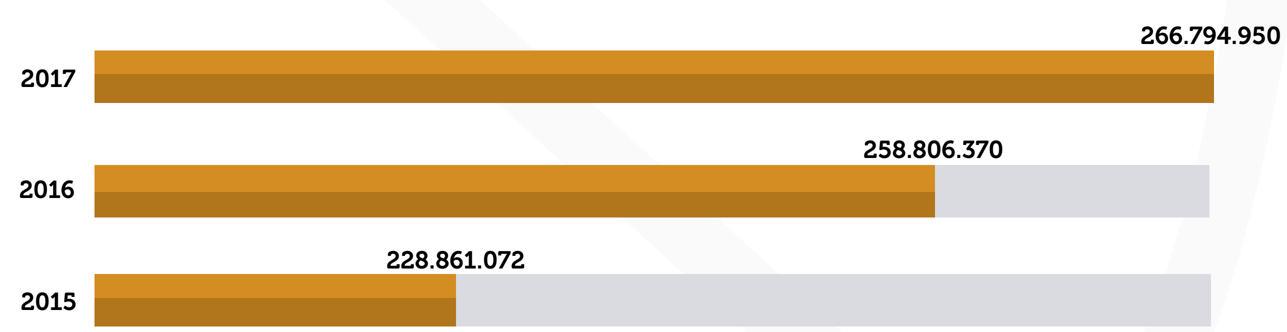
Continuous growth in the Bank's customer portfolio, totalling 213,376 in 2017.

EMPLOYEES

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

TOTAL ASSETS (AMOUNTS IN AOA'000)

The Bank's assets grew by 3% as compared to 2016, reflecting activity and new deposits.



REGULATORY OWN FUNDS (AMOUNTS IN AOA'000)

Decrease of 8% of ROF.

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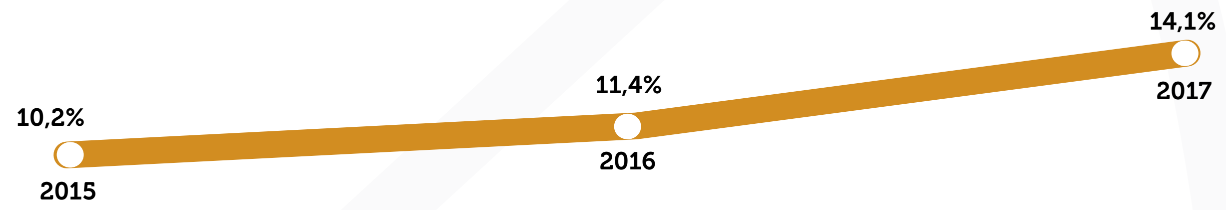
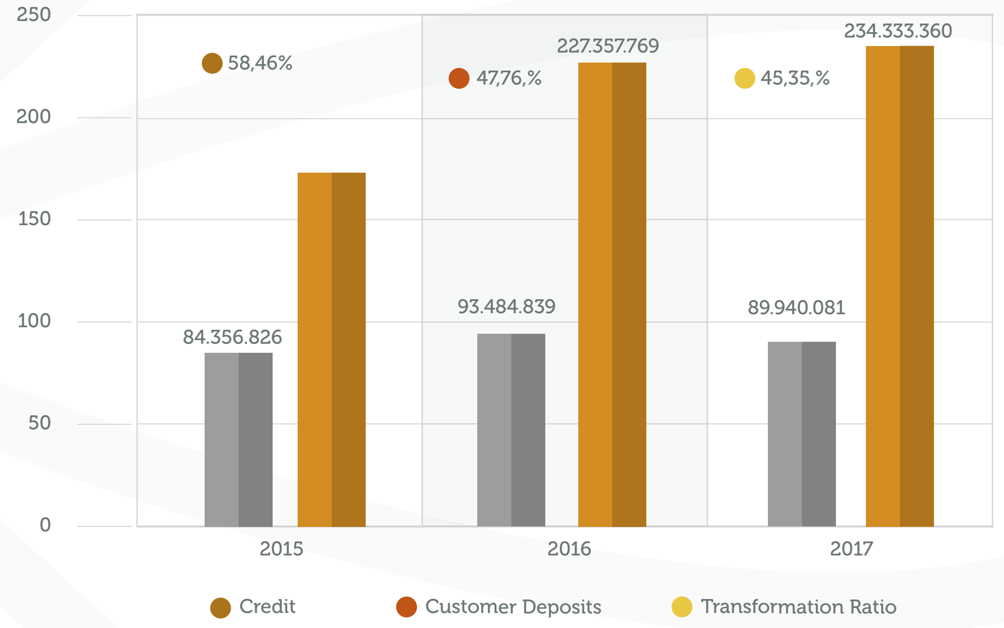
SOLVENCY RATIO

The Bank's financial stability, presenting a solvency ratio of 14%, is greater than the required minimum (10%).



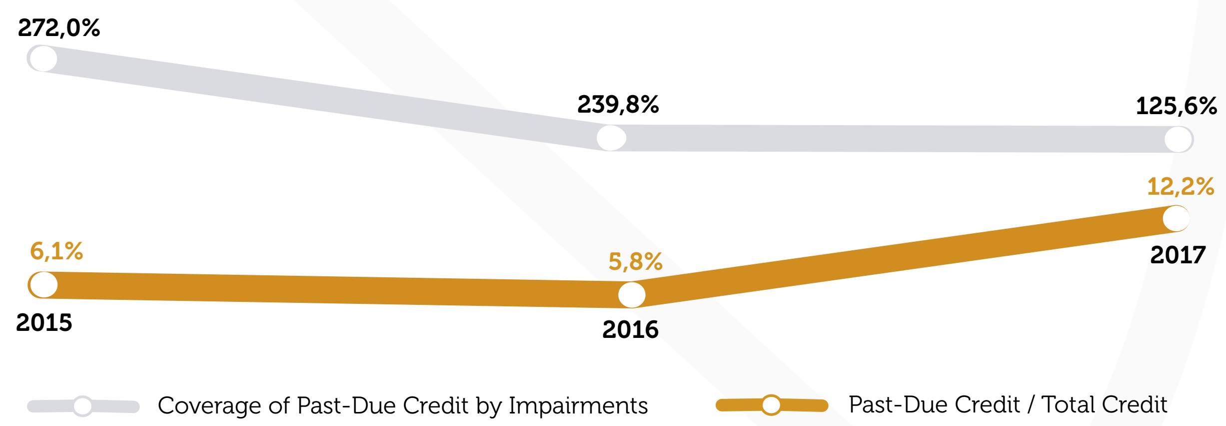
CUSTOMER ACTIVITY (AMOUNTS IN AOA'000)

Reduction of the Transformation Ratio, resulting from the increase in customer funds, and the reduction of credit.



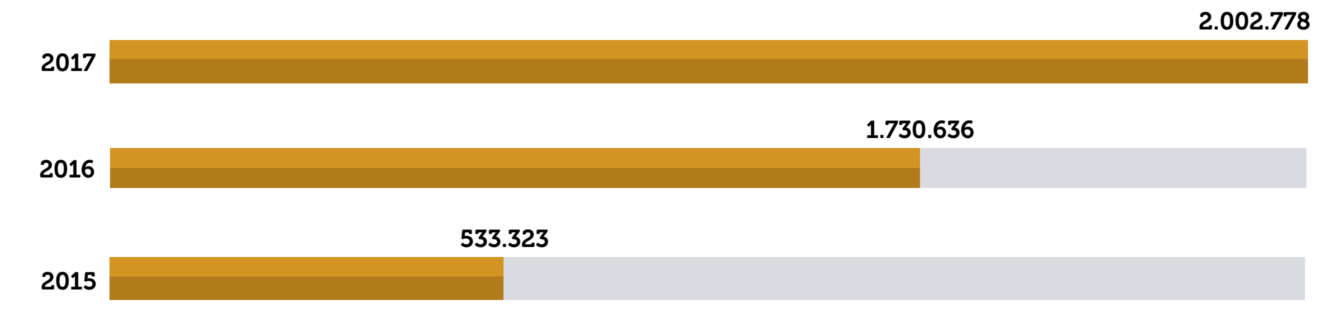
CREDIT QUALITY

Increase in the ratio of overdue credit and decrease in the ratio for coverage of overdue loans by impairments.



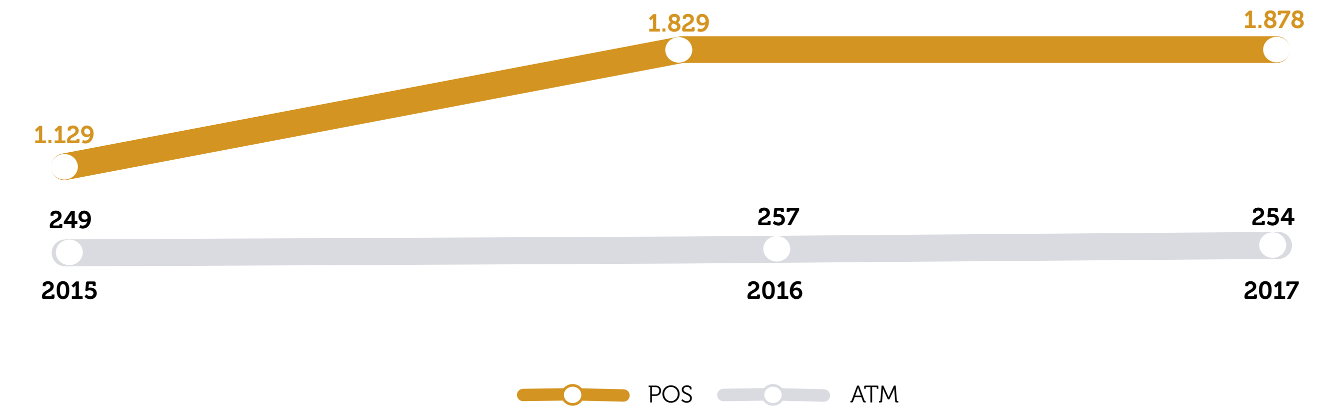
NET INCOME OF THE FINANCIAL YEAR (AMOUNTS IN AOA'000)

Increase in net income when compared to 2016 (16%).



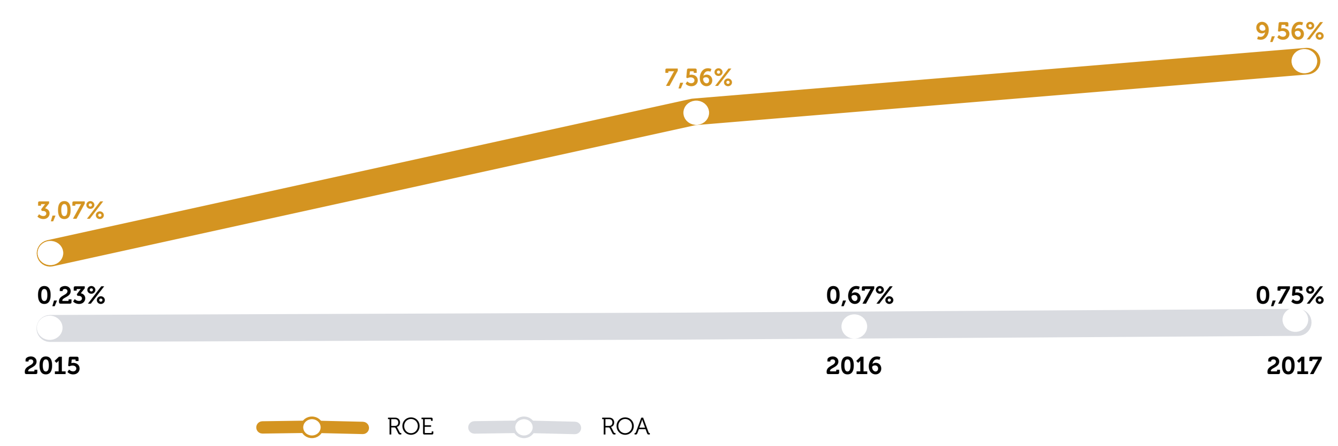
ATM'S AND APT'S

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



ROE AND ROA

Improvement in the returns on assets and in the income.



Business Units

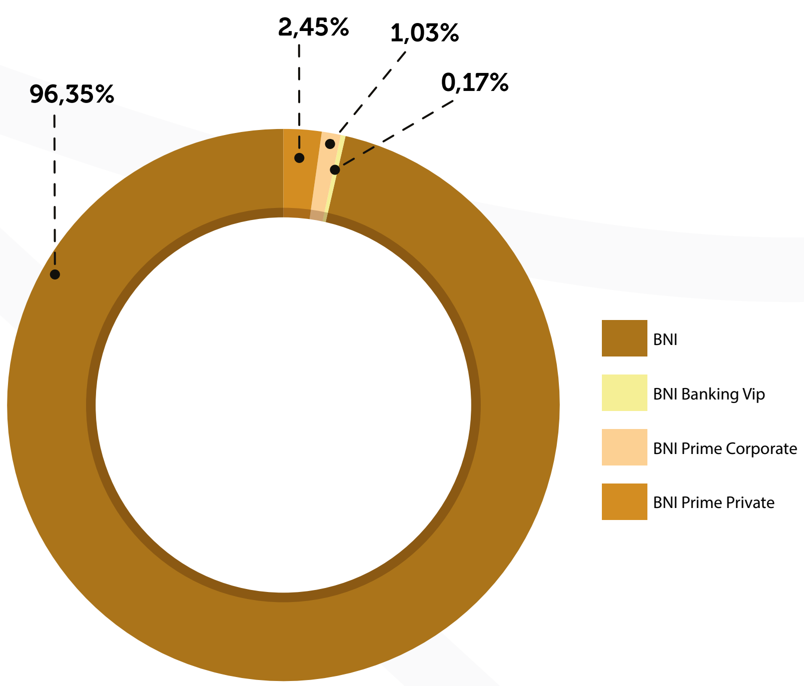
BNI PRIME CORPORATE: dedicated to the high-revenue companies segment. At the end of 2017, this unit had a total of 2,202 Customers (1.03% of the Bank's total), AOA 83,316,417,000 in customer deposits (35.80% of the Bank's total) and AOA 66,736,144,000 in granted loans (70.57% of the Bank's total);

BNI BANKING VIP: dedicated to a specific core of high-revenue companies. At the end of 2017, this unit had a total of 356 Customers (0.17% of the Bank's total), AOA 70,586,969,000 in customer deposits (30.33% of the Bank's total) and AOA 13,677,359,000 in granted loans (14.46% of the Bank's total);

BNI PRIME PRIVATE: unit dedicated to the high-income individuals segment. At the end of 2017, this unit had a total of 5,234 Customers (2.45% of the Bank's total), AOA 41,654,723,000 in customer deposits (17.90% of the Bank's total), and AOA 3,788,760,000 in granted loans (4.01% of the Bank's total);

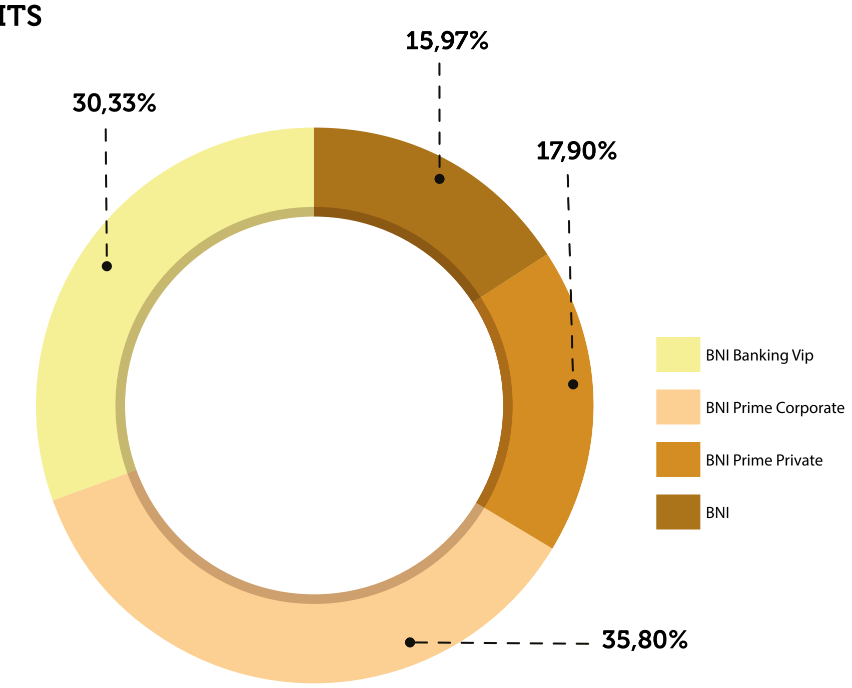
BNI RETAIL: area dedicated to the retail segment, with 205,584 customers (96.35% of the Bank's total), AOA 37,179,471,000 in customer deposits (15.97% of the Bank's total), and AOA 10,364,751,000 in granted loans (10.96% of the Bank's total).

CLIENTS



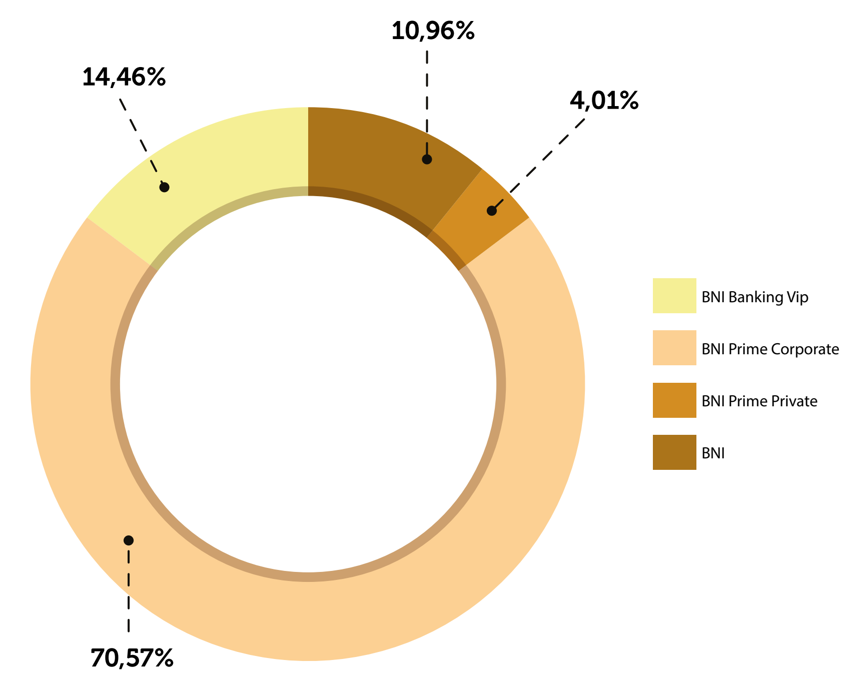
At the end of the year, the Bank had a total of 213,376 customers, an increase of 0.5% or 997 new customers as compared to 2016. The network of Branches within the national territory totalled 86 Branches, 6 fewer than in 2016 (net between the open and closed branches).

CUSTOMER DEPOSITS



In 2017, Customer Deposits were up 3%, totalling AOA 234,333,360,000. In 2017, BNI's market share was 3.84% for customer deposits and 3.17% for credit.

LOANS



The Loan Portfolio increased 4% to AOA 89,940,081,000.

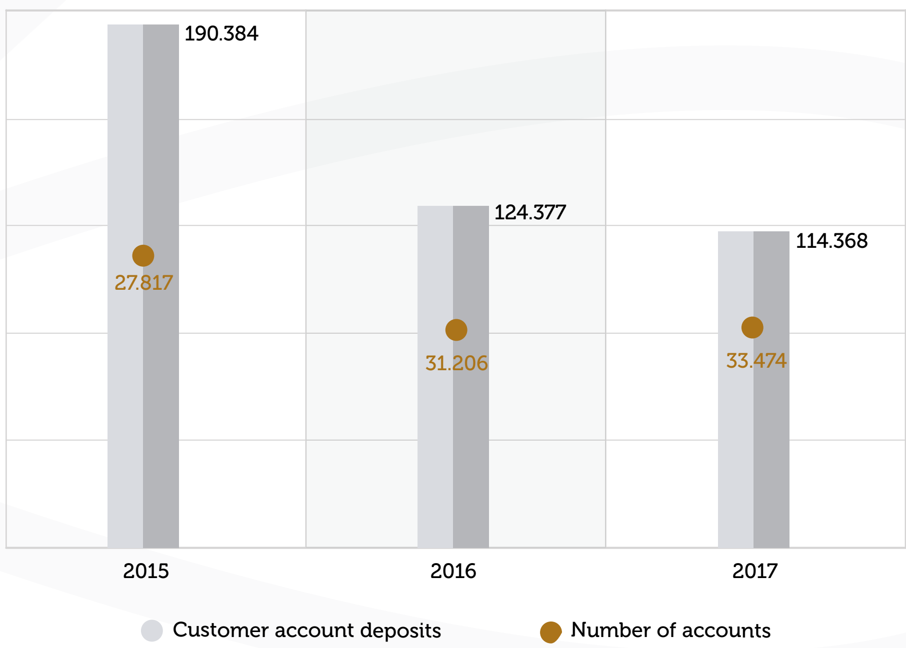
BANKITA ACCOUNT (AMOUNTS IN AOA'000)

The Bank ended 2017 with a total of 33,474 open Bankita accounts, 2,268 accounts more than in 2016, which represents growth of 7%.

Bankita customer deposits were down 8% in 2017, or AOA 10,009,000, totalling AOA 114,368,000 at the end of the year.

Demand and term deposits account for 99.0% and 1.0% of all Bankita customer account deposits, respectively.

BANKITA DEPOSITS

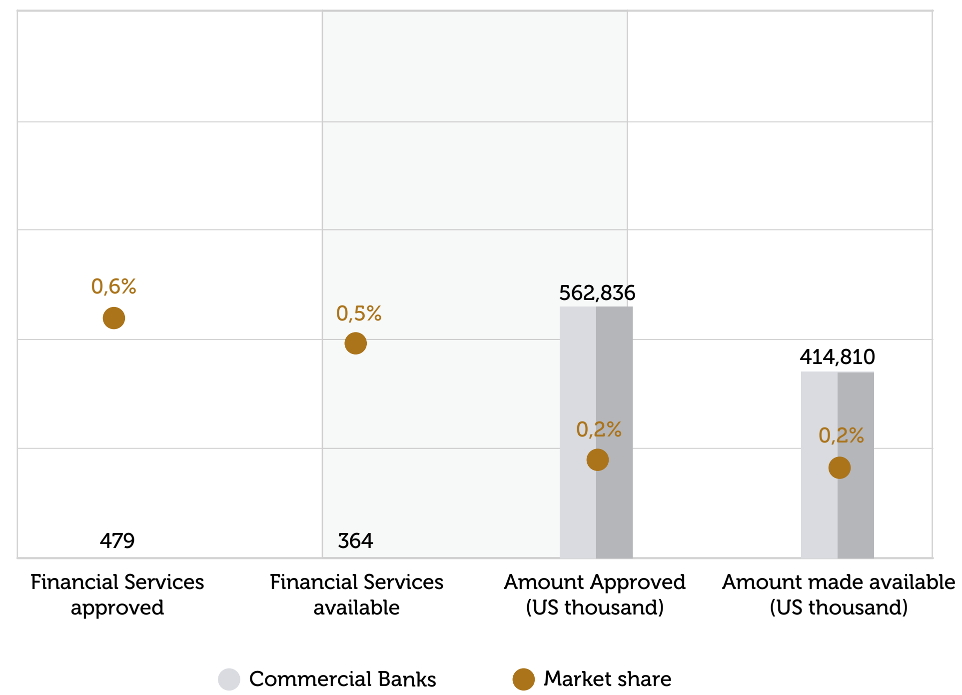


"ANGOLA INVESTE" PROGRAMME (AMOUNTS IN AOA'000)

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

On 31 December 2017, BNI approved 3 financing transactions, advancing with 2, in the amount of AOA 157,000,000.

"ANGOLA INVESTE" PROGRAMME



Distribution Channels

BNI remains strongly committed to developing solutions for the purpose of providing greater customer satisfaction by creating attractive, convenient products and channels for all segments.
BNI's distribution network is comprised of:

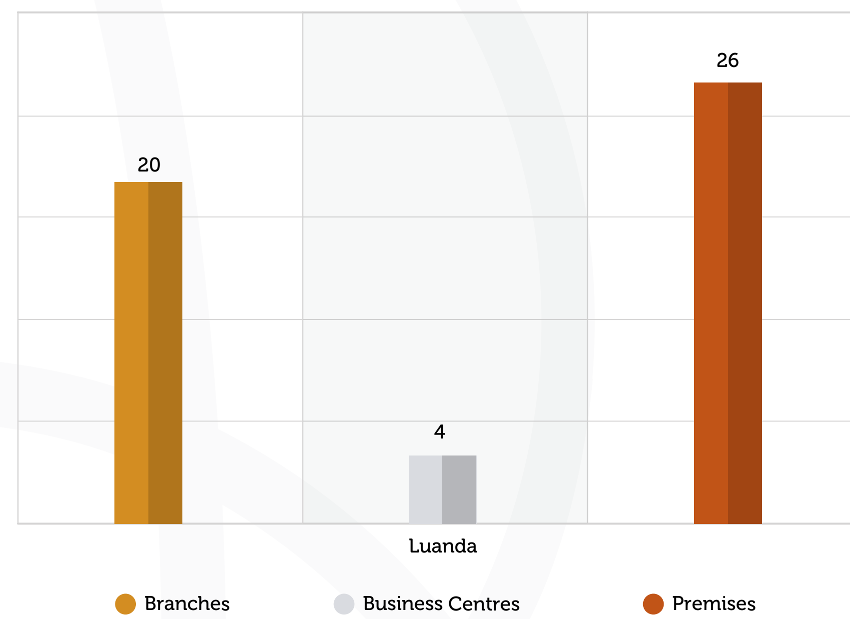
NETWORK OF BRANCHES

At the end of 2017, the Bank had a total of 86 branches, 6 less than in 2016, including 8 business centres, 39 branches and 39 service outlets distributed across 16 of the country's provinces. In Luanda, the Bank operates 4 Business Centres, 20 Branches and 26 Offices.

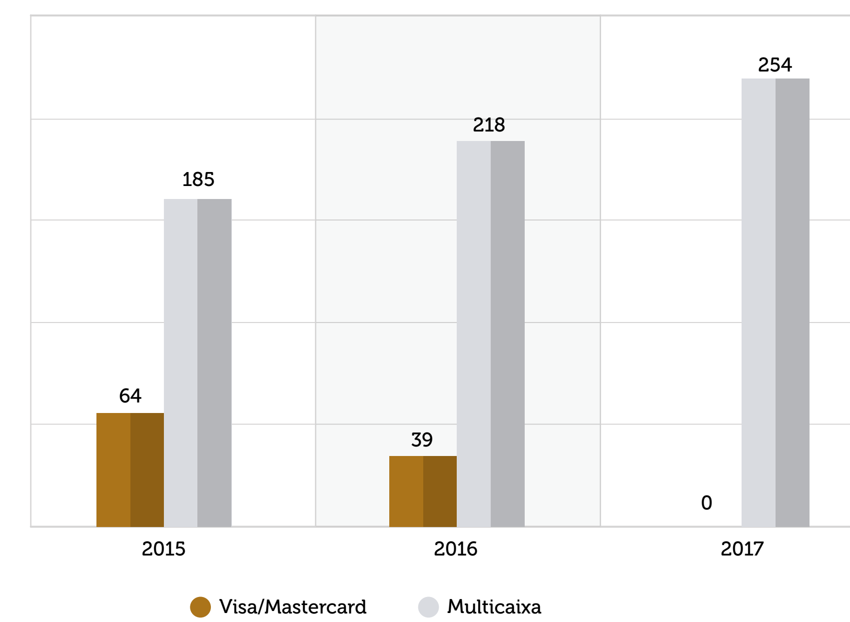
ATMS

At the end of 2017, the Bank had 254 ATMs, all in the Multicaixa network, 3 fewer than the same time last year, covering a total of 15 of the nation's provinces.

