BancoBNI
Banco de Negócios Internacional

INDIVIDUAL FINANCIAL STATEMENTS

Financial Report

BANCO DE NEGÓCIOS INTERNACIONAL

2018

INDIVIDUAL FINANCIAL STATEMENTS
BALANCE SHEET AT ON DECEMBER 31ST 2018 AND 2017

(AKZ 000)

BALANCE	NOTES	31.12.2018	31.12.2017
CASH AND CASH ON HAND IN CENTRAL BANKS	15	13 475 409	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	16	8 041 094	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	17	34 652 198	18 649 236
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	18	-	6 452 087
FINANCIAL ASSETS AVAILABLE FOR SALE	19	188 039	123 449
INVESTMENTS HELD UNTIL MATURITY	20	106 046 155	73 180 417
LOANS TO CUSTOMERS	21	86 887 739	89 940 081
NONCURRENT ASSETS HELD FOR SALE	22	9 083 978	4 344 428
OTHER TANGIBLE ASSETS	23	15 530 926	14 608 627
INTANGIBLE ASSETS	23	517 735	272 753
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	24	146 144	46 144
CURRENT TAX ASSETS	25	287 509	520 755
DEFERRED TAX ASSETS	25	3 683 267	3 068 274
OTHER ASSETS	26	22 617 348	18 201 218
TOTAL ASSETS		**301 157 541**	**266 794 950**
LIABILITY			
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	27	8 711 906	6 135 455
CUSTOMER RESOURCES AND OTHER LOANS	28	254 280 871	234 333 360
PROVISIONS	29	1 868 547	101 656
CURRENT TAX LIABILITIES	25	5 353	302 634
SUBORDINATED LIABILITIES	30	9 338 775	5 038 946
OTHER LIABILITIES	31	7 174 319	2 645 764
TOTAL LIABILITIES		**281 379 771**	**248 557 815**
OWN CAPITAL			
SHARE CAPITAL	33	14 642 808	14 642 808
OWN SHARES	33	(339 713)	(1 071 854)
REEVALUATION RESERVES	33	(291 038)	(918 276)
OTHER RESERVES AND RETAINED EARNINGS	32	(1 004 383)	3 581 679
NET INCOME OF THE FINANCIAL YEAR		6 770 096	2 002 778
TOTAL EQUITY		**19 777 770**	**18 237 135**
LIABILITIES AND EQUITY TOTAL		301 157 541	**266 794 950**

The notes are an integral part of the Financial Statements.

INCOME STATEMENT 31 DECEMBER 2018 AND 2017

Income statement for the financial year ended 31 December 2018 and 2017

(AKZ 000)

	NOTES	31.12.2018	31.12.2017
INTEREST AND SIMILAR INCOME	4	24 497 445	19 132 349
INTEREST AND SIMILAR CHARGES	4	(11 558 987)	(7 190 880)
FINANCIAL MARGIN		12 938 458	11 941 469
INCOME FROM SERVICES AND COMMISSIONS	5	5 311 234	3 597 649
CHARGES WITH SERVICES AND COMMISSIONS	5	(1 748 037)	(1 019 752)
INCOME FROM FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS	6	17 504	(17 504)
INCOME FROM INVESTMENTS AT AMORTIZED COST	7	(985 291)	-
FOREIGN EXCHANGE EARNINGS	8	27 837 159	4 647 102
INCOME FROM DISPOSAL OF OTHER ASSETS	9	1 887	2 300
OTHER OPERATING INCOME	10	183 575	66 729
PRODUCT OF THE BANKING ACTIVITY		43 556 489	19 217 993
STAFF COSTS	11	(6 866 405)	(5 384 215)
SUPPLIES AND SERVICES OF THIRD PARTIES	12	(6 938 283)	(5 956 845)
DEPRECIATIONS AND AMORTIZATIONS OF THE FINANCIAL YEAR	23	(1 384 862)	(1 540 642)
PROVISIONS NET OF WRITE-OFFS	13	(7 680 460)	(1 102 252)
IMPAIRMENT FOR LOANS TO CUSTOMERS NET OF REVERSALS AND RECOVERIES	13	(9 862 735)	(2 484 075)
IMPAIRMENT FOR OTHER FINANCIAL ASSETS NET OF REVERSALS AND RECOVERIES	13	(427 328)	-
IMPAIRMENT FOR OTHER ASSETS NET OF REVERSALS AND RECOVERIES	13	(1 733 305)	(53 854)
INCOME OF CONTINUING OPERATIONS BEFORE TAXES		8 663 111	2 696 110
INCOME TAXES			
CURRENT	25	(423 526)	(554 457)
DEFERRED	25	(1 469 489)	(138 876)
NET INCOME		6 770 096	2 002 778

The notes are an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND 2017

(000 Kz)

	31.12.2018	31.12.2017
NET INCOME OF THE FINANCIAL YEAR	6 770 096	2 002 778
ITEMS THAT SHALL NOT BE RECLASSIFIED INTO INCOME	-	-
ITEMS THAT COULD COME TO BE RECLASSIFIED INTO INCOME	-	-
TOTAL COMPREHENSIVE INCOME OF THE FINANCIAL YEAR	**6 770 096**	**2 002 778**

The notes are an integral part of the Financial Statements.

STATEMENT OF CHANGES IN INDIVIDUAL EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND 2017

(000 Kz)

			RESERVES, INCOME AND OTHER COMPREHENSIVE INCOME					
	CAPITAL	OWN SHARES	REVALUATION RESERVES	RETAINED EARNINGS	OTHER RESERVES	TOTAL	NET INCOME OF THE FINANCIAL YEAR	TOTAL EQUITY
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
DIVIDEND DISTRIBUTION	-	-	-	-	-	-	(346 127)	(346 127)
INCORPORATION OF RETAINED EARNINGS	-	-	-	1 384 509	-	1 384 509	(1 384 509)	-
NET INCOME OF THE FINANCIAL YEAR	-	-	-	-	-	-	2 002 778	2 002 778
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
IFRS9 TRANSITIONAL ADJUSTMENTS (NOTE 2.24)	-	-	-	(6 898 437)	-	(6 898 437)	-	(6 898 437)
TAX IMPACT	-	-	-	2 069 531	-	2 069 531	-	2 069 531
BALANCE AT 01 JANUARY 2018	-	-	-	(4 828 906)	-	(4 828 906)	-	(4 828 906)
ACQUISITION/SALE OF OWN SHARES NET OF DISPOSALS	-	732 141	-	-	-	-	-	732 141
GAINS/LOSSES IN THE PURCHASE/SALE OF OWN SHARES	-	-	627 238	(627 238)	-	-	-	-
DIVIDEND DISTRIBUTION	=	=	=	-	=	-	(400 556)	(400 556)
INCORPORATION OF RETAINED EARNINGS	-	-	-	1 602 222	-	1 602 222	(1 602 222)	-
OTHER ADJUSTMENTS	-	-	-	(732 141)	-	(732 141)	-	(732 141)
NET INCOME OF THE FINANCIAL YEAR	-	-	-	-	-	-	6 770 096	6 770 096
BALANCE AT 31 DECEMBER 2018	14 642 808	(339 713)	(291 038)	(1 004 383)	-	(1 295 421)	6 770 096	19 777 770

The notes are an integral part of the Financial Statements.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND 2017

			(000Kz)
		31.12.2018	31.12.2017
RECEIVED INTEREST AND INCOME		25 299 314	16 468 407
PAID INTEREST AND COSTS		(11 557 742)	(7 190 880)
RECEIVED SERVICES AND COMMISSIONS		5 311 234	3 597 649
PAID SERVICES AND COMMISSIONS		(1 748 037)	(1 019 752)
LOAN RECOVERIES		392 056	97 331
CONTRIBUTIONS TO THE PENSION FUND		-	-
CASH PAYMENTS TO EMPLOYEES AND SUPPLIERS		(13 804 688)	(11 341 060)
FOREIGN EXCHANGE TRANSACTIONS		2 770 043	4 637 802
VARIATION IN THE OPERATING ASSETS AND LIABILITIES			
INVESTMENTS IN AND RESOURCES OF CENTRAL BANKS		15 670 339	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS		6 452 087	(5 524 610)
INVESTMENTS IN AND RESOURCES IN CREDIT INSTITUTIONS		7 320 986	14 228 717
LOANS TO CUSTOMERS		(14 722 785)	1 133 524
CUSTOMER RESOURCES AND OTHER LOANS		(19 040 150)	5 636 641
OTHER ASSETS E PASSIVOS OPERACIONAIS		(7 975 060)	(9 908 808)
PAID TAXES ON PROFITS		(423 526)	(554 457)
NET CASH FLOWS OF THE OPERATIONAL ACTIVITIES		**(6 055 929)**	**10 260 504**
INVESTMENTS HELD UNTIL MATURITY		(7 130 221)	(10 074 969)
PURCHASE OF ASSETS		(2 557 100)	(1 320 923)
NET CASH FLOWS OF THE INVESTMENT ACTIVITIES		**(9 687 321)**	**(11 395 892)**
CAPITAL REDUCTIONS		-	-
ISSUE OF SUBORDINATED LIABILITIES		-	-
REPAYMENT OF SUBORDINATED LIABILITIES		-	2 862 538
PAID DIVIDENDS OF ORDINARY SHARES		(400 556)	-
NET CASH FLOWS OF THE FINANCING ACTIVITIES		**(400 556)**	**2 862 538**
CASH AND EQUIVALENTS AT THE START OF THE PERIOD	15 e 16	37 387 481	35 560 199
EFFECTS OF THE ALTERATION OF THE EXCHANGE RATE ON CASH AND ITS EQUIVALENTS		272 828	100 132
NET VARIATION IN CASH AND ITS EQUIVALENTS		(16 143 806)	1 727 150
CASH AND EQUIVALENTS AT THE END OF THE PERIOD	15 e 16	21 516 503	37 387 481

The notes are an integral part of the Financial Statements.

ANNEX TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 AND 2017

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 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 financial statements are presented for the year ended on 31 December 2018 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 analyzed in note 40.

The financial statements are expressed in thousands of Kwanzas (000 Kz), 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 judgments 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 judgments. The areas that involve a greater level of judgment or complexity, or where significant assumptions or estimates are used in the preparation of the financial statements, are analyzed in Note 3.

The financial statements and the management report of the financial year ending 31 December 2018 were approved in the Board of Directors meeting on 22 March 2019, and shall be submitted for approval of the Annual Meeting which has the power to alter them. However, the conviction of the Board of Directors is that they will be approved without significant alterations.

The accounting policies are consistent with those used in the preparation of the financial statements for the previous year, except for the changes resulting from the adoption of IFRS 9 - Financial Instruments with reference to 1 January 2018, which replaced IAS 39 - Financial Instruments - Recognition and Measurement and establishes new rules for the accounting of financial instruments, presenting changes in classification and measurement, including impairment requirements for financial assets.

The requirements presented by IFRS 9 are generally applied retrospectively by adjusting the opening balance sheet as of January 1, 2018, which are detailed in note 2.24.

NOTE 2
FINANCIAL ASSETS AND LIABILITIES – IFRS 9 (APPLICABLE TO THE 2018 FINANCIAL YEAR)

2.2.1. FINANCIAL ASSETS CLASSIFICATION

As a result of applying IFRS 9 as from January 1, 2018, the Bank classifies its financial assets into one of the following valuation categories:

• Investments held until maturity;
• Financial assets available for sale; and
• Financial assets at fair value through profit and loss.

The classification requirements for debt and equity instruments are presented as follows:

Debt instruments

Debt instruments are instruments that meet the definition of financial liability from the issuer's perspective, such as loans, public and private bonds and accounts receivable from customers with non-recourse factoring contracts.
The classification and subsequent valuation of these instruments in the previous categories is based of the following two elements:

• the Bank's business model for the management of financial assets, and
• the characteristics of the contractual cash flows of financial assets.

a) Financial assets at amortized cost

A financial asset is classified as "Financial assets at amortized cost" when the following conditions are cumulatively met:

• is managed with a business model with a purpose to maintain financial assets to receive contractual cash flows, and
• contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the amount of outstanding capital.

In addition to the debt instruments managed within a business model whose purpose is to receive their contractual cash flows (Treasury Bills, public debt bonds, corporate bonds and commercial paper) the category of Financial assets at amortized cost includes "Investments in central banks and in other credit institutions", "Investments held until maturity", "Credit to Customers".

b) Financial assets available for sale

A financial asset is classified as "Financial assets available for sale" when the following conditions are cumulatively fulfilled:

• is managed as a business model whose purpose combines the receipt of contractual cash flows from the financial assets and their sale, and
• contractual conditions give rise to cash flows on specific dates, which are only payments of capital and interest on the amount of outstanding capital.

c) Financial assets at fair value through profit and loss

A financial asset is classified in the category of "Financial assets at fair value through profit and loss" whenever, due to the Bank's business model or due to the characteristics of its contractual cash flows, it is not appropriate to classify financial assets in any of the previous categories. At the date of transition, to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the asset through the sale to a third party.

Also included in this portfolio are all instruments for which any of the following characteristics is fulfilled:

• are originated or acquired withthe purpose of trading them in the short term.
• are part of a group of financial instruments identified and managed jointly for which there is evidence of recent actions with the purpose of achieving short-term gains.
• are derivative instruments that do not meet the definition of a financial collateral agreement or have been designated as hedging instruments.

Business model evaluation

The business model reflects the way the Bank runs its assets in a scope of generating net cash flows. Therefore, it is important to understand if the Bank's goal is to only receive the assets' contractual net cash flows ("Hold to collect") or if it is to receive the contractual net cash flows resultant from the assests' sale ("Hold to collect and sell"). If none of these situations is applicable (e.g. the financial assets are held for trading), the financial assets are classified as part of "other" business model and recognized to the fair value through q. The factors considered by the Bank in identifying the business model for a pool of assets include past experience concerning the way net cash flows are received, how the assets performance is evaluated and reported to the board, how the risks are evaluated and run and how the administrators are paid.

The evaluation of the business model does not depend of the intentions to an individual instrument, but to a range of instruments, considering the rate, value, sales calendar in previous years, the motifs of the said sales and the expectations in relation to future sales. The less common or significant sales, or close to the active's maturity and the ones motivated by the increase of the financial assets' credit's risk or to manage the concentration risk, among other, can be compatible with the hold assets model to receive contractual cash flows.

If a financial asset contains a contractual term that can modify the calendar or the value of the contractual cash flows (such as prior amortization provision or extension duration), the Bank determines if the cash flows that will be generated during the instruments' life span, due to the exercise of the so called contractual term, are just capital payment and interest over the value of the outstanding capital.

In case a financial asset contemplates a financial adjustment of the interest rate, but the frequency of this adjustment does not correspond with the term of the reference interest rates (for example, the interest rate is adjusted every three months), the Bank evaluates, in the initial recognition moment, this inconsistency in the rate component to determine if the contractual cash flows represent just capital and interest payments over the value of the outstanding principal.

The contractual conditions that, in the initial recognition moment, have a minimum effect of the cash flows or depend of the occurrence of exceptional or highly unlikely events (like the settlement by the issuer) do not prevent the classification in the portfolio to the amortised cost or to the fair value through another comprehensive income.

SPPI Evaluation

When the business model holds assets with the intent to (i) receive contractual cash flows or (ii) receive contractual cash flows and sell those assets, the Bank evaluates if the cash flows of the financial instrument correspond solely to capital and income payment on the outstanding principal amount (the solely payments of principal and interest "SPPI" test). In this evaluation, the Bank considers if the contractual cash flows are consistent with a standard loan contract. When the contractual terms introduce exposure to risk or cash flow variation that are inconsistent with a simple loan contract, the financial asset is classified and measured to the fair value through income.

The financial assets with embedded derivatives are considered in their totality, at the time of the determination if the cash flows match solely to capital and income payments on the outstanding principal ("SPPI" test).

Capital Instruments

Capital instruments are instruments that satisfy the definition of capital in the issuer's perspective, which means they are instruments that don't hold a contractual payment obligation and that emphasize a residual interest in the issuer's net asset. One example of equity instruments are common stocks.

The investments in capital instruments are an exception to the general valuation criteria mentioned above. As a general rule, the Bank exercises the option of, in the initial recognition, irrevocably designate in the category of financial assets to the fair value through other comprehensive income, the investments in capital instruments that don't classify as held for trading and that in the case they don't exercise the so called option, would be classified as financial assets obligatorily accounted to the fair value through income. The impairment loss (and the reversal of impairment) are not registered separately from other fair value alterations.

2.2.2 Classification of financial liabilities

An instrument is classified as financial liability when there is a contractual obligation of its liquidation to be held upon money delivery or other financial liability, regardless of its legal form.

The financial liabilities are derecognized when the underlying obligation is settled, expired or canceled. The non-derivative financial assets include resources from central banks and other credit institutions, customer resources and other loans.

The Bank designated, in its initial recognition, certain financial assets to the fair value through income (Fair Value Option) as long as one of the following requirements are met:

• the financial assets are managed, evaluated and examined internally considering their fair value;
• derivative transactions are contracted with the purpose to transact the economic hedging of those assets and liabilities, assuring that the consistency in the valuation of assets and liabilities (accounting mismatch); or
• the financial liability contains embedded derivatives.

NOTE 2
2.2.2. CLASSIFICATION OF FINANCIAL LIABILITIES

An instrument is classified as financial liability when there is a contractual obligation of its liquidation to be held upon money delivery or other financial liability, regardless of its legal form.

The financial liabilities are derecognized when the underlying obligation is settled, expired or canceled. The non-derivative financial assets include resources from central banks and other credit institutions, customer resources and other loans.

The Bank designated, in its initial recognition, certain financial assets to the fair value through income (Fair Value Option) as long as one of the following requirements are met:

• the financial assets are managed, evaluated and examined internally considering their fair value;
• derivative transactions are contracted with the purpose to transact the economic hedging of those assets and liabilities, assuring that the consistency in the valuation of assets and liabilities (accounting mismatch); or
• the financial liability contains embedded derivatives.

NOTE 2

2.2.3. INITIAL RECOGNITION AND APPRECIATION OF THE FINANCIAL INSTRUMENTS

In the moment of their initial recognition all of the financial instruments will be registered by their fair value. For the financial instruments that are not registered by their fair value through profit, the fair value is adjusted by adding or deducting the transaction costs directly attributable to the acquisition or emission. In the case of the financial instruments to the fair income, the transaction cost directly attributable are recognized immediately in profits and loss.

The transaction costs are defined as expenses directly attributable to the acquisition or disposal of a financial asset, or the issue or assumption of a financial liability, that would have not incurred if the Bank had not conducted the transaction. These include, for example, paid commissions to intermediaries (such as promotors) and mortgage formalization expenses.

The financial assets are recognized in the balance of the trade date – date when the Bank undertakes to purchase the assets, except if there is a contractual agreement or an applicable legal figure that determines that the transfer or the rights takes place in a later date.

In the initial recognition, when the fair value of the financial assets and liabilities differs from the transaction price, the entity must recognize this difference the following way:

• When the fair value is evidenced by the quotation in an active market of an equal asset or liability (which means, level 1 inputs) or with a base in a valuation technique that only uses available market data, the difference is recognized as a gain or loss; and
• In other cases, the difference is differed and the initial recognition moment of gain or loss is determined individually. This difference can then be (i) depreciated over the course of the instrument's life, (ii) differed until the fair value of the instrument can be determined using available market data, or (iii) recognized through the liquidation of the asset or liability.

NOTE 2

2.2.4. SUBSEQUENT VALUATION OF THE FINANCIAL INSTRUMENTS

After its initial recognition, the Bank values its financial assets to the (i) amortized cost, to the (ii) fair value through another comprehensive income or to (iii) the fair value through profit.

The values to be received from commercial operations that don't have a significant financial component and the commercial credits and short-term debt instruments that are initially valued by the transaction price or the capital outstanding, respectively, are valued by the referred value deducted from impairment losses.

Immediately after the initial recognition, it is also recognized an impairment for expected credit losses (ECL) for financial assets measured to the amortized cost and investments in debt instruments measured to the fair value through another comprehensive income, resulting in the recognition of a loss of profits and loss when the asset is originated.

The financial liabilities are registered initially by their fair value deducted from the transaction costs incurred and subsequently to the amortized cost, using the effective interest rate, with the exception of the financial liabilities designated to the fair value through profits, which are registered to the fair value.

NOTE 2

2.2.5. INCOME AND EXPENSES OF FINANCIAL INSTRUMENTS

Incomes and expenses of financial instruments to the amortized costs are recognized according to the following criteria:

i. The interest are registered in profits and loss in the sheets "Interest and similar income" and "Interest and similar charges", using the effective interest rate of the transaction over the gross book value of the transaction (except in the case of impairment assets where the interest rate is applied over the net book value of impairment).

ii. Other changes in value will be recognized in profits and loss as an income or an expense while the financial instrument is derecognized from the balance sheet "Income from investments at amortized cost", when is reclassified, and in the case the financial assets, when impairment losses or rebound earnings, which are registered in the category "Impairment for credit to customers net of reversion and recovery", in the case of credit to customers or in the category "Impairment of other financial assets net of reversion and recovery" in the case other financial assets.

Treasury Bonds issued in local currency indexed to the US dollar exchange rate are subject to currency revaluation. The result of the exchange rate adjustment is reflected in the income statement of the period in which it occurs. The result of the exchange rate of the nominal value of the title is reflected in the cateogry "Foreign exchange earnings" and the result of the exchange rate of the discount and the accrued interest is reflected on the category "Financial Margin – Interest and similar income".

