BancoBNI
Banco de Negócios Internacional

ANNUAL **REPORT** 2018

INDEX

MESSAGE FROM THE CHAIRMAN

" The Bank continued with its program to restructure the branch network and to adjust the number of employees to the structure within a logic of rationalization of costs "

In 2018, BNI consolidated its position in the Angolan market, in a particularly difficult context, in which the competition has been stronger and restructured. This exercise was fundamentally characterized by some indicators that are important to retain:

- Declining inflation in relation to the previous year (18.2%) and below the estimated (28%);
- GDP contraction in 1,1%;
- Public debt to reach GDP 91%;
- Devaluation of the national currency in 46%;
- Reduction of the oil sector growth in 8,2%.

In the banking sector the following measures introduced by the BNA are highlighted:

- Abolition of direct foreign exchange sales, having gone to a price and quantity auctions scheme, with an advanced notice of them and a greater regularity in its achievement;
- With the entry into force of Notice 01 /2018, whereby BNA reduced the limits of the exchange position to 10% regardless of being long or short positions, having in December 2018 through notice 12/2018 changed again the said limit to 5%;
- Decrease in 2018 the minimum reserve requirements on BNA deposits to 17% in national currency and 15% in foreign currency, which remain unpaid;

In the BNI Bank, the 2018 financial year presents the following reference framework:

Net Assets: AOA 301.2 billion
Clients Deposit: AOA 254.3 billion
Regulatory Own Funds: AOA 24.7 billion
Credit Granted: AOA 116.4 billion
ROE: 27.30%
ROA: 2.25%

Solvency Ratio: 15.05%
Transformation Ratio: 45.8%
Net Income: AOA 6.8 billion

In order to strengthen the BanK's solidity vis-à-vis the country's economic situation, impairments were constituted in the loan portfolio of AOA 13.2 billion, making this item a total of AOA 29.5 billion.
The Bank continued with its program to restructure the branch network and to adjust the number of employees to the structure within a logic of rationalization of costs, having at the end of 2018 90 branches (86 in 2017), with a forecast of 2019 an additional reduction of 5 more branches and the conversion of some of the current branches into digital agencies. The number of workers was readjusted to 688, and there was a salary readjustment in the order of 30%. As a result, due to the program for the restructuring of the branch network under way, a reduction of the current number of workers is expected in 2019.
It should also be noted that, as in the case of the 2017 financial year, the External Auditor's basis on the bases for qualified opinion is an explicit reference across all Banks by tacit agreement of all External auditors and concerns maintenance of the state of hyperinflationary economies.

By 2019 and in relation to the macroeconomic context, we would like to point out:
- The Technical and Financial Assistance Program that has been signed with the IMF and will run for three years;
- The Government's ongoing Macroeconomic Stabilization Program, with most of the resources expected to be directed towards diversifying the economy, reducing exposure to depend on the oil sector;
- The annual Debt Plan, with emphasis on the reduction of public debt, including the lengthening of the profile of this debt with rollovers, and it is expected that most of the resources in 2019 will be obtained in the foreign market;
- Asset Quality Assessment Process of the 12 largest commercial banks, which may have an impact on the need to recapitalize some of these institutions.

BNI Bank's goals for 2019 include, among others:
- Improvement of the quality of services and the supply of new products;
- Continued innovation and renewal of technological solutions, with a view to providing an increasingly differentiated service;
- Improvement of the customer portfolio's segmentation in order to enhance its relationship with the Bank;
- Maintenance of the rationalization process of the structure costs, preparing the Bank for the sector's new challenges;
- Continuous bet on the training and qualification of our employees and the process of identifying Human Capital.

We will not fail to be attentive to the evolution of the Angolan banking system, particularly in regards to the mergers and acquisition processes that are expected as a result of the completion of the Bank's asset quality assessment work, as well as the need for Angolan banks to be increasingly strong and solid to respond with effectiveness and sustainability to the challenges facing the economy as a whole.

Finally, I would like to thank all the Bank's employees for their dedication and performance, to the shareholders for their unconditional and permanent support, to our customers, suppliers and all other stakeholders that are fundamental to the support of our activity.
We reiterate our commitment to continue contributing to the economic growth of Angola and Angolans.