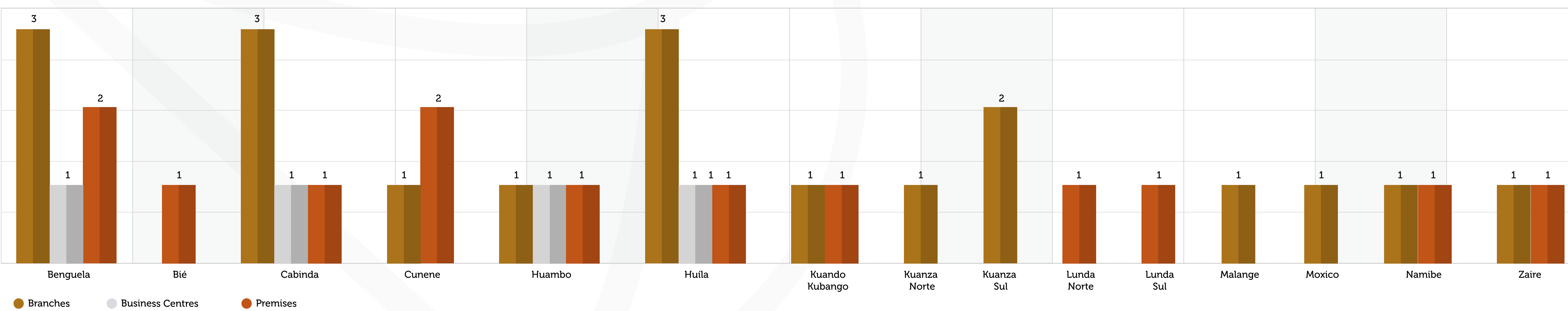
NETWORK OF BRANCHES IN LUANDA



ATM'S



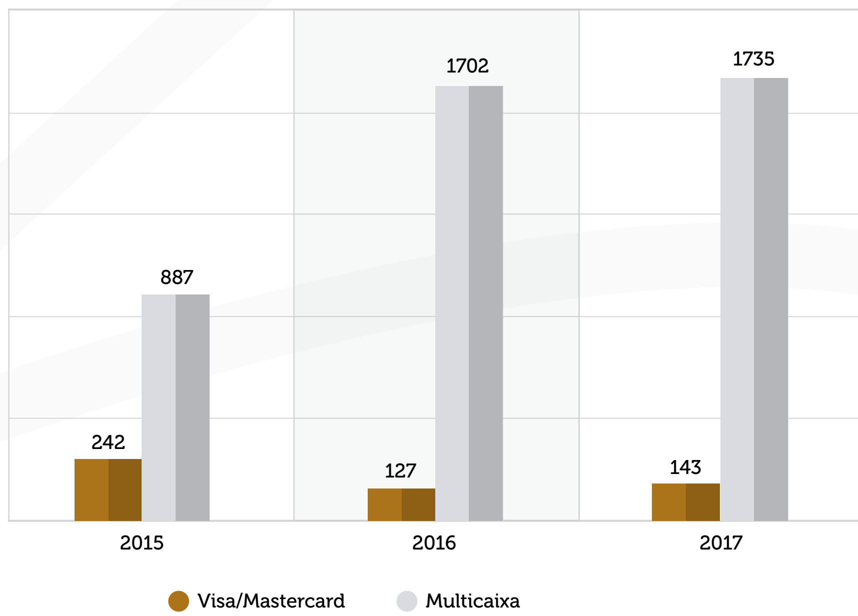
NETWORK OF BRANCHES ON OTHERS PROVINCES



AUTOMATIC PAYMENT TERMINALS (APTS)

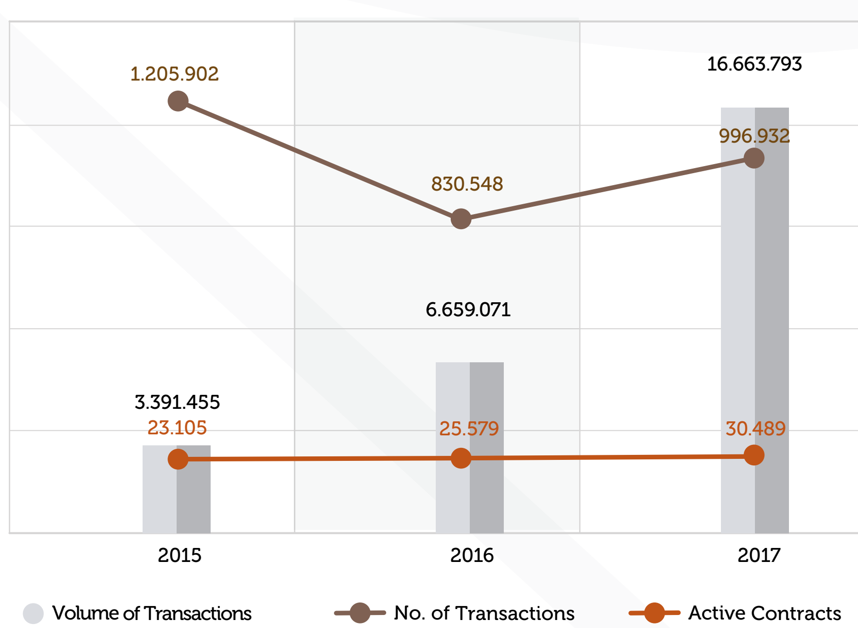
BNI's APT network has 1,878 terminals, including 143 for Visa/MasterCard and 1,735 for Multicaixa.
In terms of purchases, in 2017 the Visa/Mastercard network recorded a total of 9,996 valid purchases, whose transacted amount totalled AOA 1,095,936,000, reaching a monthly average of AOA 91,328,000.

The Multicaixa network recorded a transacted volume of AOA 100,303,164,000, totalling 3,218,895 valid purchases, reaching a monthly average of AOA 8,358,597,000.



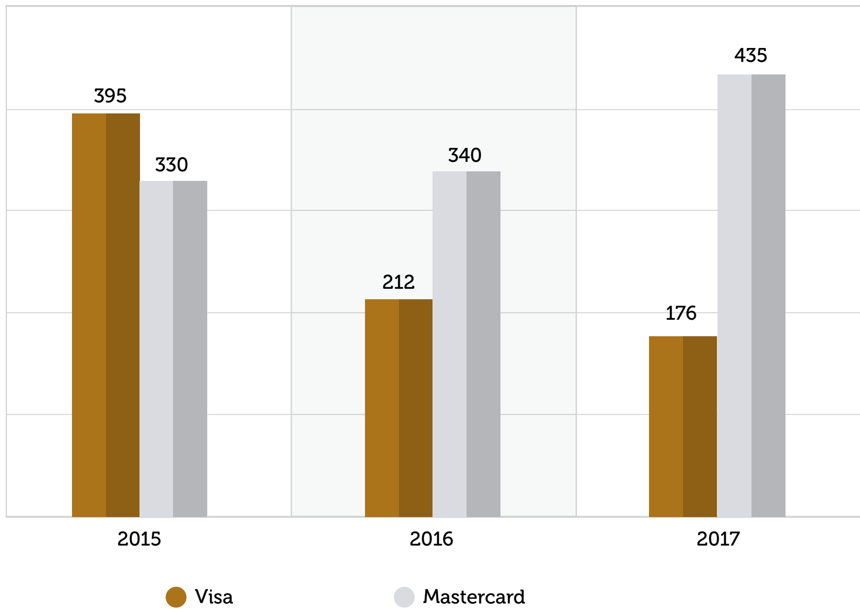
INTERNET BANKING (BNI ONLINE)

At the end of 2017, the volume transacted by the customer users of BNI online totalled AOA 16,663,793,000, 150% more than in 2016, totalling 996,932 transactions.



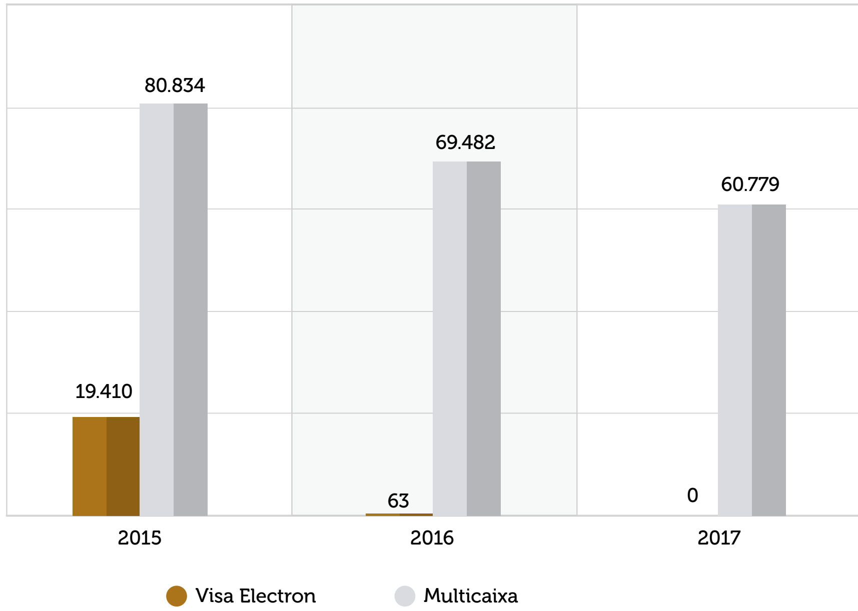
CREDIT CARDS (VISA AND MASTERCARD)

In 2017, BNI's network of active credit cards included 611 cards, of which 176 cards are from the VISA network and 435 cards pertain to the Mastercard network.
As regards the Visa network, 151 cards were issued to the Prime unit and 25 cards were issued to the Retail unit. For the Mastercard network, 265 cards were issued to the Prime unit and 170 cards were issued to the BNI Retail unit.



DEBIT CARDS (MULTICAIXA AND VISA)

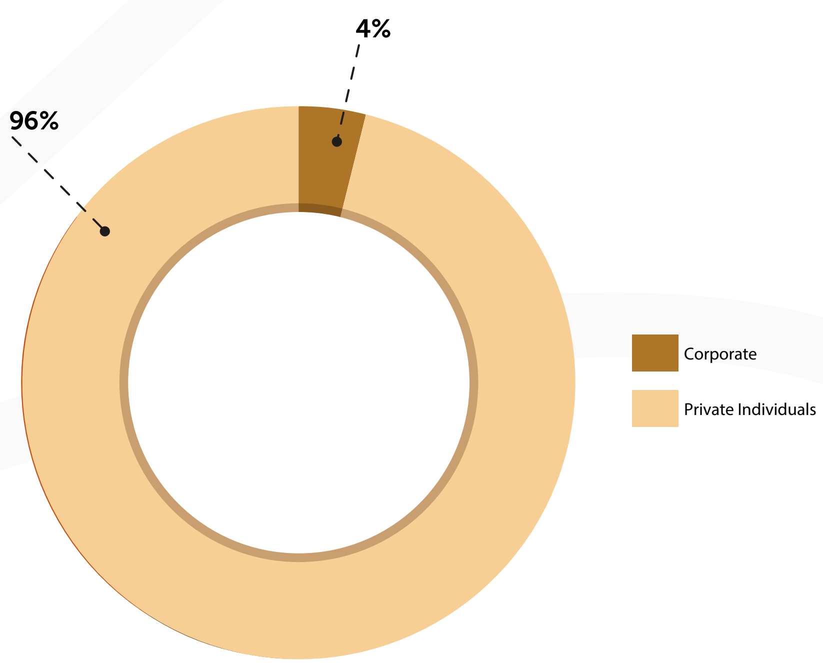
In 2017, BNI's Multicaixa and Visa debit cards totalled 60,779, compared to 69,545 cards in 2016, down 8,766 (-13%) cards.
Of all Multicaixa debit cards, 1,985 belong to the Prime network and 58,794 belong to the BNI Retail network.



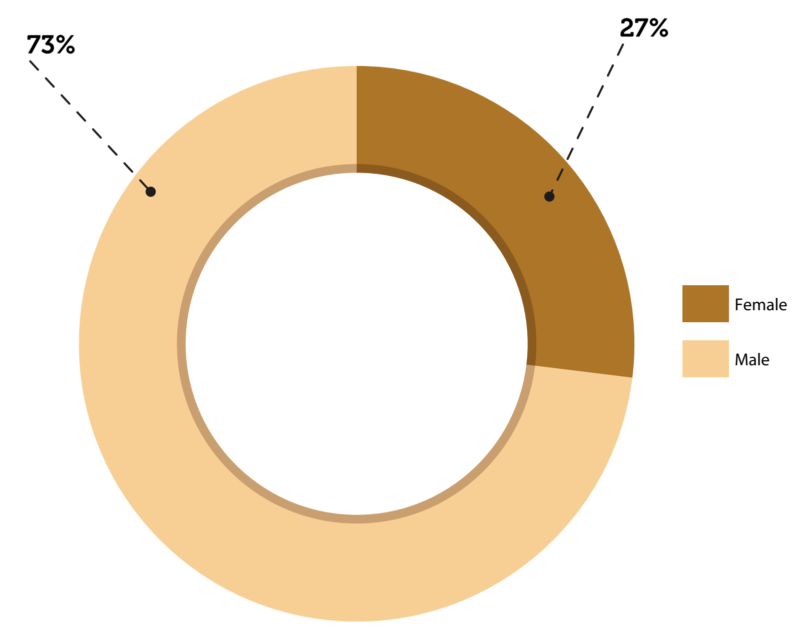
BNI Customer Breakdown

At the end of 2017, the Bank had a total of 213,376 customers (997 more compared to 2016), with year-over-year growth of 0.5%. Personal banking customers account for 96% of the Bank's total customer portfolio, or 205,677 customers, while companies account for 4%, for a total of 7,699 companies.
Statistically speaking, below are some conclusions with regard to BNI's customer portfolio:

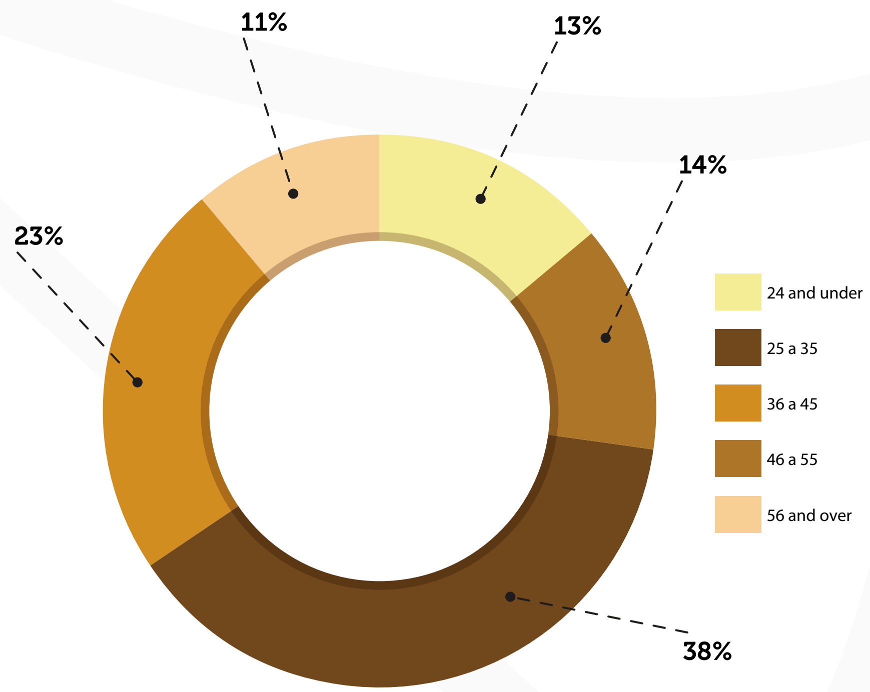
TOTAL CUSTOMERS



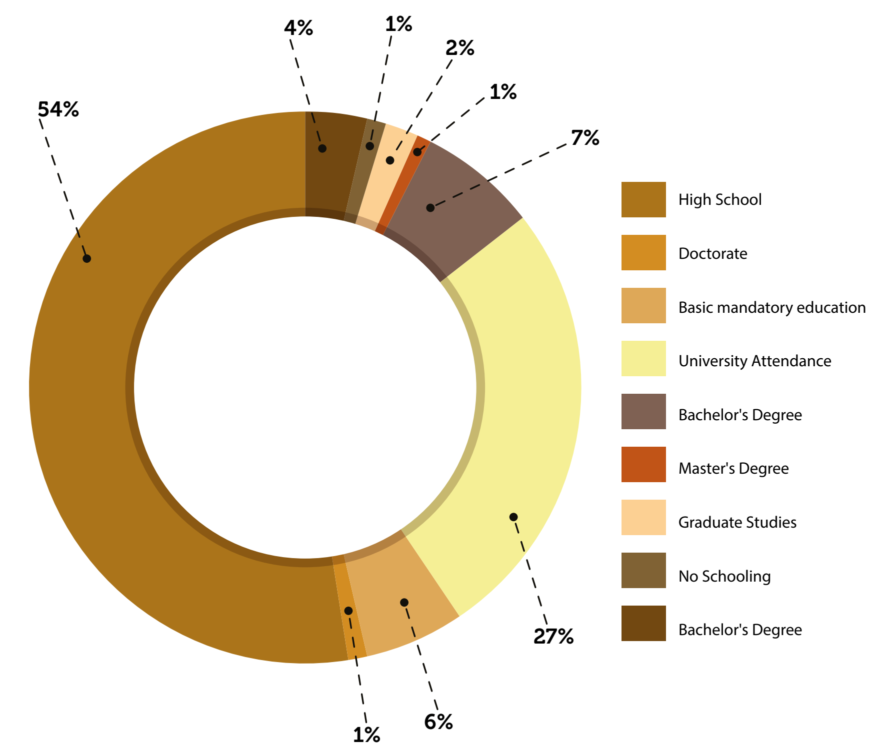
GENRE



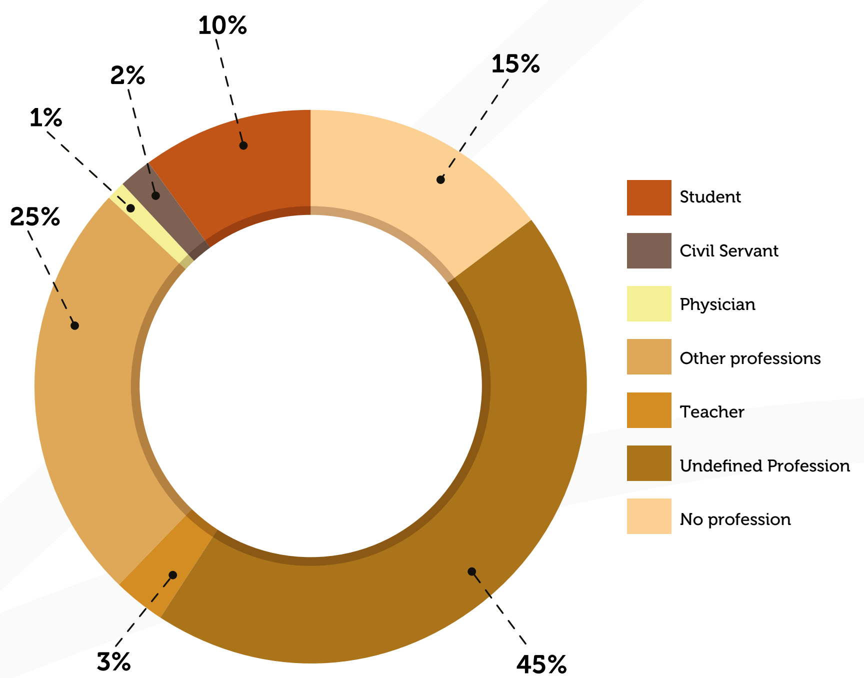
AGE



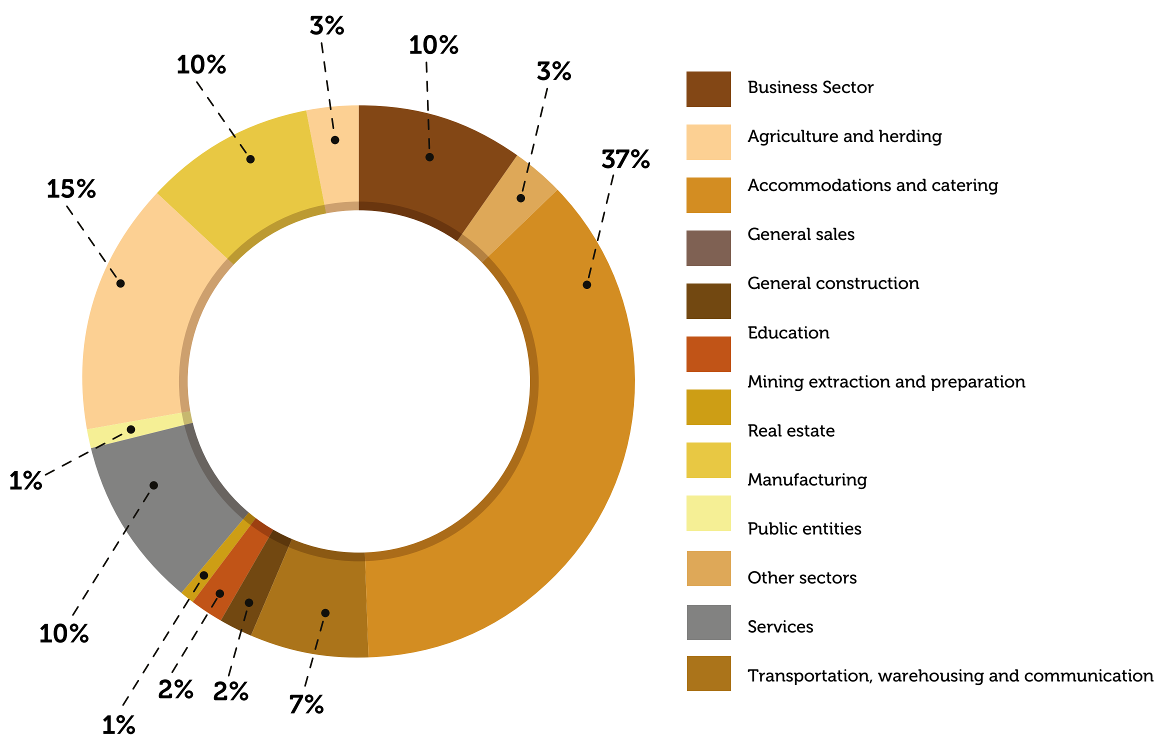
ACADEMIC LEVEL



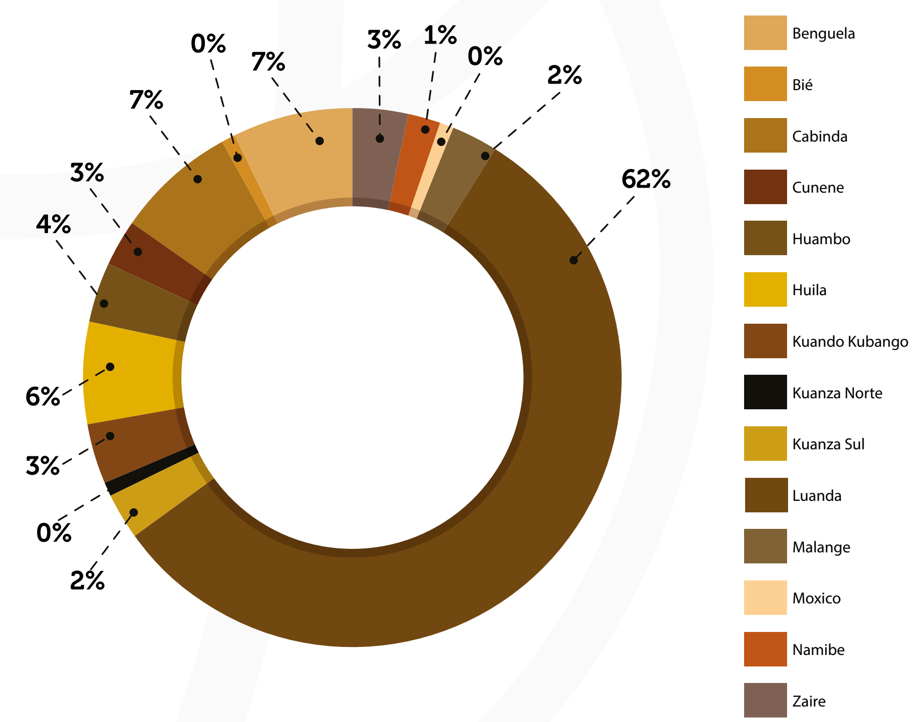
OCCUPATION



SECTOR OF ACTIVITY



DISTRIBUTION OF CLIENTS BY PROVINCES



RISK MANAGEMENT AND COMPLIANCE RISK

Risk Management and Compliance Risk

Centralized risk management encompasses the evaluation and control of credit, market and liquidity and operational risks incurred by BNI, enshrining the principle of segregation of functions between commercial areas and the risk area.

KEY DEVELOPMENTS OF 2017

In order to meet the new requirements of the National Bank of Angola during this year, namely the new regulatory package, BNI Bank had the following main developments:

- Review and approval of the risk appetite policy;
- Review and approval of the risk appetite declaration;
- Review and approval of the Risk Management Framework Manual;
- Review and approval of credit, operational, market and liquidity risk policies;
- Approval of the global risk policy;
- Approval of the regulation of the risk management position;
- Approval of the risk committee regulation;
- Approval of the credit regulation;
- Approval of the Bank's integrated risk manual;
- Approval of the procedures manuals for credit, operational, market and liquidity risk management;
- Training actions and workshop sessions, for the dissemination of risk culture in the bank;
- Review of the system for identifying and evaluating the operational risks of bank processes;
- Calculation and reporting of the solvency ratio based on the new methodology;
- Calculation and reporting of the liquidity ratio and observation based on the new BNA instruction;
- Calculation and reporting of interest rate risk;
- Calculation and reporting of prudential limits to large exposures;

RISK MANAGEMENT SYSTEM

BNI has implemented a risk management system based on the overall risk management strategy that is established in accordance with the BNI Group's risk appetite statement.

In this context, an organic structure with the designation of risk management (DRI) is created, which is responsible for ensuring the existence of a global risk monitoring and control process at the level of the BNI Group. It has the following responsibilities:

1. Develop and present specific proposals for the definition and documentation of the policies and guidelines necessary for the overall risk management, as well as to ensure their effective implementation;
2. Coordinate the implementation of global risk management strategies and policies at BNI Group level;
3. Regularly and on an integrated basis, assess the adequacy and effectiveness of the different components of the management of each of the risks and their interactions and concentrations.
4. Develop and present specific proposals for the definition and documentation of the policies and guidelines necessary for the overall risk management, as well as to ensure their effective implementation;
5. Coordinate the implementation of global risk management strategies and policies at BNI Group level;
6. Regularly and on an integrated basis, assess the adequacy and effectiveness of the different components of the management of each of the risks and their interactions and concentrations.

Overall risk management is carried out within the scope of the FGR by dedicated employees, who ensure permanent coordination and communication with employees assigned to control the remaining risks. Ensuring in particular:

1. The management and evaluation of the internal capital adequacy of the institution;
2. The execution of stress tests for the main risks of the institution;
3. The assessment and control of the institution's overall risk profile;
4. Participation in the approval of new products and services, or revision of existing ones, contributing to an analysis of their risks;
5. The management and quality control of risk information;
6. Integrated risk analysis and reporting, responding to internal management/risk information needs;
7. The prudential report on risk;

The Risk Department is a body located at the first level of BNI's structure and is hierarchically and functionally subordinate to the Board of Directors. It is headquartered in Luanda, at Headquarters I and its scope of activity covers all the locations where Banco BNI is represented, in accordance with the powers attributed thereto.