The incomes and expenses of financial instruments to the fair value through profit are recognized according to the following criteria:

i. Variations in the fair value are directly registered in profit, separating the part attributable to the instrument's income, that is registered as income or as dividends according to their nature in the category "Interest and similar income" and "Income from equity instruments", respectively, and the rest, that is registered as income of financial operations in the category "Income from financial assets and liabilities valued at fair value through profit and loss".

ii. The interest related to debt instruments are registered in profit in the category "Interest and similar income" and are calculated applying the effective interest rate method.

The income and expenses of financial assets of fair value through comprehensive income, are recognized according to the following criteria:

i. The interests or, when applicable, the dividends are recognized in profits "Interest and similar income" and "Income of capital instruments", respectively. For the interest the procedure is the same as the assets at amortized cost.

ii. The Exchange differences are recognized in income in the "Foreign exchange earnings" category, in the case of monetary financial assets, and other comprehensive incomes, in the case of non-monetary financial assets.

iii. In the case of debt instruments, losses by impairments or gains in its recovery are recognized in income in the "Impairment for other financial assets net of reversals and recoveries" category.

iv. The rest of the value variations are recognized in other comprehensive income.

When a debt instrument is measured to the fair value through other comprehensive income, the recognized values in the income of the year are the same ones that the ones that would be recognized if measured by the amortized cost.

When a debt instrument valued to the fair value through other comprehensive income is derecognized from the balance, the registered gain or loss in other comprehensive income is reclassified for the period's income. On the other hands, when a valued capital instrument to the fair value through another comprehensive income is derecognized from the balance, the registered gain or loss in other comprehensive income it is not reclassified for the account of gains and losses, keeping in a line of reserves.

NOTE 2

2.2.6. RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

Only if the Bank decided to change its business model for management of financial assets, would reclassify all financial assets affected accordingly to the requirements of IFRS 9. This reclassification would be made in a forward-looking manner starting on the reclassification date. According to IFRS 9, it is expectable that all changes in the business model occur infrequently. The financial assets can't be reclassified between portfolios.

NOTE 2

2.2.7. FAIR VALUE

The methodology to calculate the fair value of the titles used by the Bank is as it follows:

- Average dealing price in the tabulation day or, when not available, the average dealing price in the previous working day;
- Estimated net realizable value obtained through technic adoption or internal valuation model;
- Similar financial instrument price, taking into consideration, at the very least, the payment periods and due dates, credit risk and the currency or index; and
- Price defined by the National Bank of Angola

NOTE 2

2.2.8. CREDIT MODIFICATION

Ocasionally the Bank re-negotiates or modifies the credit's contractual cash flows to customers. In this situation, the Bank evaluates if the new contract terms are substantially different from the original terms. The Bank proceeds this analysis considering, among others, the following factors:

- If the debtor is in financial difficulties, if the modifications only reduced the contractual cash flows for an amount that is expectable that the debtor can pay;
- If it was introduced some new significant term, such as the participation in the incomes or "equity-based return", that substantially affects the credit risk;
- Considerable extension of the maturity of the contract when the debtor is not in financial difficulties;
- Considerable change in the interest rate;
- Change of the currency in which the credit was contracted; and
- Inclusion of a collateral, a guarantee or any other improvement related to the credit, that considerably affects the credit risk associated to the loan.

If the contract terms are significantly different, the Bank derecognizes the original financial asset and recognizes the new asset to the fair value, calculating the new effective interest rate. The renegotiating date is considered the initial recognition date for impairment calculation purposes, including the purpose to assess if a significant raise of the credit risk occurred. However, the Bank also evaluates if the new recognized financial asset is impaired in the initial recognition, especially when the renegotiating is related to the fact that the debtor did not proceed with the originally agreed payments. The differences in the accounting amount are recognized in income, as a gain or loss of derecognition.

If the contract terms are not significantly different, the renegotiating or modification does not result in derecognition and the Bank recalculates the gross accounting amount based on the financial assets' revised cash flows and recognizes a gain or loss of this modification in profit and loss. The new gross accounting amount is recalculated by discounting the modified cash flows to the original effective interest rate (or adjusted effective interest rate for financial assets in impairment, originated or acquired).

NOTE 2
2.2.9. DERECOGNITION THAT DOES NOT RESULT OF A MODIFICATION

The granted financial assets are derecognized when the cash flows that are associated to them are extinguished, are collected or disposed to a third party and the (i) Bank substantially transfers all the risks and benefits associated to the assets holding or (ii) the Bank does not either transfer or holds substantially all the risks and benefits associated to the assets holding and does not hold control over the asset. The gains and losses obtained in the disposal of the credits to permanent customers are registered in Other operating income. These gains or losses correspond to the difference between the fixated sale value and the assets' book value, net of impairment losses.

The Bank participates in transactions where it hold the contractual right to receive cash flows from assets, but assumes a contractual obligation to pay those cash flows to other entities and substantially transfers all the risks and benefits. These transactions result in the derecognition of the asset if the Bank:

- Does not have any obligation to carry out payments, unless it receives equivalent amounts of the assets;
- Is forbidden to sell or pawn assets; and
- Has the obligation to remit any cash flow that receives from the assets without material delays.

The guarantees provided by the Bank (stocks and bonds) through repurchase agreements and lending and contracting operations of securities notes are not derecognized because the Bank substantially holds all the risks and benefits considering the pre-established repurchase price, not observing the derecognition criteria (see note 2.9).

The financial liabilities are derecognized when the underlying obligation is liquidated, expired or cancelled.

NOTE 2
2.2.10. DEDUCTIONS' POLICY

The Bank will proceed to financial assets' deduction, partly or altogether, in the moment that concludes that it will not be any reasonable expectation of receiving, leading to an extreme scenery of total impairment. The indicators that demonstrate that there is no reasonable expectation of receiving are (i) activity cessation and (ii) the cases when the recovery depends of the collateral's receiving, but when the collateral value is so reduced that a reasonable expectation of recovering the asset in its totality does not exist.

The applied regulations to select credits that can be deducted to the asset are the following:

- Credits can't have a real guarantee associated;
- Credits have to be totally closed (registered in overdue credit in its totality and without debt maturing);
- Credits can't have the trademark of renegotiated overdue credit, or be involved in the scope of an active payment agreement.

NOTE 2

2.2.11. IMPAIRMENT OF FINANCIAL ASSETS

Losses by impairment are recognized for all financial assets, except for the assets that are classified or designated to the fair value through income and the capital instruments designated to the fair value through other comprehensive income. The assets subject to impairment evaluation include the ones that belong to customers' loan portfolio, debt instruments and applications and deposits in other credit institutions. Losses by impairment are registered by reversing results, being subsequently reversed by profits and losses in case a reduction of the estimated loss amount occurs, in a previous year.

The off-balance sheet as financial guarantees and the credit compromises are not used, are equally subjected to impairment evaluation.

The impairment measurement to which reporting date is carried out considering the three stages of anticipated credit losses model:

Stage 1 – From the initial recognition until the moment where a significant raise of the credit risk is verified, impairment is recognized in the amount of expected credit losses in case the default occurs in the 12 months subsequent to the reporting date.

Stage 2 – After the significant aise of the credit's risk in view of the financial asset's initial recognition date, impairment is recognized on the amount of expected credit losses for the financial assets' remainder period.

Stage 3 – For the financial assets considered in credit's impairment it is recognized impairment in the amount of expected credit losses for the financial assets' remainder period.

Losses for impairment are an estimate, measured by probability, of the reduction of the cash flow values resulting of the default over the policy-relevant horizon. For credit compromises, the estimates of expected credit losses consider a part of the limit that is expectable to be used during the relevant period. For financial guarantees, the estimate of credit losses are based on the expectable payments according to the guarantee contract.

The increases and reductions in the amount of impairment losses that are attributable to acquiring and new originations, derecognition or maturity, and the remeasurements due to alterations in the expectation of loss or the transfer between stages are recognized in profits and losses.

The losses for impairment represent an un-biased estimate of the expected credit losses in the financial assets to the balance date. It is considered judgement in defining assumptions and estimates calculating impairment, which can result in alterations in the provision amount for losses for impairment from period to period.

Measurement of expected credit losses

Expected credit losses are based on a set of possible profits and losses and considered all reasonable and supportable available information including the historical experience of credit losses and expectations about future cash flows. The measurement of expected credit losses is, primarly, the product of default's probability (PD) of the instrument, loss given default (LGD) and the exposure at default (EAD) deducting for the reporting date. The main difference between expected credit losses in Stage 1 and Stage 2 is the calculation horizon.

The estimate of expected credit losses is obtained for every specific exposition, being the relevant parameters modelized in a collective base considering a level of portfolio segmentation that reflects the way the Bank manages its risks. The approaches were designed to maximize the use of available information so it is reliable and supportable for each segment and that it has a collective nature.

Expected credit losses are discounted for the reporting date using the effective interest rate.

Evaluation of the significant increase of credit risk

Identifying the significant increase of credit risk requires significant judgments. The flows between Stage 1 and Stage 2 are based, anytime possible, in comparing the instruments' credit risk to the reporting date with the credit risk in its origination moment. The evaluation is generally conducted to the instruments' level, but can, however, consider information at the debtor's level.

This evaluation is conducted in each reporting date and is based on a set of non-statistical indicators of qualitative nature and/or quantitative nature. The instruments that present a delay higher than 30 days are generically considered as being verified a significant increase of credit risk.

Definition of default (non-compliance)

The definition of default was developed considering the processes of risk management, namely in the component of credit recovering as well as the best international practices in this domain. The definition of default can differ between segments and considers not only qualitative factors but quantitative factors as well. Default credit are applied at the level of operating with private customers and at the level of debtor of business customers. The default will occur when more than 90 days of delay are confirmed and/or when it's considered less probable that the debtor will fulfill with his obligations in a fully way, for example slaughtered capital or multipole restructuration of credit operations. The definition of default is applied in a consistent manner from period to period.

Collective Analysis

The loans that are evaluated collectively are grouped based on similar risk characteristics, considering the type of customer, the sector, the type of product, the existent collateral, the delay status and other relevant factor. The collective impairment reflects: (i) the capital and income expected value that will not be recovered, and (ii) the impact of the delays in recovering capital and incomes (time value of money). The determined risk parameters are based on the experience of historical loss in comparable operations with similar characteristics of credit risk, adjusted for the current economic situation and the future expectations. The money's time value is directly incorporated in calculating the impairity of each operation.

Individual Analysis

The evaluation of the loss existence by impairment in individual terms is determined through an analysis of the credit's total exposure case by case. For each credit considered individually significant, the Bank evaluates, in each balance date, the existence of the objective evidence of impairment.

The materiality credits indicated for identifying individual significant customers by the BNI are 0,1% amount of Own Funds for economic customer/groups with evidence of impairment and 0,5% amount of Own Funds for economic customers/groups without evidence of impairment.

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

In determining losses by impairment, individually, the following factors are considered:

- the total exposure of each customer next to the Bank and the existence of overdue credit;
- the economic and financial viability of the customer's business and its capacity to generate sufficient resources to address the debt service in the future;
- the existence, nature and estimated value of the collaterals associated to each credit;
- the customer's assets in situations of liquidation or insolvency;
- the existence of preferential creditors;
- the customer's indebtedness with the financial sector;
- the amount and the estimated recovered deadlines; and
- other factors

Losses by impairment are calculated through comparing the current value of the future expected cash flows discounted to the effective interest rate of each contract and the book value of each credit, being the registered losses reversed through profit. The book value of the credits with impairment is presented in the net balance of the impairment losses. For the credits with a variable interest rate, the used discount rate corresponds to the annual effective interest rate, applicable in the period when the impairment was determined.

NOTE 2
2.3 FINANCIAL ASSETS AND LOSSES – IAS 39 (APPLICABLE TO THE YEAR OF 2017)

2.3.1. LOANS TO CUSTOMERS

Credit to customers include the loans originated by the Bank, whose purpose is not a short-term sale, whose are registered in the date that the credit amount is advanced to the customer.

Credit to customers is derecognized of the balance when (i) the Bank's contractual rights related to the corresponding cash flows expired, (ii) the Bank substantially transferred all the risks and benefits associated to their detention, or (iii) notwithstanding the Bank held part of it, but not substantially all, the risks and benefits associated to its detention, the control over the assets was transferred.

Credit to customers is recognized initially to their fair value, plus transaction costs, and is subsequently valued to the amortized cost, based on the effective interest income method, being presented in deducted balanced of losses by impairment.

Impairment

The Bank's policy consists in regularly evaluating the existence of objective evidence in the impairment of its loan portfolio. The identified losses by impairment are registered against profit and loss, being subsequently reversed by profits in case a reduction of the estimate loss amount is verified, in a previous year.

After the initial recognition, a credit or a customers' loan portfolio, defined as a set of credits with characteristics of similar risks is in impairment (i) when there is objective evidence of impairment resulting of one or more events, and (ii) when these have impact on the estimated value of the credit's future cash flows or customer's portfolio, that can be estimated in a reliable way.

According to IAS 39 there are two methods for calculating losses by impairment: (i) individual analysis and (ii) collective analysis.

(i) Individual Analysis

The materiality criteria indicated to identify individually significant customers by BNI are 0,1% amount of Own Funds for economic customers/groups with impairment indication and 0,5% amount of Own Funds for economic customers/groups without impairment indication.

The global amount exposure of each economic customer/group does not consider applying conversion factors for off-balance sheet exposures.

In determining losses by impairment, in individual terms, the following factors are considered:

• total exposure of each customer by the Bank and the existence of overdue credit;
• the economic and financial feasibility of the customer's business and its ability to generate sufficient resources to address the debt service in the future
• the existence, nature and estimated value of the collaterals associated to each credit;
• the customer's assets in situations of liquidation or insolvency;
• the existence of preferential creditors;
• the customer's indebtedness with the financial sector;
• the amount and the estimated recovered deadlines; and
• other factors

Losses by impairment are calculated through comparing the current value of the future expected cash flows discounted to the effective interest rate of each contract and the book value of each credit, being the registered losses reversed through profit.

The book value of the credits with impairment is presented in the net balance of the impairment losses. For the credits with a variable interest rate, the used discount rate corresponds to the annual effective interest rate, applicable in the period when the impairment was determined.

(ii) Collective Analysis

The credits for which was not identified objective evidence of impairment are grouped based on similar risk characteristic with the purpose to determine losses by impairment in collective terms. This analysis allows the Bank the recognition of losses whose identification, in individual terms, will only take place in future periods.

Losses by impairment based on the collective analysis are calculated through two perspectives:

- For hmogeneous credit groups not considered individually significant; or
- Related to losses occurred but not identified ("IBNR") in credits for which there is no objective evidence of impairment.

Losses by impairment in collective terms are determined 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 impairment clearance for losses that occurred but were not reported depends of the definition of emerging period that corresponds to the period of time between the default event and the observation of that default by the Bank.

The Bank assumed 12 months as emerging period.

Collateral evaluation process

The guarantee evaluation is assured in a regular way so the Bank has updated information about the value of these covering instruments and, consequently, their risk mitigating capacity in credit operations.

Phase of Granting Credit

In the scope of approving condition of credit operatins, everytime there was defined a need to obtain a guarantee from the customer, in case the typology of the guarantee or identified collateral implies an evaluation request for the definition and validation of its value, it should be soliciated a guarantee evaluation request to the Credit Analysis Board or Commercial Area, as a way of contacting and defuse the process among the independent external evaluators.

Phase of Monitoring Credit

In relation to the periodical reavaluation collateral test, namely what concerns the criteria defined for the execution of a new evaluation of the housing collaterals, it was defined that the Operations Board will be responsible for identifying the guarantees that should not be subject to revaluation and to defuse the corresponding process along with the independent external evaluators.

Phase of Recovering Credit

Whenever is relevant in the scope of credit recovery process and in a way to determine the recoverable amount of credit through executing existent guarantees or to support a credit restructuration operation, the Credit Recovery Board can request the revaluation of the guarantees associated to the operations they are managing.

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

(i) Real Estate

The evaluation value considered as a guaranteed value corresponds with the minimum value between the evaluation value and the mortgage maximum amount, to which it will be previously subtracted the amount of other mortgages that don't belong to the bank and have priority of it, anytime that information is available.

In accordance with Notice 10/2014 of BNA, issued on December 2014, about the accepted guarantees for prudential purposes, the rights over the real estate must be object of revaluation, at least every 2 years, anytime the risk position represents:

• An amount equal or more to 1% of the total credit loan of the institution or equal or more than AKZ 100.000.000; or
• Situations of overdue loan over 90 days and/or other impairment signs as long as the last evaluation date was more than 6 months ago; or
• Situations in which they are identified changes of other nature in market condition with a potencial relevant impact in the real estate's value and/or in a group or more of real estate with similar characteristics

The values and evaluation date of the guarantees are registered in the collateral management system, that issues warnings about the reavaluation dates.

(ii) Term Deposit Collateral

The value of the guarantee will be the deposit's nominal value, as well as the respective incomes (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. 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 can be translated into two dimensions, namely: i) the legal and procedural obstacles to their execution; ii) the volatility of their market value.

Loan Write-Offs

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

NOTE 2
2.3.2. 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 domestic 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 efective 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 efective interest rate method and recognised in the financial margin. Impairment losses are recognised in the income statement when identified..

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

3) Financial assets available for sale

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

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

In the disposal of the financial assets available for sale, the accumulated gains or losses recognised in fair value reserves are recognised in the "Income from financial assets available for sale" category of the income statement. The Exchange rate fluctuation of the debt securities in foreign currency is recorded in the income statement in the category of "Foreign exchange earnings". For the equity instruments, due to being non-monetary assets, the exchange rate fluctuation is recognised in the Fair value reserve (Equity), as an integral component of the respective fair value..

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

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

Impairment losses are recognised in the income statement when identified.

4) Financial Liabilities

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

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

Financial liabilities are initially recognised at fair value and subsequently held until maturity. The associated transaction costs are part of the eˆective interest rate. The interest recognised through the eˆective interest rate method is recognised in the financial margin.

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

The Bank classifies their financial liabilities as non-guarantees and commitments, measured at amortised cost, based on the 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 diference 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 evidence of impairment is carried out for all the remaining financial assets that aren't recorded at fair value through profit and loss. A financial asset, or group of financial assets, is impaired whenever there is objective evidence of impairment resulting from one or more events that occurred after their initial recognition having an impact on the future cash flows from the asset which may be reliably estimated..

In conformity with the IFRS, the Bank regularly assesses whether there is objective evidence that a financial asset, or group of financial assets, presents signs of impairment.

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

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

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

(iii) Transfers between categories

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

These transfers are carried out based on the fair value of the transferred assets, determined on the date of the transfer. The 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 with the normal course of the Bank's activity, as well as in the event of default, bankruptcy or insolvency of the Bank or of the counterparty.

NOTE 2
2.4. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank can perform operations of derivative financial systems in the scope of its activity, managing own positions based on expectactions of market evolution and satisfying its customer's needs.

All the derivative instruments are registered on their negotiating date to the fair value and the fair value variations are recognized in results, except if they qualify as cash flow hedge or net investiment in foreign operational unities. The derivatives are also registered in off-sheet accounts by their reference value (notional value).

The derivative financial instruments are classified as coverage (hedge, as long as all the designated conditions are met) or negotiating, according to its purpose.

Hedge Accounting

The Bank decided to continue to apply accounting criteria provided in IAS 39 at the time of IFRS 9's first introduction, as it is stated in the previous norm.

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 recognized 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.

According to IFRS 9, so that the efficiency requirement is verified:

a) there must be an economic relationship between the hedged item and the hedge instrument;
b) the credit risk of the counterparty of the hedged intem or the hedge instrument must not have a dominant effect over the changes of value resulting of that economic relationship, and
c) the cover rácio of the hedged accounting relationship, understood as part of the hedged item by the hedge instrument, should be the same one than the cover ratio that is used for management purposes.

When a derivative financial instrument is used to hedge exchange rate variations of monetary assets or liabilities, it is not applied any hedged accounting model. Any gain or loss associated to the derivative is recognized in results of the exercise, as well as the monetary risk variations of the adjacent monetary items.

v. Fair Value Hedge

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.

vi. Cash Flows Hedge

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

The amounts accumulated in equity are reclassified into income of the period in the periods in which the hedged item 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 2018 and 2017 the Bank had no hedging operations classified as fair value or cash flow hedging.

NOTE 2
2.5. 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 2018 and 2017 facing the relevant currency for the Bank's activity were the following:

		(000 Kz)
	31.12.2018	31.12.2017
USD	308.607	165.924
EUR	353.015	185.400

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

Spot currency position:

The spot currency position in each currency corresponds to the net balance of the assets and liabilities expressed in that currency, as well as spot transactions pending settlement and forward transactions maturing in the following two business days. The spot currency position is revalued daily based on the average exchange rate published by the BNA on this date, giving rise to the transaction of the currency position account (domestic currency), through the income statement.

Forward currency position:

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

NOTE 2
2.6 . OTHER TANGIBLE ASSETS

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

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

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

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

When there is a sign that an asset may be impaired, the IAS 36 – Impairment of assets - requires that its recoverable amount is estimated, and an impairment loss must be recognised whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is determined as the highest between its net sale price and its value in use, with this being calculated based on the current value of the estimated future cash flows that are expected to be obtained from the continued use of the asset and from its disposal at the end of its useful life.

NOTE 2
2.7. 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

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

NOTE 2
2.8. INVESTMENT PROPERTIES

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

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

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

NOTE 2
2.9. ASSETS TRANSFERRED WITH A SECURITY REPURCHASE AND LOAN AGREEMENT

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

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

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

NOTE 2
2.10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries and associated companies are accounted for in the Bank's individual financial demonstrations to its historical cost deducted from any loss by impairment.