Mário Abílio P. M. Palhares
Chairman of the Board of Directors

THE BANCO DE NEGÓCIOS INTERNACIONAL

BancoBNI
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MAIN INDICATORS

	2018 AKZ'000	2018 USD'000	2017 AKZ'000	2017 USD'000
Liquid Asset	301 157 541	975 861	266 794 950	1 607 940
Own Funds	13 007 674	42 150	16 234 357	97 842
Regulatory Own Funds (1)	24 717 008	80 092	20 954 406	126 290
Total Credit	86 887 739	281 548	89 940 081	542 058
Total Resources (2)	271 814 387	880 778	245 507 761	1 479 644
Financial Margin	12 938 458	50 019	11 941 469	71 973
Exchange Results	27 837 159	107 617	4 647 102	28 009
Result of the Rendering of Financial Services	3 563 197	13 775	2 577 898	15 537
Banking Product	43 556 489	168 387	19 217 993	115 829
Structure Costs	15 189 550	58 722	12 881 703	77 640
Cash Flow	18 953 174	73 272	5 180 186	31 222
Liquid Asset of the Year	6 770 096	26 173	2 002 778	12 071

	2018	2017
Total Asset Return (ROA)	2,25%	0,75%
Own Fund Return (ROE)	27,39%	9,56%
Cost-To-Income	34,87%	67,03%
Solvency Ratio	15,05%	14,11%
Base Solvency Ratio	18,56%	10.72%
Restricted Solvency Ratio	18,56%	10.72%
Overdue Credit/Total Credit	10,10%	12,24%
Credit Cover Due for Impairment	251,02%	125,58%
Total Credit Cover Due for Impairment	25,36%	15,37%
Risk Cost	8,47%	2,34%
Processing Ratio (3)	44,16%	44,40%
Number of Associates	688	720
Number of Business Center	8	8
Number of Agencies	34	39
Number of Dependencies	48	39
Number of Clients	195.079	213.376

(1) Equity calculated according to notice 2/2016;
(2) Item composed of Customer Resources, Institutions, Liability for securities and Resources of other entities;
(3) Transformation Ratio includes Customer Deposits and other Funding.

SOCIAL ORGANS

1. BOARD OF THE GENERAL MEETING

Chairman:	Rui António da Cruz
Secretary:	Vanda Marques Adriano da Costa

2. BOARD OF DIRECTORS

Chairman:	Mário Abílio Pinheiro Rodrigues Moreira Palhares
Vice-Chairman:	José Teodoro Garcia Boyol
Director:	Sandro da Cunha Pereira Africano
	Pedro Paulo Louro Palhares
	Hélio Ricardo Coelho Pitra
	Carlos Alberto Alves de Ceita
	Eva Manuela Cortez Araujo
	Julio Magalhães Lopes
	Jean Baptiste Fiscel

3. EXECUTIVE COMISSION

Chairman:	Sandro da Cunha Africano
Director:	José Teodoro Garcia Boyol
	Pedro Paulo Louro Palhares
	Hélio Ricardo Coelho Pitra
	Eva Manuela Cortez Araújo
	Carlos Alberto Alves de Ceita
	Julio Magalhães Lopes

4. BOARD OF AUDITORS

Chairman:	Manuel Arnaldo Sousa Calado
Member:	Dina Maria Leote de Oliveira
	Licínio Manuel Menezes de Assis

5. GENERAL COUNCIL

Chairman:	Carlos Maria da Silva Feijó
Permanent Member:	Luís Manuel Neves
Mandatory Members:	Presidente do CA/CE/CF
Member:	Accionistas com participação superior a 4%

6. REMUNERATION COMMITTEE OF THE BOARD MEMBERS

Chairman:	Lourenço Gomes Duarte
Member:	Arnaldo Leiro Octávio
	Celso Miguel Leiro Furtado

MISSION, STRATEGY, VALUES AND SOCIAL RESPONSIBILITY

BNI'S MISSION

We are a reference Bank in Angola. We have an in-depth knowledge of the financial sector and the markets in which we operate. We create value for our Clients, Partners, Shareholders and Employees, by offering innovative Products and Services, guiding us through high standards of conduct and corporate principles of transparency and rigor.