ORGANIC STRUCTURE

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

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

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

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

The main objective of these Departments is to provide the Bank with a complementary vision to the activity of the business areas, in the control, monitoring and formalization of limits to the management of said risks

MISSION

The Risk Division is responsible for the development of practices that allow for the identification, quantification, control, monitoring and reporting of the different significant types of risk inherent to the BNI's credit, market, liquidity, concentration, strategy and operatoinal risk, with the aim of protecting the capital and the maintenance of the Bank's solvency.

AIM OF THE RISK FUNCTION

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

RISK MANAGEMENT MODEL

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

Model of the Three Lines of Defense

1st line of defense Business Directions	They manage risk in an operational optics of their activities taking into account the defined principles, rules and limits, as well as regular report.
2nd line of defense Risk Management	It is an independent unit that identifies, quantifies, analyzes, monitors, controls and reportsall relevant risks and is responsible for by following the management policy of all risks inherent in the Bank's activities and advise on the risk strategy.
3rd Line of Defense Internal Audit	It is responsible for ensuring independence and objectivity in assessing compliance with procedures, regulations and standards internal and external regulations.

DEFINING AND EVALUATING RISK APPETITE

As the risk appetite the types and levels of risk that the Bank is willing to accept is within its ability to take risk in order to realize its strategic objectives and business plan without compromising its solvency in the long run.

Risk appetite is supported by a governance model that clearly and concisely defines the roles and responsibilities of the key players that ensure the continued alignment and integration of such model within BNI.

RISK COMMITTEE

The Risk Committee is a body to support the Board of Directors in monitoring the overall risk levels and the evolution of the Bank's risk profile in advising on the definition of the risk strategy to be adopted based on the defined risk appetite by the Board, as well as to ensure a rigorous and timely functioning of the risk management system, and in particular the risk management function.

LIQUIDITY RISK

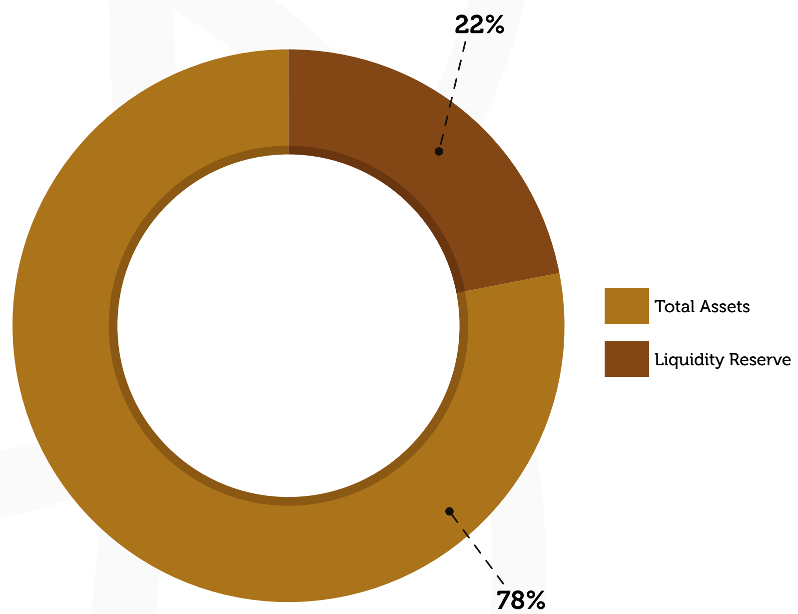
BNI's liquidity risk is monitored using internal and external models, including specific regulatory provisions for the issue. In this context, these "guidelines" are based on the maintenance of a liquidity structure capable of satisfying the needs of the bank, whether in an environment of current activity or in an environment of liquidity stress.

LIQUIDITY RESERVE

Maintaining, tracking and monitoring the bank's liquidity reserves is an important liquidity risk tool since it allows immediate cash needs to be covered without having to sell other assets or relying on markets sensitive to credit risk.

BNI's liquidity reserve accounted for approximately 22% of the Bank's total assets, consisting essentially of short-term assets, OMA's, BT, or short-term instruments, which have been highly liquid in view of the particularity of the domestic market.

LIQUIDITY RESERVE



Risk management monitors liquidity reserves and whenever significant deviations are detected, a set of actions is triggered in order to rectify to acceptable levels according to the bank's asset structure.

LIQUIDITY RATIOS AND MONITORING

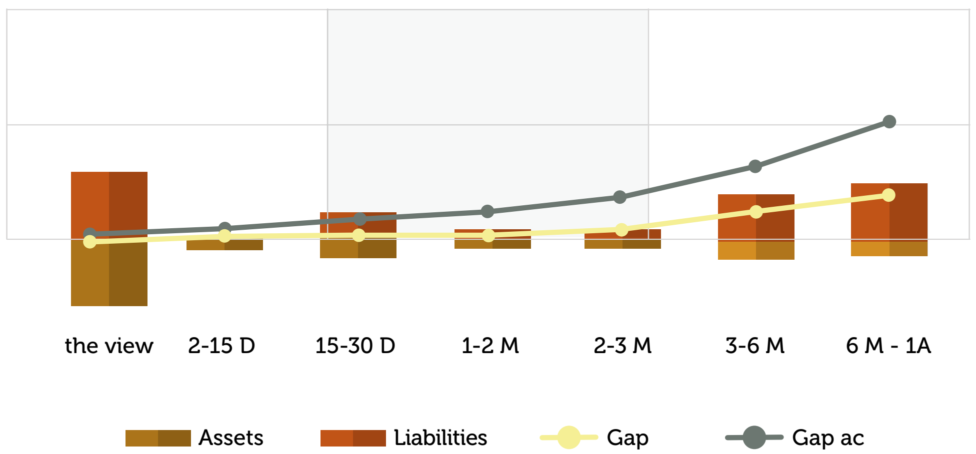
For the 2017 financial year, with respect to liquidity risk, the Board of Directors defined the Liquidity Indicators to compose the structure of risk appetite, namely the transformation ratio, Global Liquidity, Global Observation, National Currency Liquidity and National Currency Observation, establishing their respective limits and margins tolerances.

The management and monitoring of the liquidity ratio limits resulted in a good performance thereof, with effective compliance in 2017 with the limits as well as their tolerances without any failure to comply during the year.

PROFILE OF MATURITY OF ASSETS AND LIABILITIES

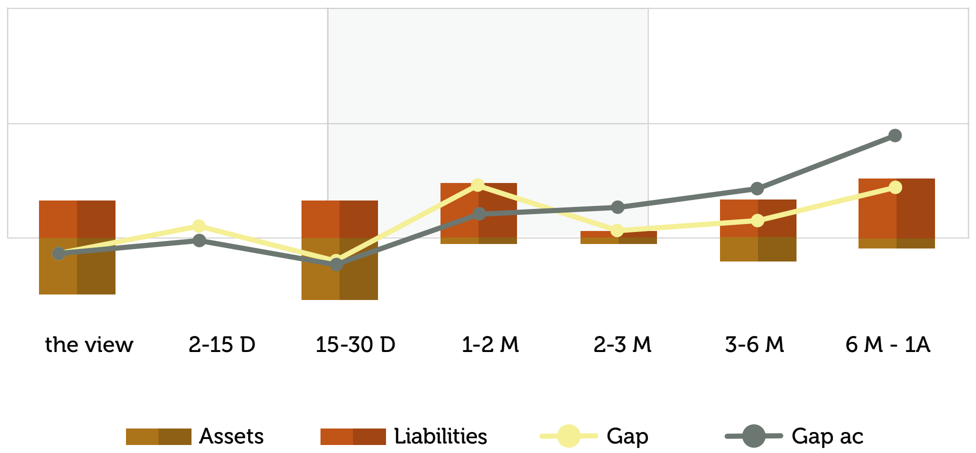
The management and monitoring of liquidity gaps showed on average a growing structure with positive gaps in national currency, thus allowing better management of liquidity risk in the short term.

GAP'S OF LIQUIDITY IN



With regard to foreign currencies this did not happen having caused major imbalances in some bands of maturities circumstantially justified by the condition and environment of the foreign exchange market.

GAP'S OF LIQUIDITY IN MN



LIQUIDITY RATIOS AND OBSERVATION

Compliance with regulatory liquidity ratios was prioritized in BNI liquidity risk management since it pertains to the first year of regulatory requirement. Given the structure of the bank's net assets, the regulatory limits were met during the 2017 financial year both in national currency and in all currencies.

CALCULATION OF LIQUIDITY AND OBSERVATION NATIONAL CURRENCY

BALANCE SHEET ELEMENTS	THE VIEW UP TO 1 MONTH WEIGHTED	THE VIEW UP TO 1 MONTH WEIGHTED
Ttotal liquid assets	95.950	—
Total outflow of cash	40.554	3.812
Total cash flow inflow	5.299	2.702
Gap	60.695	-1.110
Accumulated gap	60.695	59.585
Liquidity ratio	2,7	—
Observation ratio	—	16,63

CALCULATION OF LIQUIDITY AND GLOBAL OBSERVATION

BALANCE SHEET ELEMENTS	HE VIEW UP TO 1 MONTH WEIGHTED	THE VIEW UP TO 1 MONTH WEIGHTED
Ttotal liquid assets	116.498	—
Total outflow of cash	48.097	8.774
Total cash flow inflow	6.256	3.326
Gap	74.656	-5.448
Accumulated gap	74.656	69.208
Liquidity ratio	2,8	—
Observation ratio	—	8,89

MARKET RISK

BNI's market risk management is based on the analysis of foreign exchange exposure in the various aspects that it may have, as a result of the markets in which the bank and its customers act, as well as in the exposure of the bank's assets and liabilities to market influencing factors.

MARKET RISK RATIO

For the 2017 financial year, in the context of market risk, the Board of Directors defined the internal indicators to represent the structure of risk appetite and their respective limits and margins tolerances, namely the ratio of net foreign exchange exposure to indexed and net foreign exchange exposure without indexing.

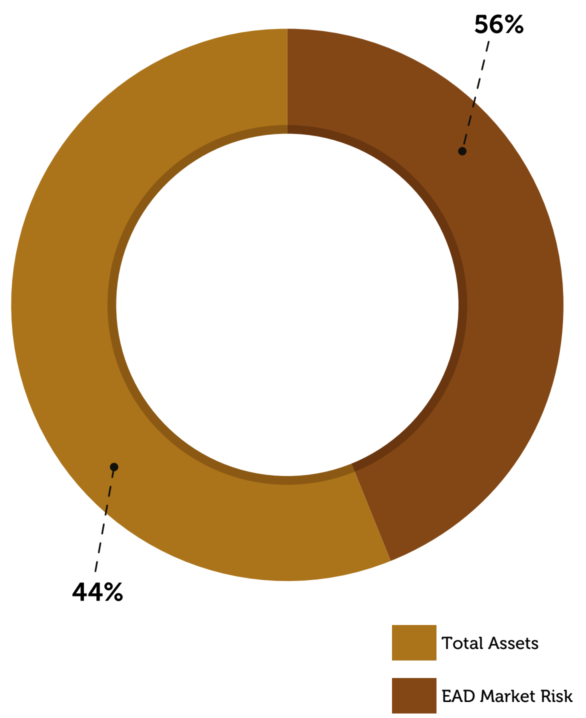
Domestic market risk ratios were below the defined limits, driven by the domestic market situation, related to the shortages of foreign exchange in the market and the low supply on the part of the regulator in order to allow the bank to balance its foreign exchange exposure.

EXPOSURE TO MARKET RISK

BNI's market risk accounts for about 44% of assets, being essentially exposed to interest rate risk and currency risk.

The total exposure to market risk represented an average of 28% of the exposure to market risk in the year 2017, with exchange risk accounting for about 72% of the exposure.

EXPOSURE TO MARKET RISK

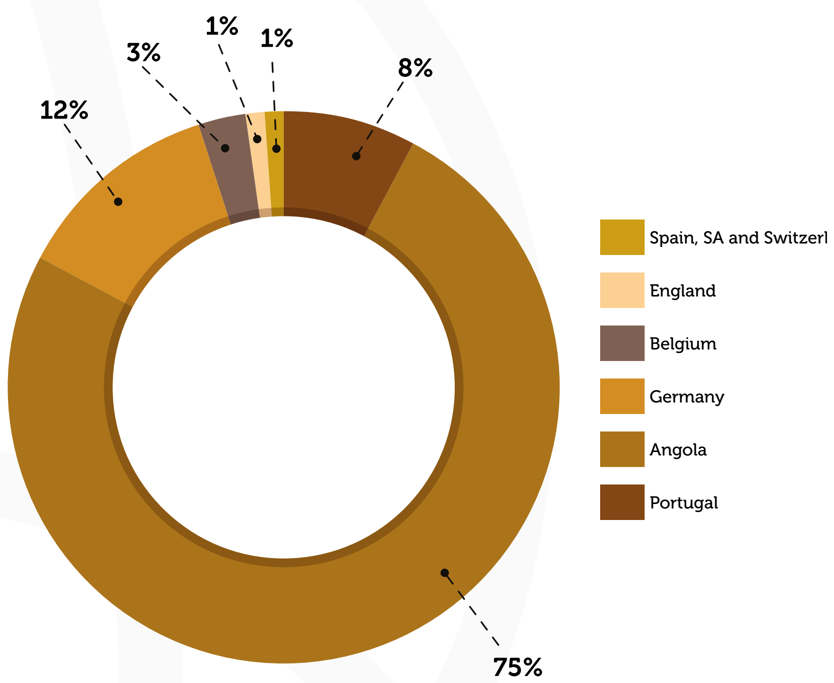


GEOGRAPHICAL DISTRIBUTION OF EXPOSURE TO MARKET RISK

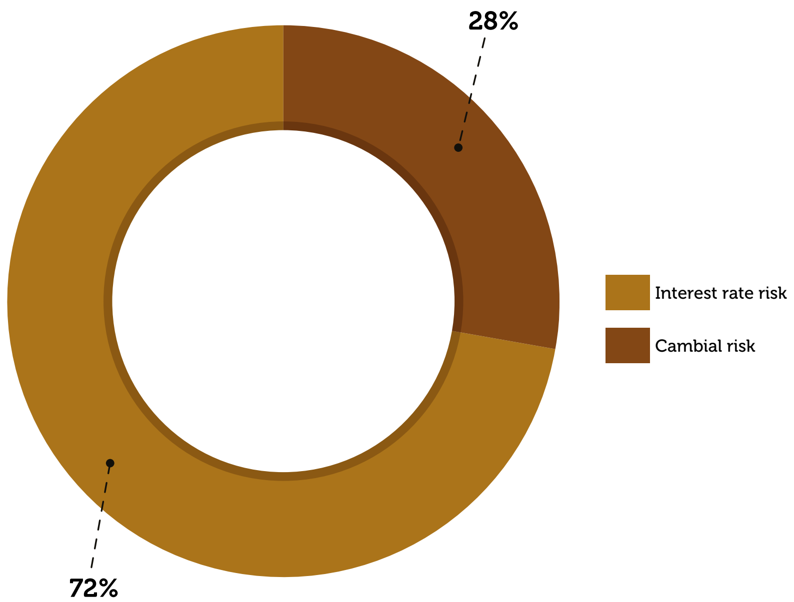
Aligned with the desires of the bank's customers and international partnerships, the geographic distribution of market risk reflects a pair of national markets representing 12% of assets for the Portuguese market, 8% for the German market and 75% for the domestic market.

The totality of exposure to market risk, the interest rate risk represented average in 2017 about 28% of the risk
exchange risk represented around 72% of the exposure.

GEOGRAPHICAL DISTRIBUTION OF EXPOSURE TO MARKET RISK



MAIN POSITIONS AT RISK



CAPITAL REQUIREMENTS FOR MARKET RISK COVERAGE

31/12/2017

	SHORT POSITION	LONG POSITION	NET POSITION
EUR	16.342	15.875	-467
GBP	3	80	78
NAD	0	0	0
USD	46.393	39.056	-7.337
ZAR	5	8	3
Gold	0,00	0,00	0
Total net short positionss			7.804
Total net long positions			81
Gold			0
Global net foreign exchange positionl			7.804
FPR requirements for foreign exchange risk			624
Requirements FPR Trading Portfolio			109
RWA Market Risk			734

REGULATORY REPORTING OF INTEREST RATE RISK

The impact of the exposure to interest rate risk had on average upon the financial regulatory margin and regulatory capital for 2017 below the regulatory limits, with a possible impact of 18.29% of Regulatory Own Funds and 1.41% in margin financial management.

EXPOSURES BY MATURITY INTERVAL OR RATE RE-SET

IMPACT ON NET WORTH

TEMPORAL BAND	POSITION INTEREST MARGIN	WEIGHTING FACTOR	WEIGHTED POSITION
the view - 1 month	16.440	0,08%	13
1 - 3 months	3.308	0,32%	11
3 - 6 months	10.898	0,72%	78
6 - 12 months	35.793	1,43%	512
1 - 2 years	902	2,77%	25
2 - 3 years	7.479	4,49%	336
3 - 4 years	3.050	6,14%	187
4 - 5 years	9.042	7,71%	697
5 - 7 years	2.682	10,15%	272
7 - 10 years	128	13,26%	17
10 -15 years	406	17,84%	72
15 -20 years	8.254	22,43%	1.851
> 20 years	1.173	26,03%	305
		Total	3.833
Impact of interest rate sensitive instruments			3.833
Regulatory own funds (fpr)			20.954
Economic impact / regulatory own funds			18,29%

EXPOSURES BY MATURITY INTERVAL OR RE-SET RATE

IMPACT ON INTEREST MARGIN

TEMPORAL BAND	POSITION	WEIGHTING FACTOR	WEIGHTED POSITION
the view	9.024	2,00%	180,49
the view - 1 month	7.736	1,92%	148,39
1 - 2 months	10.708	1,75%	187,39
2 - 3 months	9.780	1,58%	154,53
3 - 4 months	5.627	1,42%	79,90
4 - 5 months	9.225	1,25%	115,31
5 - 6 months	2.533	1,08%	27,35
6 - 7 months	3.302	0,92%	30,38
7 - 8 months	4.298	0,75%	32,23
8 - 9 months	1.285	0,58%	7,45
9 - 10 months	8.287	0,42%	34,80
10 -11 months	1.835	0,25%	4,59
11 -12 months	55.759	0,08%	44,61
		Total	167,829
Impact of interest rate sensitive instruments			167,829
Interest margin			11.941,469
Impact of interest rate sensitive instruments on mj			1,41%

CREDIT RISK

Given the nature of banking activity, credit risk is of particular importance, given its materiality, despite its interconnection with other risks.

In the scope of Credit Risk Control, the credit portfolio is monitored, being analysed in terms of its composition and corresponding quality.

EXCESS CREDIT RISK

For the 2017 credit risk period, the Board of Directors defined the internal indicators to compose the structure of risk appetite and their respective limits and margins tolerances for Credit at Risk, Restructured Credit at Risk, Credit in default, credit risk coverage and restructured credit coverage.

They were regularly analysed, monitored and tracked by risk management. For year 2017, the average ratios have complied with the limits defined internally. Overdue credit with signs of impairment represented an average of 12% of the loan portfolio for 2017.

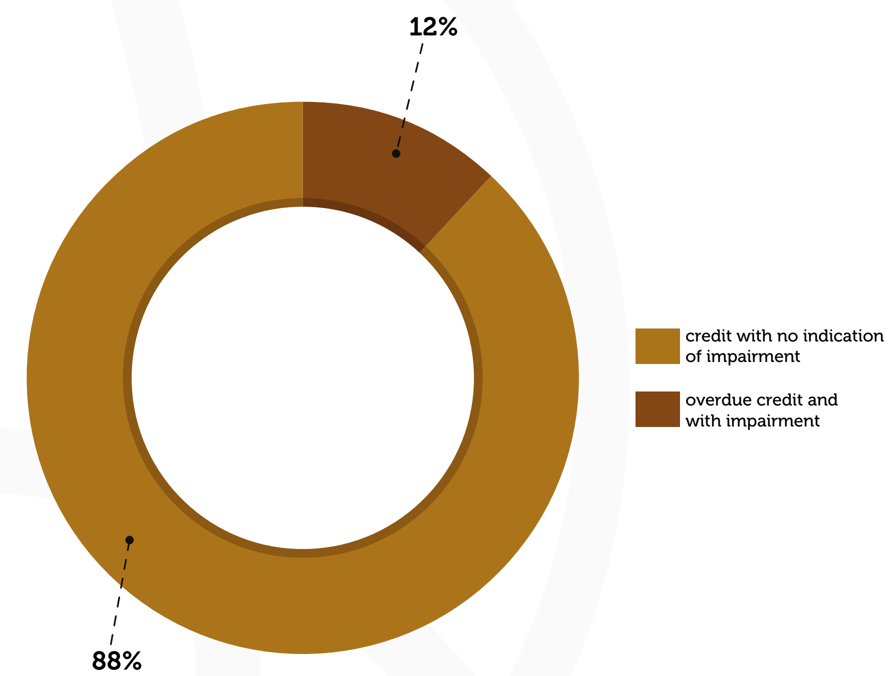
In terms of maturity exposure of credit operations that make up the loan portfolio, on average short-term operations accounted for 38% of the portfolio, with medium-term operations accounting for 62%.

EXPOSURE BY ECONOMIC SECTORS

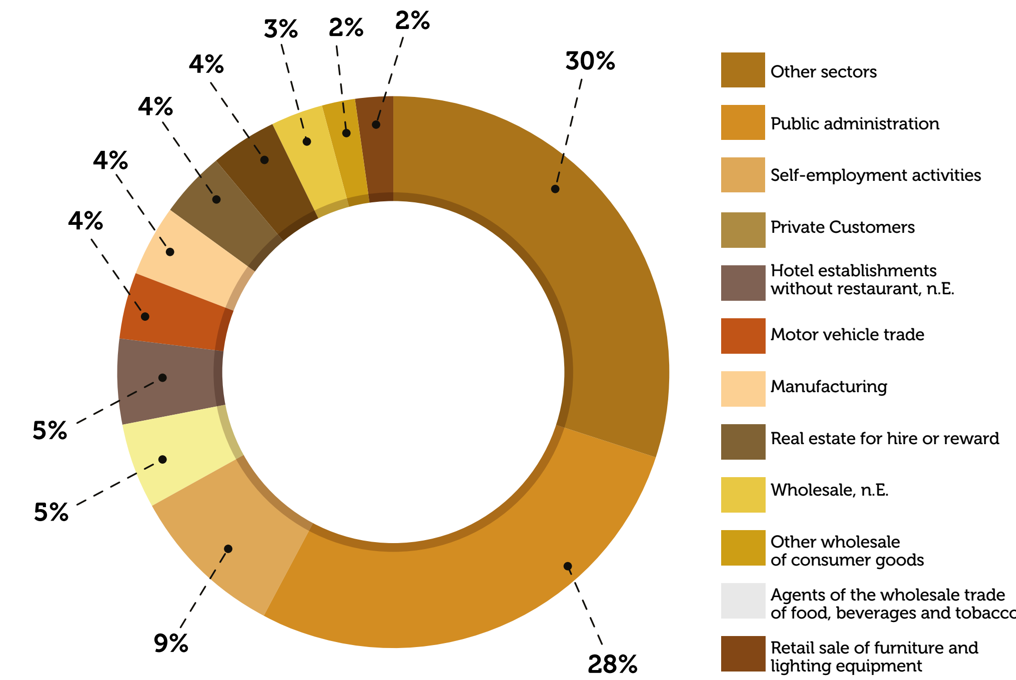
As regards exposure by economic sector, the sector that most represents in terms of portfolio exposure is the state sector with an average exposure of about 28%, followed by the real estate sector with around 9%. Thirty percent of portfolio exposure is diversified into about 20 different sectors.

In terms of distribution by region, in 2017, Luanda represented around 94% in terms of exposure to credit risk, followed by Benguela and Huíla with around 3% each.

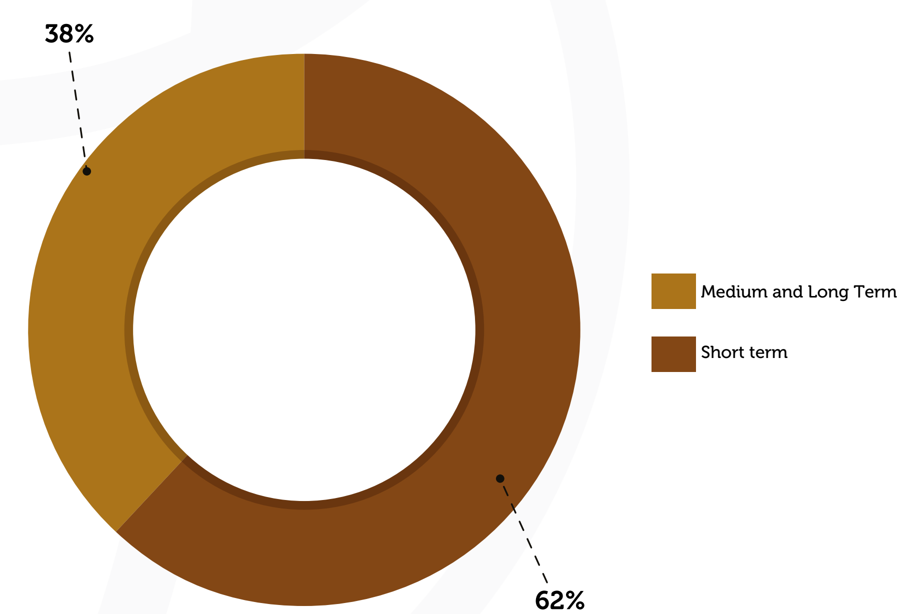
EXPECTED CREDIT AND WITH INDICATION OF IMPAIRMENT



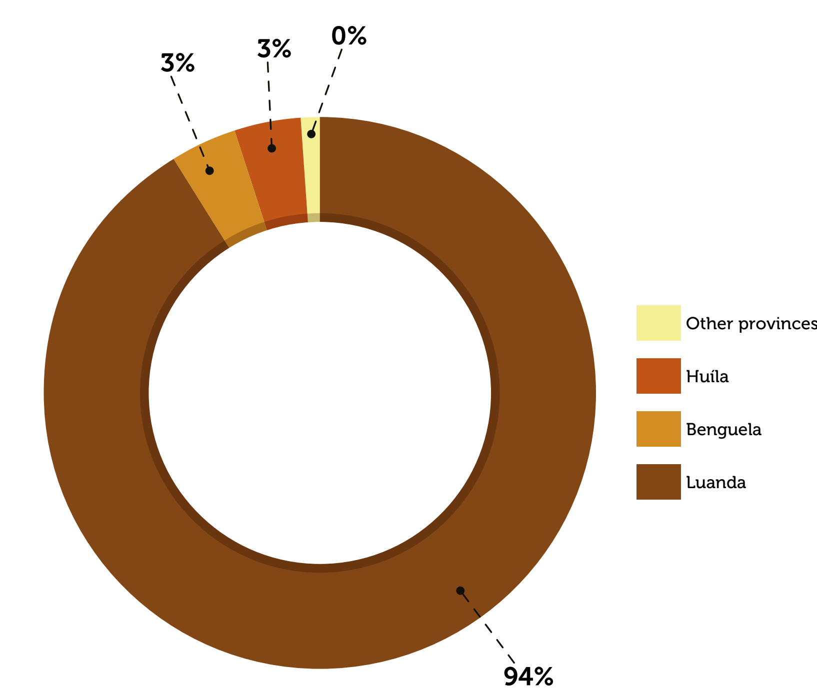
EXPOSURE BY ECONOMIC SECTORS



MATURITY EXPOSURE

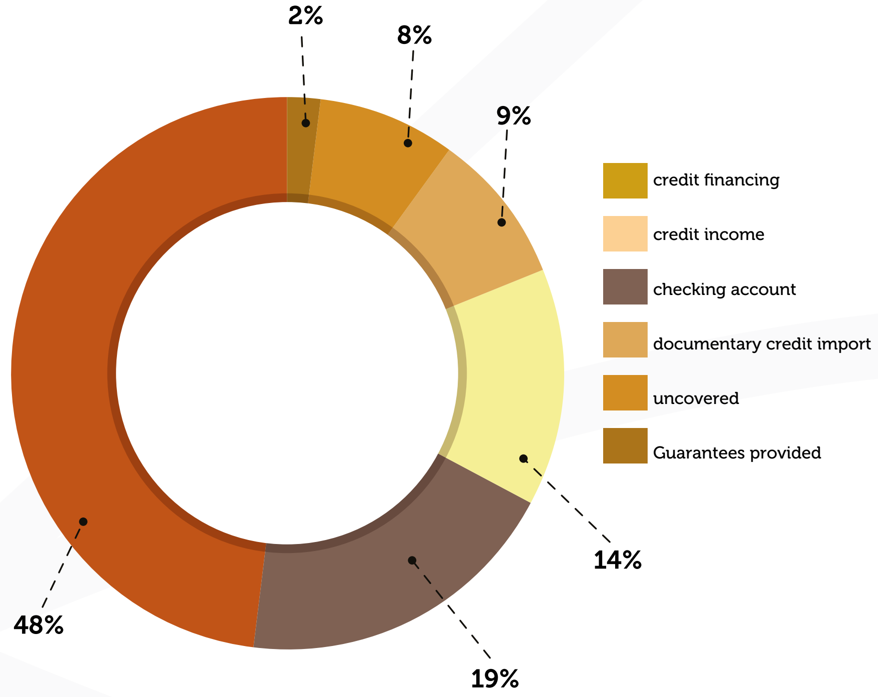


DISTRIBUTION BY REGION



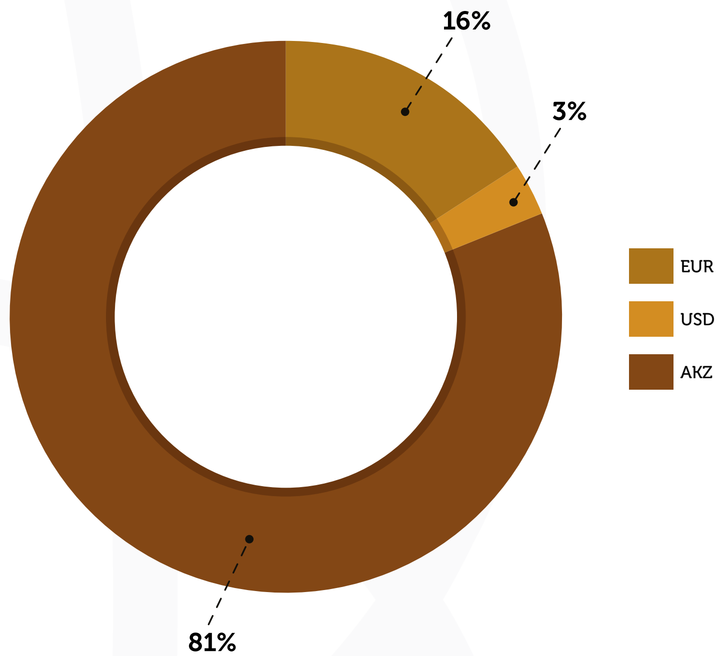
In terms of currency exposure, exposure in kwanzas represented on average about 81% of the total portfolio followed by 16% in USD and 3% in EUR.
In terms of concentration by currencies distributed in geographical regions, the loan portfolio is segregated into three currencies, namely AOA, USD and EUR, distributed in fourteen provinces, the most representative of which are in the regions of Luanda, Benguela, Huila and Huambo.