Subsidiaries are entities (including investment funds and securization vehicles) controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to the variability on the arising profits of their envolvement with that entity and can overtake thos through the power that holds over the relevant activities of that same entitiy (facto control).

The associated companies are entities in which the Bank has a significant influence but does not exercise control over its financial and operational policy. It is assumed that the Bank exercises significant influence when it holds the power to exercise more than 20% of the associate's voting rights. In case the Bank holds, direct or indirectly, less than 20% of the voting rights, it is assumed that the Bank does not hold any significant influence, except when that influence can be clearly demonstrated.

The existence of significant influence by the Bank is normally demonstrated through one or more of the following ways:

- representation in the Board of Directors or equivalente board of direction;
- participation in processes of definition of policies, including the participation in decisions concerning dividends or other distributions;
- material transactions between the Bank and the affiliate;
- exchange of managing staff; and
- supplying essential technical information.

The recoverable value of the investments in subsidiaries and associates is evaluated everytime there are signs of impairment. Impairment losses are determined based on the difference between the recoverable value of the subsidiaries or associates' investments and their book value. Impairment losses are registered through net income, being subsequentelly reverted by results in case a reduction of the estimated amount value is verified in a subsequent period. The recoverable value is determined based on the Biggest between the used value of the assets and the fair value deducted from sales costs, being calculated with the evaluation methodology, supported in discounted cash flow techniques, considering the market conditions, the time value and the business' risk.

NOTE 2
2.11. 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 one 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.

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

NOTE 2
2.12 ASSETS RECEIVED THROUGH THE RECOVERY OF LOANS

The Bank classifies real estate held for loan recovery into the category "Non-current assets held for sale" when there is sale expectation in the maximum period of one year and in the category "Other assets" when that deadline is exceeded. The real estate are initially measured by the lower of between their fair value net of sale costs and the book value of the loan existing on the date in which the judicial exchange or auction of the asset was carried out.

The valuations of this real estate are carried out in accordance with one of the following methodologies, applied according to the specific situation of the asset:

a) Market Method

The Market Comparison Criterion refers to transaction amounts of real estate similar and comparable to the real estate object of study obtained through market prospecting carried out in the area.

b) Income Method

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

c) Cost Method

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

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

NOTE 2
2.13. 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.

NOTE 2

2.14. 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 diˆerences with exception of the diˆerences resulting from the initial recepit 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.

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 stated on IAS 12 – Income Tax, paragraph 74, to the compensation of assets and liabilities by differed taxaes anytime that (i) has the executable legal right to compensate assets for current taxation and liabilities for current taxation; and (ii) the assets and liabilities for differed taxes to relate with the released income by the same fiscal authority over the same taxable entity or different taxable entities that intend to outstand assets and liabilities for current taxation in a net basis, or carry out both the assets and liabilities simultaneasly, in each future period in which the assets or the liabilities by differed taxes are expected to be disposed or recovered.

NOTE 2
2.15. PROVISIONS AND CONTINGENTE LIABILITIES

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

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

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

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

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

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

NOTE 2
2.16. 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 eˆective interest rate, transaction costs and all the premiums or discounts directly related to the transaction, except for financial assets and liabilities at fair value through profit and loss.

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

The incomes with recognized interest in results associated to classified contracts in Stages 1 or 2 are established by applying the effective interest rate of each contract over its balance sheet value, to which correspond to its amortized cost, before the deduction of the respective impairment. The interest recognition is always held in a prospective way, e.g. for financial assets that enter Stage 3, the interest are recongised over the amortized cost (impairment net) in the following exercises.

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

NOTE 2
2.17. RECOGNITION OF DIVIDENDS

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

NOTE 2
2.18. RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

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

• when it is obtained whilst the services are provided, its recognition in the income statement is carried out in the period to which it relates;
• when it results from a provision of services, its recognition is carried out when the aforementioned service is completed

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

NOTE 2
2.19. FIDUCIARY ACTIVITIES

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

NOTE 2
2.20. INCOME IN FINANCIAL TRANSACTIONS

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

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

NOTE 2
2.21. CASH AND CASH EQUIVALENTS

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

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

NOTE 2
2.22. FINANCIAL GUARANTEES AND COMMITMENTS

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

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

NOTE 2
2.23. EARNING 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 2
2.24. ADOPTION OF IFRS 9

The Bank adopted IFRS 9 as published by IASB on July 2014 with a transition date for 1 January 2018, which resulted in changes in the accounting policies and adjustments to the previously recognized amounts in the financial demonstrations. The Bank did not adopt IFRS 9 in advance.

With the entry into force of IFRS 9 the Bank decided to adopt a structure for financial demonstrations converging with the orientantions of Angola National Bank, which has the following changes compared to the one presented on 31 December 2017:

DESIGNATION 31 DECEMBER 2017 (IAS 39)	Designation 31 December 2018 (IFRS 9)
INVESTMENTS HELD UNTIL MATURITY	INVESTMENTS HELD UNTIL MATURITY
FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS AVAILABLE FOR SALE
INVESTMENTS HELD UNTIL MATURITY	INCOME FROM INVESTMENTS AT AMORTIZED COST
INCOME FROM FINANCIAL ASSETS AVAILABLE FOR SALE	INCOME FROM FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

The Bank decided not to restate the comparative amounts as provided for in the transitional standard of IFRS 9. All adjustments to the asset accounting amounts and participants in the transition data were entered in Reais. The explanatory notes are identical to IFRS 7, respectively, in the disclosure of the explanatory notes. The notes disclosed for the comparative period were disclosed as disclosures made the previous year.

The adoption of IFRS 9 resulted in changes in accounting policies for the recognition, classification, measurement and impairment of financial assets. IFRS 9 also led to significant changes in other standards related to financial instruments, such as IFRS 7 "Financial Instruments: Disclosures".

We present below the disclosures related to the impact on the Bank of the adoption of IFRS 9 in 1 January 2018.

As a result of the first adoption of IFRS 9, the Bank did not reclassify any measured financial asset at amortized cost for the categories of financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income in the same manner as they do not reclassified financial assets from the last two measurement categories to fair value at amortized cost.

(a) Classification and measurement of financial instruments

The measurement categories and book values of financial assets and liabilities in accordance with IAS 39 and IFRS 9 at 1 January 2018 are as follows:

IAS 39			IFRS 9		
CATEGORY	MEASUREMENT	ACCOUNTING VALUE	CATEGORY	MEASUREMENT	ACCOUNTING VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	AMORTIZED COST	26 690 292	CASH AND CASH ON HAND IN CENTRAL BANKS	AMORTIZED COST	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	AMORTIZED COST	10 697 189	CASH ON HAND IN OTHER CREDIT INSTITUTIONS	AMORTIZED COST	10 697 189
INVEST. IN CENTRAL BANKS AND IN OTHER CREDIT INSTIT.	AMORTIZED COST	18 649 236	INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTIT.	AMORTIZED COST	18 525 855
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	FVTPL	6 452 087	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	FVTPL	6 450 469
FINANCIAL ASSETS AVAILABLE FOR SALE	FVOCI	123 449	FINANCIAL ASSETS AVAILABLE FOR SALE	FVOCI	123 449
INVESTMENTS HELD UNTIL MATURITY	AMORTIZED COST	73 180 417	INVESTMENTS HELD UNTIL MATURITY	AMORTIZED COST	73 155 957
LOANS TO CUSTOMERS	AMORTIZED COST	89 940 081	LOANS TO CUSTOMERS	AMORTIZED COST	83 191 103

Notes:
FVTPL - at fair value through profit or loss
FVOCI – FVOCI - at fair value through other comprehensive income

(b) Reconciliation of the carrying amounts of the balance sheet of IAS 39 to IFRS 9

The Bank conducted a detailed analysis of its business models for the management of financial assets and analysis of the characteristics of its cash flows.

The impacts of the first adoption of IFRS 9 are presented below:

CATEGORY IAS 39	CATEGORIES IFRS 9				
FINANCIAL ASSETS	FINANCIAL ASSETS	IAS 39 31.12.2017	RECLASSIFICATION	REMEASUREMENT	IFRS 9 01.01.2018
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	CASH ON HAND IN OTHER CREDIT INSTITUTIONS	10 697 189	-	-	10 697 189
INVEST. IN CENTRAL BANKS AND IN OTHER CREDIT INSTIT.	INVEST. IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	18 649 236	-	(123 381)	18 525 855
LOANS TO CUSTOMERS	LOANS TO CUSTOMERS	89 940 081	-	(6 748 978)	83 191 103
FINANCIAL ASSETS AVAILABLE FOR SALE	FINANCIAL ASSETS AVAILABLE FOR SALE	123 449	-	-	123 449
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	-	(1 618)	6 450 469
INVESTMENTS HELD UNTIL MATURITY	INVESTMENTS HELD UNTIL MATURITY	73 180 417	-	(24 460)	73 155 957
FINANCIAL LIABILITIES	FINANCIAL LIABILITIES				
FINAN. LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-
PROVISIONS FOR GUARANTEES AND COMMITMENTS	PROVISIONS FOR GUARANTEES AND COMMITMENTS	100 617	-	-	100 617
DEFERRED TAX ASSETS	DEFERRED TAX ASSETS	3 068 274	-	2 069 531	5 137 805
TOTAL		202 211 350	-	(4 828 906)	197 382 444

c) Reconciliation of impairment losses recognized in accordance with IAS 39 and IFRS 9

CATEGORY	IMPAIRMENT LOSSES (IAS 39) / PROVISIONS (IAS 37)	REMEASUREMENT	IMPAIRMENT LOSSES IFRS 9
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	(123 381)	(123 381)
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	(1 618)	(1 618)
INVESTMENTS HELD UNTIL MATURITY	-	(24 460)	(24 460)
LOANS TO CUSTOMERS	(16 330 442)	(6 748 978)	(23 079 420)

• Loans to customers are recorded under "Loans to customers" and the Bank considers that all contracts have passed the SPPI test and consequently did not perform any reclassification.

• The Bank considered that Angolan Treasury Bonds indexed to USD previously classified as "Held-to-maturity investments" have passed the SPPI tests and therefore remain classified as "Investment at amortized cost" under IFRS 9.

The impact on total equity of the first adoption of IFRS 9 as of 1 January 2018 arises exclusively from the change in the methodology for determining impairment losses, based on the expected loss concept defined in IFRS 9, which implied an increase in impairment for credit, commitments and guarantees granted in the amount of 4,828,906 mAKZ, in accordance with the method established in IAS 39 based on the accounting of losses incurred by credit risk.

NOTE 3
MAIN ESTIMATES AND JUDGEMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

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

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

NOTE 3
3.1. FAIR VALUE OF THE DERIVATIVE FINANCIAL INSTRUMENTS AND 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.

NOTE 3
3.2. IMPAIRMENT LOSSES OF FINAL INSTRUMENTS TO THE MATURITY COST OR TO THE FAIR VALUE THROUGH COMPREHENSION INCOME (OCI)

The Bank carries out a periodic revision of its loan portfolio in order to assess the existence of impairment losses, as referred to in the accounting policy described in Note2.3.

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

Alternative methodologies and the use of other assumptions and estimates could result in different levels of recognised impairment losses, with the consequent impact on the Bank's income.

NOTE 3

3.3. TAXES ON PROFITS

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

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

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

NOTE 3

3.4. FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

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

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

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

With regard to the Angolan economy, the Angolan Association of Banks ("ABANC") and the National Bank of Angola ("BNA") have expressed an interpretation that not all the requirements of IAS 29 - Financial Reporting in Hyperinflationary Economies ("IAS 29") are present for the Angolan economy to be considered hyperinflationary in the year ended 31 December, 2018 and, consequently, the Bank's Management decided not to apply the provisions of that Standard to its financial statements as of that date.

NOTE 3

3.5. REAL ESTATE RECEIVED AS SETTLEMENT OF DEBTS

The Bank classifies real estate held for loan recovery into the category of "Non-current assets held for sale", 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 2.12,, 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)

31.12.2018	OF ASSETS/LIABILITIES AT AMORTISED COST	OF ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
INTEREST AND SIMILAR INCOME	**24 474 721**	**22 724**	**24 497 445**
INTEREST FROM LOANS TO CUSTOMERS	14 274 950	-	14 274 950
INTEREST FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	22 724	22 724
INTEREST FROM CASH ON HAND AND INVESTMENTS IN CREDIT INSTITUTIONS	612 959	-	612 959
INTEREST FROM INVESTMENTS HELD UNTIL MATURITY	9 586 812	-	9 586 812
INTEREST AND SIMILAR CHARGES	**(11 558 987)**	**-**	**(11 558 987)**
INTEREST FROM RESOURCES OF CENTRAL BANKS AND CREDIT INSTITUTIONS	(925 775)	-	(925 775)
INTEREST FROM RESOURCES OF CUSTOMERS	(10 245 712)	-	(10 245 712)
INTEREST FROM SUBORDINATED LIABILITIES	(387 500)	-	(387 500)
FINANCIAL MARGIN	**12 915 734**	**22 724**	**12 938 458**

(AKZ 000)

31.12.2017	OF ASSETS/LIABILITIES AT AMORTIZED COST AND ASSETS AVAILABLE FOR SALE	OF ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
INTEREST AND SIMILAR INCOME	**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 RESOURCES OF CUSTOMERS	(6 597 740)	-	(6 597 740)
INTEREST FROM SUBORDINATED LIABILITIES	(476 959)	-	(476 959)
FINANCIAL MARGIN	**11 468 909**	**472 560**	**11 941 469**

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

NOTE 5
INCOME FROM SERVICES AND COMISSIONS

The value of this category is comprised of:

(AKZ 000)

	31.12.2018	31.12.2017
INCOME FROM SERVICES AND COMMISSIONS	**5 311 234**	**3 597 649**
VISA AND MASTERCARD CARDS	1 963 546	1 541 437
TRANSFERS	1 182 259	365 550
OPENING OF CREDIT LINES	925 046	349 541
DOCUMENTARY CREDIT	19 872	4 029
OTHER BANKING TRANSACTIONS	-	-
OTHER BANKING SERVICES	868 600	840 512
OTHER COMMITMENTS	122 580	150 109
SECURITIES	229 331	346 471
CHARGES WITH SERVICES AND COMMISSIONS	**(1 748 037)**	**(1 019 752)**
VISA AND MASTERCARD CARDS	(1 231 615)	(714 363)
IRREVOCABLE CREDIT LINES	(24 545)	(22 639)
OTHER COMMITTEES	(491 877)	(282 750)
INCOME WITH COMMISSIONS	**3 563 197**	**2 577 897**

The category of Visa and Mastercard Cards refers to the received and paid commissions for 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)

	31.12.2018			31.12.2017		
	INCOME	COSTS	TOTAL	INCOME	COSTS	TOTAL
INCOME IN ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	17 504	-	(17 504)	-	(17 504)	(17 504)

The income presented on 31 December 2018 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) and the currency revaluation of the same ones to be recognized in the category Foreign exchange earnings (Note8).

In the year of 2018 the Bank disposed the whole portfolio of registered income valued at fair value through profit and loss (Note18).

The Bank does not have liabilities measured at fair value.

NOTE 7
INCOME FROM INVESTMENTS AT AMORTIZED COST

The value of this category is comprised of:

(AKZ 000)

	31.12.2018			31.12.2017		
	INCOME	COSTS	TOTAL	INCOME	COSTS	TOTAL
INCOME FROM INVESTMENTS AT AMORTIZED COST	-	(985 291)	(985 291)	-	-	-

The income generated in 2018 related to the investments at amortized cost concern a one-off sale of Angolan treasury bounds indexed to the USD.

NOTE 8
FOREIGN EXCHANGE EARNINGS

The value of this category is comprised of:

		(AKZ 000)
	31.12.2018	31.12.2017
INCOME	**35 379 783**	**5 687 594**
EXCHANGE REVALUATION	2 299 928	15 563
FOREIGN CURRENCY SALE	5 731 093	5 667 156
REVALUATION OF INDEXED TREASURY OBLIGATIONS	27 348 762	4 875
COSTS	**(7 542 624)**	**(1 040 492)**
EXCHANGE REVALUATION	(4 581 574)	(11 138)
FOREIGN CURRENCY SALE	(2 961 050)	(1 029 354)
FOREIGN CURRENCY SALE	**27 837 159**	**4 647 102**

This category includes the deriving income of the currency revaluation of monetary assets and liabilities expressed in a foreign exchange according to the account policy described on Note 2.5, including the Treasury obligations indexed to USD, and the deriving income of the foreign exchange sale.

NOTE 9
INCOME FROM DISPOSAL OF OTHER ASSETS

The value of this category is comprised of:

		(AKZ 000)
	31.12.2018	31.12.2017
TANGIBLE ASSETS	1 887	362
INTANGIBLE FIXED ASSETS	-	1 938
INCOME FROM THE DISPOSAL OF ASSETS	**1 887**	**2 300**

NOTE 10
OTHER OPERATING INCOME

The value of this category is comprised of:

		(AKZ 000)
	31.12.2018	31.12.2017
INCOME	**1 204 625**	**685 760**
RECOVERIES REGARDING LOANS WRITTEN OFF IN ASSETS	392 056	97 331
OTHER INCOME	812 569	588 429
COSTS	**(1 021 050)**	**(619 031)**
TAXES AND FEES NOT APPLICABLE TO THE INCOME	(234 174)	(202 424)
PENALTIES APPLIED BY REGULATORY ENTITIES	(32 754)	(230)
OTHER COSTS	(754 122)	(416 377)
OTHER OPERATING INCOME	**183 575**	**66 729**

NOTE 11
STAFF COSTS

The value of this category is comprised of:

		(AKZ 000)
	31.12.2018	31.12.2017
WAGES AND SALARIES		
MANAGEMENT AND SUPERVISORY BOARDS	**(1 996 693)**	**(1 326 619)**
BASE SALARY	(723 400)	(653 563)
ALLOWANCES AND BONUSES	(1 273 293)	(673 056)
EMPLOYEES	**(4 568 893)**	**(3 723 850)**
BASE SALARY	(2 576 027)	(2 331 044)
ALLOWANCES AND BONUSES	(1 992 866)	(1 392 806)
SOCIAL SECURITY CONTRIBUTIONS	**(208 801)**	**(235 784)**
MANDATORY	(202 778)	(189 481)
OPTIONAL	(6 023)	(46 303)
OTHER COSTS	**(92 018)**	**(97 962)**
STAFF COSTS	**(6 866 405)**	**(5 384 215)**

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	AUDIT COMMITTEE	OTHER MANAGEMENT STAFF	TOTAL
31 DECEMBER 2018						
SALARIES AND OTHER SHORT TERM BENEFITS	1 192 874	-	1 192 874	28 477	243 257	1 464 608
VARIABLE SALARIES	1 887	-	1 887	352	303	2 542
LONG TERM BENEFITS AND OTHER SOCIAL SECURITY CONTRIBUTIONS	29 138	-	29 138	1 995	10 761	41 894
OTHER REMUNERATION AND SENIORITY BONUSES	51 934	-	51 934	-	-	51 934
TOTAL	**1 275 833**	**-**	**1 275 833**	**30 824**	**254 321**	**1 560 978**
31 DECEMBER 2017						
SALARIES AND OTHER SHORT TERM BENEFITS	1 091 385	-	1 091 385	36 324	183 509	1 311 218
VARIABLE SALARIES	79	-	79	524	297	900
LONG TERM BENEFITS AND OTHER SOCIAL SECURITY CONTRIBUTIONS	35 986	-	35 986	1 648	11 162	48 796
OTHER REMUNERATION AND SENIORITY BONUSES	4 200	-	4 200	-	-	4 200
TOTAL	**1 131 650**	**-**	**1 131 650**	**38 496**	**194 968**	**1 365 114**

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

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

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

	31.12.2018	31.12.2017
SENIOR MANAGEMENT POSITIONS	105	107
MANAGERIAL POSITIONS	105	109
SPECIFIC POSITIONS	185	218
ADMINISTRATIVE AND OTHER POSITIONS	293	286
TOTAL	**688**	**720**

NOTE 12
SUPPLIES AND SERVICES OF THIRD PARTIES

The value of this category is comprised of:

(AKZ 000)

	31.12.2018	31.12.2017
CONSULTANCY AND AUDITING	(2 299 215)	(1 837 428)
RENTS AND LEASES	(1 414 628)	(1 017 440)
OTHER FST COSTS	(653 360)	(769 893)
LEGAL FEES	(647 819)	(331 994)
TRAVEL AND REPRESENTATION	(625 049)	(608 566)
SECURITY AND SUREVILLANCE	(605 776)	(778 043)
ADVERTISING AND PUBLICATIONS	(365 244)	(205 067)
COMMUNIATIONS AND DISPATCHING	(250 644)	(266 460)
WATER, ENERGY AND FUEL	(57 900)	(92 499)
INSURANCE	(18 648)	(49 455)
TOTAL	**(6 938 283)**	**(5 956 845)**

NOTE 13
PROVISIONS AND IMPAIRMENTS FOR LOANS TO CUSTOMERS, OTHER ASSETS, GUARANTEES AND OTHER COMMITMENTS

The value of this category is comprised of:

(AKZ 000)

	BALANCE AT 31.12.2017	REVERSALS/ (APPRO-PRIATIONS)	USES	TRANSFERS	IFRS 9 IMPACT	EXCHANGE RATE DIFERENCES AND OTHERS	BALANCE AT 31.12.2018
LOAN IMPAIRMENT (NOTE 21)	(16 330 442)	(9 862 735)	7 720 770	-	(6 748 978)	(4 300 230)	(29 521 615)
IMPAIRMENT FOR GUARANTEES AND OTHER COMMITMENTS (NOTE29)	(100 617)	(641 963)	-	-	-	-	(742 580)
OTHER PROVISIONS FOR RISKS AND CHARGES (NOTE29)	(1 039)	(7 038 497)	5 913 569	-	-	-	(1 125 967)
IMPAIRMENT IN ASSOCIATED (NOTE24)	(53 854)	-	-	-	-	-	(53 854)
IMPAIRMENT FOR NON-CURRENT ASSETS HELD FOR SALE (NOTE22)	(2 548 743)	(1 202 950)	-	-	-	(2 834 606)	(6 586 299)
IMPAIRMENT OF OTHER ASSETS (NOTE26)	(377 050)	(530 355)	-	-	-	(723 241)	(1 630 646)
IMPAIRMENT OF OTHER FINANCIAL ASSETS (NOTES 17 AND 20)	-	(427 328)	-	-	(149 459)	141 028	(435 759)
TOTAL PROVISIONS AND IMPAIRMENT		**(19 703 828)**	**13 634 339**	**-**	**(6 898 437)**	**(7 717 049)**	

(AKZ 000)

	BALANCE AT 31.12.2017	REVERSALS/ (APPRO-PRIATIONS)	USES	TRANSFERS	IFRS 9 IMPACT	EXCHANGE RATE DIFERENCES AND OTHERS	BALANCE AT 31.12.2018
LOAN IMPAIRMENT (NOTE 21)	(15 105 551)	(2 484 075)	109 356	-	-	1 149 828	(16 330 442)
IMPAIRMENT FOR GUARANTEES AND OTHER COMMITMENTS (NOTE29)	(209 075)	108 458	-	-	-	-	(100 617)
OTHER PROVISIONS FOR RISKS AND CHARGES (NOTE29)	(5 699)	(1 230 610)	1 235 270	-	-	-	(1 039)
IMPAIRMENT IN ASSOCIATED (NOTE24)	(74 049)	20 195	-	-	-	-	(53 854)
IMPAIRMENT OF OTHER ASSETS (NOTE26)	(296 938)	(80 112)	-	-	-	-	(377 050)
IMPAIRMENT FOR NON-CURRENT ASSETS HELD FOR SALE (NOTE22)	(2 548 448)	(295)	-	-	-	-	(2 548 743)
TOTAL PROVISIONS AND IMPAIRMENT		**(3 666 439)**	**1 344 626**	**-**	**-**	**1 149 828**	

The impact of IFRS 9's first adoption on 1 January 2018 was registered in retained earnings (see Note2.24).