BNI'S VISION

We project to be a model of financial sustainability, operation efficiency and image, in the national and international market.
We intend to contribute to the success of the initiatives of our Customers, Shareholders and Employees, offering innovative and competitive solutions. We have expanded our operations to new business segments, establishing solid partnerships.

BNI'S VALUES

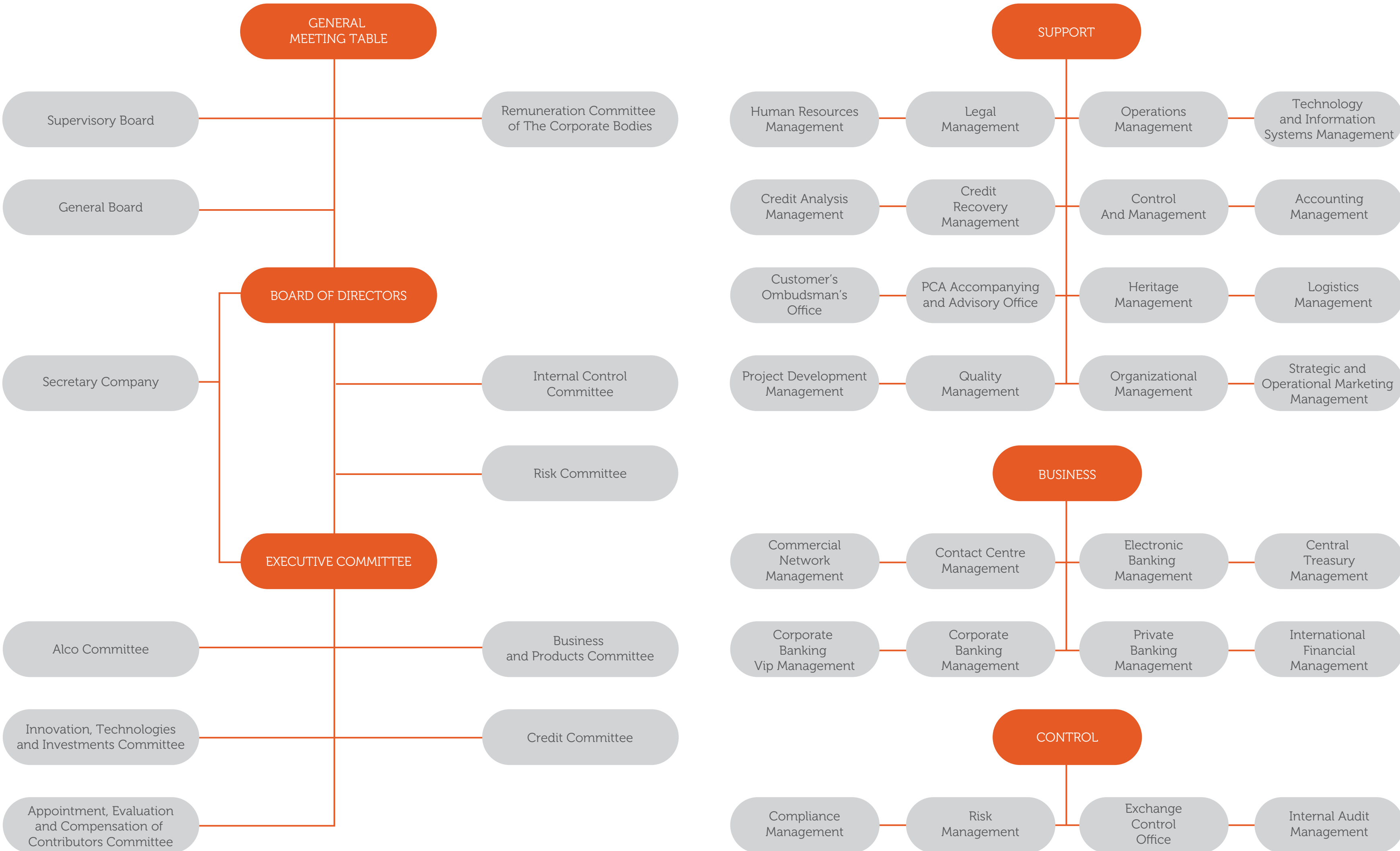
Customer Focus – We create products focused on our Customers' needs, showing total commitment to exceed their expectations, guaranteeing their satisfaction and seeking their loyalty.
Trust – Our Clients are our most important asset. We develop future relationships, based on trust, corporate sustainability, confidentiality and transparency.
Rigor – We act with ethics, conscience, responsibility and professionalism.
Innovation - We are dedicated to innovation, persisting in the creation of new tools, methodologies, products and services that put us at the forefront of the Angolan and International financial market.
Team Work - We respect people. We share the responsibility of improving our performance in order to achieve the defined goals, for everyone's success.