PORTFOLIO EXPOSURE

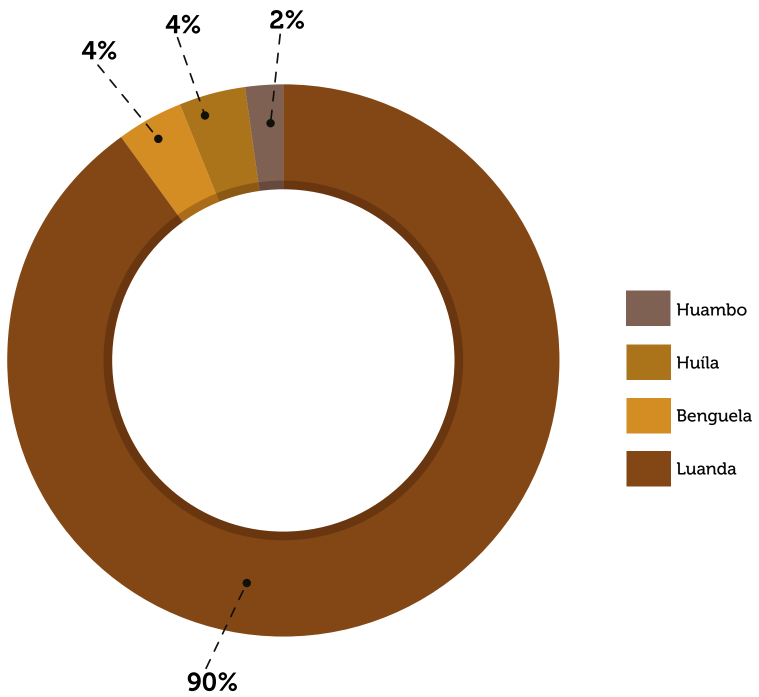


Regarding the portfolio exposure, credit financing represented an average of 48% of the total exposure in 2017, followed by credit with 19% and 14% for Pledged Current Account.

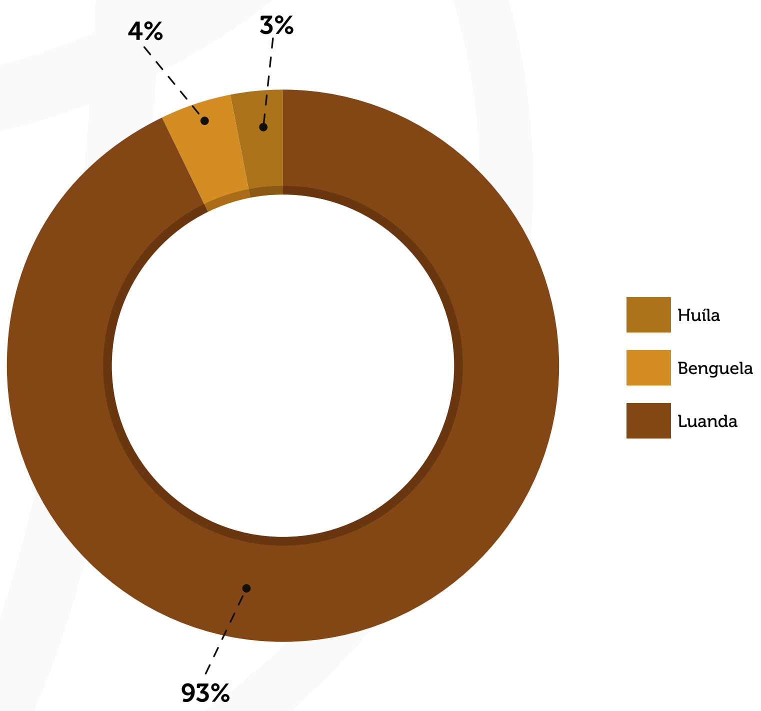
CURRENCY EXPOSURE



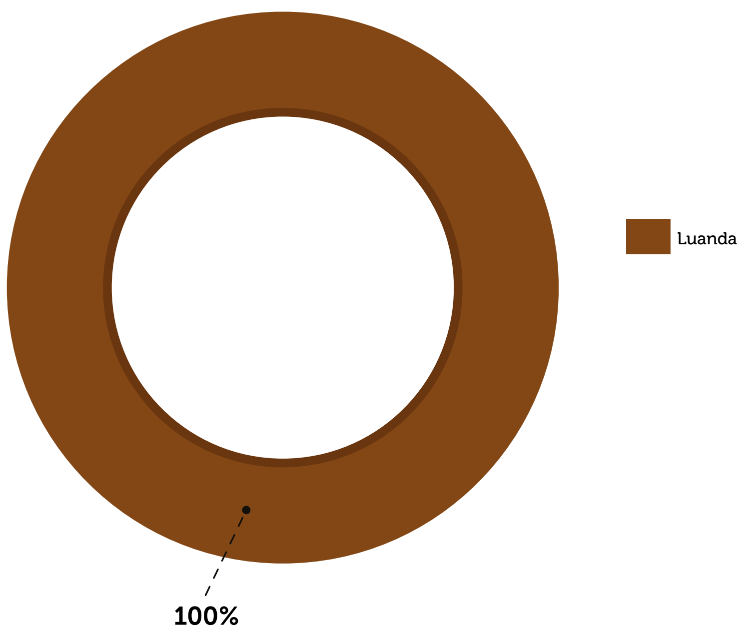
CURRENCY EXPOSURE EUR



CURRENCY EXPOSURE AKZ



CURRENCY EXPOSURE USD



OWN FUNDS REQUIREMENTS FOR CREDIT RISK

The Credit Risk Capital Requirements (RFPRC) averaged approximately 11 Bio in 2017, accounting for about 70% of the value of the bank's Capital Requirements.

The class of other asset items accounted for about 33.66% of the RFPRC, while the real estate collateral class represents about 25%.

RISK CLASSES	RFPRC	%
Other elements	3.908,89	33,66%
Warranties / Real Estate	2.938,88	25,31%
Companies	2.681,96	23,10%
Institutions	1.453,14	12,51%
Retail portfolio	578,44	5,06%
Overdue Items	41,36	0,36%
Public Entities	0,00	0,00%
Total RFPR	11.611,67	1

OPERATIONAL RISK

For the 2017 financial year, in the scope of operational risk, the Board of Directors defined the internal indicator to compose the structure of risk appetite and its respective limits and margins tolerances on non-operating losses on Regulatory Own Funds.

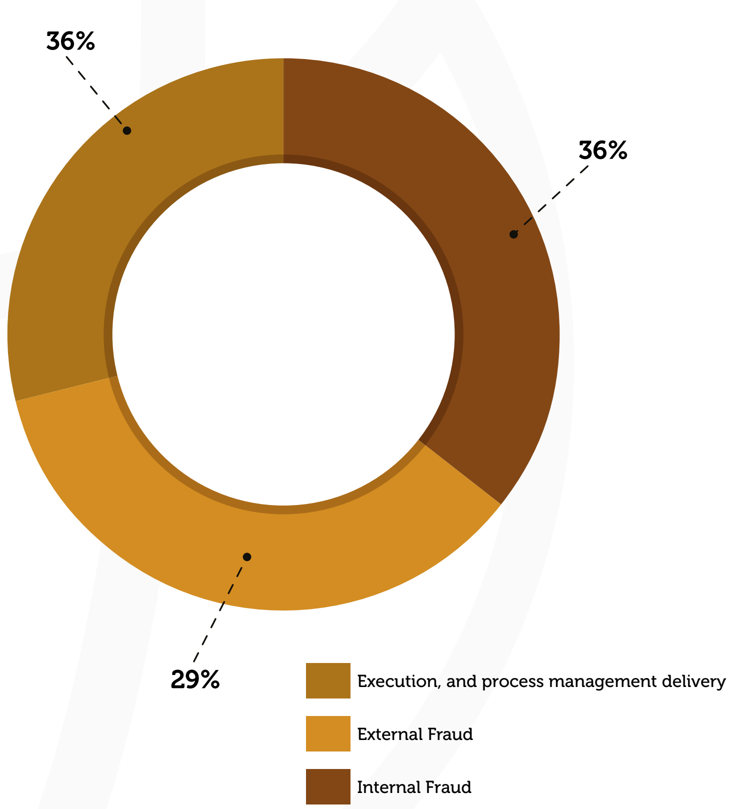
The defined internal indicator was always below the defined limit during the year.

Of operational risk events recorded and resulting in effective losses for the bank, 36% of the events are under the Internal Fraud category, representing 60% of losses incurred by the bank, 29% are categorised as External, representing 37% of losses, while the category of Execution, delivery and proces management accounts for 3% of the losses incurred in 2017.

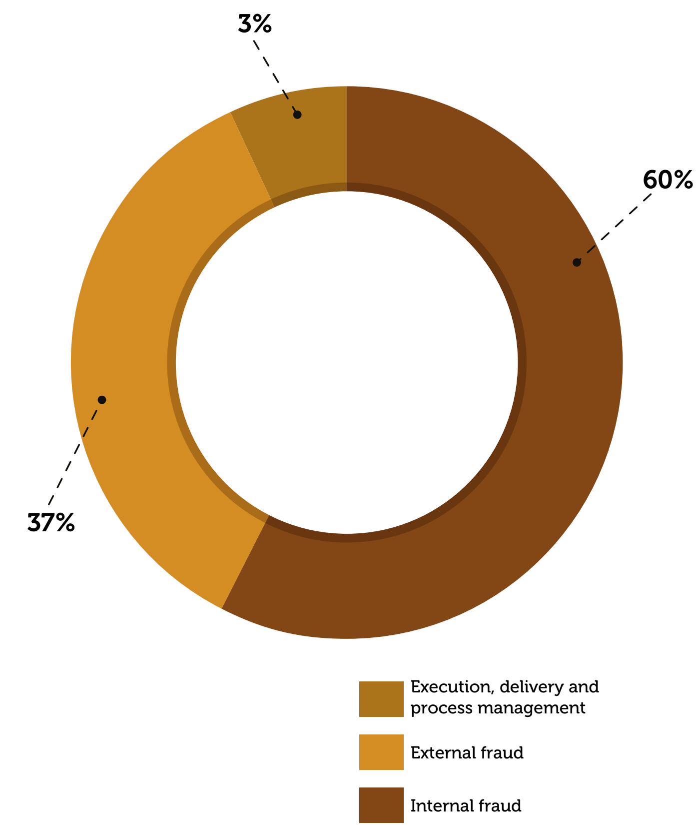
The Own Capital Requirement for Operational Risk was calculated in 2017 based on the basic indicator method and had a value of AOA 2,231.33.

ANO n	2.632,48
RFPRO	2.231,33

OPERATIONAL RISK EVENTS



EFFECTIVE LOSSES



COMPLIANCE RISK

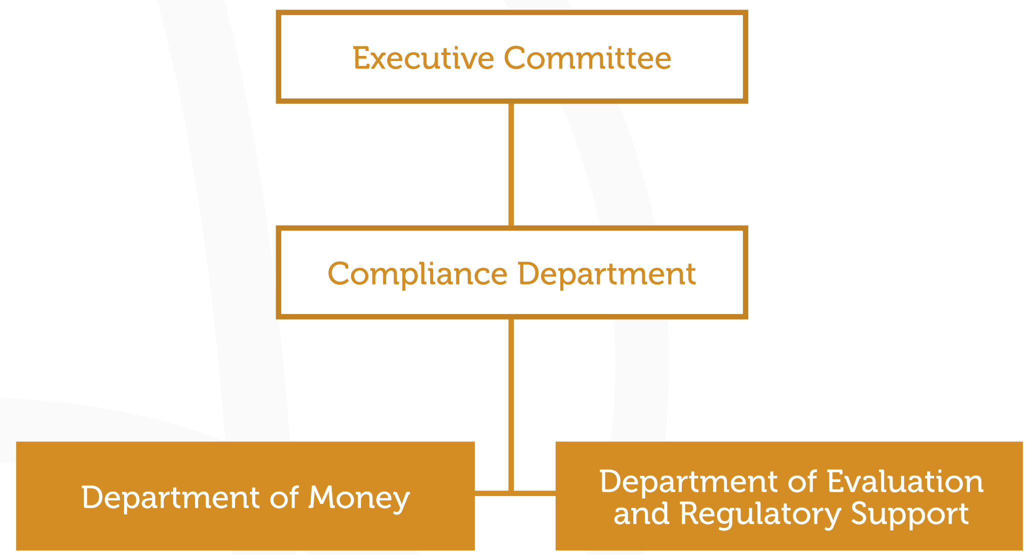
Compliance risk means the risk of legal or regulatory sanctions, financial loss or negative effect on reputation as a result of failure to comply with laws, regulations, code of conduct and good banking practice.
Compliance risk is ensured and monitored through regular internal disclosure of national and international legal standards by the areas responsible for compliance. This procedure is complemented by regular monitoring by the Compliance Department of the adequacy of the internal regulations with the applicable legal rules and permanent monitoring of the process of transposition into the internal legislation of the new legislation, as mentioned above.
The Compliance position has a compliance policy, which is communicated to all employees of the bank and reviewed at least on an annual basis. This policy supports the adoption of a culture based on the identification, evaluation, monitoring and mitigation of Compliance risk.
In this way, compliance with applicable legislation and regulations is ensured, as well as compliance with the rules of conduct and codes of ethics, guaranteed to assure levels of integrity by which the institution intends to be guided.

PRINCIPAL MANAGEMENT ACTIVITIES IN 2017

The mission of the Compliance position is to supervise compliance with and correct application of legal, regulatory, statutory, ethical and recommendations and guidelines issued by the competent supervisory entities.
The Compliance position is also committed to provide all Employees with information and training so that they know, properly and in a timely manner, the principles and rules included in this position and to adopt all necessary measures to effectively fulfil the obligations that apply to everyone at all times.
In the scope of its activities, and in order to comply with the legal requirements applicable to the Institution, the identity of clients, their representatives and the beneficial owners were verified. From the filtering performed, 10,756 accounts were blocked due to lack of documentation and/or doubt as to authenticity or compliance of customer identification data and 14 accounts blocked by AML analysis. Out of a total of 22,285 customers, only 11,435 accounts are active, which corresponds to 51% of the portfolio, with 49% of accounts being blocked.
Over the reporting period, the Compliance Department reported 19,650 cash transactions to the Financial Information Unit, of which 859 were targeted for enhanced diligence.

ORGANIZATIONAL STRUCTURE AND MANAGEMENT RESPONSIBILITIES

The Compliance Department is an autonomous unit of the Internal Control System, with positions at the first level of the Bank's structure and reports hierarchically to the Executive Committee, through its responsible Director.
In organizational terms, it is structured to ensure the execution of activities related to Internal Control, Risk Prevention of Compliance and Prevention of Money Laundering/Terrorist Financing.



METHODOLOGY AND TOOLS USED TO ASSESS, MONITOR AND REPORT COMPLIANCE RISK (IN THIS CASE, MONEY LAUNDERING AND TERRORIST FINANCING)

The Compliance Department uses an AML Application - DIXTIOR - which filters Entities, and, in a timely manner, performs the monitoring and analysis of Entities that are included in the international lists (e.g., United Nations, European Union, OFAC) and in the internal lists (Blacklist).
This Application is configured to generate transaction alerts with high risk levels. This KYT (Know Your Transaction) feature traces all operations performed by the Bank with indications of suspected money laundering and/or terrorist financing. The alerts generated can be of two types: Filtering and Profiling.
The alerts identified as Filtering are related to the transactions received and sent by Banco BNI. In this component the transactions are submitted to the filtering process, analysing the counterparties (non-BNI Customers), the countries of origin and destination, the SWIFT code and the corresponding banks involved in the transactions.
This procedure ensures verification of the "correspondences" of Entities with Designated Persons, Politically Exposed Persons (PEPs), and persons with whom the Bank does not wish to associate, based on the list (Blacklist).
The KYC (Know Your Customer Profiling) component is related to the assignment of the level of risk to Entities and Clients. The risk levels are assigned automatically, depending on the results of the paramaterised statistical models. There are models for Entities and Clients corresponding to individuals and companies.
The assignment of risk to the Entities takes place immediately after they have been submitted to the filtering process, while the assignment of risk to Customers is performed as soon as the Customers is created. The first assignment of risk to the Entities and Clients is made based on their characterizing elements.

MAIN COMPLIANCE INDICATORS.

At BNI, the Compliance position is aligned with internal and external policies and guidelines established for a business.
The following activities were developed in line with the rules and objectives outlined:

• Administered VS Programmed Training

In the reporting period, the employees included in the Compliance Department traveled to all provinces where the BNI is represented and provided training to employees in the Sales Department.
Subsequently, this training was given to the employees assigned to the Support and Operational Areas.
Out of a total of 720 employees, 369 are already adequately trained on Compliance and AML/FT, and 351 employees are still in the program, which corresponds to 51% and 49%, respectively.

• Adminstered VS Programmed Tests

In order to minimize the risks of regulatory and reputational penalties, Compliance and Money Laundering Prevention tests have been developed so that all Structural Units comply with internal regulations and policies, with a 90% level of utilization.

• Results of Regulatory Exams

The evaluations conducted by the regulatory bodies are indicative of the good work carried out by the company in order to adhere to best practices developed in the national and international market.

The BNI Compliance Department competes in two categories of Awards through the Association of African Compliance Professionals - ACCPA:

- Institutional Award for a more Cooperative Institution with the Financial Information Unit;
- BNI Compliance Officer - Internal Control Professional of the year.

The BNI is the only Angolan institution named in these two categories.

• Full Compliance Monitoring Assessment

The conclusions drawn from the auditing of these indicators served as a basis for determining whether the strategy adopted by the Compliance Department is having the expected effect, the level of commitment of the Management Body and all those responsible for compliance with issues related to compliance, if necessary, the appropriate corrections and strategies to be adopted.
The External Auditors detected a deficiency with a high level of risk and three deficiencies with an average level of risk for which, in compliance with the respective recommendations, procedures were adopted for corrections and already have been concluded.

ECONOMIC AND FINANCIAL ENVIRONMENT

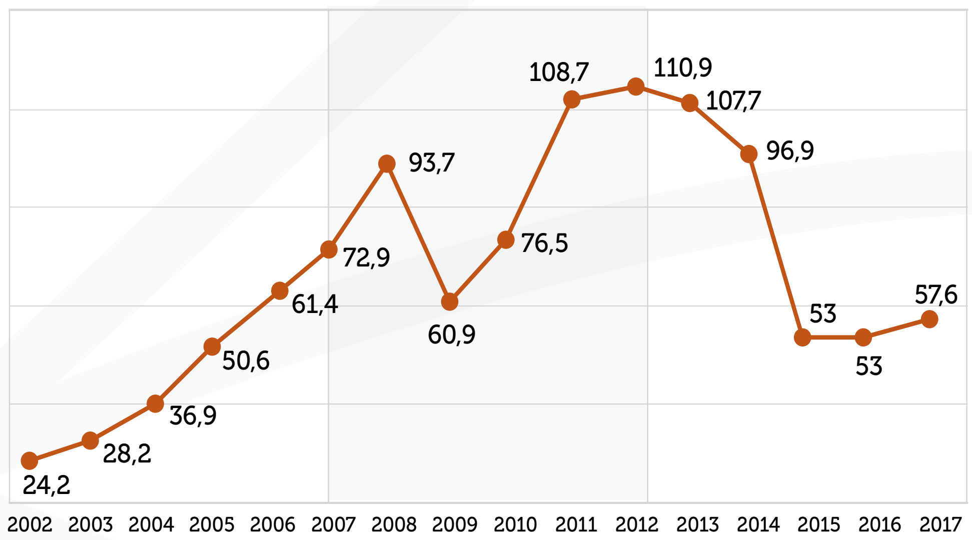
The Angolan Economy in 2017

INTRODUCTION

The economic, social and financial crisis continued in 2017. Its initial signs and effects began to appear in mid-2014, with the sharp 45% decline in oil prices in June of that year representing the essential cause of current difficulties. In fact, these signs of instability in the world oil market date back to 2011, as reflected by the statistics in the following graph.

BEHAVIOR OF OIL BARREL PRICE (USD)

Sources: Bloomberg and International Monetary Fund.



Between 2014 and 2017, oil GDP fell by 54.7%, with an identifiable peak in 2015, when Value Added decreased 45.2% compared to 2014. Dependence on oil continues to be a factor in the Angolan economy, in view of the absence of relatively sustainable alternative sources for the generation of foreign exchange, which are fundamental for the stability of domestic prices and for the regular functioning of economic activity, still very dependent on the importing of all types of inputs.

In an attempt to curb the current trends of reduction of GDP growth intensity and in the context of achieving the highest fundamental objectives – "to promote sustainable and diversified development with social inclusion, to ensure State reform, good governance and the fight against corruption and stimulate economic transformation, private sector development, productivity and the competitiveness of the economy" – the Government developed six important policies for implementation by the end of 2022:

- Macroeconomic Stability and Fiscal Sustainability Program
- Program for State Reform
- National Production Diversification Reinforcement Program
- Program for the Improvement of the Quality of Services in the Fields of Education, Higher Education and Health
- Infrastructure Construction and Rehabilitation Program
- Program for the Reduction of Social Asymmetries and Eradication of Hunger.

However, the most significant event of August 2017 was the third general elections – legislative and presidential – since the country ushered in an era of peace. Yet again, the MPLA was the victorious party and João Lourenço was elected as the new President of the Republic. Expectations surrounding his governance remain high, especially as regards certain aspects that hinder the performance of economic activity under more profitable conditions.

THE GLOBAL ECONOMY

On the international scene, global relations and the growth of world economies were addressed in the lengthy speech (more than 3 hours) of the President of the People's Republic of China at the close of the XIX Congress of the Chinese Communist Party on 18 October 2017, before more than 3,000 party representatives and an extensive pool of foreign journalists. In political and economic terms, China has assumed a position of hegemony, contributing to its average annual GDP growth rate, although well below the pace of the 1990s and 2000s, albeit delivering annual growth of 6.5% (well above the world average of 3 percent). In addition, China wields growing diplomatic influence in the world and has assumed a growing presence in Africa (still the largest source of raw materials and commodities in the world) and South America (Brazil, Argentina, Venezuela). It has also assumed greater influence in its global financial domain (the yuan will be included in the IMF currency basket to determine the exchange rate of the main benchmark currencies for international trade). Most emerging and developing economies, especially in Africa, have welcomed its foreign policy. "The yellow danger" of the 1950s, 1960s and 1970s (mainly triggered by the demographic explosion there) led to cooperation (although undesirable to some countries and population subsets in the world economy) and to the great Asian giant asserting its role in redrawing a new map for globalization.

The world economy is performing well and it would be detrimental for Angola not to take advantage of the growth opportunities (which always involve increased imports) from countries such as the United States, the European Union, Brazil, India, Vietnam, China and other new markets of enormous potential that are eager for new trade agreements. China is already a traditional partner of Angola, although the fears of an open relationship are growing a bit throughout Africa, given the "imperialist" appetites of this economic giant. Five aspects appear to characterize this country's new position in the world (after the last Congress of its Communist Party): renewable energy (this country has just built the largest floating solar panel on the planet and is preparing to implement an ambitious alternative energies plan to reduce pollution and reduce their energy dependence on fossil fuels), "purchase" of Latin America and Africa (safeguarding arable land to ensure food security and supply of raw materials to manufacturing), guardian of free trade (assuming the role of the United States), football (expected to become a powerful force in the sport within 50 years) and large investments in sea and land routes (the new Silk Road and also referred to as the circular economy).

In the World Economic Outlook, January 2018 update, the International Monetary Fund summarizes the expected performance of the world economy for 2018 as follows: "*Global economic activity continues to strengthen. The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. Global growth forecasts for 2018 and 2019 have been revised upward by to 3.9 percent, reflecting increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. The global economy is expected to maintain near-term momentum, but some risks and challenges loom in the medium term. The current cyclical upswing provides an ideal opportunity for reforms. Shared priorities across all economies include implementing structural reforms to boost potential output and making growth more inclusive*"[3].