NOTE 14
EARNING PER SHARE
BASIC EARNING PER SHARE

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

(AKZ 000)

	31.12.2018	31.12.2017
NET INCOME ATTRIBUTABLE TO BANK SHAREHOLDERS	6 770 096	2 002 778
AVERAGE NUMBER OF ORDINARY SHARES ISSUED (THOUSANDS)	2 000	2 000
AVERAGE NUMBER OF ORDINARY SHARES IN CIRCULATION (THOUSANDS)	1 954	1 854
INCOME BY BASIC ACTION ATTRIBUTABLE TO BANK SHAREHOLDERS	3,465.45	1 080.48

NOTE 15
CASH AND CASH ON HAND IN CENTRAL BANKS

The value of this category is comprised of:

		(AKZ 000)
	31.12.2018	31.12.2017
CASH	**4 590 727**	**3 891 219**
AOA	3 716 330	2 739 944
USD	396 522	489 319
EUR	382 074	590 366
GBP	94 953	71 111
ZAR	611	357
NAD	237	122
ANGOLA NATIONAL BANK	**8 884 682**	**22 799 073**
AOA	3 641 109	20 584 585
USD	5 243 573	2 214 488
TOTAL	**13 475 409**	**26 690 292**

The category of Cash equivalents in the National Bank of Angola includes compulsory deposits, in the amount of AKZ AOA 3.641.109 thousands (31 December 2017: AOA 16.838.976 thousands), which aims to meet the legal requirements with regard to the constitution of minimum cash equivalents.

According to Instruction No. 10/2018 of Angola National Bank, of 19 July 2018, and according to the Directive No. 4/2018 of Angola National Bank, on 17 July 2018, the minimum reserve requirements in demand deposits on BNA, are calculated according to the following table:

		DOMESTIC CURRENCY	FOREIGN CURRENCY
RATES OVER RESERVE BASE			
CENTRAL GOVERNMENT, LOCAL GOVERNEMENTS AND LOCAL ADMINISTRATORS	DAILY CLEARANCE	17%	100%
OTHER SECTORS	WEEKLY CLEARANCE	17%	15%

The compliance of the mandatory minimal reserves, for a certain period of weekly observation (Other Sectors) is carried out considering the average of the deposit balance along with the Bank in the referred period.

The compliance of the minimal reserves in foreign currency, the applicable legislation considers qualified up to 80% of the Treasury Bonds in foreign currency that belong the own loan registered in SIGMA issued starting 2015. For the compliance of the minimal reserves in domestic currency it is also qualified up to 80% the loans in domestic currency that were given to projects in sectors of agriculture, livestock, forestry and fishing, as long as they are of maturity equal or superior to 24 months.

NOTE 16
CASH ON HAND 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)

	31.12.2018	31.12.2017
In credit institutions abroad	7 365 387	10 163 087
EUR	4 782 082	7 636 306
USD	2 563 971	2 513 646
GBP	12 829	5 661
ZAR	6 505	7 474
PAYMENT SYSTEM CREDITS	673 150	531 545
THIRD-PARTY RESOURCES IN TRANSIT	-	-
OUTSTANDING CHEQUES	2 557	2 557
TOTAL	8 041 094	10 697 189

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

NOTE 17
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS

This category at 31 December 2018 and 2017 is analysed as follows:

(AKZ 000)

	31.12.2018	31.12.2017
INVESTMENTS IN FOREIGN CREDIT INSTITUTIONS	34 701 957	18 610 388
COLLATERAL DEPOSITS	3 794 074	2 325 629
PROVISION OF LIQUIDITY	30 907 883	16 284 759
ACCRUED INTEREST	211 726	38 848
ACCUMULATED IMPAIRMENT	(261 485)	-
TOTAL	34 652 198	18 649 236

On 31 December 2018, the investments in foreign credit institutions are remunerated of an average interest rate of 1.98% (on 31 December 2017: 0.57%).

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

		(AKZ 000)
	31.12.2018	31.12.2017
Investments in foreign credit institutions	**34 701 957**	**18 610 388**
USD	28 434 357	17 179 262
EUR	6 267 600	1 431 126
Accrued interest	**211 726**	**38 848**
USD	210 111	38 069
EUR	1 615	779
ACCUMULATED IMPAIRMENT	**(261 485)**	**-**
USD	(217 201)	-
EUR	(44 284)	-
TOTAL	**34 652 198**	**18 649 236**

The scheduling of the investments in central banks and other credit institutions by maturity, at 31 December 2018 and 2017, is as follows:

		(AKZ 000)
	31.12.2018	31.12.2017
UP TO 3 MONTHS	29 208 136	13 926 181
FROM 3 TO 6 MONTHS	2 695 599	1 331 927
FROM 6 MONTHS TO 1 YEAR	3 009 948	3 260 839
MORE THAN 1 YEAR	-	-
INDEFINITE TERM	-	130 289
TOTAL	**34 913 683**	**18 649 236**

NOTE 18
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

The portfolio of financial assets designated at fair value through profit and loss at 31 December 2017 and 2016 is comprised of Angolan Treasury bonds issued in Kwanzas indexed to the USD.

			(AKZ 000)
		31.12.2018	
	NOMINAL VALUE	FAIR VALUE	ACCRUED INTEREST
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-

			(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

Exposure is distributed through the following maturities:

		(AKZ 000)
	31.12.2018	31.12.2017
FROM 1 TO 3 YEARS:	-	6 452 087
FROM 3 TO 5 YEARS:	-	-
TOTAL	**-**	**6 452 087**

Due to the AKZ devaluation during the year of 2018, the Biggest impact of the first semester, the Bank disposed the totality of its loan of financial assets to the fair value through profit or loss.

The Bank's option to designate these financial assets at fair value through profit an loss, in light of the accounting policy described in Note 2.2. (IFRS 9) and 2.3. (IAS 39), is in accordance with the Bank's documented management strategy,

NOTE 19
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.

(000 AKZ)

31.12.2018	CURRENCY	NOMINAL VALUE	ACQUISITION COST	FAIR VALUE ADJUSTMENT	BALANCE VALUE
EMIS - EMPRESA INTERBANCÁRIA DE SERVIÇOS, SARL	AOA	88 189	88 189	-	88 189
ALIANÇA SEGUROS	AOA	99 850	99 850	-	99 850
TOTAL		**188 039**	**188 039**	**-**	**188 039**

(000 AKZ)

31.12.2017	CURRENCY	NOMINAL VALUE	ACQUISITION COST	FAIR VALUE ADJUSTMENT	BALANCE VALUE
EMIS - EMPRESA INTERBANCÁRIA DE SERVIÇOS, SARL	AOA	23 599	23 599	-	23 599
ALIANÇA SEGUROS	AOA	99 850	99 850	-	99 850
TOTAL		**123 449**	**123 449**	**-**	**123 449**

In accordance with the accounting policy described in Note 2.2, 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 20
INVESTMENTS HELD UNTIL MATURITY

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

(AKZ 000)

	31.12.2018	31.12.2017
FROM PUBLIC ISSUERS		
BONDS AND OTHER FIXED-INCOME SUCIRITIES	104 225 911	71 813 853
AOA	92 984 884	64 831 776
USD	11 241 027	6 982 077
ACCRUED INTEREST	**1 994 518**	**1 366 564**
ACCUMULATED IMPAIRMENT	**(174 274)**	**-**
TOTAL	**106 046 155**	**73 180 417**

The fair value of the portfolio of investments held until maturity is presented in Note 38.

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

(AKZ 000)	31.12.2018	31.12.2017
LESS THAN 1 MONTH	2 303 500	210 254
FROM 1 TO 3 MONTHS	13 851 092	8 453 113
FROM 3 TO 6 MONTHS	6 904 618	2 846 081
FROM 6 MONTHS TO 1 YEAR	21 700 213	10 867 545
FROM 1 TO 3 YEARS	36 884 334	16 232 601
FROM 3 TO 5 YEARS	15 162 933	13 003 704
MORE THAN 5 YEARS	9 412 211	21 566 896
INDEFINITE PERIOD	1 528	223
TOTAL	**106 220 429**	**73 180 417**

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 2018 and 2017, the Bank assessed the existence of objective evidence of impairment intheir portfolio of investments held until maturity,

NOTE 21
LOANS TO CUSTOMERS

This category at 31 December 2018 and 2017 is analysed as follows:

(AKZ 000)	31.12.2018	31.12.2017
NET LENDING	**86 887 739**	**89 940 081**
GROSS LENDING	**116 409 354**	**106 270 523**
OUTSTANDING LOANS	104 648 798	93 348 880
OVERDUE LOANS	11 760 556	12 921 643
IMPAIRMENT	**29 521 615**	**16 330 442**
IN DOMESTIC CURRENCY		
COMPANIES AND PUBLIC SECTOR	94 806 218	86 662 894
PRIVATE INDIVIDUALS	6 654 246	5 962 550
IMPAIRMENT	21 528 100	11 995 052
IN FOREIGN CURRENCY		
COMPANIES AND PUBLIC SECTOR	14 079 165	12 775 182
PRIVATE INDIVIDUALS	869 725	869 897
IMPAIRMENT	7 993 515	4 335 390

The scheduling of the loans to customers (gross) by maturity, at 31 December 2018 and 2017, is as follows:

(AKZ 000)

	31.12.2018	31.12.2017
UP TO 30 DAYS	237	-
FROM 30 TO 90 DAYS	1 235 826	365 951
FROM 90 TO 180 DAYS	3 158 198	52 228
FROM 180 TO 365 DAYS	2 460 028	758 812
FROM 1 TO 2 YEARS	2 570 032	4 211 728
FROM 2 TO 5 YEARS	17 815 775	18 035 909
MORE THAN 5 YEARS	89 169 258	82 845 895
TOTAL GROSS LENDING	**116 409 354**	**106 270 523**

The detail of the gross credit amount exposed and the impairment amount established by an agreement segment with IFRS 9 on 31 December 2018 and 1 January 2018 is the following:

(AKZ 000)

SEGMENT	31.12.2018							
	STAGE 1		STAGE 2		STAGE 3		TOTAL	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
COMPANIES	9 674 367	337 761	66 731 518	24 997 408	15 362 248	3 346 494	91 768 133	28 681 663
PUBLIC SECTOR	6 554 825	-	10 563 432	-	-	-	17 118 257	-
CONSUMER CREDIT	295 005	2 564	3 096 172	27 602	498	481	3 391 675	30 647
LOANS PRIVATE INDIVIDUALS	973 263	29 404	710 382	205 361	1 044 011	510 892	2 727 656	745 657
OVERDRAFTS PRIVATE INDIVIDUALS	1 309 376	38 672	92 336	23 178	1 921	1 798	1 403 633	63 648
TOTAL	**18 806 836**	**408 401**	**81 193 840**	**25 253 549**	**16 408 678**	**3 859 665**	**116 409 354**	**29 521 615**

(AKZ 000)

SEGMENT	01.01.2018							
	STAGE 1		STAGE 2		ESTÁGIO 3		TOTAL	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
COMPANIES	13 164 308	613 230	67 599 993	17 528 751	9 077 248	3 572 400	89 841 549	21 714 381
PUBLIC SECTOR	9 151 513	-	441 429	-	-	-	9 592 942	-
PUBLIC SECTOR	350 748	2 916	1 497 644	79 378	935	774	1 849 327	83 068
LOANS PRIVATE INDIVIDUALS	1 758 750	51 225	674 853	191 139	1 165 173	920 863	3 598 776	1 163 227
OVERDRAFTS PRIVATE INDIVIDUALS	1 233 540	35 328	86 706	24 166	67 681	59 250	1 387 927	118 744
TOTAL	**25 658 859**	**702 699**	**70 300 625**	**17 823 434**	**10 311 037**	**4 553 287**	**106 270 521**	**23 079 420**

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 31.12.2018	OUTSTANDING LOANS ASSOCIATED WITH NON OVERDUE LOANS	CLASS OF DEFAULT					TOTAL
		UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	
WITHOUT SIGNS OF IMPAIRMENT (IBNR)							
LOANS AND INTEREST	36 017 027	-	-	-	-	-	36 017 027
IMPAIRMENT	(3 933 129)	-	-	-	-	-	(3 933 129)
INDIVIDUAL	28 538 123	-	-	-	-	-	28 538 123
COLLECTIVE	7 478 904	-	-	-	-	-	7 478 904
WITH IMPAIRMENT ATTRIBUTED IN A INDIVIDUAL ANALYSIS BASIS							
LOANS AND ACCRUED INTEREST	62 850 239	53 230	-	3 051 118	6 873 055	-	72 827 642
IMPAIRMENT	(22 679 451)	(6 775)	-	(576 077)	(560 168)	-	(23 822 471)
WITH IMPARMENT ATTRIBUTED ON A COLLECTIVE ANALYSIS BASIS							
LOANS AND INTEREST	5 534 559	52 710	369 665	456 289	949 556	201 905	7 564 684
IMPARIMENT	(609 576)	(6 648)	(158 412)	(233 704)	(613 254)	(144 421)	(1 766 015)

(AKZ 000)

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

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 31.12.2018	OUTSTANDING LOANS ASSOCIATED WITH OVERDUE LOANS	CLASS OF DEFAULT				
		LOANS OVERDUE UP TO 30 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 DAYS	LOANS OVERDUE MORE THAN 180 DAYS	TOTAL OVERDUE
LOANS AND ACCRUED INTEREST						
WITH IMPARIMENT ATTRIBUTED ON AN INDIVIDUAL ANALYSIS BASIS	28 729 684	177	-	3 051 118	6 756 659	9 807 954
WITH IMPAIRMENT ATTRIBUTED ON A COLLECTIVE ANALYSIS BASIS	7 529 106	851	368 774	456 289	1 126 688	1 952 602

(AKZ 000)

LOANS WITH IMPAIRMENT 31.12.2017	OUTSTANDING LOANS ASSOCIATED WITH OVERDUE LOANS	CLASS OF DEFAULT: LOANS OVERDUE UP TO 30 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 DAYS	LOANS OVERDUE MORE THAN 180 DAYS	TOTAL OVERDUE
LOANS AND ACCRUED INTEREST						
WITH IMPARIMENT 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

With impairment attributed on a collective analysis basis

(AKZ 000)

EXPOSURE 31.12.2018						
SEGMENT	EXPOSURE	NON DEFAULTED LOANS	OF WHICH REOVERED	OF WHICH RESTRUCTURED	DEFAULTED LOANS	OF WHICH RESTRUCTURED
COMPANIES	91 768 134	80 829 592	10 843	48 932 412	10 938 542	1 723 538
PUBLIC SECTOR	17 118 257	17 118 257	-	-	-	-
CONSUMER CREDIT	3 391 675	3 391 675	1 645	-	-	-
LOANS PRIVATE INDIVIDUALS	2 727 656	2 134 275	26 905	320 905	593 381	216 290
OVERDRAFTS PRIVATE INDIVIDUALS	1 403 632	1 403 632	-	51 715	-	-
TOTAL	**116 409 354**	**104 877 431**	**39 393**	**49 305 032**	**11 531 923**	**1 939 828**

(AKZ 000)

IMPAIRMENT 31.12.2018			
SEGMENT	TOTAL IMPAIRMENT	NON DEFAULTED IMPAIRMENT	DEFAULTED IMPAIRMENT
COMPANIES	28 681 663	26 969 899	1 711 764
PUBLIC SECTOR	-	-	-
CONSUMER CREDIT	30 647	30 647	-
LOANS PRIVATE INDIVIDUALS	745 657	329 800	415 857
OVERDRAFTS PRIVATE INDIVIDUALS	63 648	63 648	-
TOTAL	**29 521 615**	**27 393 994**	**2 127 621**

(AKZ 000)

EXPOSURE 31.12.2017						
SEGMENT	EXPOSURE	NON DEFAULTED LOANS	OF WHICH REOVERED	OF WHICH RESTRUCTURED	DEFAULTED LOANS	OF WHICH RESTRUCTURED
COMPANIES	89 841 550	81 214 462	14 503	50 135 857	8 627 088	1 296 383
PUBLIC SECTOR	9 592 943	9 592 943	-	-	-	-
CONSUMER CREDIT	1 849 328	1 849 328	485	-	-	-
LOANS PRIVATE INDIVIDUALS	3 598 776	2 517 183	230 529	229 614	1 081 593	222 360
OVERDRAFTS PRIVATE INDIVIDUALS	1 387 926	1 324 406	-	45 548	63 520	-
TOTAL	**106 270 523**	**96 498 322**	**245 517**	**50 411 019**	**9 772 201**	**1 518 743**

(AKZ 000)

IMPARIMENT 31.12.2017			
SEGMENT	TOTAL IMPAIRMENT	NON DEFAULTED IMPAIRMENT	DEFAULTED IMPAIRMENT
COMPANIES	14 874 448	12 964 099	1 910 349
PUBLIC SECTOR	-	-	-
CONSUMER CREDIT	321 104	321 104	-
LOANS PRIVATE INDIVIDUALS	87 334	292 550	755 006
OVERDRAFTS PRIVATE INDIVIDUALS	87 334	43 850	43 484
TOTAL	**16 330 442**	**13 621 603**	**2 708 839**

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

TOTAL EXPOSURE
31.12.2018

(AKZ 000)

SEGMENT	TOTAL EXPOSURE	COMPLIED LOANS: DAYS IN DEFAULT < 30: WITHOUT SIGNS	WITH SIGNS	SUB-TOTAL	DEFAULTED LOANS: BETWENN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAUT <= 90 DAYS	DAYS IN DEFAULT > 90 DAYS
COMPANIES	91 768 134	58 486 137	22 343 455	80 829 592	-	-	10 938 542
PUBLIC SECTOR	17 118 257	5 619 284	11 498 973	17 118 257	-	-	-
CONSUMER CREDIT	3 391 675	3 097 346	294 329	3 391 675	-	-	-
LOANS PRIVATE INDIVIDUALS	2 727 656	856 830	907 780	1 764 610	369 665	-	593 381
OVERDRAFTS PRIVATE INDIVIDUALS	1 403 632	85 508	1 318 125	1 403 632	-	-	-
TOTAL	**116 409 354**	**68 145 105**	**36 362 662**	**104 507 766**	**369 665**	**-**	**11 531 923**

IMPAIRMENT
31.12.2018

(AKZ 000)

SEGMENT	TOTAL IMPAIRMENT	COMPLIED LOANS: DAYS IN DEFAULT < 30	DEFAULTED LOANS: BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT <= 90 DAYS	DAYS IN DEFAULT > 90 DAYS
COMPANIES	28 681 664	26 969 900	-	-	1 711 764
PUBLIC SECTOR	-	-	-	-	-
CONSUMER CREDIT	30 647	30 647	-	-	-
LOANS PRIVATE INDIVIDUALS	745 656	171 387	158 412	-	415 857
OVERDRAFTS PRIVATE INDIVIDUALS	63 648	63 648	-	-	-
TOTAL	**29 521 615**	**27 235 582**	**158 412**	**-**	**2 127 621**

TOTAL EXPOSURE
31.12.2017

(AKZ 000)