Likewise, the International Monetary Fund has projected significant gains over the next two years in strengthening and sustaining the international financial system, which has resulted in considerable improvements in the administration, management and control of its main players. However, fears and doubts prevail over the ability of banks in developing countries, especially in Africa, to adapt to the new realities of financial globalization and the requirements of "compliance": "*The October 2017 Global Financial Stability Report (GFSR) finds that the global financial system continues to strengthen in response to extraordinary policy support, regulatory enhancements, and the cyclical upturn in growth. Global bank balance sheets are stronger because of improved capital and liquidity buffers, amid tighter regulation and heightened market scrutiny. However, some banks are still grappling with legacy issues and business model challenges, where progress has been uneven. The environment of continuing monetary accommodation—necessary to support activity and boost inflation—may lead to a continued search for yield where there is too much money chasing too few yielding assets, pushing investors beyond their traditional habitats. As the search for yield intensifies, vulnerabilities are shifting to the nonbank sector and market risks are rising. This may lead to a further compression of risk compensation in markets and higher leverage in the nonfinancial sector. These challenges must be managed carefully to avoid putting growth at risk. Policymakers at both the national and global level will have to strengthen the financial and macroeconomic policy mix*"[4].

The forecasts for economic growth for 2018 compared to 2017 and for different countries and economic areas are shown in the following tables.

[1] Ministry of Finance, OGE (General Government Budget) 2018 Justification Report, December 2017.
[2] "The fundamental theme of the Congress is as follows: staying true to the initial aspiration and always having in mind our mission; to raise up the great banner of socialism with Chinese features; to achieve the definitive triumph of completing the construction of a reasonably prosperous society; to achieve the great victory of socialism with Chinese features in the new era and to strive tirelessly to realize the Chinese dream of the great revitalization of the Chinese nation," excerpt from President Xi Jinping's speech presented to Congress.
[3] *International Monetary Fund - World Economic Outlook, update January 2018.*

It should be noted that world economic growth will remain robust until 2022, according to the forecasts of the International Monetary Fund in its World Economic Outlook of October 2017, with average annual growth of between 3.6% and 3.8%[5]. This meaningful factor will create opportunities for stronger economies more integrated by globalization (China has been benefited greatly from its growth in international market share in recent years).

The likely positive and synergistic effects of President Trump's tax reform in the United States are in line with upward growth forecasts in the United States, reflecting an improvement from 2.2% in 2017 to 2.3% in 2018. But they also have contributed to high consumer confidence levels and improved financial system conditions. The pace of growth in the relatively recent past is being resumed in the European single currency area, with an average growth rate of 1.9% (0.2 percentage points less than in 2017) expected by 2018, (particularly in Germany and France) and the strengthening of domestic consumption (Portugal has been successful in its policy of "growth by strength in domestic demand").

Germany and France continue to be the major drivers of Euro Area growth, but Spain has performed remarkably well with a macroeconomic adjustment policy different from that of Portugal, accentuating fiscal management as the main driver of GDP growth (public expenditure and the reduction of labour-intensive services through liberalization of its market and reduction of some social benefits). The trend of slowing growth rates (3.2%, 3.1% and 2.5%, respectively in 2016, 2017 and 2018) potentially suggests some erosion of this model of economic recovery that the Spanish authorities have implemented. The main driver of German growth continues to be its enormous export capacity with highly competitive standards, despite the increasing appreciation of the euro (and in the meantime no direct or indirect foreign exchange adjustment by the Bank European Central Bank, to the detriment of weaker economies, such as Portugal and Greece, whose competitiveness is low).
The downward forecasts of UK growth probably already reflect the negative effects from Brexit on external demand (decrease from loss of the European economic space), not fully offset by the gains from the reduction of Community expenditures.

In Japan, economic performance – albeit still modest – has been boosted by increasing global demand and fiscal macroeconomic adjustment measures to stimulate production. The effect of private and public investments for the 2010 Olympic Games was also credited.
The so-called emerging economies (China, India, Russia, Brazil and South Africa), especially China and India, given their integration and influence in the international trade system, are ultimately essential to favourable performance of the world economy. Together these economies account for about one-third of world GDP and two-fifths of world trade.
Their GDP growth figures are shown in the following table.

India and China may be the countries most affected by the retraction of long-standing US investments in these countries, but thanks to the vigorous policies of ongoing structural transformation, the positive international environment and inclusive growth models, forecasts call for robust GDP growth rates in both countries. Donald Trump's attitudes and decisions on the application of a set of restrictions on international trade (read: imports) will make it possible for these two countries, especially China, to usurp the position of the United States in the international market, with China-European Union trade and financial relations especially important. The US economic position in Africa has been declining (President Trump's recent decision to substantially reduce donations and other forms of aid to African countries that oppose US foreign policy will continue to marginalize this country's position) and is being replaced gradually by China and India in the face of a relative stagnation of trade and economic relations with the European Union, which is still very much influenced by neocolonial considerations and approaches, from which certain instruments of such cooperation, such as economic partnership agreements, can emerge.
Overall, Sub-Saharan Africa has good growth prospects for 2018 at an average rate of 3.4%, resulting from a combination of macroeconomic reforms under way in many of the region's economies and global growth expectations, in particular from China – with whom the continent maintains a growing range of economic, financial, commercial and diplomatic relations. According to the International Monetary Fund and due to signs of recovery of prices of raw materials and commodities in the international market, a growth rate of 3.9% is expected in 2022[6].

ECONOMIC GROWTH FORECASTS (%)
Source: IMF, World Economic Outlook, October 2017.

	2016	2017	2018 (forecast)
World	3,2	3,6	3,7
Advanced economies	1,7	2,2	2,0
United States	1,5	2,2	2,3
Euro Area	1,8	2,1	1,9
Germany	1,9	2,0	1,8
France	1,2	1,6	1,8
Italy	0,9	1,5	1,1
Spain	3,2	3,1	2,5
Japan	1,0	1,5	0,7
United Kingdom	1,8	1,7	1,5
Canada	1,5	3,0	2,1

ECONOMIC GROWTH FORECASTS (%)
Source: IMF, World Economic Outlook, October 2017.

	2016	2017	2018
World	3,2	3,6	3,7
Russia	-0,2	1,8	1,6
China	6,7	6,8	6,5
India	7,1	6,7	7,4
Brazil	-3,6	0,7	1,5
Nigeria	-1,6	0,8	1,9
South Africa	0,3	0,7	1,1
Sub-Saharan Africa	1,4	2,6	3,4

[4] International Monetary Fund – Global Financial Stability Report, October 2017.
[5] IMF, World Economic Outlook, October 2017.
[6] IMF, World Economic Outlook, October 2017.

ANGOLAN ECONOMY

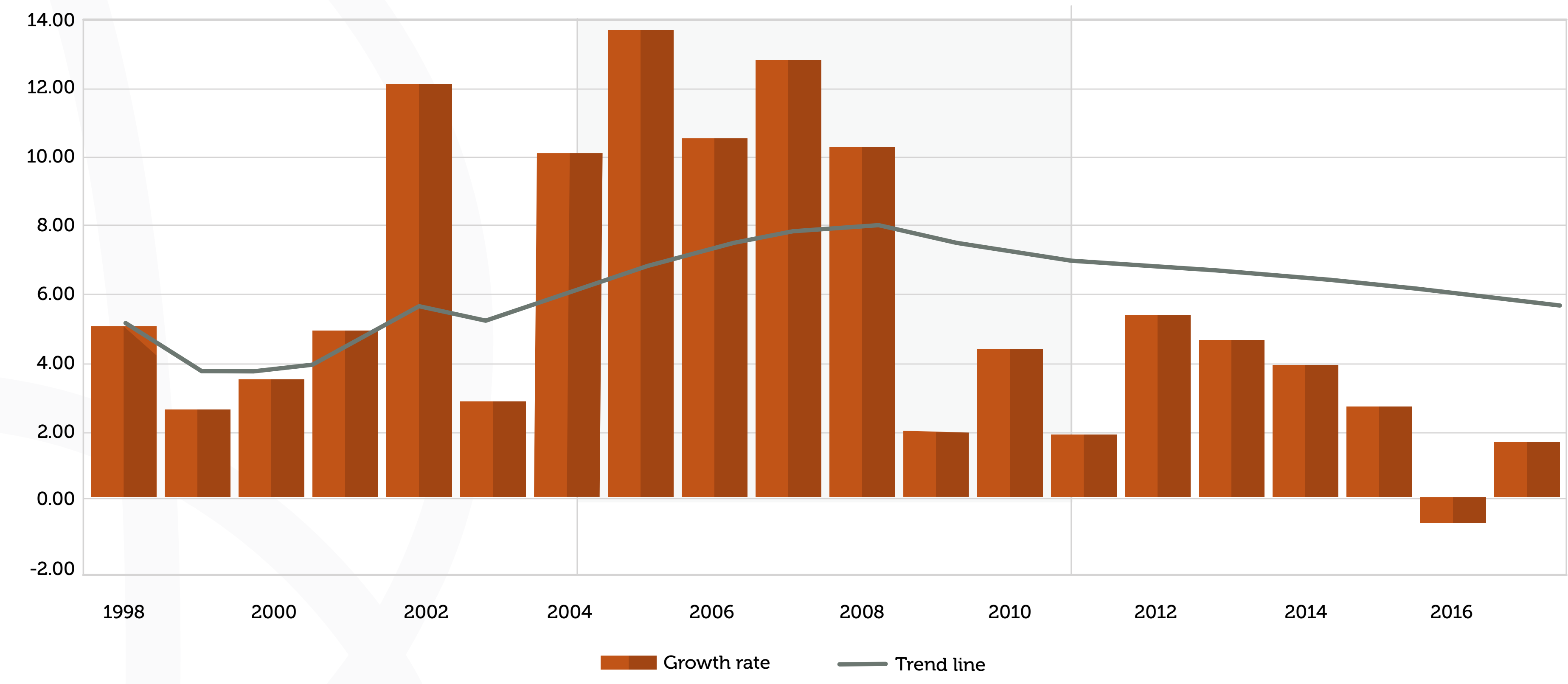
After 2008, trends point to a structural slowdown in the country's growth dynamics both in overall (GDP) and sectoral (oil GDP and non-oil GDP) terms.

The annual average real rate of change in GDP between 2002 and 2008 was 10.1% and then declined significantly to 2.3% for the period between 2009 and 2017. The non-oil sector – which is comprised of sectors critical to the process of diversification of the national economy – followed this slowdown in the rate of growth and in 2017 non-oil GDP did not change by more than 1.9%.

The graphical illustration sheds light on the overall differences between the two crises – 2008-2009 and the one that started in 2014 (in terms of GDP growth rates).

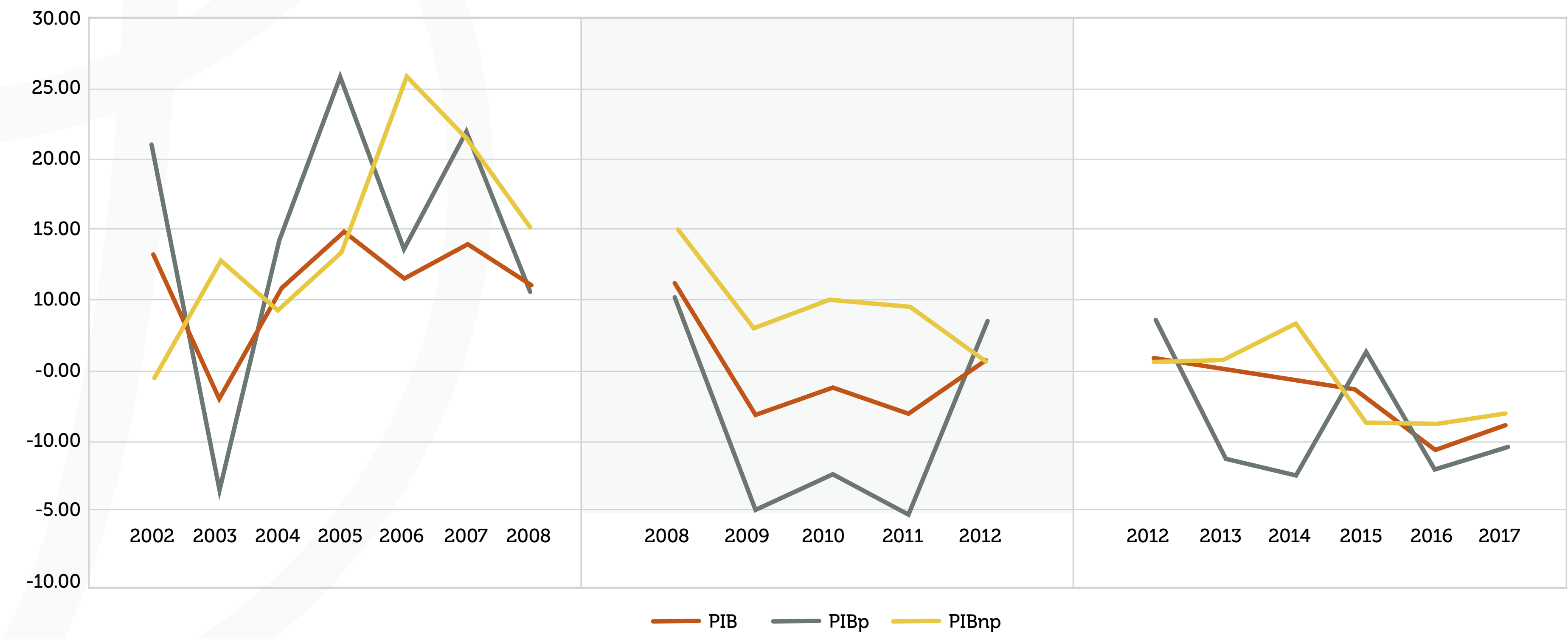
THE LONG-TERM GROWTH TRENDS 1998-2016

SOURCE: INE (National Accounts) and OGE Justification Reports



COMPARISON OF ECONOMIC CRISES IN ANGOLA

SOURCE: INE (National Accounts) and OGE Justification Reports



In general terms, the prevailing crisis is more pronounced than the one that occurred between 2009 and 2012, driven by the combination of several factors demonstrated by the relative slowing of the world economy (China saw its growth contract), the sub-prime crisis in real estate in the United States and Europe and the fall in the price of oil. There is still a general decline in the level of economic activity expressed by the following figures:

ANNUAL AVERAGE RATES

	2002/2008	2008/2012	2012/2017
GDP	10,2	3,9	2,7
OIL GDP	11,1	2,4	1,9
NON-OIL GDP	12,8	9,2	3,0

In addition to the drop in the price of oil after mid-2014, which still remains below levels prior to that year, other factors contributing to the present economic situation are visible.

CRISIS FACTORS AFTER THE FALL IN THE PRICE OF OIL

Activities traditionally regarded as the basic engines of economic growth in any country – agriculture, manufacturing, construction and energy – have witnessed a large reduction in their dynamics, such that, for example, the growth rate of construction (including public works) is down threefold, which had delivered annual average growth of 12.4% between 2008 and 2012. The decline in public investment – along with exports and private consumption, one of the most salient and influential aspects of the country's growth – caused by the financial difficulties of the State (adjustments to the reduction of its tax revenues) also bear mentioning. During the 2009-2010 crisis, the State slashed its fixed capital stock creation expenses by almost 40% in real terms, and a cumulative total of 89% was withdrawn from overall fixed capital formation on the part of the State (real rates of change in public investment were -60.4% in 2015 and -28.6% in 2016).

Agriculture, manufacturing, and construction have been other growth drivers in a combination that should have been optimal for diversification purposes. However, their rates of growth have declined over time, as previous data show.

ANNUAL AVERAGE RATES

	2002/2008	2008/2012	2012/2017	2002/2017
Agriculture	8,0	6,7	6,6	6,5
Manufacturing	6,4	8,1	2,3	4,2
Construction	13,8	12,4	3,9	7,2
Energy	13,2	9,4	13,4	10,8
Public Investment	83,7	18,1	3,8	10,2
GDP	10,2	3,9	2,7	4,3

CHANGE IN THE GROSS DOMESTIC PRODUCT (MILLIONS OF USD)

	2010	2011	2012	2013	2014	2015	2016	2017
GDP	82500,0	104100,0	115300,0	124900,0	126800,4	103321,2	96200,3	110611
Oil GDP	35977,3	50320,5	52211,7	49873,7	43787,4	24016,7	20193,9	22624,5
Non-oil GDP	46522,7	53779,5	63088,3	75026,3	83013,0	79304,5	76006,4	87986,7

SOURCE: INE (National Accounts), OGE Justification Reports and IMF Reports.

The most prominent feature of Angola's economic activity is related to the significant reduction of oil GDP, which, in cumulative terms between 2012 and 2017 is approximately 30 billion dollars, explaining the reduction of its share of total GDP, estimated at 20.5% in 2017 (however, the export concentration index remains at 96%). The space filled in by the non-oil sector has not translated into an effective reduction in the dependence of oil and gas export revenues in fiscal and foreign exchange terms because no sustainable export alternatives have emerged to date.

As a result of the fall in the nominal GDP and of the reduction in the economy's rate of growth, as previously mentioned, the GDP per capita stood at just over USD 3,700 in 2017.

ANGOLA'S FISCAL FRAMEWORK

CATEGORIES	2013	2014	2015	2016	2017
Total tax revenues (USD M)	50,2	44,7	28,2	16,7	19,6
Oil tax revenues (USD M)	37,6	30,2	15,9	7,7	10,3
Tax dependency (%)	74,8	67,4	56,4	47,1	52,5
Tax deficit (GDP %)	-0,3	-6,6	-3,3	-3,8	-5,3

SOURCE: OGE Report 2017 E 2018.

The trend of the fall in the State's tax revenues began in 2013, having assumed catastrophic proportions in 2016, probably the country's worst year of economic and financial performance (the present crisis is clearly worse than that which occurred in 2009 and 2010, as explained at greater length below). Oil dependency persists, albeit with lesser intensity, but has not, however, been matched by greater fiscal diversification.

Between 2013 and 2017, the cumulative fiscal deficit reached a value of [translator's note: number appears to be missing], 19.6% of GDP, resulting in total public debt of USD 66.2 billion in 2017 and an average interest service ratio of 1.9% of GDP between 2013 and 2017. For 2018, the OGE projects 2.9% GDP growth (versus 5.3% expected at the close of the 2017 financial accounts of the State).

PUBLIC DEBT DEVELOPMENTS IN ANGOLA

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public debt ((USD M)	32393,0	32010,0	32687,4	33091,1	30600,5	41590,5	48974,2	59548,0	66189,7

SOURCE: OGE Justification Reports.

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

PUBLIC DEBT RATIO (% OF THE GDP)

	2011	2012	2013	2014	2015	2016	2017
Total Public Debt	31,4	28,7	24,5	32,8	47,4	61,9	59,84
Sonangol Debt	9,5	7,8	10,9	12,5	14,2	18,9	19,2

SOURCE: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, 24 January 2017 and OGE Justification Reports.

Inflation has been rising more sharply after 2014, having halted a significant deflationary cycle of the economy. The oil shock that started in mid-2014 made it more difficult to control the rise in prices. The cumulative inflation rate at the end of 2017 was 24.3%, according to INE statistics, while a figure of 28.7% is projected for 2018.

INFLATION RATES

	PERCENT CHANGE								
	MONTHLY			CUMULATIVE			YEAR-OVER-YEAR		
MONTHS	2015	2016	2017	2015	2016	2017	2015	2016	2017
January	0,53	3,32	2,25	0,53	3,32	2,25	7,44	15,20	39,66
February	0,63	3,30	2,30	1,17	6,73	4,61	7,73	18,26	38,32
March	0,52	3,25	1,91	1,70	10,20	6,61	7,87	21,46	36,52
April	0,71	3,10	1,80	2,42	13,61	8,53	8,23	24,34	34,80
May	1,03	3,31	1,60	3,48	17,37	10,27	8,86	27,14	32,58
June	1,08	3,13	1,52	4,60	21,04	11,94	9,61	29,72	30,51
July	1,14	4,26	1,69	5,79	26,20	13,83	10,41	33,72	27,29
August	1,00	3,31	1,59	6,85	30,38	15,65	11,01	36,77	25,18
September	1,08	2,14	2,14	8,01	33,16	18,12	11,06	38,20	25,18
October	1,17	1,52	2,39	9,27	35,19	20,95	12,40	38,69	26,25
November	1,19	2,29	1,04	10,57	38,29	22,21	13,29	40,20	24,70
December	1,38	2,04	1,67	12,09	41,12	24,25	14,34	41,12	24,25

SOURCE: INE, Consumer Price Index.

The country's foreign exchange situation continued to be severe in 2017 and a new exchange rate regime was introduced based on greater flexibility in the pricing of foreign currency. However, there was pressure on the supply of currency, which continued to depend on a single source. The average price per barrel of oil stood at USD 48.70 in 2017 and oil exports at USD 57.5 billion.
As stated in the OGE 2018 Justification Report, "restrictions on the access to currencies felt by economic agents, both from the price effect and from the effect of quantity, aggravated by unproductive demand for foreign exchange, significantly impacted the downward move in the exchange rate over the course of 2017".

EVOLUTION OF KZ/USD EXCHANGE RATE

	2014	2015	2016	2017
Nominal annual depreciation	0,05	0,32	0,23	0,00

SOURCE: OGE 2018 Rationale Report. The nominal depreciation recorded in the table for 2017 corresponds to March 2017.

INTERNATIONAL RESERVES (billions of USD)

	2011	2012	2013	2014	2015	2016	2017
Gross international reserves	26,4	30,8	31,2	27,3	24,3	20,4	14,5
Months of import (no.)	7,2	7,8	7,2	8,8	11,0	8,1	5,5

Source: IMF Executive Board Concludes 2016 Article IV Consultation with Angola, January 24, 2017 and State Budget Report 2018.

Between 2013 and 2017, net international reserves decreased by around 16.7 billion US Dollars and for 2017 the IMF forecasts the lowest levels of NIR since 2011. Therefore, a very difficult year is expected for imports of goods and services necessary for the functioning of the economic system, within a context of non-existence of alternative sources for generation of foreign currency beyond oil.

OIL

	2011	2012	2013	2014	2015	2016	2017
Production (mm of barrels/day)	1660	1730	1716	1672	1777	1738	1647
Exporting of oil and gas (USD M)	65,7	69,7	66,9	57,6	35,4	36,8	57,5
Barrel price (USD)	108,7	110,9	107,7	96,9	50,0	40,9	48,4

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

Between the best (2012) and the worst (2016) year for oil and gas exports, the country lost USD 32.9 billion, with external revenues forecast to reach USD 58 billion in 2017. Thus, the change between demand and supply of foreign currency strongly impacts the devaluation of the national currency.

Due to the fall in oil prices, devaluation of national currency and the increase in the price of imported goods (increase in customs tariffs), the terms of trade have declined while the need for external financing of the economy have increased. The OGE 2018 Justification Report points to a worsening of this need for external financing since 2013, reaching 10.7% of GDP by the end of 2015. Estimates for the first quarter of 2017 indicated a net lending capacity of 0.8% of GDP, an improvement from the financing needs of 2.6% of GDP observed in the first quarter of 2016.

On the monetary side, restrictive measures were favoured in order to ensure the preservation of the economy's external solvency. Furthermore, the structural characteristics of the national economy, such as the significant dependence on the domestic consumption of imports and the weak depth of the financial system, pose significant obstacles to the process of transmission of implementing monetary policy.

FINANCIAL ANALYSIS

GROWTH IN THE ASSETS AND IMPROVEMENT IN THE RETURNS

The Bank presented a positive financial performance, with a growth of 3.1% in the Assets, totalling AOA 266,794,950,000 (USD 1,607,940).

With regard to Liabilities, the highlight was the Resources of Customers which grew by 3.1% year-on-year, increasing from AOA 227,357,769,000 (USD 1,370,429,000) to AOA 234,333,360,000 (USD 1,412,298,000). Resources of Customers in national currency corresponded to 74%, versus 26% in foreign currency.

Banking Income increased by 7.4% compared to 2016, driven by the increase in Financial Margin and Profit from the provision of financial services.

Total Credit increased by 4% from 2016. The category of Loans to Customers in national currency corresponded to 90%, versus 10% in foreign currency.

With regard to the relationship between Resources and Loans, a fall in the Transformation Ratio occurred in 2017, which stood at 45.4%, compared to 47.8% in the previous year.

Net Income grew in 2017, totalling AOA 2,002,778,000 (USD 12,071,000), up 15.7% from 2016.

The Regulatory Solvency Ratio, calculated in accordance with that described by Instruction no. 3/11 of the BNA, reached 14.1%, above the required minimum 10%.

STABILITY OF THE BANK

BNI's Net Assets increased by 3.1% in 2017, reflecting growth of AOA 7,988,580,000 year-on-year, driven especially by the growth in the Securities of AOA 12,600,826,000, as well as by the increase of AOA 12,624,839,000 in other securities.

ROA was 0.8%, compared to 0.7% in 2016.
Regulatory Own Funds were at AOA 20,954,406,000 (USD 126,290,000), compared to AOA 22,880,397,000 (USD 137,915,000).

Compared to 2016

ASSETS
266 794 950
AOA (+3,1%)

LOANS TO CUSTOMERS
89 940 081
AOA (-3,8%)

CUSTOMER RESOURCES
234 333 360
AOA (+3,1%)

NET INCOME
2 002 778
AOA (+15,7%)

BANKING INCOME
19 217 993
AOA (+7,4%)

SOLVENCY RATIO
14,1%
(+2,7 p.p.)

BALANCE SHEET

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 USD'000	2016 AKZ'000	Weight (%)	Var. (%)
Cash and Cash on Hand	37 387 481	225 330	14%	35 560 199	214 344	14%	5%
Software in Central Banks and in Other C.I	18 649 236	112 397	7%	33 085 813	199 429	13%	-44%
Securities	79 755 953	480 679	30%	67 155 127	404 786	26%	19%
Total Credit	89 940 081	542 058	34%	93 484 839	563 492	36%	-4%
Other Assets	21 790 247	131 327	8%	9 165 408	55 246	4%	138%
Other Fixed Assets	19 271 952	116 150	7%	20 354 984	122 692	8%	-5%
Total Assets	**266 794 950**	**1 607 940**	**-**	**258 806 370**	**1 559 990**	**-**	**3%**
Resources of Customers and Other Loans	234 333 360	1 412 298	94%	227 357 769	1 370 429	94%	3%
Resources in Central Banks and in Other C.I.	6 135 455	36 978	2%	4 343 315	26 180	2%	41%
Subordinated Liabilities	5 038 946	30 369	2%	7 901 484	47 627	3%	-36%
Other Liabilities	2 948 398	17 770	1%	2 408 544	14 518	1%	22%
Provisions	101 656	613	0%	214 774	1 295	0%	-53%
Total Liabilities	**248 557 815**	**1 498 027**	**-**	**242 225 886**	**1 460 049**	**-**	**3%**
Equity and Net Income	18 237 135	109 913	-	16 580 484	99 941	-	10%
Total Liabilities and Equity	**266 794 950**	**1 607 940**	**-**	**258 806 370**	**1 559 990**	**-**	**3%**

In December 2017, the Bank's Net assets totalled AOA 266,794,950,000 (USD 1,607,940,000), compared to AOA 258,806,370,000 (USD 1,559,990,000) in 2016, up 3.1% or AOA 7,988,580,000, essentially driven by the Marketable Securities set at AOA 79,755,953,000 (USD 480,679,000), representing 29.89% (2016: 25.95%) of the bank's net assets.
The Bank's assets are primarily funded by customer deposits, with a weight of 88%.

CASH ON HAND

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 USD'000	2016 AKZ'000	Weight (%)	Var. (%)
Cash	3 891 219	23 452	10%	2 879 124	17 354	8%	
National currency	2 739 944	16 513	-	2 354 634	14 193	-	16%
Foreign currency	1 151 275	6 939	-	524 490	3 161	-	120%
Cash on Hand in the Central Bank	22 799 073	137 407	61%	25 160 642	151 659	71%	
National currency	20 584 585	124 061	-	23 195 286	139 813	-	-11%
Foreign currency	2 214 488	13 346	-	1 965 356	11 846	-	13%
Cash on Hand in Other Credit Institutions	10 697 189	64 471	29%	7 520 433	45 330	21%	
Foreign currency	10 697 189	64 471	-	7 520 433	45 330	-	42%
Cash and Cash on Hand	37 387 481	225 330	-	35 560 199	214 344	-	

Cash on Hand totalled AOA 37,387,481,000 (USD 225,330,000), recording a slowdown of 5.14% or AOA 1,827,282,000 compared to 2016, representing 14.01% (2016: 13.74%) of net assets.
Driving this increase was the category of Cash on Hand with an increase of AOA 1,012,095,000, as well as the Cash on Hand in Financial Institutions, which increased AOA 3,176,756,000.

AMOUNTS OWED BY CREDIT INSTITUTIONS

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	Var. (%)
Investments in domestic credit institutions	**-**	**-**	**-**	**17 200 000**	**103 675**	**32%**	**-**
Deposits in the National Bank of Angola	-	-	-	17 200 000	103 675	-	-
Investments in foreign credit institutions	**18 610 388**	**112 162**	**100%**	**15 861 776**	**95 609**	**64%**	**17%**
Collateral deposits	2 325 629	14 016	-	2 824 134	17 023	-	-18%
Provision of liquidity	16 284 759	98 146	-	13 037 642	78 586	-	25%
Accrued interest	**38 848**	**234**	**0%**	**24 037**	**145**	**5%**	**62%**
Software in Central Banks and in Other C.I	**18 649 236**	**112 397**	**-**	**33 085 813**	**199 429**	**-**	**-44%**

Amounts Owed by Credit Institutions were at AOA 18,649,236,000 (USD 112,397,000), down 43.63% or AOA 14,436,577,000 compared to 2016. Amounts owed by credit institutions accounted for 6.99% of the Bank's total assets (2016: 12.78%).

SECURITIES

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	Var. (%)
Financial assets at fair value through profit and loss	**6 452 087**	**38 886**	**8%**	**2 409 973**	**14 526**	**5%**	**168%**
Indexed OT's	6 452 087	38 886	-	2 409 973	14 526	-	168%
Financial assets available for sale	**123 449**	**744**	**0%**	**23 599**	**142**	**0%**	**423%**
EMIS gross exposure	123 449	744	-	23 599	142	-	423%
Investments held until maturity	**73 180 417**	**441 049**	**92%**	**64 721 555**	**390 118**	**95%**	**13%**
Bonds and other fixed-income securities							
Kwanzas	64 831 776	390 733	-	56 757 686	342 115	-	14%
Dollars	6 982 077	42 080	-	6 981 198	42 080	-	0%
Interest	1 366 564	8 236	-	982 671	5 923	-	39%
Securities	**79 755 953**	**480 679**	**-**	**67 155 127**	**404 786**	**-**	**19%**

BNI's Marketable Securities portfolio is comprised of Financial Assets at fair value through profit and loss (Treasury Bonds indexed to the US Dollar) set at AOA 6,452,087,000 (USD 38,886,000), Financial assets available for sale (Emis and Aliança Seguros) of AOA 123,449,000 (USD 744,000,000) and Investments held until maturity of AOA 73,180,417,000 (USD 441,049,000).
The category's total value stood at AOA 79,755,953 (USD 480,679,000), compared to AOA 67,155,127,000 (USD 404,786,000) in 2016, having recorded a similar positive change of 18.76%, approximately AOA 12,600,826,000, representing 29.89% (25.95% in 2016) of Net assets.

CREDIT

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	Var. (%)
Domestic currency	80 630 392	485 949	90%	77 223 176	465 473	80%	4%
Companies and public sector	86 662 894	522 306	-	81 146 583	489 122	-	7%
Individuals	5 962 550	35 936	-	6 016 668	36 266	-	-1%
Impairment	(11 995 052)	(72 293)	-	(9 940 075)	(59 915)	-	21%
Foreign currency	**9 309 689**	**56 108**	10%	16 261 663	**98 019**	20%	**-43%**
Companies and public sector	12 775 182	76 994	-	19 579 722	118 019	-	-35%
Individuals	869 897	5 243	-	1 847 417	11 136	-	-53%
Impairment	(4 335 390)	(26 129)	-	(5 165 476)	(31 136)	-	-16%
Total Credit	89 940 081	542 058	-	93 484 839	563 492	-	-4%

In December 2017, Total credit was at AOA 89,940,081,000 (USD 542,058,000), down 3.79% or AOA 3,544,758,000 from 2016, accounting for 33.71% of the Bank's Net assets.

Outstanding credit in 2017 totals AOA 93,348,880,000 (USD 562,602,000), down 8.78% or AOA 8,982,6886,000 [sic] year-on-year.

At 31 December 2017, Credit denominated in national currency totalled AOA 80,630,392,000 (USD 485,949,000), and Credit denominated in foreign currency totalled AOA 9,309,689,000 (USD 56,108,000), with weights of 89.65% (2016: 82.61%) and 10.35% (2016: 17.39%) of total credit, respectively, reflecting the bank's efforts to cut exposure to credit in foreign currency.

At 31 December 2017, Overdue loans were at AOA 12,921,643,000 (USD 77,877,000), compared to AOA 6,258,824,000 (USD 37,726,000) in 2016, up 106.45%, approximately AOA 6,662,819,000, achieving an overdue loan ratio of 12.16% (5.76% in 2016).

The hedge ratio of overdue loans through provisions for doubtful debt was 125,58% in 2017, compared to 239,77% the previous year.

Impairments in 2017 totalled AOA 16,330,442[,000] (USD 98,422,000) compared to AOA 15,105,551,000 (USD 91,051,000) in the previous year, an increase of AOA 1,224,891,000 in 2016.

IMPAIRMENTS

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 USD'000	2016 AKZ'000	Weight (%)	(%)
Gross Lending	106 270 523	640 479	118%	108 590 390	654 543	120%	-2%
Due credit	93 348 880	562 602	-	102 331 566	616 817	-	-9%
Overdue credit	12 921 643	77 877	-	6 258 824	37 726	-	106%
Impairment	(16 330 442)	(98 422)	-18%	(15 105 551)	(91 051)	20%	8%
Total Credit	89 940 081	542 058	-	93 484 839	563 492	-	-4%

Impairments of the Financial Year were at AOA 2,484,075,000 (USD 14,972,000), compared to AOA 4,157,485,000 (USD 25,347,000), representing a risk cost of 2.34% (3.83% in 2016).

LIABILITIES

The Bank ended the financial year of 2017 with Liabilities of AOA 248,557,815,000 (USD 1,498,027,000), up 2.61% or AOA 6,331,929,000 year-on-year.

Liabilities were leveraged essentially by Customer Deposits of AOA 234,333,360,000 (USD 1,412,298,000) with a weight of 94.28% of total Liabilities (93.86% in 2016).

CUSTOMER DEPOSITS

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 USD'000	2016 AKZ'000	Weight (%)	(%)
Demand deposits	130 224 549	784 847	56%	120 874 787	728 589	62%	8%
Term deposits	104 108 811	627 451	-	106 482 982	641 840	-	-2%
Term deposits	103 603 752	624 407	44%	105 933 058	638 526	38%	-2%
Other	505 059	3 044	0%	549 924	3 315	0%	-8%
Total	234 333 360	1 412 298	-	227 357 769	1 370 429	-	3%

3.07% or AOA 6,975,591,000 year-on-year, representing 94.28% of the Bank's total liabilities.

The deposit portfolio is comprised of demand, term and other deposits, with weights of 55.57%, 44.21% and 0.22%, respectively.

Demand deposits were AOA 130,224,549,000 (USD 784,847,000), up 7.74%, AOA 9,349,762,000, year-on-year.

Term deposits totalled AOA 103,603,752,000 (USD 624,407,000), down 2.20% or (AOA 2,329,306,000) year-on-year.

Other deposits were AOA 505,059,000 (USD 3,044,000), down 8.16% or (AOA 44,865,000) year-on-year.

The transformation ratio was 45.35%, compared to 47.76% in 2016.

INCOME STATEMENT

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	(%)
Financial margin	11 941 469	71 973	-	9 413 832	57 394	-	27%
Income from the trading of financial instruments	(17 504)	(105)	-	17 928	109	-	-2%
Other operating income	66 729	402	-	325 141	1 982	-	-79%
Foreign exchange earnings	4 647 102	28 009	-	5 938 419	36 205	-	-22%
Income from financial services rendered	2 577 897	15 537	-	2 179 693	13 289	-	18%
Income from the disposal of other assets	2 300	14	-	18 274	111	-	-87%
Impairment of loans net of reversals and recoveries	(2 484 075)	(14 972)	-	(4 157 485)	(25 347)	-	-40%
Other operating costs and income	(14 037 808)	(84 608)	-	(12 340 287)	(75 236)	-	14%
Charges with current income	(693 333)	(4 179)	-	(335 121)	(2 043)	-	107%
Net Income	**2 002 778**	**12 071**	-	**1 730 636**	**10 551**	-	**16%**

Financial Margin in 2017 totalled AOA 11,941,469,000 (USD 71,973,000), compared to AOA 9,413,832,000 (USD 57,394,000) in the same period of the previous year, an increase of 26.85% or AOA 2,527,637,000, essentially driven by the increase in the income from securities held by customers, of AOA 1,351,750,000 (+32.85%).

Foreign exchange earnings in 2017 totalled AOA 4,647,102,000 (USD 28,009,000), compared to AOA 5,938,419,000 (USD 36,205,000) in the same period of the previous year, a decrease of 21.75% or AOA 1,291,317,000.

OVERHEAD

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	(%)
Staff costs	(5 384 215)	(32 450)	42%	(4 459 765)	(27 190)	40%	21%
Third-party supplies	(5 956 845)	(35 901)	46%	(5 341 602)	(32 567)	48%	12%
Amortization and depreciation	(1 540 642)	(9 285)	12%	(1 269 191)	(7 738)	11%	21%
Overhead	**(12 881 702)**	**(77 636)**	-	**(11 070 558)**	**(67 495)**	-	**16%**

Overhead represents Costs with staff, Supplies from third parties and Amortisations of the financial year, totalling AOA 12,881,702,000 (USD 77,636,000), up 16.36% in comparison with 2016.

The cost-to-income ratio was 67.03%, compared to 61.87% in 2016.

PROFITABILITY

The Bank ended the financial year of 2017 with a Net Income of AOA 2,002,778,000 (USD 12,071,000), up 15.72%, approximately AOA 272,142,000 year-on-year.

Return on Equity (ROE) was 9.56%, compared to 7.56% in 2016. Return on Assets (ROA) was 0.75%, compared to 0.67% in 2016.

REGULATORY OWN FUNDS AND SOLVENCY

	2017 AKZ'000	2017 USD'000	Weight (%)	2016 AKZ'000	2016 USD'000	Weight (%)	(%)
Requirement of regulatory equity: Credit Risk	11 582 083	69 804	-	-	-	-	-
Requirement of regulatory equity: Market Risk	733 767	4 422		-	-		-
Requirement of regulatory equity: Operational Risk	2 533 930	15 272	-	-	-	-	-
Total of regulatory own funds	**14 849 780**	**89 498**	-	-	-	-	-
Equity							
Base	15 915 460	95 920	-	17 018 348	102 580	-	-6%
Additional	5 038 946	30 369	-	5 862 049	35 334	-	-14%
Regulatory Equity	**20 954 406**	**126 290**	-	**22 880 397**	**137 915**	-	**-8%**
Solvency Ratio	**14%**	-	-	**11%**	-	-	**24%**

Regulatory Own Funds totalled AOA 20,954,406,000 (USD 126,290,000) in 2017, down 8.42% or AOA 1,925,991,000, essentially driven by the reduction in the Original Own Funds, at AOA 1,102,888,000.

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.

The Solvency Ratio, calculated based on the same National Bank of Angola instruction, was 14% compared to 11% in 2016.

FINANCIAL STATEMENTS

BALANCE SHEET

AKZ'000

	NOTES	31/12/2017	31/12/2016
Cash and cash on hand in central banks	14	26 690 292	28 039 766
Cash on hand in other credit institutions	15	10 697 189	7 520 433
Investments in central banks and in other credit institutions	16	18 649 236	33 085 813
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	73 180 417	64 721 555
Loans to customers	20	89 940 081	93 484 839
Non-current assets held for sale	21	4 344 428	4 343 924
Other tangible assets	22	14 608 627	15 530 647
Intangible assets	22	272 753	211 761
Investments in subsidiaries, associated companies and joint ventures	23	46 144	268 652
Current tax assets	24	520 755	234 190
Deferred tax assets	24	3 068 274	3 107 150
Other assets	25	18 201 218	5 824 068
Total assets		**266 794 950**	**258 806 370**
Resources of central banks and other credit institutions	26	6 135 455	4 343 315
Customer resources and other loans	27	234 333 360	227 357 769
Provisions	28	101 656	214 774
Current tax liabilities	24	302 634	-
Subordinated liabilities	29	5 038 946	7 901 484
Other liabilities	30	2 645 764	2 408 544
Total liabilities		**248 557 815**	**242 225 886**
Share Capital	32	14 642 808	14 642 808
Own shares	32	(1 071 854)	(1 071 854)
Revaluation reserves	32	(918 276)	(918 276)
Other reserves and retained earnings	31	3 581 679	2 197 170
Net income for the year		2 002 778	1 730 636
Total Equity		**18 237 135**	**16 580 484**
Liabilities and equity total		**266 794 950**	**258 806 370**

INCOME STATEMENT

AKZ'000

	NOTES	31/12/2017	31/12/2016
Interest and similar income	4	19 132 349	16 696 135
Interest and similar charges	4	(7 190 880)	(7 282 303)
Financial margin		**11 941 469**	**9 413 832**
Income from services and commissions	5	3 597 649	2 684 825
Charges with services and commissions	5	(1 019 752)	(505 132)
Income from financial assets and liabilities valued at fair value through profit and loss	6	(17 504)	17 928
Foreign exchange earnings	7	4 647 102	5 938 419
Income from disposal of other assets	8	2 300	18 274
Other operating income	9	66 729	325 141
Product of the banking activity		**19 217 993**	**17 893 287**
Staff expenses	10	(5 384 215)	(4 459 765)
Third-party supplies and services	11	(5 956 845)	(5 341 602)
Depreciation and amortisations for the year	22	(1 540 642)	(1 269 191)
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)	(4 157 485)
Impairment for other assets net of reversals and recoveries	12	(53 854)	(2 177 722)
Income of continuing operations before taxes		**2 696 110**	**1 395 515**
Income taxes			
Current	24	(554 457)	32 285
Deferred	24	(138 876)	302 836
Net Income		**2 002 778**	**1 730 636**

STATEMENT OF CHANGES IN EQUITY

AKZ'000

	RESERVES, INCOME AND OTHER COMPREHENSIVE INCOME								
	CAPITAL	OWN SHARES	SOCIAL FUND	REVALUATION RESERVES	RETAINED EARNINGS	OTHER RESERVES	TOTAL	NET INCOME FOR THE YEAR	TOTAL EQUITY
Balance at 31 December 2015	14 642 808	(339 713)	-	(11 844)	1 663 690	-	1 651 846	533 323	16 488 264
Acquisition of own shares net of disposals	-	(732 141)	-	-	-	-	-	-	(732 141)
Gains/(losses) in the purchase/sale of own shares	-	-	-	(906 432)	-	-	(906 432)	-	(906 432)
Dividend distribution	-	-	-	-	-	-	-	-	-
Incorporation of retained earnings	-	-	-	-	533 323	-	533 323	(533 323)	-
Net income for the year	-	-	-	-	-	-	-	1 730 636	1 730 636
Other	-	-	-	-	157	-	157	-	157
Balance at 31 December 2016	14 642 808	(1 071 854)	-	(918 276)	2 197 170	-	1 278 894	1 730 636	16 580 484
Acquisition of own shares net of disposals	-	-	-	-	-	-	-	-	-
Gains/(losses) in the purchase/sale of own shares	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(346 127)	(346 127)
Incorporation of retained earnings	-	-	-	-	1 384 509	-	1 384 509	(1 384 509)	-
Net income for the year	-	-	-	-	-	-	-	2 002 778	2 002 778
Other	-	-	-	-	-	-	-	-	-
								-	
Balance at 31 December 2017	14 642 808	(1 071 854)	-	(918 276)	3 581 679	-	2 663 403	2 002 778	18 237 135

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COMPREHENSIVE INCOME STATEMENT

AKZ'000

	NOTES	31/12/2017	31/12/2016
Net Income for the Year		2 002 778	1 730 636
Items that will not be reclassified to gains / (losses) on the repurchase of own shares	13	-	(906 432)
Total		**2 002 778**	**824 204**

CASH FLOW STATEMENT

AKZ'000

	31/12/2017	31/12/2016
Interest and income received	16 468 407	12 991 063
Interest and costs paid	(7 190 880)	(7 265 313)
Services and commissions received	3 597 649	2 179 693
Services and commissions paid	(1 019 752)	(505 132)
Recoveries of loans	97 331	278 645
Contributions to the pension fund	-	-
Cash payments to employees and suppliers	(11 341 060)	(9 457 952)
Foreign exchange transactions	4 637 802	2 394 646
Change in operating assets and liabilities		
Investments and Resources of Central Banks	-	(9 199 002)
Financial assets at fair value through profit and loss	(5 524 610)	(388 791)
Investments and Resources in credit institutions	14 228 717	3 187 398
Loans to customers	1 133 524	(3 189 056)
Customer resources and other loans	5 636 641	27 212 649
Other operating assets and liabilities	(9 908 808)	352 431
Taxes on profits paid	(554 457)	-
Cash flows of operational activities	**10 260 504**	**18 591 279**
Investments held until maturity	(10 074 969)	(25 513 891)
Purchase of assets	(1 320 923)	(1 061 170)
Net cash flows of investing activities	**(11 395 892)**	**(26 575 061)**
Capital reductions	-	(1 638 573)
Issue of subordinated liabilities	-	5 038 835
Redemption from subordinated liabilities	2 862 538	(4 011 353)
Paid dividends of ordinary shares	-	-
Net cash flows of financing activities	**2 862 538**	**(611 091)**
Cash and equivalents at the start of the period	35 560 199	40 985 941
Effects of exchange rate changes on cash and cash equivalents	100 132	3 169 131
Net change in cash and cash equivalents	1 727 150	(8 594 873)
Cash and equivalents at the end of the period	37 387 481	35 560 199

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

NOTE 1 - INTRODUCTORY NOTE

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

NOTE 2 – MAIN ACCOUNTING POLICIES

2.1 BASIS OF PRESENTATION

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

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

The Bank's individual 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 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 39.

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

The preparation of financial statements in accordance with the IFRS requires the Bank to make judgements and estimates and use assumptions that affect the application of the accounting policies and the amounts of income, costs, assets and liabilities. Changes in said assumptions or differences of these in light of the reality may have 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 individual 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 come to be approved without significant alterations.

2.2 TRANSACTIONS IN FOREIGN CURRENCY

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

The AOA/USD exchange rates at 31 December 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:
A posição cambial à vista em cada moeda, é dada pelo saldo líquido dos activos e passivos dessa moeda, assim como das operações à vista a aguardar liquidação e das operações a prazo com vencimento nos dois dias úteis subsequentes. A posição cambial à vista é reavaliada diariamente com base na taxa de câmbio média publicada pelo BNA nessa data, dando origem à movimentação da conta de posição cambial (moeda nacional), por contrapartida de resultados.

Forward currency position:
The forward currency position in each currency corresponds to the net balance of the forward transactions awaiting settlement, excluding those that mature within the subsequent two business days. All the contracts relative to these transactions (currency forwards) are revalued at the market's forward exchange rates or in their absence, through their calculation based on the interest rates applicable to the residual maturity of each transaction. The difference between the 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.

2.3 LOANS TO CUSTOMERS

The loans to customers include the loans originated by the Bank, whose intention isn't that of sale in the short term, which are recorded on the date in which the loan amount is paid upfront to the customer.
The loans to customers are derecognised from the balance sheet when (i) the contractual rights of the Bank relative to the respective cash flows have expired, (ii) the Bank has substantially transferred all the risks or benefits associated with their holding, or (iii) notwithstanding the Bank having retained part of but not substantially all the risks or benefits associated with their holding, the control over the assets was transferred.
The loans to customers are initially recognised at their fair value, plus the transaction costs, and they are subsequently valued at amortised cost, based on the effective interest rate method, being presented in the balance sheet as deducted from impairment losses.

Impairment
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 sig-

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

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

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

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

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

(ii) Collective analysis

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

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

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

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

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

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

Segmentation of the loan portfolio for collective analysis

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 probabilities of default.

The determination of impairment for losses incurred but not reported depends on the definition of the emerging period that corresponds to the period of time between the event of default and the observation of this default by the Bank.
The Bank assumed 12 months as an emerging period.

Collateral valuation process

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

Loan granting phase

In the scope of the conditions of approval of the credit operations, whenever the need to obtain a guarantee from the customer is defined, if the type of the identified guarantee or collateral implies a request for valuation for the definition and validation of its value, a request for valuation of the guarantee from the Credit Analysis Division or

Commercial Division must be requested, as a way of them contacting and triggering the process together with independent external valuers.

Loan monitoring phase

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

Loan recovery phase

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

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

(i) Real estate

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

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

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

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

(ii) Pledge of term deposits

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

(iii) Other received guarantees

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

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

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

(iv) Other financial assets

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

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

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

Loan write-offs

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

2.4 OTHER FINANCIAL INSTRUMENTS

(i) Classification, initial recognition and subsequent measurement

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

Financial assets and liabilities at fair value through profit and loss, and within this category 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 effective interest rate of each transaction, as well as the accrual of the interest from the derivatives associated with financial instruments classified in this category.

2) Investments held until maturity
Non-derivative financial assets, with fixed or determinable payments and a fixed maturity, for which the Bank has the intention and capacity of keeping until maturity and which weren't designated for any other category of financial assets, are recognised in this category. These financial assets are recognised at amortised cost at the initial moment of their recognition and subsequently measured at amortised cost, using the effective interest rate method. The interest is calculated through the effective interest rate method and recognised in the financial margin. 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 effective 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 effective interest rate of these financial instruments. The interest recognised through the effective 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 effective interest rate. The interest recognised through the effective 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 effective 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 effective interest rate method, resulting from the difference between the initially recognised value and the amount upon maturity, minus the reductions resulting from impairment losses.

(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 sufficient 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 ev-

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

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

(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 difference between this fair value and the respective nominal value is recognised in the income statement until the maturity of the asset, based on the effective rate method. The fair value reserve existing on the date of the transfer is also recognised in the income statement based on the effective rate method.

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

(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 within the normal course of the Bank's activity, as well as in the event of default, bankruptcy or insolvency of the Bank or of the counterparty.

2.5 HEDGE ACCOUNTING

The Bank designates derivatives and other financial instruments for hedging of the interest rate risk and exchange rate risk, resulting from their business. The derivatives that do not qualify for hedge accounting are recorded as of trading.

The hedging derivatives are recorded at fair value and the gains or losses resulting from the revaluation are recognised in accordance with the adopted hedge accounting model. A hedge relationship exists when:

- at the start date of the relationship there is formal documentation of the hedging;
- it is expected that the hedging will be highly effective;
- the effectiveness of the hedging can be measured reliably;
- hedging is assessed on a continuous basis and effectively determined as being highly effective throughout the financial reporting period; and
- in relation to the hedging of a foreseen transaction, this is highly probable and it presents an exposure to variations in the cash flows that could ultimately affect the income statement.

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

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

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

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

When the hedging instrument is derecognised, or when the hedge relationship no longer meets the hedge accounting requirements or it is revoked, the hedge relationship is prospectively discontinued. In this way, the fair value variations accumulated in equity up to the date of the discontinuation of the hedging can be:

- deferred for the remaining period of the hedged instrument; or
- immediately recognised in the financial year's income statement, in the event of the hedged instrument having extinguished.

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

At 31 December 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 effectiveness 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 ineffectiveness is recognised in the income statement at the time in which it occurs. The IAS 39 stipulates the obligation of the demonstration of the effectiveness of the hedge relationship both prospectively and retrospectively.

2.6 EQUITY INSTRUMENTS

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

The transaction costs directly attributable to the issue of equity instruments are recorded in the equity as a deduction from the issue value. The amounts paid and received through the purchases and sales of equity instruments are recorded in the equity, net of transaction costs.

The income from equity instruments (dividends) are recognised when the right to their receipt is established and deducted from the equity.

2.7 OTHER TANGIBLE ASSETS

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

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 for own use (buildings)	25 to 50
Equipment	
Furniture and fittings	8 and 10
Machines and Tools	4 and 10
Computer equipment	3 to 6
Interior fixtures	4 to 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.

2.8 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.

2.9 INVESTMENT PROPERTIES

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

The investment properties are initially recognised at acquisition cost, including the directly related transaction costs, and subsequently at their fair value. Fair value variations determined at each balance sheet date are recognised in the income statement. Investment properties are not amortised.

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

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

2.11 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

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

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

The existence of significant influence on the part of the Bank is normally demonstrated through one or more of the following forms:

- representation in the Board of Directors or equivalent management body;
- participation in definition processes of policies, including the participation in decisions regarding dividends or other distributions;
- material transactions between the Bank and the subsidiary;
- exchange of management staff; and
- provision of essential technical information.

The recoverable value of the investments in subsidiaries and associated companies is valued whenever there are signs of evidence of impairment.

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

2.12 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The non-current assets, groups of non-current assets held for sale (groups of assets together with the respective liabilities, which include at least one non-current asset) and discontinued operations are classified as held for sale when there is the intention of disposing of the aforementioned assets and liabilities and the assets or groups of assets are available for immediate sale and their sale is very probable (within 1 year).

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

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

2.13 ASSETS RECEIVED THROUGH THE RECOVERY OF LOANS

The Bank classifies 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.

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.

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 differences between the book values of the assets and liabilities and their tax base, using the tax rates approved or substantially approved at the balance sheet date and that it is expected that they will be applied when the temporary differences are reversed.

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

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

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

2.16 PROVISIONS AND CONTINGENT LIABILITIES

SProvisions 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.

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 effective 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 effective interest rate, transaction costs and all the premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit and loss.

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

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

- 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).

2.18 RECOGNITION OF DIVIDENDS

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

2.19 RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

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

- when it is obtained whilst the services are provided, its recognition in the income statement is carried out in the period 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.

2.20 FIDUCIARY ACTIVITIES

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

2.21 INCOME IN FINANCIAL TRANSACTIONS

liabilities at fair value through profit and loss, namely of the trading portfolios and of other assets and liabilities at fair value through profit and loss, including embedded derivatives and dividends associated with these portfolios.

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

2.22 CASH AND ITS EQUIVALENTS

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

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

2.23 FINANCIAL GUARANTEES AND COMMITMENTS

Financial guarantees are contracts that oblige the Bank to make specific payments in order to reimburse the holder for a loss incurred by virtue of a debtor defaulting a payment. Commitments are firm commitments 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.

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.

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.

3.2 FAIR VALUE OF THE DERIVATIVE FINANCIAL INSTRUMENTS AND OTHER FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE

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

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

3.3 IMPAIRMENT LOSSES IN LOANS TO CUSTOMERS

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

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

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

3.4 INVESTMENTS HELD UNTIL MATURITY

The Bank classifies 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.

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.

3.6 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;
- credit sales and purchases take place at prices which compensate for the expected loss in purchasing power during the credit period, even where the period is short;

• 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.