SEGMENT	TOTAL EXPOSURE	COMPLIED LOANS: DAYS IN DEFAULT < 30: WITHOUT SIGNS	WITH SIGNS	SUB-TOTAL	DEFAULTED LOANS: BETWENN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAUT <= 90 DAYS	DAYS IN DEFAULT > 90 DAYS
COMPANIES	89 841 550	64 530 059	13 891 269	78 421 328	2 793 133	-	8 627 089
PUBLIC SECTOR	9 592 943	377 554	9 215 389	9 592 943	-	-	-
CONSUMER CREDIT	1 849 328	1 496 570	352 758	1 849 328	-	-	-
LOANS PRIVATE INDIVIDUALS	3 598 776	759 612	1 322 257	2 081 869	435 314	-	1 081 593
OVERDRAFTS PRIVATE INDIVIDUALS	1 387 926	82 175	1 241 897	1 324 072	334	-	63 520
TOTAL	**106 270 523**	**67 245 970**	**26 023 570**	**93 269 540**	**3 228 781**	**-**	**9 772 202**

IMPARIMENT
31.12.2017

(AKZ 000)

SEGMENT	TOTAL IMPAIRMENT	COMPLIED LOANS: DAYS IN DEFAULT < 30	DEFAULTED LOANS: 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
PUBLIC SECTOR	-	-	-	-	-
CONSUMER CREDIT	321 104	321 104	-	-	-
LOANS PRIVATE INDIVIDUALS	1 047 556	266 399	26 151	-	755 006
OVERDRAFTS PRIVATE INDIVIDUALS	87 334	43 724	126	-	43 484
TOTAL	**16 330 442**	**13 593 510**	**28 093**	**-**	**2 708 839**

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

31.12.2018 (AKZ 000)

	COMPANIES			PUBLIC SECTOR			CONSUMER CREDIT		
YEARS OFGRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS
2018	320	14 165 778	3 726 253	10	8 850 642	-	523	1 315 877	10 629
2017	108	8 057 313	387 176	31	8 172 394	-	232	69 662	579
2016	67	11 290 890	2 403 779	-	-	-	199	84 704	761
2015	27	7 957 673	1 420 168	-	-	-	81	27 069	258
2014	52	21 807 752	7 665 349	-	-	-	477	167 984	1 358
2013	37	6 198 155	640 690	-	-	-	231	25 083	302
2012	11	8 124 152	6 303 277	-	-	-	467	130 451	1 049
PREVIOUS	115	14 166 421	6 134 969	1	95 221	-	1 170	1 570 845	15 711
TOTAL	**737**	**91 768 134**	**28 681 661**	**42**	**17 118 257**	**-**	**3 380**	**3 391 675**	**30 647**

31.12.2018 (AKZ 000)

	LOANS PRIVATE INDIVIDUALS			OVERDRAFTS PRIVATE INDIVIDUALS		
YEAR OF GRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
2018	61	374 951	21 485	30	375 003	11 109
2017	27	131 184	37 805	38	130 806	3 300
2016	38	516 359	192 058	21	426 345	22 263
2015	32	896 197	178 897	12	47 863	1 375
2014	78	205 927	107 580	23	263 924	15 921
2013	55	18 659	1 964	8	9 682	322
2012	85	107 528	48 009	15	67 240	6 141
PREVIOUS	521	476 851	157 859	16	82 769	3 217
TOTAL	**897**	**2 727 656**	**745 657**	**163**	**1 403 632**	**63 648**

31.12.2017 (AKZ 000)

	COMPANIES			PUBLIC SECTOR			CONSUMER CREDIT		
YEARS OFGRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS
2017	212	7 349 583	71 838	37	9 497 749	-	264	183 715	3 054
2016	125	18 826 566	2 230 600	-	-	-	351	103 600	4 927
2015	62	10 464 626	1 205 441	-	-	-	335	31 667	3 681
2014	83	25 102 609	3 226 183	-	-	-	3 111	112 389	17 067
2013	56	7 757 844	1 539 583	-	-	-	1 481	24 948	5 589
2012	27	8 188 819	3 466 865	-	-	-	1 526	116 557	25 478
PREVIOUS	162	12 151 503	3 133 937	1	95 194	-	3 523	1 276 452	261 308
TOTAL	**727**	**89 841 550**	**14 874 447**	**38**	**9 592 943**	**-**	**10 591**	**1 849 328**	**321 104**

31.12.2017						(AKZ 000)
	LOANS PRIVATE INDIVIDUALS			OVERDRAFTS PRIVATE INDIVIDUALS		
YEAR OF GRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
2017	28	203 442	51 689	51	226 866	2 877
2016	39	956 528	217 575	74	473 073	12 923
2015	58	1 020 469	100 076	21	58 912	4 148
2014	68	252 691	55 493	237	350 274	29 666
2013	36	135 438	106 506	50	49 676	6 947
2012	84	353 004	234 344	33	103 841	17 037
PREVIOUS	524	677 204	281 873	51	125 284	13 736
TOTAL	**837**	**3 598 776**	**1 047 556**	**517**	**1 387 926**	**87 334**

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 on 31 December 2017 according to IAS 39 is as follows:

31.12.2017								(AKZ 000)
	INDIVIDUAL IMPAIRMENT		COLLECTIVE IMPAIRMENT		IBNR		TOTAL	
	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT	EXPOSURE	IMPAIRMENT
COMPANIES	70 420 451	12 462 567	6 026 090	2 224 963	13 395 009	186 918	89 841 550	14 874 448
PUBLIC SECTOR	346 236	-	95 194	-	9 151 513	-	9 592 943	-
CONSUMER CREDIT	642 268	72 353	856 746	242 255	350 314	6 496	1 849 328	321 104
LOANS PRIVATE INDIVIDUALS	398 057	21 040	1 910 400	990 515	1 290 319	36 001	3 598 776	1 047 556
OVERDRAFTS PRIVATE INDIVIDUALS	-	-	154 366	65 934	1 233 560	21 401	1 387 926	87 334
TOTAL	**71 807 012**	**12 555 960**	**9 042 796**	**3 523 667**	**25 420 715**	**250 816**	**106 270 523**	**16 330 442**

Movements by impairment ocurred in the stages that took place from 31 December 2017 to 31 December 2018 is as follows:

31.12.2017				(AKZ 000)
	STAGE 1	STAGE 2	STAGE 3	TOTAL
31.12.2016 - IAS 39	**N/A**	**N/A**	**N/A**	**15 105 551**
INCREASE	-	-	-	11 769 417
REFUND/(REVERSAL)	-	-	-	(9 285 342)
USE	-	-	-	(109 350)
EXCHANGE DIFFERENCES AND OTHERS	-	-	-	(1 149 828)
31.12.2017 - IAS 39	**616 170**	**12 730 698**	**2 983 574**	**16 330 442**
TRANSITION ADJUSTMENT IFRS 9	86 529	5 092 736	1 569 713	6 748 978
01.01.2018 - IFRS 9	**702 699**	**17 823 434**	**4 553 287**	**23 079 420**
ALLOCATION / (REVERSAL)	(249 929)	7 325 421	2 787 243	9 862 735
USE	-	(9 248)	(7 711 522)	(7 720 770)
CHANGE OF THE PARAMETERS PD/LGD/EAD	-	-	-	-
EXCHANGE DIFFERENCES AND OTHERS	(44 369)	113 941	4 230 658	4 300 230
31.12.2018 - IFRS 9	**408 401**	**25 253 548**	**3 859 666**	**29 521 615**

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

31.12.2018				(AKZ 000)
	PD (%)		LGD (%)	
SEGMENT	STAGE 1	STAGE 2	STAGE 1/2	STAGE 3
COMPANIES	4.4%	35.1%	38.7%	71.9%
CONSUMER CREDIT	1.2%	1.4%	57.3%	97.1%
LOANS PRIVATE INDIVIDUAL	5.5%	52.6%	54.7%	72.2%
OVERDRAFTS PRIVATE INDIVIDUAL	4.4%	38.6%	68.7%	94.2%

01.01.2018				(AKZ 000)
	PD (%)		LGD (%)	
SEGMENT	STAGE 1	STAGE 2	STAGE 1/2	STAGE 3
COMPANIES	4.2%	34.5%	40.6%	83.1%
CONSUMER CREDIT	1.4%	1.4%	58.3%	82.1%
LOANS PRIVATE INDIVIDUAL	5.1%	28.1%	55.9%	78.5%
OVERDRAFTS PRIVATE INDIVIDUAL	4.1%	40.1%	68.9%	86.8%

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.

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

			(AKZ 000)
Applied Measure 31.12.2018		TOTAL	
31.12.2018	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT
INCREASE OF REPAYMENT TERM	14	5 891 125	548 279
ALTERATION OF THE PERIODICITY OF PAYMENT OF INTEREST AND/OR CAPITAL	91	5 778 965	2 535 803
INTRODUCTION OF CAPITAL AND/OR INTEREST GRACE PERIOD	25	38 441 188	18 032 007
CAPITALISATION OF INTEREST	2	46 444	2 602
LOSS OF INTEREST AND/OR PARTIAL CAPITAL	2	167 271	46 621
DECREASE OF INTEREST RATE	2	645 504	71 757
OTHER	7	274 363	101 289
TOTAL	**143**	**51 244 860**	**21 338 358**

			(AKZ 000)
APPLIED MEASURE 31.12.2017		TOTAL	
31.12.2017	NUMBER OF OPERATIONS	EXPOSURE	IMPAIRMENT
INCREASE OF REPAYMENT TERM	12	1 417 600	79 488
ALTERATION OF THE PERIODICITY OF PAYMENT OF INTEREST AND/OR CAPITAL	89	8 403 244	2 858 025
INTRODUCTION OF CAPITAL AND/OR INTEREST GRACE PERIOD	27	42 617 667	7 800 966
CAPITALISATION OF INTEREST	2	51 849	11 905
OTHER	9	297 620	38 263
TOTAL	**139**	**52 787 980**	**10 788 647**

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

(AKZ 000)

	NUMBER OF OPERATIONS	EXPOSURE
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**
NEW SELECTIONS	20	6 981 470
DESELECTIONS	16	8 524 590
31.12.2018	**143**	**51 244 860**

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 2018 is as follows:

(AKZ 000)

	OMPANIES				REAL ESTATE CONSTRUCTION AND DEVELOPMENT				HOUSING			
	REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES	
FAIR VALUE	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
< 50 MAOA	8	138 412	96	1 448 556	-	-	7	233 324	17	328 416	-	-
>= 50 M AOA E < 100 MAOA	22	1 723 276	22	1 473 672	-	-	-	-	3	199 811	-	-
>= 100 MAOA E < 500 MAOA	13	3 233 188	24	4 932 927	1	400 560	1	400 560	2	458 000	-	-
>= 500 MAOA E < 1.000 MAOA	4	2 936 550	10	7 930 574	1	609 499	-	-	-	-	-	-
>= 1.000 MAOA E < 2.000 MAOA	6	7 465 354	7	10 122 694	1	1 851 642	1	1 810 807	-	-	-	-
>= 2.000 MAOA E < 5.000 MAOA	9	32 455 311	9	25 718 151	-	-	1	2 777 463	-	-	-	-
>= 5.000 MAOA	5	67 421 363	0	-	-	-	-	-	-	-	-	-
TOTAL	**67**	**115 373 454**	**168**	**51 626 574**	**3**	**2 861 701**	**10**	**5 222 154**	**22**	**986 227**	**-**	**-**

The financing-guarantee ratio of the business, construction, real estate development and housing segments as at 31 December 2018 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	8	95	24 615 632	-	2 989 732
< 50%	10	11	10 214 817	-	2 598 989
>= 50% E < 75%	3	4	10 771 981	34 107	4 170 455
>= 75% E <100%	11	15	28 695 440	6 595 101	9 125 101
>= 100%	35	43	17 791 684	4 063 299	7 526 021
REAL ESTATE CONSTRUCTION AND DEVELOPMENT					
WITHOUT AN ASSOCIATED GUARANTEE	2	3	409 335	-	176 097
< 50%	-	-	-	-	-
>= 50% and < 75%	-	-	2 945 772	-	148 273
>= 75% E <100%	-	1	1 352 165	-	1 225 079
>= 100%	1	6	1 151 849	246 034	721 922
HOUSING					
WITHOUT AN ASSOCIATED GUARANTEE	1	-	-	-	-
< 50%	-	-	13 504	-	407
>= 50% E < 75%	-	-	-	-	-
>= 75% E <100%	-	-	-	-	-
>= 100%	21	-	1 215 929	236 540	203 118
OTHER					
WITHOUT AN ASSOCIATED GUARANTEE	6	46	3 425 583	10 262	48 795
< 50%	-	2	-	79 604	64 819
>= 50% E < 75%	-	1	363 558	-	22 075
>= 75% E <100%	-	3	287 098	6 485	19 006
>= 100%	13	91	1 623 083	260 491	481 727

The detail of the fair value of the guarantees subjacent to the loan portfolio of the segments of companies, real estate construction and development and housing at 31 December 2017 is as follows:

(AKZ 000)

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

The financing-guarantee ratio of the business, construction, real estate development and housing segments as at 31December 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% E < 75%	7	12	6 430 884	52 200	2 847 239
>= 75% E <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% E <100%	-	1	-	-	-
>= 100%	1	9	2 883	-	-
HOUSING					
WITHOUT NA ASSOCIATED GUARANTEE	1	-	934 539	-	150 192
< 50%	14	-	57 146	22 871	10 038
>= 50% E < 75%	2	-	225 622	-	2 719
>= 75% E <100%	2	-	17 429	-	316
>= 100%	5	-	31 700	-	-
OTHER					
WITHOUT NA ASSOCIATED GUARANTEE	5	48	4 202 358	1 105 120	1 244 250
< 50%	7	4	99 447	17 122	46 691
>= 50% E < 75%	2	8	16 329	-	1 773
>= 75% E <100%	1	3	-	-	-
>= 100%	8	101	106 345	-	15

NOTE 22
NON-CURRENT ASSETS HELD FOR SALE

This category at 31 December 2018 and 2017 is analysed as it follows:

(AKZ 000)

Non-current assets held for sale	31.12.2018	31.12.2017
Real Estate and Similar	2 545 173	-
Financial Participations	13 125 104	6 893 171
Losses by Impairment	(6 586 299)	(2 548 743)
TOTAL	**9 083 978**	**4 344 428**

At the end of 2018 the Bank received as a donation two real estates that registered in this category for considering that its sale is highly probable on a short amount of time (less than 1 year) that details as follows:

(AKZ 000)

Designation	ACQUISITION DATE	ACQUISITION VALUE	IMPAIRMENT	NET BOOK VALUE	FAIR VALUE	EVALUATION DATE
SOUTH LUANDA PROPERTIESLUANDA SUL	2018-12-17	751 013	-	751 013	759 616	01-NOV-17
HOUSING COMPLEX	2018-12-17	1 794 160	-	1 794 160	2 158 060	01-JAN-18
TOTAL		**2 545 173**		**2 545 173**	**2 917 676**	

The presented values in 2018 and 2017 referred to the financial participation of BNI Europa, S.A., whose data are presented as it follows:

(EUR 000)

								31.12.2018	31.12.2017	31.12.2018	31.12.2017
COMPANY	CURRENCY	SHARE CAPITAL	% HELD SHRARES	N.O HLED ASSETS	SHARE CAPITAL	ALLOCATIOB TO LOSS HEDGE	INVESTMENT'S TOTAL COSTS	EQUITY	EQUITY	EQUITY (% OWNED BY BNI)	EQUITY (% OWNED BY BNI)
BNIE	EUR	34,250.00	92.988%	6,369,700	31,849	5,332	37,180	19,919	29,600	18,523	27,524

	31.12.2018		31.12.2017	
	EUR'000	AKZ'000	EUR'000	AKZ'000
COST OF PARTICIPATION	37 180	13 125 105	37 180	6 893 172
LOSSES BY IMPAIRMENT	(18 657)	(6 586 299)	(13 747)	(2 548 743)
NET VALUE	**18 523**	**6 538 806**	**23 433**	**4 344 429**

Impairment was reinforced on the 2016 exercise in the amount of AKZ 2.177.691 thousands in order to monitor the subsidiary equity values to that date and considering that the activity continues in an early stage of its business. In 2017 the impairment presented a reinforcement of AKZ 295 thousands resulting from exchange devaluation. In the year of 2018 the value of the financial participation increased AKZ 6.231.933 thousands resulting from Exchange devaluation, for impairment being reforced in AKZ 4.037.556 thousands.

The Bank signed a contract with an investor to sell the Biggest of the capital held by Banco BNI Europa. The materialization of disposal is subject to the validation of a set of usual terms in these types of transaction, involving namely the related approval by Banco of Portugal and Angola National Bank, which is expected to take place until 30 June 2019.

The movements ocorred in the gross net of this category were the following:

	31.12.2018		31.12.2017	
	REAL ESTATE	FINANCIAL PARTICIPATIONS	REAL ESTATE	FINANCIAL PARTICIPATIONS
OPENING BALANCCE	-	6 893 171	-	6 893 171
CASH ENTRIES	2 545 173	-	-	-
SALES	-	-	-	-
TRANSFERS	-	-	-	-
EXCHANGE DIFERENCES AND OTHERS	-	6 231 933	-	-
NET VALUE	**2 545 173**	**13 125 104**	**-**	**6 893 171**

The impairment movement over the Non-current assests held for sale is the following:

(AKZ 000)

	31.12.2018			31.12.2017		
	REAL ESTATE AND SIMILAR	FINANCIAL PARTICIPATIONS	TOTAL	REAL ESTATE AND SIMILAR	FINANCIAL PARTICIPATIOS	TOTAL
OPENING BALANCE	**-**	**2 548 743**	**2 548 743**	**-**	**2 548 448**	**2 548 448**
ALLOCATIONS	-	1 202 950	1 202 950	-	295	295
REVERSALS	-	-	-	-	-	-
USES	-	-	-	-	-	-
TRANSFERS	-	-	-	-	-	-
EXCHANGE DIFERENCES AND OTHERS	-	2 834 606	2 834 606	-	-	-
NET VALUE	**-**	**6 586 299**	**6 586 299**	**-**	**2 548 743**	**2 548 743**

During the 2016 exercise the Bank changed the classification for the received real estates from Non-current assets held for sale to Other assets, due to the residence time of those in loan, as far as it stop to fulfill the condition foreseen in IFRS 5, according to which the sale should be highly probable, which means that it should be concluded up until one year of the date of its classification under that category.

NOTE 23
TANGIBLE AND INTANGIBLE ASSETS

The category of tangible assets, at 31 December 2018 and 2017, is as follows:

(AKZ 000)

	31.12.2017	ADDITIONS	WRITE-OFFS	ADJUSTMENT/ TRANSFERS	31.12.2018
TANGIBLE ASSET					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	19 841 014	700 948	(13 160)	1 372 943	21 901 745
OTHER FIXED ASSETS	-	-	-	-	-
FIXED ASSETS IN PROGRESS	1 373 731	41 609	(1 403)	-	1 413 937
TOTAL	**21 214 745**	**742 557**	**(14 563)**	**1 372 943**	**23 315 681**
ACCUMULATED AMORTISATIONS					
FURNITURE, TOOLS, FIXTURES AND EQUIPMENT	(6 606 118)	(1 165 418)	9 607	(22 826)	(7 784 755)
OTHER FIXED ASSETS	-	-	-	-	-
TOTAL	**(6 606 118)**	**(1 165 418)**	**9 607**	**(22 826)**	**(7 784 755)**
NET TANGIBLE ASSETS	**14 608 627**	**(422 861)**	**(4 956)**	**1 350 117**	**15 530 926**

(AKZ 000)

	31.12.2016	ADDITIONS	WRITE-OFFS	ADJUSTMENT/ TRANSFERS	31.12.2018
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**

The changes in the category of intangible assets at 31 December 2018 and 2017, is as follows:

(AKZ 000)

	31.12.2018	31.12.2017
GROSS INTANGIBLE ASSETS		
INITIAL BALANCE	**2 290 549**	**1 870 865**
ADDITIONS	441 600	454 582
WRITE-OFFS	-	(34 898)
ADJUSTMENT/TRANSFERS	-	-
FINAL BALANCE	**2 732 149**	**2 290 549**
ACCUMULATED AMORTISATIONS		
INITIAL BALANCE	(2 017 796)	(1 659 104)
ADDITIONS	(196 618)	(360 631)
WRITE-OFFS	-	1 939
ADJUSTMENT/TRANSFERS	-	-
FINAL BALANCE	**(2 214 414)**	**(2 017 796)**
NET INTANGIBLE ASSETS	**517 735**	**272 753**

NOTE 24
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

			(AKZ 000)
31.12.2018	GROSS VALUE	IMPAIRMENT	NE VALUE
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES			
BNI ASSET MANAGEMENT	199 998	(53 854)	146 144
TOTAL	199 998	(53 854)	146 144

BNI Asset Management is a Asset Management Society that started in 2016.

In 2018 BNI made a capital increase of AKZ 100 milion, which is fully subscribed and paid on 31 December 2018.