3.7 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 ASSETS AVAILABLE FOR SALE	OF ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
Interest and similar income	18 659 789	472 560	19 132 349
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	458 251	-	458 251
Interest from investments held until maturity	5 466 541	-	5 466 541
Interest and similar charges	(7 190 880)	-	(7 190 880)
Interest from resources of central banks and credit institutions	(116 181)	-	(116 181)
Interest from customer resources	(6 597 740)	-	(6 597 740)
Interest from subordinated liabilities	(476 959)	-	(476 959)
Financial margin	11 468 909	472 560	11 941 469

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

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

NOTE 5 – INCOME FROM SERVICES AND COMMISSIONS

The value of this category is comprised of:

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	**(1 019 752)**	**(505 132)**
Visa and Mastercard cards	(714 363)	(456 112)
Irrevocable credit lines	(22 639)	(42 202)
Other commissions	(282 750)	(6 818)
Income with commissions	**2 577 897**	**2 179 693**

The category of Visa and Mastercard Cards refers to the received and paid commissions referring to the cards of different entities.

The category of Other banking 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	**5 687 594**	**8 713 988**
Foreign Exchange Revaluation	15 563	1 461 806
Sale of foreign currency	5 667 156	2 862 626
Exchange rate revaluations OT's indexed	4 875	4 389 556
Costs	**(1 040 492)**	**(2 775 569)**
Foreign Exchange Revaluation	(11 138)	(2 307 589)
Sale of foreign currency	(1 029 354)	(467 980)
Foreign exchange earnings	**4 647 102**	**5 938 419**

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 8 – INCOME FROM THE DISPOSAL OF OTHER ASSETS

The value of this category is comprised of:

AKZ'000

	31.12.2017	31.12.2016
Tangible fixed 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	**(619 031)**	**(680 388)**
Taxes and fees not applicable to income	(202 424)	(346 426)
Penalties applied by regulatory entities	(230)	(321 487)
Other costs	(416 377)	(12 475)
Income from the disposal of assets	**66 729**	**325 141**

NOTE 10 – STAFF COSTS

The value of this category is comprised of:

AKZ'000

WAGES AND SALARIES	31.12.2017	31.12.2016
Management and supervisory boards	**(1 326 619)**	**(790 460)**
Base salary	(653 563)	(504 998)
Allowances and bonuses	(673 056)	(285 462)
Employees	**(3 723 850)**	**(3 331 519)**
Base salary	(2 331 044)	(1 941 907)
Allowances and bonuses	(1 392 806)	(1 389 612)
Employer's contributions	**(235 784)**	**(206 761)**
Mandatory	(189 481)	(169 719)
Optional	(46 303)	(37 042)
Other costs	(97 962)	(131 025)
Staff costs	**(5 384 215)**	**(4 459 765)**

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

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

AKZ'000

	BOARD OF DIRECTORS					
	EXECUTIVE COMMITTEE	OTHER ELEMENTS	TOTAL	OTHER ELEMENTS	OTHER KEY MANAGEMENT STAFF	TOTAL
31 December 2015						
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 employer's 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 benefits and other employer's contributions	-	-	-	-	-	-
Other remuneration and seniority bonuses	-	-	-	-	-	-
Total	**627 366**	**163 094**	**790 460**		**72 260**	**72 260**

	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)	(947 402)
Advertising and publications	(205 067)	(244 599)
Communications and shipment	(266 460)	(265 546)
Travel and representation	(608 566)	(457 792)
Water, energy and fuel	(92 499)	(91 920)
Consultancy and auditing	(1 837 428)	(2 062 474)
Security and surveillance	(778 043)	(691 358)
Insurance	(49 455)	(12 942)
Other operating costs	(1 101 887)	(567 569)
Total	**(5 956 845)**	**(5 341 602)**

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/(CHARGES)	USES	TRANSFERS	EXCHANGE RATE DIFFERENCES 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)	(1 230 610)	1 235 270	-	-	(1 039)
Impairment in associated companies (see Note 23)	(74 049)	20 195	-	-	-	(53 854)
Impairment in non-current assets held for sale (see Note 21)	(2 548 448)	(295)	-	-	-	(2 548 743)
Total Provisions and Impairment		(1 102 252)	1 235 270	-	-	

AKZ'000

	BALANCE AT 31.12.2016	REVERSALS/(CHARGES)	USES	TRANSFERS	EXCHANGE RATE DIFFERENCES AND OTHERS	BALANCE AT 31.12.2017
Impairment for guarantees and other commitments (see Note 28)	(1 351 429)	803 546	338 808	-	-	(209 075)
Other provisions for risks and charges (see Note 28)	(110 146)	104 447	-	-	-	(5 699)
Impairment in associated companies (see Note 23)	(369 713)	-	-	295 664	-	(74 049)
Impairment in non-current assets held for sale (see Note 21)	-	(2 177 722)	-	(295 664)	(75 062)	(2 548 448)
Total Provisions and Impairment		(1 269 729)	338 808	-	(75 062)	

NOTE 13 – EARNINGS PER SHARE

Basic earnings per share

AKZ'000

	31.12.2017	31.12.2016
Net income attributable to the Bank's shareholders	2 002 778	1 730 636
Weighted average number of issued ordinary shares (thousands)	2 000	2 000
Average number of ordinary shares in circulation (thousands)	1 854	1 854
Basic earnings per share attributable to the Bank's shareholders (units)	1 080.48	933.66

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:

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	2 879 124
AOA	2 739 944	2 354 634
USD	489 319	67 899
EUR	590 366	381 816
GBP	71 111	72 191
ZAR	357	2 474
NAD	122	110
National Bank of 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	28 039 766

The category of Cash equivalents in the National Bank of Angola includes compulsory deposits, in the amount of AOA 16,838,976,000 (31 December 2016: AOA 18,386,879,000), 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	18 610 388	15 861 776
Collateral deposits	2 325 629	2 824 134
Provision of liquidity	16 284 759	13 037 642
Accrued interest	38 848	24 037
Total	18 649 236	33 085 813

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

	31.12.2017	31.12.2016
Investments in domestic credit institutions	-	17 200 000
AOA	-	17 200 000
Investments in foreign credit institutions	18 610 389	15 861 776
USD	17 179 262	11 806 678
EUR	1 431 127	4 055 098
Accrued interest	38 847	24 037
USD	38 069	9 769
EUR	778	1 077
AOA	-	13 191
Total	18 649 236	33 085 813

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

	31.12.2017	31.12.2016
Up to 3 months	13 926 181	22 658 133
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	18 649 236	33 085 813

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 31.12.2017 and 31.12.2016 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
31.12.2016			
Financial assets at fair value through profit and loss	2 358 880	2 409 973	33 631

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

The 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

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.

AKZ'000

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

NOTE 19 – INVESTMENTS HELD UNTIL MATURITY

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

AKZ'000

	31.12.2017	31.12.2016
From public issuers		
Bonds and other fixed-income securities	71 813 853	63 738 884
AOA	64 831 776	56 757 686
USD	6 982 077	6 981 198
Accrued interest	1 366 564	982 671
Total	73 180 417	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:

	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 term	223	-
Total	**73 180 417**	**64 721 555**

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

With reference to 31 December 2017 and 2016, the Bank assessed the existence of objective evidence of impairment in their portfolio of investments held until maturity, having not verified events with an impact on the recoverable amount of the future cash flows from these investments.

NOTE 20 – LOANS TO CUSTOMERS

This category at 31 December 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 Diferences And Others	(1 149 828)
Balance At 31.12.2017	**16 330 442**

Please find 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 NONOVERDUE LOANS	NON-OVERDUE LOANS UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Without Signs Of Impairment (Ibnr)							
Loans And Interest	25 401 263	-	-	-	-	-	25 401 263
Impairment	(250 815)	-	-	-	-	-	(250 815)
Individual	10 828 896	-	-	-	-	-	10 828 896
Collective	14 572 367	-	-	-	-	-	14 572 367
With Impairment Attributed On An 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 Impairment Attributed On A Collective Analysis Basis							
Loans And Accrued 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 NONOVERDUE LOANS	NON-OVERDUE LOANS UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 YEAR TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Without Signs Of Impairment (Ibnr)							
Loans And Interest	25 946 049	-	-	-	-	-	25 946 049
Impairment	(1 515 470)	-	-	-	-	-	(1 515 470)
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 A Collective Analysis Basis							
Loans And Accrued Interest	5 998 185	277 938	313 830	907 575	2 314 215	-	9 811 743
Impairment	(1 147 196)	(12 725)	(169 503)	(260 122)	(1 599 102)	-	(3 188 648)

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

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	2 775 720	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
LOANS WITH IMPAIRMENT 31.12.2016						
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	EXPOSURE 31.12.2017 TOTAL IMPAIRMENT	NONDEFAULTED 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	EXPOSURE 31.12.2016 TOTAL IMPAIRMENT	NONDEFAULTED IMPAIRMENT	DEFAULTED IMPAIRMENT
Companies	13 660 473	12 467 124	1 193 349
Loans – Private Individuals	403 722	182 424	221 298
Overdrafts – Private Individuals	497 123	497 123	-
Consumer credit	544 233	99 656	444 577
Public sector	-	-	-
Total	**15 105 551**	**13 246 327**	**1 859 224**

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

AKZ'000

SEGMENT	EXPOSURE 31.12.2017						
	DAYS IN DEFAULT < 30				DEFAULTED LOANS		
		DAYS IN DEFAULT < 30					
	TOTAL EXPOSURE	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	377 554	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

AKZ'000

SEGMENT	IMPAIRMENT 31.12.2017				
		NON-DEFAULTED LOANDS		DEFAULTED LOANS	
	IMPAIRMENT TOTAL	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

AKZ'000

SEGMENT	EXPOSURE 31.12.2016						
	DAYS IN DEFAULT < 30				DEFAULTED LOANS		
		DAYS IN DEFAULT < 30					
	TOTAL EXPOSURE	WITHOUT SIGNS	WITH SIGNS	SUB-TOTAL	BETWEEN 30 AND 90 DAYS IN DEFAULT	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

AKZ'000

SEGMENT	IMPAIRMENT 31.12.2016				
		NON-DEFAULTED LOANDS		DEFAULTED LOANS	
	IMPAIRMENT TOTAL	DAYS IN DEFAULT <30	BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT < = 90 DAYS	DAYS IN DEFAULT > 90 DAYS
Companies	13 660 473	12 462 180	4 944	-	1 193 349
Loans – Private Individuals	403 722	48 362	134 062	-	221 298
Overdrafts – Private Individuals	497 123	497 123	-	-	-
Consumer credit	544 233	69 159	30 497	-	444 577
Public sector	-	-	-	-	-
Total	15 105 551	13 076 824	169 503	-	1 859 224

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

AKZ'000

31.12.2017

YEAR OF GRANTING	COMPANIES			PUBLIC SECTOR			CONSUMER CREDIT		
	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	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	352 153	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

AKZ'000

31.12.2017

YEAR OF GRANTING	LOANS PRIVATE INDIVIDUALS			OVERDRAFTS PRIVATE INDIVIDUAL		
	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	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

AKZ'000

31.12.2016	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

AKZ'000

31.12.2016	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

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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

	CREDIT CONSUMPTION		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	-

AKZ'000

31.12.2016

	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

AKZ'000

31.12.2016

	CREDIT CONSUMPTION		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.

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		METALBASED 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		INDIVIDUALS		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

	NONDEFAULTED LOANS			DEFAULTED LOANS			TOTAL		
APPLIED MEASURE 31.12.2017	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	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	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
Other	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

APPLIED MEASURE	NONDEFAULTED LOANS NUMBER OF OPERATIONS	NONDEFAULTED LOANS EXPOSURE	NONDEFAULTED LOANS IMPAIRMENT	DEFAULTED LOANS NUMBER OF OPERATIONS	DEFAULTED LOANS EXPOSURE	DEFAULTED LOANS IMPAIRMENT	TOTAL NUMBER OF OPERATIONS	TOTAL EXPOSURE	TOTAL 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	33	13 526 529	2 792 241	1	199 460	101 677	34	13 725 989	2 893 918
Introduction of capital and/or	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
Other	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

APPLIED MEASURE	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:

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

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	4	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	52	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

	IMPAIRMENT 31.12.2017						
	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 HELD FOR SALE

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

AKZ'000

	31.12.2017	31.12.2016
Non-current assets held for sale		
Real estate and equivalent	-	-
Financial interests	6 893 171	6 892 372
Impairment losses	(2 548 743)	(2 548 448)
Total	4 344 428	4 343 924

The amounts presented in 2017 and 2016 refer to the financial interest in BNI Europa, S.A., whose data is presented as follows:

AKZ'000

COMPANY	CURRENCY	SHARE CAPITAL (IN THOUSANDS)	KIND	% HOLDING	NUMBER OF SHARES HELD (THOUSANDS)
BNIE	AOA	34 250	Acções	92,988%	6 370

At 31 December 2015, an impairment in the interest in BNI Europa, S.A. was recorded in the amount of AOA 295,663,000, bearing in mind the value in use determined at this date. The impairment was reinforced in the financial year of 2016 in the amount of AOA 2,177,691,000 in terms of monitoring the value of the subsidiary's equity at this date and bearing in mind that the activity continues in a start-up phase of their business. In 2017 the impairment showed a reinforcement of AOA 295 thousand due to the exchange devaluation.

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.

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

AKZ'000

31.12.2017	REAL ESTATE	FINANCIAL INTERESTS
Initial Balance	-	**6 892 372**
Entries	-	-
Sales	-	-
Transfers	-	-
Exchange rate differences and others	-	799
Final balance	-	**6 893 171**

AKZ'000

31.12.2016	REAL ESTATE	FINANCIAL INTERESTS
Initial Balance	**8 244 115**	-
Entries	1 369 542	-
Sales	(9 296 531)	-
Transfers	(1 677 486)	6 892 372
Exchange rate differences and others	1 360 360	-
Final balance	-	**6 892 372**

Although the Bank has the aim of the immediate sale of all the real estate received in exchange, during the financial year of 2016 the Bank altered the classification of this real estate from Non-current assets held for sale to Other assets, due to the time of their stay in the portfolio, insofar as they stopped complying with one of the conditions provided for in the IFRS 5, according to which their sale must be highly probable, i.e., it must be concluded within a year from the date of their classification into that category.

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	19 057 320	832 990	(149 024)	99 728	19 841 014
Other fixed assets	-	-	-	-	-
Fixed assets in progress	1 959 126	103 023	(588 553)	(99 864)	1 373 731
Total	21 016 446	936 013	(737 578)	**(136)**	**21 214 745**
Accumulated amortisations					
Furniture, tools, fixtures and equipment	(5 485 799)	(1 180 011)	-	59 692	(6 606 118)
Other fixed assets	-	-	-	-	-
Total	(5 485 799)	(1 180 011)	-	**59 692**	**(6 606 118)**
Net tangible assets	15 530 647	(243 998)	(737 578)	**59 556**	**14 608 627**

AKZ'000

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

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	1 870 865	1 674 907
Additions	454 582	194 829
Write-offs	(34 898)	(2 897)
Adjustments/Transfers	-	4 026
Final balance	2 290 549	1 870 865
Accumulated amortisations		
Initial balance	(1 659 104)	(1 551 121)
Additions	(360 631)	(109 985)
Write-offs	1 939	2 002
Adjustments/Transfers	-	-
Final balance	(2 017 796)	(1 659 104)
Net intangible assets	272 753	211 761

NOTE 23 – INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

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

AKZ'000

31.12.2017	GROSS VALUE	IMPAIRMENT	NET VALUE
Investments in subsidiaries, associated companies and joint ventures			
BNI Asset Management	99 998	(53 854)	46 144
Total	99 998	(53 854)	46 144

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

In the end of the financial year of 2017, the stake in Facilcred was sold.

The financial data relative to the subsidiaries, associated companies and joint ventures in 31 December 2017 is presented in the following table:

COMPANY	CURRENCY	SHARE CAPITAL (IN THOUSANDS)	KIND	% HOLDING	NUMBER OF SHARES HELD (THOUSANDS)
BNI Asset Management	AOA	100 000	Shares	99,998%	199 996

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

NOTE 24 – TAXES

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

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

The calculation of the current tax of the financial years ending 31 December 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, significant impacts on the Financial statements are not expected.

The tax losses determined in a certain financial year, as provided for in article 46 of the Industrial Tax Code, can be deducted from the taxable profits of the subsequent three years.

The deferred taxes are calculated based on the tax rates that are anticipated to be in force on the date of the reversal of the temporary differences, to which the rates approved or substantially approved on the balance sheet date correspond. Thus, for the financial year of 2017 and 2016, the deferred tax was, in general terms, determined based on a rate of 30%.

AKZ'000

	31.12.2017	RECOGNISED IN INCOME STATEMENT	31.12.2016
Impairment in financial interests	780 779	(5 970)	786 749
Transition adjustments to IFRS	937 727	(697 935)	1 635 662
Reportable tax losses	1 302 756	618 680	684 076
Other	47 012	(53 651)	663
Deferred tax assets	**3 068 274**	**(138 876)**	**3 107 150**

The deferred tax assets recognised in the balance sheet at 31 December 2017 and 31 December 2016 are detailed as follows:

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. This fact is complemented by that provided for in Article 23(1)(c) 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 Article 9(1)(k) 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 4,290,506,000 Kwanzas (2016: tax loss of 3,516,233,000 Kwanzas).

Of the deferred tax assets recognised in the balance sheet, 1,287,269,000 Kwanzas expire within 3 years and 15,487,000 Kwanzas expire within 2 years. In addition, there were no potential tax benefits arising from potential tax losses amounting to 1,218,630,000 Kwanzas that have an expiration of 2 years.

Likewise, the cost determined with the settlement of the Capital Gains Tax is excluded from the tax-acceptable costs for determination of the taxable income, as provided for in Article 18(1)(a) 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 reclassification was not carried out for comparative purposes considering its reduced magnitude (189,923,000 Kwanzas).

AKZ'000

	31.12.2017		31.12.2016	
	%	VALUE	%	VALUE
Income before taxes		**2 696 110**		**1 395 515**
Tax rate	30%		30%	
Tax determined based on the tax rate		(808 833)		(418 655)
Tax benefits in income from public debt securities		1 755 735		1 406 659
Interest from loans (capital owners or supplies)		-		-
Unforeseen provisions		(379 473)		(724 673)
(Income)/Non-deductible costs		719 840		970 786
Reportable tax losses		(1 287 269)		(1 234 117)
Deferred tax		(138 876)		302 836
Excess tax estimate		(40 726)		32 285
IAC		(513 731)		-
Industry tax of the year	**26%**	**(693 333)**	**-43%**	**335 121**

NOTE 25 – OTHER ASSETS

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

AKZ'000

	31.12.2017	31.12.2016
Other assets		
Artistic heritage	10 064	10 064
Other debtors	7 533 122	3 992 576
Prepaid expenses	996 933	154 558
Real Estate	9 707 000	1 677 486
Other assets	331 149	286 322
Impairment losses on other assets	(377 050)	(296 938)
Total	**18 201 218**	**5 824 068**

The balance relating to real estate results from the recovery of credit (see Note 21).

The detail of the real estate received as a share is presented in 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 1,768,415,000 (31 December 2016: AOA 956,096,000).

NOTE 26 – RESOURCES OF CENTRAL BANKS AND OF OTHER CREDIT INSTITUTIONS

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

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

AKZ'000

	31.12.2017	31.12.2016
Resources of other Banks		
Interbank monetary market	5 862 951	4 139 647
Loans	-	-
Payment system obligations	**272 504**	**203 668**
Total	**6 135 455**	**4 343 315**

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	5 857 336	4 343 315
From 1 to 3 years	2 042	-
Indefinite term	276 077	-
Total	6 135 455	4 343 315

NOTE 27 – RESOURCES OF CUSTOMERS AND OTHER LOANS

The balance of the category of resources of customers and other loans is comprised, with regard to its nature, as follows:

AKZ'000

	31.12.2017	31.12.2016
Demand deposits	130 224 549	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	234 333 360	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
Demand deposits	130 224 549	120 874 787
Term payable		
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	234 233 360	227 357 769

NOTE 28 – 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 29 – SUBORDINATED LIABILITIES

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

AKZ'000

31.12.2017	NAME	CURRENCY	ISSUE DATE	ISSUEVALUE	BALANCE SHEET VALUE	INTEREST RATE	MATURITY
	Bonds	AOA	25/11/2016	5 000 000	5 038 946	7,75%	25/11/2023
Total				**5 000 000**	**5 038 946**		
31.12.2016							
	Bonds	USD	01/07/2010	2 820 327	2 862 649	6,00%	01/07/2020
	Bonds	AOA	25/11/2016	5 000 000	5 038 835	7,75%	25/11/2023
Total				**7 820 327**	**7 901 484**		

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 AT 31.12.2015	ISSUES	REPAYMENTS	PURCHASES (NET)	BALANCE AT 31.12.2016
Bonds	7 901 484	-	(2 862 538)	-	5 038 946
Total	**7 901 484**	**-**	**(2 862 538)**	**-**	**5 038 946**

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

AKZ'000

	BALANCE AT 31.12.2015	ISSUES	REPAYMENTS	PURCHASES (NET)	BALANCE AT 31.12.2016
Bonds	6 874 002	5 038 835	(4 011 353)	-	7 901 484
Total	**6 874 002**	**5 038 835**	**(4 011 353)**	**-**	**7 901 484**

NOTE 30 – 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
Total	**2 645 764**	**2 408 544**

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 31 – OTHER RESERVES AND RETAINED EARNINGS

The applicable Angolan legislation requires the legal reserve to be credited annually with at least 10% of the yearly net profit, up to the concurrence of the share capital.
Thus, the balance of the captions at 31 December 2017 and 2016 is as follows:

AKZ'000

	31.12.2017	31.12.2016
Legal reserve	4 412 963	4 066 837
Retained earnings	5 712 110	4 673 727
Effect of changes in the accounting policies	(6 543 394)	(6 543 394)
Total	**3 581 679**	**2 197 170**

The effect of alterations on the accounting policies reflects the impact of the adjustments associated with the adoption of the international accounting standards with an impact on the Bank's capital.

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

NOTE 32 – SHARE CAPITAL, OWN SHARES AND REVALUATION RESERVES

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 de Almeida Dias	1,11%	22 200	162 535	1,11%	22 200	162 535
Manuel Arnaldo Calado	1,10%	22 000	161 071	1,10%	22 000	161 071
Minority Shareholders	2,50%	50.000	366 069	2,50%	50.000	366 069
Shares in Portfolio	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	(1 071 854)	(1 071 854)
Revaluation 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	Valor nominal
José Teodoro Garcia Boyol	5,41%	108 200	792 176	Valor nominal

NOTE 33 – GUARANTEES AND OTHER COMMITMENTS

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 towards third parties	26 291 645	6 760 222
Commitments assumed by third parties	(10 771)	(58 546 031)

The provided guarantees and sureties are banking transactions which do not translate into the mobilisation of funds by the Bank.

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

Revocable and irrevocable commitments present contractual agreements for the granting of loans with the Bank's customers (for example, unused lines of credit) which, as a general rule, are contracted for fixed periods or with other expiry requirements and normally require the payment of a commission. Substantially all the existing loan-granting commitments require that the customers have certain requirements verified upon their contracting.

Notwithstanding the particularities of these commitments, the assessment of these transactions obeys the same basic principles of any other commercial transaction, namely that of 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.

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

NOTE 34 – TRANSACTION WITH RELATED PARTIES

The amount of the Bank's transactions with related parties at 31 December 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
Subsidiariess								
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:

	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 companies of shareholders	-	-	-	-	-	-	5 640 936	-	-	196 647
Other	-	-	-	-	-	-	-	-	-	-
Total	334 043	4 872 276	45 702	14 923	94 746	146 280	8 396 255	136 200	1 597	519 141

NOTE 35 – BOOK VALUE OF FINANCIAL INSTRUMENTS

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

AKZ'000

31.12.2017	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
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 subsidiaries, associated companies and joint ventures	-	-	99 998	(53 854)	46 144
Investments in central banks and in other credit institutions	-	18 649 236	-	-	18 649 236
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	-	73 180 417	-	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	-	-	6 452 087
Non-current assets held for sale	-	-	6 893 171	(2 548 743)	4 344 428
Liabilities					
Customer resources and other loans	-	234 333 360	-	-	234 333 360
Resources of central banks and other credit institutions	-	6 135 455	-	-	6 135 455
Subordinated liabilities	-	5 038 946	-	-	5 038 946

AKZ'000

31.12.2016	VALUED AT FAIR VALUE	VALUED AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
Assets					
Cash and cash on hand in central banks	-	28 039 766	-	-	28 039 766
Cash on hand in other credit institutions	-	7 520 433	-	-	7 520 433
Investments in subsidiaries, associated companies and joint ventures	-	-	342 701	(74 049)	268 652
Investments in central banks and in other credit institutions	-	33 085 813	-	-	33 085 813
Loans to customers	-	108 590 390	-	(15 105 551)	93 484 839
Financial assets available for sale	-	-	23 599	-	23 599
Investments held until maturity	-	64 721 555	-	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973
Non-current assets held for sale	-	-	6 892 372	(2 548 448)	4 343 924
Liabilities					
Customer resources and other loans	-	227 357 769	-	-	227 357 769
Resources of central banks and other credit institutions	-	4 343 315	-	-	4 343 315
Subordinated liabilities	-	7 901 484	-	-	7 901 484

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).

NOTE 36 – NET GAINS OR NET LOSSES IN FINANCIAL INSTRUMENTS

The table below presents the gains and losses generated by financial assets and liabilities, namely resulting from the combination of paid and received interest, fair value variations and impairment.

AKZ'000

	THROUGH THE INCOME STATEMENT		
31.12.2017	GAINS	LOSSES	NET
Assets			
Cash on hand and investments in credit institutions	458 251	-	458 251
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
Investments in subsidiaries, associated companies and joint ventures	-	-	-
Non-current assets held for sale	-	(295)	(295)
Liabilities			
Customer resources and other loans	-	(6 597 740)	(6 597 740)
Resources of central banks and other credit institutions	-	(116 181)	(116 181)
Subordinated liabilities	-	(476 959)	(476 959)
Total	19 132 349	(9 692 754)	9 439 595

AKZ'000

31.12.2016	THROUGH THE INCOME STATEMENT		
	GAINS	LOSSES	NET
Assets			
Cash on hand and investments in credit institutions	666 094	-	666 094
Loans to customers	11 765 742	(4 894 897)	6 870 845
Financial assets at fair value through profit and loss	167 436	-	167 436
Investments held until maturity	4 114 791	-	4 114 791
Investments in subsidiaries, associated companies and joint ventures	-	-	-
Non-current assets held for sale	-	(2 177 722)	(2 177 722)
Liabilities			
Customer resources and other loans	-	(5 992 761)	(5 992 761)
Resources of central banks and other credit institutions	-	(961 116)	(961 116)
Subordinated liabilities	-	(328 426)	(328 426)
Total	**16 714 063**	**(14 354 922)**	**2 359 141**

NOTE 37 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the financial assets and liabilities recorded in the Bank's balance sheet at amortised cost is presented as follows:

AKZ'000

31.12.2017	NET BOOK VALUE	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORICAL COST	TOTAL BOOK VALUE
Financial assets					
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	18 649 236	18 649 236	-	-	18 649 236
Loans to customers	89 940 081	89 940 081	-	-	89 940 081
Investments held until maturity	73 180 417	71 807 789	1 372 628	-	73 180 417
Financial liabilities					
Customer resources and other loans	234 333 360	234 333 360	-	-	234 333 360
Resources of central banks and other credit institutions	6 135 455	6 135 455	-	-	6 135 455
Subordinated liabilities	5 038 946	5 038 946	-	-	5 038 946
31.12.2016					
Financial assets					
Cash and cash on hand in central banks	28 039 766	28 039 766	-	-	28 039 766
Cash on hand in other credit institutions	7 520 433	7 520 433	-	-	7 520 433
Investments in central banks and in other credit institutions	33 085 813	33 085 813	-	-	33 085 813
Loans to customers	93 484 839	93 484 839	-	-	93 484 839
Investments held until maturity	64 721 555	63 246 874	1 474 681	-	64 721 555
Financial liabilities					
Customer resources and other loans	227 357 769	227 357 769	-	-	227 357 769
Resources of central banks and other credit institutions	4 343 315	4 343 315	-	-	4 343 315
Subordinated liabilities	7 901 484	7 901 484	-	-	7 901 484

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.

All the assets recognised at fair value are valued in accordance with the level 2 hierarchy of valuation (there are no assets in the Bank recognised at fair value in the level 3 hierarchy of valuation).

The Bank uses the following fair value hierarchy, with three levels in the valuation of financial instruments (asset or liability), which reflects the judgement level, the observability of the used data and the importance of the parameters applied in the determination of the valuation of the instrument's fair value, in accordance with that provided for in the IFRS 13:

Level 1: The fair value is determined based on non-adjusted listed prices, captured in transactions in active markets involving financial instruments identical to the instruments to be valued. If there is more than one active market for the same financial instrument, the relevant price is that which prevails in the main market of the instrument, or the most advantageous market for which the access exists;

Level 2: The fair value is determined from valuation techniques supported in observable data in active markets, whether direct data (prices, rates, spreads...) or indirect data (derivatives), and valuation assumptions similar to those which a non-related party would use in the fair value estimate of the same financial instrument. It also includes instruments whose valuation is obtained through prices disclosed by independent entities but whose markets have lower liquidity; and,

Level 3: The fair value is determined based on non-observable data in active markets, with recourse to techniques and assumptions that the market's participants would 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:

AKZ'000

		VALUATION HIERARCHY		
31.12.2017	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Financial 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	18 649 236	-	18 649 236	-
Loans to customers	89 940 081	-	-	89 940 081
Investments held until maturity	71 807 789	-	71 807 789	-
Financial liabilities				
Customer resources and other loans	234 333 360	-	234 333 360	-
Resources of central banks and other credit institutions	6 135 455	-	6 135 455	-
Subordinated liabilities	5 038 946	-	5 038 946	-

AKZ'000

		VALUATION HIERARCHY		
31.12.2016	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets				
Cash and cash on hand in central banks	28 039 766	-	28 039 766	-
Cash on hand in other credit institutions	7 520 433	-	7 520 433	-
Investments in central banks and in other credit institutions	33 085 813	-	33 085 813	-
Loans to customers	93 484 839	-	-	93 484 839
Investments held until maturity	63 246 874	-	63 246 874	-
Financial liabilities				
Customer resources and other loans	227 357 769	-	227 357 769	-
Resources of central banks and other credit institutions	4 343 315	-	4 343 315	-
Subordinated liabilities	7 901 484	-	7 901 484	-

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.

Loans to customers
The fair value of the loans to customers is estimated based on the adjustment of the expected cash flows of capital and interest, considering that the instalments are paid on the contractually defined dates. The expected future cash flows from the homogeneous loan portfolios, such as 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 38 – ACTIVITY RISK MANAGEMENT

The Bank is subject to a various range of risks within the scope of the carrying out of 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.

Internal organisation
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 doesn't accumulate areas of operational units and hierarchically to the Board of Directors through the Committees formed of non-executive directors in which they participate.

In the course of the 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.

RISK ASSESSMENT

Credit Risk

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:

AKZ'000

31.12.2017	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
Asset			
Cash on hand in other credit institutions	37 387 481	-	37 387 481
Investments in central banks and in other credit institutions	18 649 236	-	18 649 236
Loans to customers	106 270 523	(16 330 442)	89 940 081
Investments held until maturity	73 180 417	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	6 452 087
Other securities and valuables	531 545	-	531 545
Off-balance sheet			
Guarantees provided	33 287 232	(100 616)	33 186 616
Commitments made to third parties	26 291 645	-	26 291 645

31.12.2016			
Asset			
Cash on hand in other credit institutions	7 520 433	-	7 520 433
Investments in central banks and in other credit institutions	33 085 813	-	33 085 813
Loans to customers	108 590 390	(15 105 551)	93 484 839
Investments held until maturity	64 721 555	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	2 409 973
Other securities and valuables			
Off-balance sheet			
Guarantees provided	21 631 865	(209 075)	21 422 790
Commitments made to third parties	6 760 222	-	6 760 222

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	FALLING DUE	PAST DUE	GUARANTEES PROVIDED	TOTAL EXPOSURE	RELATIVE WEIGHT	ON BALANCE IMPAIRMENT	OFF BALANCE IMPAIRMENT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT/ TOTAL EXPOSURE
Companies									
Agriculture, livestock, hunting and forestry	30 043	452 898	103 250	586 191	0%	364 708	1 169	365 877	62%
Fishing	-	-	-	-	0%	-	-	-	0%
Extractive industries	3 565 481	-	66 363	3 631 844	2%	1 122 221	355	1 122 576	31%
Manufacturing industries	5 836 602	467 191	2 203 722	8 507 515	5%	525 758	16 376	542 134	6%
Food, beverage and tobacco industries	169 528	-	2 394 497	2 564 025	2%	44	5 956	6 000	0%
Textile industry	-	-	-	-	0%	-	-	-	0%
Leather and leather products industry	-	-	-	-	0%	-	-	-	0%
Manufacture of wood and wood products	-	-	-	-	0%	-	-	-	0%
Pulp, paper and paperboard industry and articles	-	-	-	-	0%	-	-	-	0%
Basic metallurgical industries and metal products	405	-	1 092	1 497	0%	-	-	-	0%
Production and 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 catering (restaurants and similar)	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%
Financial activities	3 639 465	-	539 007	4 178 472	3%	83 526	8 494	92 020	2%
Real estate, leasing and business activities	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 work	-	-	500	500	0%	-	6	6	1%
Other collective, social and personal service activities	26 454 160	288 729	40 702 325	67 445 214	43%	4 540 029	11 207	4 551 236	7%
International organisations and other extra-territorial institutions	1 512 930	15 108	10 000	1 538 038	1%	127 937	435	128 372	8%
Individuals									
	1 534 112	990 458	-	2 524 570	31%	591 723	-	591 723	23%
Consumption	1 244 230	45 741	-	1 289 971	16%	163 265	-	163 265	13%
Housing	2 505 378	512 528	1 203 688	4 221 594	52%	701 006	15 941	716 947	17%
Other purposes	**93 348 880**	**12 921 643**	**59 412 953**	**165 683 476**		**16 330 442**	**100 617**	**16 431 059**	

The geographic concentration of the credit risk at 31 December 2017 and 2016:

AKZ'000

31.12.2017	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
Cash and 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	-	13 749 414	4 899 822	-	18 649 236
Loans to customers	106 270 523	-	-	-	106 270 523
Investments held until maturity	73 180 417	-	-	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	-	-	6 452 087
Financial assets available for sale	123 449	-	-	-	123 449

AKZ'000

31.12.2016	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHER	TOTAL
Cash and cash on hand in central banks	28 039 766	-	-	-	28 039 766
Cash on hand in other credit institutions	349 837	1 834 937	5 225 341	110 318	7 520 433
Investments in central banks and in other credit institutions	17 213 191	4 754 487	9 126 542	1 991 593	33 085 813
Loans to customers	108 590 390	-	-	-	108 590 390
Investments held until maturity	6 472 155	-	-	-	6 472 155
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973
Financial assets available for sale	-	-	-	-	-

With regard to credit risk, the portfolio of securitised financial assets maintains its position predominantly in sovereign bonds of the Republic of Angola.

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 Significant:** 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 Significant and that present at least one sign of impairment.
• **Homogeneous Populations without signs of impairment:** Customers or Economic Groups that do not meet the criteria for being Individually Significant and that do not present any sign of impairment.

Pursuant to the group that the customers are classified into, the operations are treated through an Analysis on an Individual Basis, or an Analysis on a Collective Basis.
For each of the active customers/loans, a set of signs of impairment are 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 cross-default, the PD corresponds to 100%;

• **LGD (loss given default):** corresponds to internal loss estimates, that vary according to the segment, if they have a real guarantee or not, LTV (Loan-to-Value) and age of the default, with the basis of the historical experience of recovery of loans that entered into default.

In the group of 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 Significant customers is determined through the discounted cash flow method, i.e., the impairment value corresponds to the difference between the value of the loan and the sum of the expected cash flows relating to the different 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. Different exposure limits are also defined by Issuer, by type/class of asset and credit rating level. Stop Loss and Loss Trigger limits for the positions held for trading and available for sale are also defined.

The Bank also maintains the compliance with Notice no. 08/2016 of 16 May referring to the Interest Rate Risk in the bank portfolio (financial instruments not held in the trading portfolio).

The investment portfolio is fully concentrated into National Treasury bonds.

The assessment of the interest rate risk brought about by operations of the bank portfolio is carried out through an analysis of sensitivity to the risk.

Based on the financial characteristics of each contract, the respective projection of the expected cash flows is made, in accordance with the rate re-setting dates and possible considered behavioural assumptions.

The aggregation, for each of the analysed currencies, of the expected cash flows in each of the time periods allows determining the interest rate gaps per re-setting period.

In following the recommendations of Instruction no. 06/2016 of 08 August, of the National Bank of Angola, the Bank calculates 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:

AKZ'000

31.12.2017	EXPOSURE TO FIXED RATE	EXPOSURE TO VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
Assets	**93 783 027**	**87 986 708**	**181 769 735**	**48 307 445**	**-**	**230 077 180**
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	18 649 236	-	18 649 236	-	-	18 649 236
Loans to customers	60 619 287	29 320 794	89 940 081	-	-	89 940 081
Investments held until maturity	14 514 503	58 665 913	73 180 417	-	-	73 180 417
Financial assets available for sale	-	-	-	123 449	-	123 449
Financial assets at fair value through profit and loss	-	-	-	6 452 087	-	6 452 087
Non-current assets held for sale	-	-	-	4 344 428	-	4 344 428
Liabilities	**(115 283 212)**	**-**	**(115 283 212)**	**(130 224 549)**	**-**	**(245 507 761)**
Customer resources and other loans	(104 108 811)	-	(104 108 811)	(130 224 549)	-	(234 333 360)
Resources of central banks and other credit institutions	(6 135 455)	-	(6 135 455)	(0)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	(5 038 946)	-	-	(5 038 946)
Total	**(21 500 186)**	**87 986 708**	**66 486 522**	**(81 917 104)**	**-**	**(15 430 581)**

AKZ'000

31.12.2016	EXPOSURE TO FIXED RATE	EXPOSURE TO VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
Assets	**40 489 405**	**185 706 774**	**226 196 179**	**22 539 274**	**-**	**248 735 453**
Cash and cash on hand in central banks	-	25 160 643	25 160 643	2 879 123	-	28 039 766
Cash on hand in other credit institutions	-	-	-	7 520 433	-	7 520 433
Investments in central banks and in other credit institutions	30 261 679	2 824 134	33 085 813	-	-	33 085 813
Loans to customers	-	108 590 390	108 590 390	-	-	108 590 390
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	-	-	-	4 343 924	-	4 343 924
Liabilities	**-**	**(239 398 952)**	**(239 398 952)**	**(203 616)**	**-**	**(239 602 568)**
Customer resources and other loans	-	(227 357 769)	(227 357 769)	-	-	(227 357 769)
Resources of central banks and other credit institutions	-	(4 139 699)	(4 139 699)	(203 616)	-	(4 343 315)
Subordinated liabilities	-	(7 901 484)	(7 901 484)	-	-	(7 901 484)
Total	**40 489 405**	**(53 692 178)**	**(13 202 773)**	**22 335 658**	**-**	**9 132 885**

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:

AKZ'000

	EXPOSURE AT								
31.12.2017	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
Assets	39 424 950	29 456 278	31 440 170	45 428 257	9 821 132	13 069 371	13 129 576	-	181 769 735
Cash and cash on hand in central banks	-	-	-	-	-	-	-	-	-
Cash on hand in other credit institutions	-	-	-	-	-	-	-	-	-
Investments in central banks and in other credit institutions	10 432 706	3 493 519	1 462 202	3 260 808	-	-	-	-	18 649 236
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	12 432 232	22 288 330	28 432 066	2 975 951	1 100 268	5 951 570	-	-	73 180 417
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-	-
Liabilities	(30 898 019)	(26 286 384)	(21 060 889)	(28 415 471)	(1 783 094)	(983 106)	(5 856 251)	-	(115 283 212)
Customer resources and other loans	(25 540 287)	(26 286 384)	(21 060 889)	(28 415 471)	(1 005 370)	(983 106)	(817 305)	-	(104 108 811)
Resources of central banks and other credit institutions	(5 357 732)	-	-	-	(777 723)	-	-	-	(6 135 455)
Subordinated liabilities	-	-	-	-	-	-	(5 038 946)	-	(5 038 946)
Net Exposure	8 526 932	3 169 894	10 379 282	17 012 787	8 038 039	12 086 265	7 273 325	-	66 486 523

AKZ'000

31.12.2016	EXPOSURE AT								
	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
Assets	82 068 804	13 727 100	6 535 514	32 245 104	34 462 758	27 673 666	44 732 389	2 922 595	244 367 930
Cash and cash on hand in central banks	28 039 766	-	-	-	-	-	-	-	28 039 766
Cash on hand in other credit institutions	7 422 199	-	-	-	-	-	-	98 234	7 520 433
Investments in central banks and in other credit institutions	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 824 134	33 085 813
Loans to customers	18 243 928	2 881 649	343 814	28 954 372	4 443 826	19 709 348	34 013 453	-	108 590 390
Investments held until maturity	7 530 896	5 672 554	2 292 865	2 162 290	29 351 317	6 992 470	10 718 936	227	64 721 555
Financial assets at fair value through profit and loss	-	-	770 510	-	667 615	971 848	-	-	2 409 973
Liabilities	(153 776 715)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(10 170 820)	(810 527)	(3 735 560)	(239 602 568)
Customer resources and other loans	(152 607 150)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(2 269 336)	(810 527)	(561 810)	(227 357 769)
Resources of central banks and other credit institutions	(1 169 565)	-	-	-	-	-	-	(3 173 750)	(4 343 315)
Subordinated liabilities	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
Net Exposure	(71 707 911)	(5 628 978)	(10 796 152)	10 877 510	21 409 150	17 502 846	43 921 862	(812 965)	4 765 362

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

AKZ'000

	INTEREST RATE CHANGES AT					
31.12.2017	-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	-	-	-	-	-	-
Investments in central banks and in other credit institutions	(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
Financial assets at fair value through profit and loss	-	-	-	-	-	-
Liabilities	**1 488 498**	**744 249**	**372 125**	**(372 125)**	**(744 249)**	**(1 488 498)**
Customer resources 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**

	INTEREST RATE CHANGES AT					
31.12.2016	-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
Investments in central banks and in other credit institutions	(661 716)	(330 858)	(165 429)	165 429	330 858	661 716
Loans to customers	(2 171 808)	(1 085 904)	(542 952)	542 952	1 085 904	2 171 808
Investments held until maturity	(1 294 431)	(647 216)	(323 608)	323 608	647 216	1 294 431
Financial assets at fair value through profit and loss	(48 199)	(24 100)	(12 050)	12 050	24 100	48 199
Liabilities	**4 792 051**	**2 396 026**	**1 198 013**	**(1 198 013)**	**(2 396 026)**	**(4 792 051)**
Customer resources 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**

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

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:

AKZ'000

31.12.2017	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	**188 496 459**	**42 903 134**	**10 455 426**	**84 725**	**241 939 744**
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
Investments in central banks and in other credit institutions	-	17 217 331	1 431 906	-	18 649 236
Loans to customers	92 555 229	13 449 990	265 304	-	106 270 523
Investments held until maturity	66 162 057	7 018 360	-	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	-	-	6 452 087
Liabilities	**(183 501 445)**	**(46 322 260)**	**(15 676 483)**	**(7 574)**	**(245 507 761)**
Customer resources and other loans	(173 182 310)	(46 244 725)	(14 898 751)	(7 574)	(234 333 360)
Resources of central banks and other credit institutions	(5 280 189)	(77 535)	(777 732)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	-	-	(5 038 946)
Total	**4 995 013**	**(3 419 126)**	**(5 221 056)**	**77 151**	**(3 568 017)**

AKZ'000

31.12.2016	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	190 463 128	41 817 025	12 172 103	84 532	244 536 788
Cash and cash on hand in central banks	25 649 919	2 033 255	381 816	74 775	28 139 765
Cash on hand in other credit institutions	349 837	345 066	6 815 773	9 757	7 520 433
Investments in central banks and in other credit institutions	17 213 191	11 816 447	4 043 439	-	33 073 077
Loans to customers	87 134 298	20 606 612	931 075	-	108 671 985
Investments held until maturity	57 705 910	7 015 645	-	-	64 721 555
Financial assets at fair value through profit and loss	2 409 973	-	-	-	2 409 973
Liabilities	(178 493 485)	(48 851 918)	(12 022 955)	(9 764)	(239 378 122)
Customer resources 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:

AKZ'000

31.12.2017	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	**122 118 179**	**109 281 414**	**10 455 426**	**84 725**	**241 939 744**
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
Investments in central banks and in other credit institutions	-	17 217 331	1 431 906	-	18 649 236
Loans to customers	92 555 229	13 449 990	265 304	-	106 270 523
Investments held until maturity	6 235 865	66 944 552	-	-	73 180 417
Financial assets at fair value through profit and loss	-	6 452 087	-	-	6 452 087
Liabilities	**(165 779 880)**	**(64 043 825)**	**(15 676 483)**	**(7 574)**	**(245 507 761)**
Customer resources and other loans	(155 460 745)	(63 966 290)	(14 898 751)	(7 574)	(234 333 360)
Resources of central banks and other credit institutions	(5 280 189)	(77 535)	(777 732)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	-	-	(5 038 946)
Total	**(43 661 701)**	**45 237 589**	**(5 221 056)**	**77 151**	**(3 568 017)**

AKZ'000

31.12.2016	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	141 349 624	90 930 529	12 172 103	84 532	244 536 788
Cash and cash on hand in central banks	25 649 919	2 033 255	381 816	74 775	28 139 765
Cash on hand in other credit institutions	349 837	345 066	6 815 773	9 757	7 520 433
Investments in central banks and in other credit institutions	17 213 191	11 816 447	4 043 439	-	33 073 077
Loans to customers	87 134 298	20 606 612	931 075	-	108 671 985
Investments held until maturity	10 984 451	53 737 104	-	-	64 721 555
Financial assets at fair value through profit and loss	17 928	2 392 045	-	-	2 409 973
Liabilities	(159 706 255)	(67 639 148)	(12 022 955)	(9 764)	(239 378 122)
Customer resources and other loans	(154 681 332)	(64 775 447)	(7 894 165)	(6 825)	(227 357 769)
Resources of central banks and other credit institutions	13 912	(1 052)	(4 128 790)	(2 939)	(4 118 869)
Subordinated liabilities	(5 038 835)	(2 862 649)	-	-	(7 901 484)
Total	(18 356 631)	23 291 381	149 148	74 768	5 158 666

i) Variation of the equity value of the financial instruments, not considering the effect of the indexation:

AKZ'000

31.12.2017	-20%	-10%	-5%	5%	10%	20%
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	8 080	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%	20%
USD	1 406 979	703 489	351 745	(351 745)	(703 489)	(1 406 979)
EUR	(29 830)	(14 915)	(7 457)	7 457	14 915	29 830
Other currencies	(14 954)	(7 477)	(3 738)	3 738	7 477	14 954
Total	**1 362 195**	**681 098**	**340 549**	**(340 551)**	**(681 096)**	**(1 362 195)**

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

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31.12.2017	-20%	-10%	-5%	5%	10%	20%
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%	20%
USD	(4 658 276)	(2 329 138)	(1 164 569)	1 164 569	2 329 138	4 658 276
EUR	(29 830)	(14 915)	(7 457)	7 457	14 915	29 830
Other currencies	(14 954)	(7 477)	(3 738)	3 738	7 477	14 954
Total	**(4 703 061)**	**(2 351 530)**	**(1 175 763)**	**1 175 765**	**2 351 530**	**4 703 059**

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.

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:

AKZ'000

	EXPOSURE AT									
31.12.2017	CASH	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
Assets	49 346 659	11 810 554	14 714 853	7 331 210	34 994 966	34 330 554	29 794 461	57 625 216	1 991 270	241 939 744
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	345 167	11 551 087	2 029 929	1 331 927	3 260 839	-	-	-	130 289	18 649 236
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	-	210 254	8 453 113	2 846 081	10 867 545	16 232 601	13 003 704	21 566 896	223	73 180 417
Financial assets at fair value through profit and loss	-	-	-	-	-	6 452 087	-	-	0	6 452 087
Liabilities	(134 084 603)	(30 101 430)	(27 245 937)	(20 026 775)	(26 326 530)	(879 555)	(983 106)	(5 856 251)	(3 573)	(245 507 761)
Customer resources and other loans	(130 958 831)	(27 097 362)	(27 245 937)	(20 026 775)	(26 326 530)	(877 513)	(983 106)	(817 305)	-	(234 333 360)
Resources of central banks and other credit institutions	(3 125 772)	(3 004 068)	-	-	-	(2 042)	-	-	(3 573)	(6 135 455)
Subordinated liabilities	-	-	-	-	-	-	-	(5 038 946)	-	(5 038 946)
GAP	(84 737 944)	(18 290 876)	(12 531 084)	(12 695 565)	8 668 435	33 450 999	28 811 355	51 768 965	1 987 696	(3 568 017)
Accumulated GAP	(84 737 944)	(103 028 820)	(115 559 904)	(128 255 469)	(119 587 034)	(86 136 035)	(57 324 679)	(5 555 714)	(3 568 017)	(7 136 034)

AKZ'000

31.12.2016	EXPOSURE AT CASH	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	UNDETERMINED	TOTAL
Assets	54 237 064	27 831 740	13 727 100	6 535 513	32 245 104	34 462 758	27 673 667	44 732 389	2 922 595	244 367 930
Cash and cash on hand in central banks	28 039 766	-	-	-	-	-	-	-	-	28 039 766
Cash on hand in other credit institutions	7 422 199	-	-	-	-	-	-	-	98 234	7 520 433
Investments in central banks and in other credit institutions	-	20 832 015	5 172 897	3 128 325	1 128 442	-	-	-	2 824 134	33 085 813
Loans to customers	18 236 762	7 166	2 881 649	343 814	28 954 372	4 443 826	19 709 348	34 013 453	-	108 590 390
Investments held until maturity	538 337	6 992 559	5 672 554	2 292 865	2 162 290	29 351 317	6 992 470	10 718 936	227	64 721 555
Financial assets at fair value through profit and loss	-	-	-	770 509	-	667 615	971 849	-	-	2 409 973
Liabilities	(122 209 220)	(31 567 495)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(10 170 820)	(810 527)	(3 735 560)	(239 602 568)
Customer resources and other loans	(121 039 655)	(31 567 495)	(19 356 078)	(17 331 666)	(21 367 594)	(13 053 608)	(2 269 336)	(810 527)	(561 810)	(227 357 769)
Resources of central banks and other credit institutions	(1 169 565)	-	-	-	-	-	-	-	(3 173 750)	(4 343 315)
Subordinated liabilities	-	-	-	-	-	-	(7 901 484)	-	-	(7 901 484)
GAP	(67 972 156)	(3 735 755)	(5 628 978)	(10 796 153)	10 877 510	21 409 150	17 502 847	43 921 862	(812 965)	4 765 362
Accumulated GAP	(67 972 156)	(71 707 911)	(77 336 889)	(88 133 042)	(77 255 532)	(55 846 382)	(38 343 535)	5 578 327	4 765 362	9 530 724

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%.

The Bank obtained authorisation from the regulator not to write off 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.

A summary of the calculations of the Bank's capital requirements for 31 December 2017 and 2016 is presented as follows:

	AKZ'000
	31.12.2017
Assets weighted by credit risk	
Weighting 0%	-
Weighting 8%	-
Weighting 10%	-
Weighting 20%	2 908 009
Weighting 35%	1 483 821
Weighting 50%	7 690 177
Weighting 75%	6 795 933
Weighting 100%	91 888 072
Weighting 150%	5 054 818
Total Assets weighted by credit risk	115 820 830
Own funds requirements: Credit risk	11 582 083
Positions of debt instruments subject to market risk	109 463
Trading portfolio risk	109 463
Global net foreign exchange position	7 803 801
Foreign exchange risk	624 304
Own funds requirements: Market risk	733 767
Risk-weighted assets for operational risk	16 892 868
Own funds requirements: Operational risk	2 533 930
Total Capital Requirements	14 849 780
Own funds	
Base	15 915 460
Supplementary	5 038 946
Total	20 954 406
	-
Deductions	20 954 406
Regulatory own funds	
Solvency Ratio	14,1%

NOTE 39 – RECENTLY-ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

Impact of the adoption of the amendments to the standards that became effective 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 differences 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 affects 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 sufficient 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 affects 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 effects 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.

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 differs 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, off-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 effective interest rate of the contract up to the reporting date.

As mentioned above, the main difference 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 differ 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 40 – 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.

Independent auditor's report

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

Introduction

1. We have audited the accompanying financial statements of Banco de Negócios Internacional, S.A. comprising the balance sheet as at 31 December 2017 with total assets of 266.794.950 thousands of Kwanzas and total shareholder's equity of 18.237.135 thousands of Kwanzas including a net profit of 2.002.778 thousands of Kwanzas, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the corresponding the corresponding notes to the accounts.

Responsibilities of Board of Directors

2. Board of Directors is responsible for the preparation and fair presentation of these 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 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 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 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 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 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.

Basis for qualified opinion

6. As referred in Note 3.6. of the 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,

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the Board of Directors decided not to apply the dispositions of IAS 29 on its 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 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 Mach 2018 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 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 financial statements referred in paragraph 1 above present fairly in all material respects, the financial position of Banco de Negócios Internacional, S.A. as at 31 December 2017 and of its financial performance and 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)

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INDIVIDUAL 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, as well as the Bylaws of BANCO DE NEGÓCIOS INTERNACIONAL, S.A., we submit to you the opinion of the Board of Auditors regarding the Report of the Board of Directors and the Financial Statements of the financial year ending 31 December 2017.*

2. *They comprise the Balance Sheet, which presents an Assets total of 266.794.950 Thousands of Kwanzas, a Liabilities total of 248.557.815 Thousands of Kwanzas and an Equity total of 18.237.135 Thousands of Kwanzas, including a net income of 2.002.778 Thousands of Kwanzas, the Income Statement, the Comprehensive Income Statement, the Statement of Changes in Equity and the Cash Flow Statement of the financial year and the corresponding Annex.*

3. *The Board of Auditors monitored the activity carried out by the Bank 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;*

Directiva n.º 04/DSI/2011;

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   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 Bank's financial situation and income, and it is our opinion that the Financial Statements relative to the financial year ending 31 December 2017, reflect, in all the materially relevant aspects, the Financial and Equity position of BANCO DE NEGÓCIOS INTERNACIONAL, 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 expected continuity of current market constraints, particularly as a result of changes in financial reporting policies (IAS / IFRS), low liquidity, declining market currency and the difficulties companies are experiencing;*

   (ii) *(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.*

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(iii) regarding the interpretation and recognition of IAS 29 - Financial Reporting in hyperinflationary economies (IAS29) for the Angolan economy to be considered hyperinflationary in the year ended December 31, 2017, the Board of Auditors is in line with the positioning of ABANC and BNA, and recommends the Bank's management to make an ongoing assessment of the evolution of the economy and safeguard the effects of the possible adoption of this standard.

Furthermore, they suggest to the Board of Directors:

(i) The allocation of Profits, the constitution of legal reserve and distribution of dividends, as proposed by the Board of Directors, considering that the result of the year is positive and that the bank's prudential indicators are balanced and will be submitted to appreciation of the Shareholders.

Luanda, 16 April 2018

Luanda, aos 16 de Abril de 2018

O Conselho Fiscal

Manuel Arnaldo Calado
(Presidente)

Licínio de Assis
(Vogal)

Dina Leote
(Vogal)

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