			(AKZ 000)
31.12.2017	GROSS VALUE	IMPAIRMENT	NE VALUE
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES			
BNI ASSET MANAGEMENT	99 998	(53 854)	46 144
TOTAL	99 998	(53 854)	46 144

The financial data related to this subsidiaries on 31 December 2018 are presented in the below table:

					(AKZ 000)
COMPANY	CURRENCY	SHARE CAPITAL (THOUSANDS)	TYPE	% PARTICIPATION	N.O OF SHARES HELD (THOUSANDS)
BNI ASSET MANAGEMENT	AOA	100.000	ACÇÕES	99.998%	199.996

NOTE 25
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 2018 and 2017 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 2014 to 2018 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 2018 and 2017, the referred tax was, in general terms, determined based on a rate of 30%. The deferred tax assets recognised in the balance sheet at 31 December 2018 and 31 December 2017 are detailed as follows:

(AKZ 000)

	31.12.2017	RECOGNIZED IN RESULTS	RECOGNIZED IN RESERVES	31.12.2018
IMPAIRMENT OF FINANCIAL HOLDINGS	780 779	673 223	-	1 454 002
TRANSITION ADJUSTMENT TO IFRS	937 727	(274 861)	-	662 866
TRANSITION ADJUSTMENT TO IFRS 9	-	(544 296)	2 069 531	1 525 235
DEFERRED TAX ASSETS	1 302 756	(1 302 756)	-	-
OTHERS	47 012	(20 799)	-	41 163
DEFERRED TAX ASSETS	**3 068 274**	**(1 469 489)**	**2 069 531**	**3 683 267**

The Bank assessed the recoverability of their deferred taxes in the balance sheet whilst having the expectation of future taxable profits as the basis.

The income from the public debt securities resulting from Treasury Bonds and Treasury Bills issued by the Angolan State, up to 31 December 2012, whose issue is regulated by the Direct Public Debt Framework Law (Law no. 16/02, of 5 December), as well as by the Regulatory Decree numbers 51/03 and 52/03, of 8 July, enjoy exemption from all taxes. Such fact is complemented by that provided for in sub-section c) of number 1 of Article 23 of the Industrial Tax Code (Law no. 18/92, of 3 July), in force until 31 December 2014, where it is expressly mentioned that the returns from any Angolan public debt securities are not considered as income, for the purposes of the determination of the payable Industrial Tax.

The income of the public debt securities resulting from Treasury Bonds and from Treasury Bills issued by the Angolan State, after 31 December 2012, are subject to taxation by way of the Capital Gains Tax, as defined in sub-section k) of number 1 of article 9 of the Presidential Legislative Decree no. 2/2014 of 20 October. The income taxed under the Capital Gains Tax is not subject to the Industrial tax, as provided for in article 47 of the Industrial Tax Code (Law no. 19/14 of 12 October).

Therefore, in determining the taxable income for the years ended 31 December, 2018 and 2017, this income was deducted from taxable income.

Of the deferred tax assets recognised in the balance sheet on 31 December 2018, AKZ 2 116 868 thousands expire within 1 year and AKZ 1 525 235 thousands expire within 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 sub-section a) of number 1 of article 18 of the Industrial Tax Code.

In the years 2017 and 2018, 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.

				(AKZ 000)
		31.12.2018		31.12.2017
	%	VALUE	%	VALUE
RESULTS BEFORE TAXES		**8 663 111**		**2 696 110**
TAX RATE	30%		30%	
TAX CALCULATED ON THE BASIS OF THE TAX RATE		(2 598 933)		(808 833)
TAX BENEFITS ON INCOME FROM PUBLIC DEBT SECURITIES		2 853 539		1 755 735
INTEREST ON LOANS (HOLDERS OF CAPITAL OR SUPPLIES)		-		-
PROVISIONS NOT PROVIDED FOR		(2 896 795)		(379 473)
NON DEDUCTIBLE INCOME/COSTS		441 026		719 840
REPORTED TAX LOSSES		2 201 164		(1 287 269)
DEFERRED TAX		(1 469 489)		(138 876)
ESTIMATED TAX EXCESS		(62 034)		(40 726)
IAC		(361 493)		(513 731)
INDUSTRIAL TAX OF THE FISCAL YEAR	**22%**	**(1 893 015)**	**-43%**	**(693 333)**

NOTE 26
OTHER ASSETS

The category of Other assets at 31 December 2018 and 2017 is analysed as follows:

(AKZ 000)

OTHER ASSETS	31.12.2018	31.12.2017
REAL ESTATE	8 333 767	9 707 000
MISCELLANEOUS DEBTORS	5 534 518	5 764 707
LETTERS OF CREDIT PENDING SETTLEMENT	3 880 685	-
AGT COMISSIONS	2 631 392	1 768 415
OTHER OPERATIONS PEDING SETTLEMENT	1 933 110	-
PREPAID EXPENSES	1 587 129	996 933
OTHER ASSETS	337 029	331 149
ARTISTIC HERITAGE	10 364	10 064
LOSSES BY IMPAIREMENT OF OTHER ASSETS	(1 630 646)	(377 050)
TOTAL	**22 617 348**	**18 201 218**

The Commissions AGT category on 31 December 2018 is a result of the protocol celebrated between the Bank and the Department of Finances in order to gather income on the amount of AKZ 2.631.392 thousands (31 December 2017: AKZ 1.768.415 thousands).

On 31 December 2018 the registered amount in Other Operations awaiting settlement concerns the amount to be received by the sale of a credit operation, which was settled in the first trimester of 2019.

The detail of the fair value and the received real estates' net book value in by transfer or execution, from type of real estate and seniority on 31 December 2018 is as it follows:

(AKZ 000)

REAL ESTATE TYPE	NUMBER OF REAL ESTATES	ASSETS' FAIR VALUE	NET BOOK VALUE
CONSTRUCTED BULDINGS			
COMMERCIALS	4	6 291 550	3 774 337
LAND	1	5 100 904	4 559 431
TOTAL	**5**	**11 392 454**	**8 333 768**

(AKZ 000)

TIME SINCE TRANSFER/EXECUTION	< 1 YEAR	>= 1 YEAR < 3 YEARS	>= 3 YEARS < 5 YEARS	>= 5 YEARS	TOTAL
CONSTRUCTED BULDINGS					
COMMERCIALS	-	3 466 393	216 323	91 621	3 774 337
LAND	-	4 559 431	-	-	4 559 431
TOTAL		**8 025 824**	**216 323**	**91 621**	**8 333 768**

The received real estate as transfer in 2017 was transferred to Tangible Assets (Note 23).

The detail of the fair value and the received real estates' net book value in by transfer or execution, from type of real estate and seniority on 31 December 2017 is as it follows:

(AKZ 000)

REAL ESTATE TYPE	NUMBER OF REAL ESTATES	ASSETS' FAIR VALUE	NET BOOK VALUE
CONSTRUCTED BULDINGS			
COMMERCIALS	5	7 805 622	5 147 570
LAND	1	5 100 904	4 559 141
TOTAL	**6**	**12 906 526**	**9 706 711**

(AKZ 000)

TIME SINCE TRANSFER/EXECUTION	< 1 YEAR	>= 1 YEAR < 3 YEARS	>= 3 YEARS < 5 YEARS	>= 5 YEARS	TOTAL
CONSTRUCTED BULDINGS					
COMMERCIALS	3 470 084	1 369 542	216 323	91 621	5 147 570
LAND	4 559 141	-	-	-	4 559 141
TOTAL	**8 029 225**	**1 369 542**	**216 323**	**91 621**	**9 706 711**

The movement in the category of intangible assets on 31 December 2018 and 2017, is presented as it follows:

(AKZ 000)

	31.12.2018	31.12.2017
INITIAL BALANCE	9 706 711	1 677 486
ENTRIES	-	8 029 225
SALES	-	-
TRANSFERS	(1 372 943)	-
EXCHANGE DIFFERENCES AND OTHERS	-	-
FINAL BALANCE	8 333 768	9 706 711

NOTE 27
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS

At 31 December 2018 and 2017 the Bank doesn't have resources of Central banks

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

(AKZ 000)

	31.12.2018	31.12.2017
INTERBANK MONETARY MARKET		
INTERBANK MONETARY MARKET	8 194 740	5 862 951
LOANS	-	-
PAYMENT SYSTEM OBLIGATIONS	517 166	272 504
TOTAL	8 711 906	6 135 455

NOTE 28
CUSTOMER RESOURCES 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)

	31.12.2018	31.12.2017
DEMAND DEPOSITS	110 789 557	130 224 549
TERM DEPOSITS	143 491 314	104 108 811
TERM DEPOSITS	142 964 539	103 603 752
OTHER	526 775	505 059
TOTAL	254 280 871	234 333 360

The scheduling of the resources of customers and other loans by maturity, at 31 December 2018 and 2017, is as follows:

(AKZ 000)

	31.12.2018	31.12.2017
DEMAND DEPOSITS	110 789 557	130 224 549
DUE IN TIME LESS THAN 1 MONTH	32 710 464	27 831 644
FROM 1 TO 3 MONTHS	30 859 903	27 245 937
FROM 3 TO 6 MONTHS	24 963 858	20 026 775
FROM 6 MONTHS TO 1 YEAR	43 985 450	26 326 530
FROM 1 TO 3 YEARS	10 094 406	877 513
FROM 3 TO 5 YEARS	48 603	983 106
MORE THAN 5 YEARS	828 630	817 305
TOTAL	254 280 871	234 333 360

NOTE 29
Provisions

At 31 December 2018 and 2017, the category of Provisions presents the following balances:

(AKZ 000)

	31.12.2018	31.12.2017
PROVISIONS		
OFF-BALANCE SHEET EXPOSURE	742 580	100 617
OTHER PRIVISIONS	1 125 967	1 039
TOTAL	1 868 547	101 656

The main balances concern impairments accounted for regarding off-balance sheet exposures (see Note 13).

The provisions about off-balance sheet concern impairment losses evaluated for the off-balancfe credit sheet exposures in each referencfe date, namely provided guarantee.

NOTE 30
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)

31.12.2018	REFERENCE	CURRENCY	DATE OF ISSUE	EMISSION VALUE	BALANCE SHEET VALUE	INTEREST RATE	MATURITY
	OBLIGATIONS	AOA	25.11.2016	5 000 000	9,338,775	7.75%	25.11.2023
TOTAL				**5 000 000**	**9 338 775**		

(AKZ 000)

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

The above emission concerns 5 000 subordinated bond with the unitary nominal value of AKZ 1 000 000 per obligation. The reinbursment will be carried out by the subscribed nominal value of exchange devaluation between the cash settlement date and the reinbursment date. The gross annual interest rate corresponds to the treasure bond rate indexed 5 years to the exchange rate between the American dollar and kwanza.

The movement that occurred during the financial year of 2018 and 2017, in the category of Other subordinated liabilities,

(AKZ 000)

	BALANCE IN 31.12.2017	EMISSIONS	REFUNDS	PURCHASES (NET)	EXCHANGE RATE	BALANCE IN 31.12.2018
OBLIGATIONS	5 038 946	-	-	-	4 299 829	9 338 775
TOTAL	**5 038 946**	**-**	**-**	**-**	**4 299 829**	**9 338 775**

(AKZ 000)

	BALANCE IN 31.12.2015	EMISSIONS	REFUNDS	PURCHASES (NET)	EXCHANGE RATE	BALANCE IN 31.12.2016
OBLIGATIONS	7 901 484	-	(2 862 538)	-	-	5 038 946
TOTAL	**7 901 484**	**-**	**(2 862 538)**	**-**	**-**	**5 038 946**

NOTE 31
OTHER LIABILITIES

(AKZ 000)

	31.12.2018	31.12.2017
OTHER LIABILITIES		
DIVIDENDS PAYABLE	-	135 860
OF A TAX NATURE	237 319	106 172
OF A CIVIL NATURE	5 908 612	1 482 598
STAFF, SALARIES AND REMUNERATION	1 028 388	921 134
TOTAL	**7 174 319**	**2 645 764**

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 32
OTHER RESERVES AND RETAINET 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.

(AKZ 000)

	31.12.2018	31.12.2017
LEGAL RESERVE	4 813 518	4 412 963
RETAINED EARNINGS	5 554 240	5 712 110
EFFECT OF ALTERATIONS IN THE ACCOUNTING POLICIES	(11 372 141)	(6 543 394)
TOTAL	**(1 004 383)**	**3 581 679**

The effect of changes on the accounting policies reflects the impact of the adjustments associated with the adoption of the international accounting standards (IFRS) on 1 January 2018.

NOTE 33
CAPITAL SOCIAL, OWN SHARES E REVALUATION RESERVES

At 31 December 2018, the Bank's share capital, in the amount of AOA 14 642 808 thousands was represented by 1 954 000 ordinary shares, fully subscribed and paid-up by different shareholders and AOA 46 000 own shares (total of 2 000 000 shares).

(AKZ 000)

	31.12.2017			31.12.2016		
	%	TOTAL SHARES	SHARES CAPITAL	%	TOTAL SHARES	SHARES CAPITAL
MÁRIO ABÍLIO PINHEIRO RODRIGUES M. PALHARES (A)	37.28%	745,600	5,458,839	33,28%	665 600	4 873 127
JOÃO BAPTISTA DE MATOS (B)	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
SALIM ANWARALI KAMANI	5.00%	100,000	732,140	-	-	-
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
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
CELSO MIGUEL LEIRO FURTADO	1.00%	20,000	146,428	1.00%	20,000	146,428
ANTÓNIO DE SOUSA MARQUES DE OLIVEIRA	0.50%	10,000	73,213	0.50%	10,000	73,213
OTHERS (C)	6.02%	120,400	881,497	6.02%	120,400	881,497
SHARES IN PORTFOLIO	2.32%	46,400	339,713	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

Nowadays, terms of the registration process are taking place near BNA (a), it is in progress an inventory process (heritage) that runs terms by the Court, (b) as well as is also in progress, the process of disposing actions of two shareholders (c).

(AKZ 000)

	31.12.2017	MOVEMENT OF THE YEAR	31.12.2018
OWN SHARES REVALUATION	(1 071 854)	732 141	(339 713)
REVALUATION RESERVES:			
INCOME GENERATED WITH THE ACQUISITION OF OWN SHARES	(918 276)	627 238	(291 038)
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-

Following the disposal in 2018 of own shares, above, the potencial results that could have been generated with the acquisition of the same ones and that were registered in the category Revaluation Reserves were transferred (recycled) to Retained Earnings in the shares sold ratio.

The holdings of equity shares by members of the governing and inspection bodies are the following:

(AKZ 000)

	%	TOTAL SHARES	SHARE CAPITAL	AQUISITION
MÁRIO ABÍLIO PINHEIRO RODRIGUES M. PALHARES	**37.28%**	**745 600**	**5 458 839**	**NOMINAL VALUE**
JOSÉ TEODORO GARCIA BOYOL	**5.41%**	**108 200**	**792 176**	**NOMINAL VALUE**

NOTE 34
GUARANTEES AND OTHER COMMITMENTS

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

(AKZ 000)

	31.12.2018	31.12.2017
PROVIDED GUARANTEES AND SURETIES	38 683 727	33 287 232
RECEIVED GUARANTEES AND SURETIES	(380 694 253)	(261 992 814)
COMMITMENTS TOWARD THIRD PARTIES	3 139 921	26 291 645
COMMITMENTS ASSUMED BY THIRD PARTIES	(10 771)	(10 771)

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

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

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

Notwithstanding the particularities of these commitments, the assessment of these transactions obeys the same basic principles of any other commercial transaction, namely that of solvency, of either the customer, or of the business that they are subjacent to, with the Bank requiring these transactions to be duly collateralised when necessary. Since it is expected that the majority of them will expire without having been used, the indicated amounts do not necessarily represent future cash needs.

The financial instruments accounted for as Guarantees and other commitments are subject to the same approval and control procedures applied to the loan portfolio namely with regard to the assessment of the adequacy of the provisions constituted as described in the accounting policy described in Note 2.4. The maximum credit exposure is represented by the nominal value that could be lost relative to the contingent liabilities and other commitments assumed by the Bank in the possibility of default by the respective counter-parties, without taking potential recoveries of loans or collateral into consideration

The Bank provides custody, asset management, investment management and advisory services that involve the purchase and sale decision-making of different types of financial instruments. For certain provided services, targets and profit levels are established for the assets under management.

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

NOTE 35
TRANSACTION WITH RELATED PARTIES

The amount of the Bank's transactions with related parties at 31 December 2018 and 2017, as well as the respective costs and income recognised in the period under analysis, is summarised as follows:

(AKZ 000)

	31.12.2018				31.12.2017			
	ASSETS	LIABILITIES	INCOME	COSTS	ASSETS	LIABILITIES	INCOME	COSTS
SUBSIDIARIES								
BNI ASSET MANAGEMENT	94 346	-	5 047	-	1 863	2 842	3 006	-
BNIE	16 283 750	-	97 764	269 789	8 348 402	-	35 272	35 906
TOTAL	**16 378 096**	**-**	**102 811**	**269 789**	**8 350 265**	**2 842**	**38 278**	**35 906**

At 31 December 2017 and 2016, the overall amount of the Bank's assets and liabilities that refer to operations carried out with subsidiaries, associated companies and related entities of the Group, in addition to those referred to above, is summarised as follows:

(AKZ 000)

	31.12.2018					31.12.2017				
	ASSETS	LIABILITIES	GUARANTEES	INCOME	COSTS	ASSETS	LIABILITIES	GUARANTEES	INCOME	COSTS
SHAREHOLDERS	1 198 096	8 193 622	-	2 901	689 989	4 601	4 164 673	4 346	1 743	90 616
CORPORATE BOARD MEMBERS	527 804	1 548 865	537 400	32 249	41 817	329 442	707 602	491 335	13 180	4 130
SUBSIDIARIES AND ASSOCI.	-	-	-	-	-	-	-	-	-	-
OTHER	-	-	-	-	-	-	-	-	-	-
TOTAL	**1 725 900**	**9 742 487**	**537 400**	**35 150**	**731 806**	**334 043**	**4 872 275**	**495 681**	**14 923**	**94 746**

NOTE 36
BOOK VALUE OF FINANCIAL INSTRUMENTS

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

31.12.2018 (AKZ 000)

ASSETS	VALUED AT FAIR VALUE	VALUE AT AMORTIZED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	-	13 475 409	-	-	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	8 041 094	-	-	8 041 094
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	-	-	199 998	(53 854)	146 144
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	34 652 198	-	-	34 652 198
LOANS TO CUSTOMERS	-	116 409 354	-	(29 521 615)	86 887 739
FINANCIAL ASSETS AVAILABLE FOR SALE	188 039	-	-	-	188 039
INVESTMENTS HELD UNTIL AMORTIZED	-	106 046 155	-	-	106 046 155
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-
NON-CURRENT ASSETS HELD FOR SALE	-	-	15 670 277	(6 586 299)	9 083 978
LIABILITIES					
CUSTOMER RESOURCES AND OTHER LOANS	-	254 280 871	-	-	254 280 871
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	8 711 906	-	-	8 711 906
SUBORDINATED LIABILITIES	-	9 338 775	-	-	9 338 775

Assets	31.12.2017				(AKZ 000)
	VALUED AT FAIR VALUE	VALUE AT AMORTIZED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
Cash and cash on hand in central banks	-	26 6990 292	-	-	26 690 292
Cash on hand in other credit institutions	-	10 697 189	-	-	10 697 189
Investments in subsidiaries, associates 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

The financial assets to the fair value through another comprehensive income in 31 December 2018 are valued according to the valuation hierarchy level 3 of IFRS 3. It was not proceeded with the sensibility analysis of the main variables used in the relevant valuation of these assets, as required by IFRS 13, for being financial assets of immaterial individual value.

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

NOTE 37
NET GAINS OR NET LOSSES IN FINANCIAL INSTRUMENTS

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

	31.12.2018		(AKZ 000)
	THROUGH THE INCOME STATEMENT		
ASSETS	GAINS	LOSSES	NET
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	612 959	(261 485)	351 474
LOANS TO CUSTOMERS	14 274 950	(9 862 735)	4 412 215
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	40 228	-	40 228
INVESTMENTS HELD UNTIL MATURITY	9 586 812	(174 274)	9 412 538
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES	-	-	-
NON-CURRENT ASSETS HELD FOR SALE	-	(1 202 950)	(4 037 556)
LIABILITIES			
CUSTOMER RESOURCES AND OTHER LOANS	-	(10 245 712)	(10 245 712)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	-	(925 775)	(925 775)
SUBORDINATED LIABILITIES	-	(387 500)	(387 500)
TOTAL	**24 514 949**	**(23 060 431)**	**(1 380 088)**

ASSETS	31.12.2017 THROUGH THE INCOME STATEMENT GAINS	LOSSES	(AKZ 000) NET
CASH ON HAND IN OTHER 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, ASSOCIATES AND JOINT VENTURES	-	-	-
NON-CURRENT ASSETS HELD FOR SALE	-	(295)	(295)
LIABILITIES			
CUSTOMER RESOURCES AND OTHER LOANS	-	(6 567 740)	(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**

NOTE 38
FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value has the market prices as its basis, provided that they are available. If they do not exist, the fair value is estimated through internal models based on cash flow discounting techniques. The cash flow management of the different instruments is carried out based on the respective financial characteristics and the used discount rates incorporate either the market interest rates curve, or the current risk levels of the respective issuer.

Thus, the obtained fair value is influenced by the parameters used in the valuation model, which necessarily incorporate some degree of subjectivity, and it exclusively reflects the value attributed to the different financial instruments.

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

FINANCIAL ASSETS	31.12.2018 BOOK VALUE NET	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORICAL COST	(AKZ 000) TOTAL BOOK VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	13 475 409	13 475 409	-	-	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	8 041 094	8 041 094	-	-	8 041 094
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	34 652 198	34 652 198	-	-	34 652 198
LOANS TO CUSTOMERS	86 887 739	86 887 739	-	-	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	106 046 155	105 551 679	494 476	-	106 046 155
FINANCIAL LIABILITIES					
CUSTOMER RESOURCES AND OTHER LOANS	254 280 871	254 280 871	-	-	254 280 871
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	8 711 906	8 711 906	-	-	8 711 906
SUBORDINATED LIABILITIES	9 338 775	9 338 775	-	-	9 338 775

FINANCIAL ASSETS	31.12.2017 BOOK VALUE NET	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORICAL COST	(AKZ 000) TOTAL BOOK VALUE
CASH AND CASH ON HAND IN CENTRAL BANKS	26 690 292	26 690 292	-	-	26 690 292
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	10 697 189	10 697 189	-	-	10 697 189
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	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 ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	6 452 087	6 452 087	-	-	6 452 087
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

All the assets recognised at fair value are valued in accordance with the IFRS 13 level 2 hierarchy of valuation (there are no assets in the Bank recognised at fair value in the level 3 hierarchy of valuation).

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

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

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

Level 3: The fair value is determined based on non-observable data in active markets, with recourse to techniques and assumptions that the market's participants would used to value the same instruments, including hypotheses regarding the inherent risks, the used valuation technique and the inputs used and contemplated review processes of the accuracy of the thus obtained values.

The Bank considers an active market for a given financial instrument, on the measuring date, depending on the business volume and the liquidity of the operations carried out, the relative volatility of the listed prices and on the promptness and availability of the information, whilst for this purpose needing to verify the following minimum conditions:

• Existence of frequent daily trading prices in the last year;
• The aforementioned prices alter regularly;
• There are executable prices of more than one entity;

A parameter used in a valuation technique is considered an observable data in the market if the following conditions are met:

• If its value is determined in an active market;
• if there is an OTC market and it is reasonable to assume that the active market conditions are verified, with the exception of the condition of trading volumes; and,
• The value of the parameter can be obtained through the inverse calculation of the prices of the financial instruments and/or derivatives where the remaining parameters necessary for the initial valuation are observable in a liquid market or in an OTC market that comply with the above paragraphs.

The fair value hierarchy of the financial assets and liabilities valued at amortised cost is the following:

31.12.2018				(AKZ 000)
		VALUATION HIERARCHY		
ASSETS AND LIABILITIES AT AMORTISED COST	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
CASH AND CASH ON HAND IN CENTRAL BANKS	13 475 409	-	13 475 409	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	8 041 094	-	8 041 094	-
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	34 652 198	-	34 652 198	-
LOANS TO CUSTOMERS	86 887 739	-	-	-
INVESTMENTS HELD UNTIL AMORTIZED	105 551 679	-	105 551 679	86 887 739
LIABILITIES				
CUSTOMER RESOURCES AND OTHER LOANS	254 280 871	-	254 280 871	-
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	8 711 906	-	8 711 906	-
SUBORDINATED LIABILITIES	9 338 775	-	9 338 775	-

31.12.2017				(AKZ 000)
		VALUATION HIERARCHY		
ASSETS AND LIABILITIES AT AMORTISED COST	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
ASSETS				
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	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	
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	-

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

NOTE 39
RISK MANAGEMENT ACTIVITY

The Bank is subject to a various range of risks within the scope of carrying out their activity. Risk management is carried out in a manner focused on the specific risks of each business.

The Bank's risk management policy aims towards the permanent maintenance of an adequate relationship between their equity and the carried out activity, as well as the corresponding assessment of the risk/return profile by business line.

In this context, the monitoring and control of the main types of financial risks - credit, market, liquidity, real estate and operational - that the activity of the Bank is subject to, assumes a particular significance.

Main Risk Categories

Crédit – 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 – OLiquidity 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 organization

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

The BNI's Board of Directors is responsible for the approval of risk appetite, overall risk policy and specific policies for the significant risks. In this context, the approval of the highest principles and rules that must be followed in the Bank's risk management as well as the guidelines that must dictate the allocation of the capital to the different risks and business lines is included.

Through the Risk Management Committee, the Board of Directors ensures the existence of adequate risk control and of effective management systems in all areas of the Bank.

The Risk Management Committee is responsible for periodically monitoring the overall risk levels incurred, whilst ensuring that they are compatible with the aims and strategies approved to carry out of the activity.

The risk management position is fulfilled by the Risk Management Office whose manager is the "Risk Officer". The Risk Officer is responsible for monitoring and reporting the Bank's risk situation: establishing and promoting risk management policies, procedures, methodologies and tools; monitoring the risk taking of operational units and promoting the importance of the control at the level of the first line of defence ensured by the operational units; gathering relevant information from the operational units in order to regularly control the metrics of risk appetite; automatically producing (whenever possible) risk appetite reports.

The Compliance Department, responsible for compliance policy, encompasses all the areas, processes and activities of the companies that form the Bank and has the mission of contributing to the prevention and mitigation of the "compliance risks", which translate into the risk of legal or regulatory sanctions, of financial loss or loss of reputation as a consequence of the failure to comply with the application of laws, regulations, code of conduct and of the good banking practices, promoting the respect of the BNI and of their workers towards the whole legislation applicable through an independent intervention, together with all the Bank's organisational units.

The risk and compliance positions functionally report to an executive director who does not accumulate areas of operational units and hierarchically to the Board of Directors through the Committees formed of non-executive directors in which they participate.

In the course of the 2017 financial year, the National Bank of Angola issued a set of Notices and Instructions with a special focus on the management and reporting of risk by the Financial Institutions. The Bank is in its implementation phase in terms of proceeding to the reporting within the legally applicable periods applicable periods.

Risk assessment

Credit Risk

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

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

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

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

31.12.2018			(AKZ 000)
ON-BALANCE SHEET	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 367 944	-	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	34 913 683	(261 485)	34 652 198
LOANS TO CUSTOMERS	116 409 354	(29 521 615)	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	106 220 428	(174 274)	106 046 155
FINANCIAL ASSETS AVAILABLE FOR SALE	188 039	-	188 039
OTHER VALUES	28 218 769	(1 630 646)	26 588 123
OFF-BALANCE SHEET			
PROVIDED GUARANTEES	38 683 727	(742 580)	37 941 147
COMMITMENTS ASSUMED TOWARDS THIRD PARTIES	3 139 921	-	3 139 921

31.12.2017			(AKZ 000)
ON-BALANCE SHEET	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	37 387 481	-	37 387 481
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT 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 VALUES	531 545	-	531 545
OFF-BALANCE SHEET			
PROVIDED GUARANTEES	33 287 232	(100 616)	33 186 616
COMMITMENTS ASSUMED TOWARDS THIRD PARTIES	26 291 645	-	26 291 645

(AKZ 000)

COMPANIES	OUTSTANDING	OVERDUE	GUARANTEES PROVIDED	TOTAL EXPOSURE	RELATIVE WEIGHT	ON BALANCE IMPAIRMENT	OFF BALANCE IMPAIRMENT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT /TOTAL EXPOSURE
AGRICULTURE, ANIMAL PRODUCTION, HUNTING AND FORESTRY	1 015 354	-	2 220 290	3 235 644	2%	29 899	28 192	58 091	2%
FISHING	-	-	-	-	0%	-	-	-	0%
EXTRACTIVE INDUSTRIES	4 102 859	-	215 743	4 318 602	3%	1 797 844	2 715	1 800 559	42%
TRANSFORMING INDUSTRIES	5 682 319	33 589	1 920 061	7 635 969	5%	169 101	45 517	214 618	3%
FOOD, BEVERAGES AND TOBACOO INDUSTRIES	7 425	-	7 433 214	7 440 639	5%	198	94 386	94 584	1%
TEXTILE INDUSTRIES	-	-	-	-	0%	-	-	-	0%
LEATHER AND LEATHER PRODUCTS INDUSTRY	-	-	-	-	0%	-	-	-	0%
INDUSTRY OF WOOD AND CORK AND ARTICLES THEREOF	-	-	-	-	0%	-	-	-	0%
PULP, PAPER AND CARDBOARD INDUSTRY AND ARTICLES THEREOF	-	-	-	-	0%	-	-	-	0%
BAIC METALLURGICAL INDUSTRIES METALLIC PRODUCTS	779	-	1 646 013	1 646 792	1%	20	20 901	20 921	1%
PRODUCTION AND DISTRIBUTION OF ELECTRICITY, GAS AND WATER	72 326	-	-	72 326	0%	8 662	-	8 662	12%
CONSTRUCTION	5 862 195	244 562	2 763 274	8 870 031	6%	2 271 366	76 991	2 348 357	26%
WHOLESALE AND RETAIL TRADE	16 089 127	382 440	12 206 021	28 677 588	19%	3 215 930	288 261	3 504 191	12%
ACCOMMODATION AND RESTORATION (RESTAURANTS AND SIMILAR)	609 190	6 872 803	7 713 050	15 195 043	10%	691 049	97 957	789 006	5%
TRANSPORTS, STORAGE AND COMMUNICATIONS	14 773 072	151 128	856 679	15 780 879	11%	6 746 758	10 894	6 757 652	43%
FINANCIAL ACTIVITIES	5 593 302	548 529	31 454	6 173 285	4%	2 942 956	1 132	2 944 088	48%
REAL ESTATE ACTIVITIES, RENTALS AND SERVICES PROVIDED TO COMPANIES	7 760 127	2 484 331	1 750 015	11 994 473	8%	1 798 104	48 409	1 846 513	15%
EDUCATION	-	-	1 456	1 456	0%	-	19	19	1%
HEALTH AND SOCIAL ACTION	-	-	-	-	0%	-	-	-	0%
OTHER ACTIVITIES OF COLLECTIVE, SOCIAL AND PERSONAL SERVICES	34 817 867	92 755	1 326 542	36 237 164	24%	8 228 499	16 831	8 245 330	23%
INTERNATIONAL ORGANIZATIONS AND OTHER EXTRA TERRITORIAL INSTITUTIONS	1 674 966	15 113	10 000	1 700 079	1%	781 283	2 415	783 698	46%
INDIVIDUALS									
CONSUMPTION	1 606 308	212 381	-	1 818 689	20%	325 271	-	325 271	18%
HOUSING	1 230 202	235 174	-	1 465 376	16%	203 524	-	203 524	14%
OTHER PURPOSES	3 751 380	487 751	1 421 229	5 660 360	63%	311 151	7 959	319 110	6%
TOTAL	**104 648 798**	**11 760 556**	**41 515 041**	**157 924 395**		**29 521 615**	**742 579**	**30 264 194**	

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

The geographic concentration of the credit risk at 31 December 2018 and 2017:

31.12.2018 (AKZ 000)

	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHERS	TOTAL
CASH AND CASH ON HAND IN CENTRAL BANKS	8 884 682	-	-	4 590 727	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	22 426	5 472 917	1 870 044	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	910 080	30 518 137	3 223	34 652 198
LOANS TO CUSTOMERS	116 409 354	-	-	982	116 409 354
INVESTMENTS HELD UNTIL AMORTIZED	106 220 428	-	-	-	106 220 428
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	188 039	-	-	-	188 039

31.12.2017					(AKZ 000)
	ANGOLA	OTHER AFRICAN COUNTRIES	EUROPE	OTHERS	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

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 implementationiterations 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 crossdefault, the PD corresponds to 100%;
• LGD (loss given default): corresponds to internal loss estimates, that vary according to the segment, if they have a real guarantee or not, LTV (Loan-to-Value) and age of the default, with the basis of the historical experience of recovery of loans that entered into default.

In the group of individually significant customers, customer exposures are subject to analysis on an individual basis. This analysis has an impact on the debtor's credit rating, as well as on the loan recovery expectations, in view of the existing collateral and guarantees.

The impairment value for the Individually Signiÿcant customers is determined through the discounted cash 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 diferent customer operations, adjusted according to the interest rates for each operation.

Market Risk

With regard to the information and analysis of market risk, regular reporting on financial asset portfolios is ensured. At the level of own portfolios, various risk limits are defined. Diferent exposure limits are also defined by Issuer, by type/class of asset and credit rating level. Stop Loss and Loss Trigger limits for the positions held for trading and available for sale are also defined.

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

The investment portfolio is fully concentrated into National Treasury bonds.

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

Based on the financial characteristics of each contract, the respective projection of the expected cash 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 2018 and 2017 as follows:

3.12.2018 (AKZ 000)

	EXPOSURE TO		TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
	FIXED RATE	VARI. RATE				
ASSETS	**125 224 914**	**102 361 178**	**227 586 092**	**21 031 393**	**-**	**248 617 485**
CASH AND CASH ON HAND IN CENTRAL BANKS	-	-	-	13 475 409	-	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	7 367 944	-	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	34 652 198	-	34 652 198	-	-	34 652 198
LOANS TO CUSTOMERS	58 257 006	28 630 734	86 887 739	-	-	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	32 315 710	73 730 444	106 046 155	-	-	106 046 155
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-	188 039	-	188 039
LIABILITIES	**(161 024 829)**		**(161 024 829)**	**(110 789 557)**	**-**	**(271 814 387)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(143 491 314)	-	(143 491 314)	(110 789 557)	-	(254 280 871)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(8 194 740)	-	(8 194 740)	-	-	(8 194 740)
SUBORDINATED LIABILITIES	(9 338 775)	-	(9 338 775)	-	-	(9 338 775)
TOTAL	**(35 799 916)**	**102 361 178**	**66 561 262**	**(89 758 164)**	**-**	**(23 196 902)**

3.12.2017 (AKZ 000)

	EXPOSURE TO		TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
	FIXED RATE	VARI. RATE				
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)**

Detail of the financial instruments with an exposure to interest rate risk according to the maturity or re-setting date at 31 December 2018 and 2017.

31.12.2018 (AKZ 000)

	EXPOSURE								
	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YERAS	3 - 5 YEARS	MORE THA 5 YEARS	INDE-FINITE	TOTAL
ASSETS	**36 597 733**	**17 673 200**	**10 575 925**	**37 754 481**	**37 754 481**	**31 440 730**	**70 008 861**	**(13 528 547)**	**227 586 093**
CASH AND CASH ON HAND IN CENTRAL BANKS	-	-	-	-	-	-	-	-	-
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	-	-	-	-	-	-	-	-	-
INVEST. IN CENTRAL BANKS AND IN OTHER CREDIT INSTIT.	18 895 516	7 135 760	2 695 599	-	-	-	-	3 532 589	34 652 198
LOANS TO CUSTOMERS	16 105 831	4 756 030	43 286	8 090 728	8 090 728	12 858 835	34 442 815	(17 595 499)	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	1 596 385	5 781 410	7 837 040	29 663 753	29 663 753	18 581 895	35 566 046	534 363	106 046 155
FINAN. ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-	-	-	-	-	-	-
LIABILITIES	**(28 453 868)**	**(38 152 227)**	**(25 089 601)**	**(44 765 943)**	**(10 145 352)**	**(10 520 682)**	**(843 822)**	**(3 053 336)**	**(161 024 829)**
CUSTOMER RESOURCES AND OTHER LOANS	(28 056 136)	(31 406 474)	(25 089 601)	(44 765 943)	(9 094 097)	(1 181 906)	(843 822)	(3 053 336)	(143 491 314)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(397 732)	(6 745 753)	-	-	(1 051 255)	-	-	-	(8 194 740)
SUBORDINATED LIABILITIES	-	-	-	-	-	(9 338 775)	-	-	(9 338 775)
NET EXPOSURE	**8 143 865**	**(20 479 027)**	**(14 513 676)**	**(7 702 234)**	**27 609 129**	**20 920 049**	**69 165 039**	**(16 581 883)**	**66 561 263**

31.12.2017 (AKZ 000)

	EXPOSURE								
	UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YERAS	3 - 5 YEARS	MORE THA 5 YEARS	INDE-FINITE	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	-	-	-	-	-	-	-	-	-
INVEST. IN CENTRAL BANKS AND IN OTHER CREDIT INSTIT.	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
FIN. 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**

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

At 31 December 2018 and 2017, the analysis of sensitivity of the financial instruments to interest rate variations are as follows:

31.12.2018 (AKZ 000)

	CHANGE IN INTEREST RATES IN					
	-2%	-1%	-1%	1%	1%	2%
ASSETS	(182 069)	(91 034)	(45 517)	45 517	91 034	182 069
INVESTMENT IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUIONS	(27 722)	(13 861)	(6 930)	6 930	13 861	27 722
LOANS TO CUSTOMERS	(69 510)	(34 755)	(17 378)	17 378	34 755	69 510
INVESTMENTS HELD UNTIL MATURITY	(84 837)	(42 418)	(21 209)	21 209	42 418	84 837
LIABILITIES	122 264	67 688	33 844	(28 927)	(62 771)	(125 542)
RESOURCES OF CUSTOMERS AND OTHER LOANS	114 793	57 397	28 698	(28 698)	(57 397)	(114 793)
RESOUFCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUITIONS	-	6 556	3 278	1 639	(1 639)	(3 278)
SUBORDINATED LIABILITIES	7 471	3 736	1 868	(1 868)	(3 736)	(7 471)
TOTAL	(59 805)	(23 347)	(11 673)	16 590	28 263	56 527

31.12.2017 (AKZ 000)

	CHANGE IN INTEREST RATES IN					
	-2%	-1%	-1%	1%	1%	2%
ASSETS	(5 029 096)	(2 514 548)	(1 257 274)	1 257 274	2 514 548	5 029 096
INVESTMENT IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUIONS	(27 722/	(13 861)	(6 930)	6 930	13 861	27 722
LOANS TO CUSTOMERS	(69 510)	(34 755)	(17 378)	17 378	34 755	69 510
INVESTMENTS HELD UNTIL MATURITY	(84 837)	(42 418)	(21 209)	21 209	42 418	84 837
LIABILITIES	1 488 498	744 249	372 125	(372 125)	(744 249)	(1 488 498)
RESOURCES OF CUSTOMERS AND OTHER LOANS	114 793	57 397	28 698	(28 698)	(57 397)	(114 793)
RESOUFCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUITIONS	-	6 556	3 278	1 639	(1 639)	(3 278)
SUBORDINATED LIABILITIES	7 471	3 736	1 868	(1 868)	(3 736)	(7 471)
TOTAL	(3 540 598)	(1 770 299)	(885 150)	885 150	1 770 299	3 540 598

By the terms of Article 6 of Notice no. 08/2016 of 16 May, the Bank must inform the National Bank of Angola whenever a potential reduction in the economic value in their bank portfolio or a reduction greater than 20% of the regulatory own funds is verified. In the course of the 2017 and 2016 financial years, the Bank met this requirement.

The distribution of the financial asset and liability instruments, at 31 December 2017 and 2016, by currency, is presented whilst i) not considering the financial instruments indexed to foreign currency and ii) considering the financial instruments indexed to foreign currency.

i) Exposure not considering the effect of the indexation:

31.12.2018 (AKZ 000)

	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
ASSETS	**182 344 344**	**54 761 147**	**11 396 859**	**115 135**	**248 617 485**
CASH AND CASH ON HAND IN CENTRAL BANKS	7 357 440	5 640 095	382 074	95 801	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	2 563 971	4 782 082	19 334	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	28 427 267	6 224 931	-	34 652 198
LOANS TO CUSTOMERS	79 851 342	7 028 625	7 772	-	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	94 944 966	11 101 188	-	-	106 046 155
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	188 039	-	-	-	188 039
LIABILITIES	**(183 961 436)**	**(62 413 830)**	**(25 427 234)**	**(11 886)**	**(271 814 387)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(167 876 908)	(62 413 830)	(23 978 247)	(11 886)	(254 280 871)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(6 745 753)	-	(1 448 987)	-	(8 194 740)
RESOUFCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUITIONS	(9 338 775)	-	-	-	(9 338 775)
TOTAL	**(1 617 092)**	**(7 652 684)**	**(14 030 375)**	**103 249**	**(23 196 902)**

31.12.2017 (AKZ 000)

	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)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(173 182 310)	(46 244 725)	(14 898 751)	(7 574)	(234 333 360)
RESOUFCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUITIONS	(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)**

ii) Exposure considering the effect of the indexation:

31.12.2018 (AKZ 000)

	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
ASSETS	**108 613 900**	**128 491 591**	**11 396 859**	**115 135**	**248 617 485**
CASH AND CASH ON HAND IN CENTRAL BANKS	7 357 440	5 640 095	382 074	95 801	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	2 557	2 563 971	4 782 082	19 334	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	28 427 267	6 224 931	-	34 652 198
LOANS TO CUSTOMERS	79 851 342	7 028 625	7 772	-	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	21 214 522	84 831 633	-	-	106 046 155
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	188 039	-	-	-	188 039
LIABILITIES	**(173 637 968)**	**(72 737 299)**	**(25 427 234)**	**(11 886)**	**(271 814 387)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(166 853 995)	(63 436 743)	(23 978 247)	(11 886)	(254 280 871)
RESOUFCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(6 745 753)	-	(1 448 987)	-	(8 194 740)
SUBORDINATED LIABILITIES	(38 219)	(9 300 556)	-	-	(9 338 775)
TOTAL	**(65 024 068)**	**55 754 292**	**(14 030 375)**	**103 249**	**(23 196 902)**

31.12.2017 (AKZ 000)

	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)**
RESOURCES OF CUSTOMERS AND OTHER LOANS	(155 460 745)	(63 966 290)	(14 898 751)	(7 574)	(234 333 360)
RESOUFCES 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)**

The analysis of sensitivity of the equity value of the financial instruments to variations of the exchange rates at 31 December 2018 and 2017 is also presented for the i) exposure not considering the financial instruments indexed to foreign currency and ii) considering the financial instruments indexed to foreign currency. The sensitivity analysis expresses the impact on the equity value of the financial instruments of the variation in the value of the foreign currency against the Kwanza.

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

(AKZ 000)

31.12.2018	-20%	-10%	-5%	5%	10%	10%
USD	(1 057 360)	(528 680)	(264 340)	264 340	528 680	1 057 360
EUR	(651 961)	(325 981)	(162 990)	162 990	325 981	651 961
OTHER CURRENCIES	20 651	10 326	5 163	(5 163)	(10 326)	(20 651)
TOTAL	**(1 688 670)**	**(844 335)**	**(422 167)**	**422 167**	**844 335**	**1 688 670**

(AKZ 000)

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

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

(AKZ 000)

31.12.2018	-20%	-10%	-5%	5%	10%	10%
USD	11 624 035	5 812 018	2 906 009	(2 906 009)	(5 812 018)	(11 624 035)
EUR	(651 961)	(325 981)	(162 990)	162 990	325 981	651 961
OTHER CURRENCIES	20 651	10 326	5 163	(5 163)	(10 326)	(20 651)
TOTAL	**10 992 725**	**5 496 363**	**2 748 181**	**(2 748 181)**	**(5 496 363)**	**(10 992 725)**

(AKZ 000)

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

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 characterizing 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 2018 and 2017, the liquidity gap of the Bank's balance sheet had the following structure:

EXPOSURE 31.12.2018	SIGHT	UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	INDEFINITE	TOTAL
ASSETS	**35 842 203**	**21 598 884**	**17 673 200**	**10 575 925**	**37 063 709**	**37 754 481**	**31 440 730**	**70 008 861**	**(13 340 508)**	**248 617 485**
CASH AND CASH ON HAND IN CENTRAL BANKS	13 475 409	-	-	-	-	-	-	-	-	13 475 409
CASH ON HAND IN OTHER CREDIT INSTITUTIONS	7 367 944	-	-	-	-	-	-	-	-	7 367 944
INVESTMENTS IN CENTRAL BANKS AND IN OTHER CREDIT INSTITUTIONS	-	18 895 516	7 135 760	2 695 599	2 392 734	-	-	-	3 532 589	34 652 198
LOANS TO CUSTOMERS	14 473 030	1 632 801	4 756 030	43 286	28 185 713	8 090 728	12 858 835	34 442 815	(17 595 499)	86 887 739
INVESTMENTS HELD UNTIL AMORTIZED	525 819	1 070 566	5 781 410	7 837 040	6 485 262	29 663 753	18 581 895	35 566 046	534 363	106 046 155
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS	-	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS AVAILABLE FOR SALE	-	-	-	-	-	-	-	-	188 039	188 039
LIABILITIES	**(113 876 760)**	**(25 366 665)**	**(38 152 227)**	**(25 089 601)**	**(44 765 943)**	**(10 145 352)**	**(10 520 682)**	**(843 822)**	**(3 053 336)**	**(271 814 387)**
CUSTOMER RESOURCES AND OTHER LOANS	(113 479 028)	(25 366 665)	(31 406 474)	(25 089 601)	(44 765 943)	(9 094 097)	(1 181 906)	(843 822)	(3 053 336)	(254 280 871)
RESOURCES OF CENTRAL BANKS AND OTHER CREDIT INSTITUTIONS	(397 732)	-	(6 745 753)	-	-	(1 051 255)	-	-	-	(8 194 740)
SUBORDINATED LIABILITIES	-	-	-	-	-	-	(9 338 775)	-	-	(9 338 775)
GAP	**(78 034 557)**	**(3 767 781)**	**(20 479 027)**	**(14 513 676)**	**(7 702 234)**	**27 609 129**	**20 920 049**	**69 165 039**	**(16 393 844)**	**(23 196 902)**
ACCUMULATED GAP	**(78 034 557)**	**(81 802 338)**	**(102 281 365)**	**(116 795 041)**	**(124 497 275)**	**(96 888 146)**	**(75 968 097)**	**(6 803 058)**	**(23 196 902)**	**(46 393 804)**

EXPOSURE 31.12.2017	SIGHT	UP TO 1 MONTH	1-3 MONTHS	3-6 MONTHS	6 MONTHS - 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	INDEFINITE	TOTAL
ASSETS	**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	-	-	-	-	-	-	-	-	10697189
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 AMORTIZED	-	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	-	-	-	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)**

Real Estate Risk

Real estate risk results from the real estate exposure (either from loan recovery processes, or investment properties), as well as from units of real estate funds held in the securities portfolio.

These exposures are monitored regularly and analyses of scenarios are carried out that seek to estimate potential impacts of changes in the real estate market in the portfolios of real estate investment funds, investment properties and real estate given in exchange.

Operational risk

An operational risk management system is implemented that is based on the identification, assessment, monitoring, measurement, mitigation and reporting of this type of risk.

The Bank's Risk Division exercises the corporate function of the Bank's operational risk management which is supported by the existence of interlocutors in different organic units that ensure the adequate implementation of the operational risk management in the Bank.

Capital Management and Solvency Ratio

The Bank's own funds are calculated in accordance with applicable regulations, namely with Notice No. 2/2016. The requirements for the solvency ratio are set out in Notice no. 3/2016, Notice no. 4/2016 and Notice no. 5/2016. The applicable instructions are as follows: Instruction no. 12/2016, Instruction no. 13/2016, Instruction no. 14/2016, Instruction no. 15/2016, Instruction no. 16/2016, Instruction no. 17/2016 and Instruction no. 18/2016.

Angolan financial institutions must maintain a level of own funds that are compatible with the nature and scale of the operations duly weighted by the risks inherent to the operations, with the minimum Regulatory Solvency Ratio being 8.5%.

A summary of the calculations of the Bank's capital requirements for 31 December 2018 is presented as follows:

31.12.2018	(AKZ 000)
ASSETS WEIGHTED BY THE RISK	
With Factor of 0%	-
With Factor of 8%	-
With Factor of 10%	-
With Factor of 20%	2 640 022
With Factor of 35%	4 650 515
With Factor of 50%	17 940 164
With Factor of 75%	1 696 426
With Factor of 100%	104 823 413
With Factor of 150%	310 074
TOTAL OF ASSETS WEIGHTED BY THE RISK	**132 060 614**
FUNDS REQUIREMENTS: CREDIT RISK	**13 206 061**
POSITIONS OF DEBT INSTRUMENTS SUBJECT TO MARKET RISK	8 546 605
TRADING PORTFOLIO RISK	683 728
FUNDS REQUIREMENTS: CREDIT RISK	**683 728**
RISK WEIGHTED ASSETS FOR OPERATIONAL RISK	50 678 604
FUNDS REQUIREMENTS: OPERATIONAL RISK	**2 533 930**
TOTAL FUNDS REQUIREMENTS	**16 423 720**

OWN FUNDS	
BASE	30 632 029
ADDITIONAL	(5 768 877)
TOTAL	**24 863 153**
DEDUCTIONS	(146 144)
REGULATORY OWN FUNDS	**24 717 008**
SOLVENCY RATIO	**15.05%**
BASE SOLVENCY RATIO	**18.56%**

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

NOTE 40
ACCOUNTING STANDARDS AND INTERPRETATIONS RECENTLY ISSUED

1. New standards, changes to standards and interpretations that became effective on January 1, 2018

The standards set forth below became effective on January 1, 2018. None of the standards had a material impact on the Bank's accounts and were incorporated into the Bank's accounts with respect to 31 December 2018:

FRS 15 (new), 'Revenue from customer contracts'

This new rule applies only to contracts for the delivery of products or services to clients and requires the entity to recognize revenue when the contractual obligation to deliver assets or provide services is satisfied and the amount reflecting the consideration the entity is entitled, as provided in the "5 step methodology".

Amendments to IFRS 15, 'Revenue from contracts with customers'.

These amendments refer to the additional indications below for determining the performance obligations of a contract, when recognizing the return of an intellectual property license, revising the indicators for the classification of the principal versus agent relationship, and the new regimes to simplify the transition.

IFRS 9 (new), 'Financial instruments'.

IFRS 9 replaces the requirements of IAS 39 for: (i) the classification and measurement of financial assets and liabilities; (ii) recognition of impairment on receivables (through the expected loss model); and (iii) the requirements for the recognition and classification of hedge accounting. The impact of adopting this standard on the Bank's financial statements is detailed in Note2.3.

IFRS 4 (amendment), 'Insurance contracts (application of IFRS 4 with IFRS 9)'

This amendment gives insurers the option to recognize in the Other comprehensive income, instead of recognizing in the Profit and Loss Account, the volatility that may result from the application of IFRS 9 before the new insurance contract standard is published. Additionally, a temporary exemption is granted to the application of IFRS 9 until 2021 to entities whose predominant activity is insurance. This exemption is optional and applies to consolidated financial statements that include an insurance entity.

IFRS 2 (amendment), 'Classification and measurement of share-based payment transactions'

This amendment clarifies the measurement basis for payment transactions based in assets financially cleared ("cash-settled") and the accounting of changes to a share-based payment plan that change its classification of financially cleared ("cash-settled") to be settled with equity ("equity-settled"). It also introduces an exception to the principles of IFRS 2, which requires that an action-based payment plan be treated as if it were fully equity-settled ("equity-settled"), when the employer is required to withhold an amount to the employee and pay that amount to the tax authority.

IAS 40 (amendment) 'Transfer of investment property'

This amendment clarifies that assets can only be transferred to and from the investment property category when there is evidence of change in use. Only the change of management intention is not sufficient to effect the transfer.

Improvements to the rules 2014 - 2016

This cycle of improvements affects the following standards: IFRS 1, IFRS 12 and IAS 28.

IFRIC 22 (new), 'Foreign currency operations and prepayment'

This is an interpretation in IAS 21 'The effects of changes in exchange rates' and refers to determining the 'transaction date' when an entity pays or receives in advance the consideration of contracts denominated in foreign currency. The "transaction date" determines the exchange rate to be used to convert the transactions into foreign currency.

2. Norms (new and amended) and published interpretations which implementation in mandatory for anual periods beginning on or after 1 January 2019, which the European Union has already endorsed:

IFRS 16 (new), 'Leases' (to be applied for annual periods beginning on or after 1 January 2019)

This new standard replaces IAS 17 with a significant impact on the accounting by lessees who are now required to recognize a lease liability reflecting future lease payments and a "right of use" asset for all leases except certain leases short-term assets and low-value assets.The definition of a lease has also been modified, based on the "right to control the use of an identified asset." As regards the transition regime, the new standard can be applied retrospectively or a modified retrospective approach can be followed.

IFRS 9 (amendment), 'Prepayment elements with negative offset' (to be applied for annual periods beginning on or after 1 January 2019).

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. Materially material impacts are not expected as a result of future adoption of this standard.

FRIC 23 (new), 'Uncertainty over the treatment of income tax' (to be applied in financial years beginning on or after 1 January 2019)

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 tax 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, not IAS 37 - Provisions, liabilities contingent assets and contingent assets', based on the expected value or the most probable amount. The application of IFRIC 23 may be retrospective or retrospective modified. Materially material impacts are not expected as a result of future adoption of this standard.

3. Norms (new and amended) and published interpretations which implementation in mandatory for anual periods beginning on or after 1 January 2019, which the European Union still has not endorsed:

IAS 19 (amendment), 'Changes, reductions and settlements of defined benefit plans' (to be applied in annual periods beginning on or after 1 January 2019)

This amendment is still subject to the process of endorsement by the European Union. This amendment to IAS 19 requires an entity: (i) to use updated assumptions to determine the current service cost and net interest for the remaining period after the plan's change, reduction or settlement; and (ii) recognizes in profit or loss as part of the past service cost, or as gain or loss in settlement any reduction in excess hedge, even if the hedge surplus has not previously been recognized due to the impact of the asset ceiling, . The impact on the asset ceiling is always recorded in Other Comprehensive Income, and can not be recycled as a result of the year.

IAS 28 (amendment), 'Long-term investments in associates and joint ventures' (to be applied for annual periods beginning on or after 1 January 2019)

This amendment is still 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. Long-term investments in associates and joint ventures are subject to the estimated impairment loss model, before being added to the impairment test for global investment in an associate or joint ventures, when there are impairment indicators.

IFRS 3 (change), 'Business definition' (to be applied for annual periods beginning on or after 1 January 2020)

This amendment is still subject to the European Union endorsement process. This amendment constitutes a review of the definition of business for the purpose of accounting for concentrations of business activities. The new definition requires that an acquisition include an input and a substantial process that together generate outputs. Outputs are defined as goods and services that are delivered to customers, which generate income from financial investments and other income, excluding returns in the form of cost reductions and other economic benefits to shareholders. Concentration tests are allowed to determine whether a transaction refers to the acquisition of an asset or a business.

IAS 1 and IAS 8 (amendment), 'Definition of material' (to be applied for annual periods beginning on or after 1 January 2020)

This amendment is still subject to the European Union endorsement process. This amendment introduces a modification to the concept of material. It includes clarifications regarding the reference to unclear information, corresponding to situations in which its effect is similar to omitting or distorting such information, within the overall context of the financial statements; as well as clarifications as to the term 'principal users of financial statements', which are defined as 'current and future investors, lenders and creditors' who rely on the financial statements to obtain a significant part of the information they need.

Improvements to the 2015-2017 standards (to be applied to years beginning on or after 1 January 2019)

This cycle of improvements is still subject to the process of endorsement by the European Union. This cycle of improvements affects the following standards: IAS 23, IAS 12, IFRS 3 and IFRS 11.

Framework, 'Changes in Reference to Other IFRS' (to be applied for years beginning on or after 1 January 2020)

These changes are still subject to approval by the European Union. As a result of the publication of the new Conceptual Framework, the IASB introduced changes in the text of various standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of assets / liabilities and expenditure / income, as well as some of the characteristics of the financial information. These changes are retrospective, unless impracticable.

IFRS 17 (new), 'Insurance contracts' (to be applied for annual periods beginning on or after 1 January 2021). This standard is still subject to the process of endorsement by the European Union

This new standard replaces IFRS 4 and applies to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation characteristics. IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete model ("building block approach") or simplified ("premium allocation approach"). The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective implementation.

NOTE 41
SUBSEQUENT EVENTS

We are not aware of any facts or events after 31 December 2018 which justify adjustments in disclosure in the Notes to the Financial Statements relating to the financial year under review which affect the situations and / or information therein that have been significantly disclosed and / or which have changed or are expected to significantly change the Bank's financial position, results and / or activities.

INDEPENDENT AUDITOR'S REPORT

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 2018 with total assets of 301 157 541 thousands of Kwanzas and total shareholder's equity of 19 777 770 thousands of Kwanzas, including a net profit loss of 6 770 096 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 notes to the accounts.

Responsibilities of Board of Directors for the financial statements

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 independent 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 3.4. 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 2018. Therefore, the Board of Directors decided not to apply the dispositions of IAS 29 on its financial statements at 31

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December 2018. On 31 December 2018 the accumulated inflation of the last three years exceeds 100%, 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 2018 corresponds to the currency of a hyperinflationary economy. In these circumstances, the Bank should have presented its financial statements on 31 December 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 2018, which we consider to be significant.

Qualified opinion

7. In our opinion, except for the effect of the matters 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 2018 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) in force.

25 March 2019

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

Ricardo Santos, Perito Contabilista No. 20120086

(free translation from the original in Portuguese)

OPINION BY THE SUPERVISORY BOARD

INDIVIDUAL ACCOUNTS

Opinion by the Supervisory Board

1. Following the mandate granted by you and pursuant to the national legal provisions in force, namely the Law no. 1/04, of 13 February 2004, the Commercial Companies Law, as well as the Articles of Association of **BANCO DE NEGÓCIOS INTERNACIONAL, S.A.**, we submit to your approval the Supervisory Board's opinion on the Report by the Board of Directors and Financial Statements of the financial year ended on 31 December 2018.

2. These comprise the Balance Sheet, which shows a total Asset of 301 157 541 thousand Kwanzas, a Liability of 281 379 771 thousand Kwanzas and a total Equity of 19 777 770 thousand Kwanzas, including a net profit of 6 770 096 thousand Kwanzas, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statements for the financial year and the correspondent Annex.

3. The Supervisory Board monitored the activity developed by the Bank during the financial year ended on 31 December 2018, carried out the examination of the Financial Statements, obtained the information and clarifications deemed as pertinent, besides observing the further procedures deemed as essential.

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

   i. the provision of accounts' documents prepared by the Board of Directors, pursuant to the International Financial Reporting Standards (IFRS), also comply with the recognized accounting principles for the Financial Institutions operating in Angola, particularly pursuant to the Instruction no. 9/2007, of 19 September, issued by BNA[1], with the updates made by the Directive no. 04/DSI/2011;

   ii. the policies and processes in force regarding corporate governance matters comply with the principles established in article 5 and the execution of the objectives established in article 4, both from the Notice no. 1/2013, of 19 April, of the BNA;

   iii. the information on the report to which this opinion refers to is authentic and appropriate, pursuant to the provisions in article 1 of the Instruction no. 1/2013, of 22 March, of the BNA;

   iv. We are not aware of any situation or deliberation that goes against the standards in force and which may affect the reasonability of the Financial Statements submitted.

[1] National Bank of Angola.

// signatures //

5. We consider that the documents mentioned in number 1 and 2 allow, as a whole, to understand the financial status and the profit of the Bank and we share the opinion that the Financial Statements regarding the financial year ended on 31 December 2018 translate, in all materially relevant aspects, the financial and asset position of ***BANCO DE NEGÓCIOS INTERNACIONAL, S.A.***, on that date, therefore able to be submitted to the General Assembly, aiming for their approval.

6. The Supervisory Board recommends, for the financial year of 2018:

   (i) the reinforcement and continuity of cautious management policies given the expected continuity of the current market limitations, particularly regarding the application of the financial reporting policies (IAS/IFRS), the reduction of liquidity, the poor availability of currency on the market and the difficulties still faced by the companies;

   (ii) the reinforcement and consolidation of the aspects regarding the Corporate Governance and the Internal Control, considering the provision on Notice no. 1/2013, of 23 March, and no. 2/2013, of 19 April, of the National Bank of Angola, and the Provisions Policy, taking into consideration the current situation of the financial market in Angola.

   (iii) Regarding the interpretation and recognition of the IAS 29 – Financial Reporting in Hyperinflationary Economies (IAS29), for the Angolan economy to be deemed as hyperinflationary on the financial year ended on 31 December 2018, the Supervisory Board, as on the previous year, is in line with the ABANC[2] and BNA's position and recommends to the Bank's Board a permanent assessment of the economy's evolution, safeguarding the effects of the possible adoption of this standard.

7. **Opinion**

   Therefore, on the basis of the above, we share the opinion that the Financial Statements regarding the financial year ended on 31 December 2018 translate, in all materially relevant aspects, the financial and asset position of **BNI – Banco de Negócios Internacional SA**, on that date, therefore able to be submitted to the General Assembly, aiming for their approval.

Luanda, on 20 March 2019

O Conselho Fiscal

Manuel Arnaldo Calado
(Presidente)

Licínio de Assis
(Vogal)

Dina Leote
(Vogal)

The Supervisory Board
// signature //
Manuel Arnaldo Calado
(Chairman)

// signature //
Licínio de Assis
(Member)

// signature //
Dina Leote
(Member)

TRANSLATION CERTIFICATE

Flávia Pimenta
Advogada – C.P. 58824L – flaviapimenta-58824l@adv.oa.pt
Praceta Eugénio Castro, 4, 11.º dt.º, 2790-063 CARNAXIDE

CERTIFICADO DE TRADUÇÃO

(Artigo 38.º do Decreto-Lei 76-A/2006, de 29-03 e Portaria 657-B/2006, de 29-06)

No dia dezesseis de abril de dois mil e dezenove, perante mim, compareceu DÉBORA FERREIRA MESTRE SHEFKIU, tradutora da **MULTILINGUAL EUROPE, Empresa de Tradução Certificada pela Norma ISO 9001:2015 e ISO 17100:2016 (NIPC 514 538 562, +351 210995516; email: info@multilingualeurope.org)**, casada, natural da Freguesia de S. Jorge de Arroios, Concelho de Lisboa, com domicílio profissional na Rua Lucinda Simões, 8A, Lisboa, Portugal.
Verifiquei a identidade da outorgante pela exibição do seu Cartão de Cidadão, número 14039912 7 ZX2, válido até 11/11/2019, emitido pela República Portuguesa.
Pela outorgante foi me apresentado um documento em **PORTUGUÊS**, bem como, a respectiva tradução para **INGLÊS**, que anexo a este certificado, declarando, sob compromisso de honra, que o texto foi por ela fielmente traduzido e está conforme o original.
O certificado, o documento original e a tradução serão devidamente autenticados, rubricados e assinados pela tradutora e pela identificada advogada.

TRANSLATION CERTIFICATE

(Article 38.º of Decree-Law 76-A/2006 of 29-03 and Administrative Rule no. 657-B/2006 of 29-06)

*On 16/04/2019, by me, as hereunder signed, appeared Mrs. DÉBORA FERREIRA MESTRE SHEFKIU, translator of **MULTILINGUAL EUROPE (ISO 9001:2015 - ISO 17100:2016) - (NIPC PT 514 538 562, Phone: +351 210995516, email: info@multiligualeurope.org)**, married, born in the parish of S. Jorge de Arroios, Municipality of Lisbon, Portugal, headquartered at Rua Lucinda Simões 8A, Lisbon, Portugal. The grantor's identity has been verified by the presentation of the National ID Card 140399127ZX2, valid until 11/11/2019, issued by the Portuguese Republic. The Grantor presented a document, written in **PORTUGUESE**, and its translation into **ENGLISH**, both attached to this certificate, and declared on oath that the document was translated by her and that it is a true, accurate and exact translation of the original document. This certificate, the original document and the translated documents are signed and authenticated by me and by the translator.*

Número de Registo: 58824L/ 8267

LISBOA, 16 de abril de 2019.

A Tradutora / *The Translator,*	A Advogada / *The Lawyer,*
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