SOCIAL RESPONSIBILITY

Passion for People raises BNI's sense of responsibility to society, which is why we look after, respect and do everything we can to make it a better place. In 2018, the following institutions were supported:

- **Unprotected Child Project** – a project that in partnership with the social area of the Hospital David Bernardino held a snack on December 5th 2018, in Alioune Blonde Baye Park, with children with special needs;
- **AOAANangola** – Solidarity Christmas in which a great activity was carried out for children, with the participation of children from the Hoji Ya Henda urban district and in which the activity had recreational moments, food and donation of goods;
- **CHESS SCHOOL OF LIXEIRA SOCCER CLUB OF SAMBIZANGA**, through which the best conditions for the practice of the modality were provided to the users, through the provision of tables, chairs and chessboards, having also been painted all the school interior;
- **Provincial Service of Pediatrics of Cuanza Sul** – Support in obtaining expendable clinical material as well as medications;
- **SOLIDARY CHRISTMAS** which took place in 2018 at the initiative of the Employees, the BNI visited the Aflitos Consolation Center to deliver donations and fraternize with the children.

ORGANIC STRUCTURE



CORPORATE MANAGEMENT MODEL

CORPORATE MANAGEMENT MODEL

BNI's Corporate Governance Model respects and satisfies the requirements mentioned in the Basic Law on Financial Institutions no. 12/2015 of 17 June, the Commercial Companies Law, the Bank's Articles of Association and other legislation complementing the activity, aligned with the best international and national standards, with a view to safeguarding the interests of shareholders, customers, employees, suppliers and other related parties.

In compliance with the regulatory provisions, The BNI Bank implements a corporate governance model that is best suited to its size, structure and the company's day-to-day management and risk organizational processes, covering the capital structure, business strategy, risk management policies and processes, units and organic structures and the policies applied, in particular:

a. Remuneration policy;
b. Policy to avoid conflicts of interest;
c. Policy of transparency and disclosure of information.

1.1 THE GENERAL MEETING

In addition to the provisions of the law, it is the responsibility of the General Meeting in particular to:

a. Elect the members of the Board of the General Meeting of Shareholders, the Board of Directors and the Supervisory Board and appoint the respective Chairmen;
b. Elect the members of the General Council;
c. To appoint the members of the Remuneration Committee;
d. To approve the management report and accounts for each financial year, as well as the opinion of the Supervisory Board;
e. To resolve on any capital increases proposed by the Board of Directors;
f. To approve its Internal Regulations.

BNI's General Meeting represents the universality of shareholders with voting rights, in accordance with the law and the articles of association.

The functioning of BNI's General Meeting of Shareholders is governed by the general rules and in particular the rules established in its Regulations.

1. The General Meeting shall be held:
   a. In ordinary session, in the first quarter of each year, for the purposes of the provisions of the Commercial Companies Law;
   b. In an extraordinary session, whenever convened by the Chairman of the Board, on his own initiative or at the request of the Board of Directors, or the Supervisory Board, to deal with any matters that should be deliberated by this body.
2. The General Meeting shall also be convened when one or more shareholders holding shares with a value corresponding to at least 5% of the share capital so request, in writing by the Chairman of the Board, stating the reasons justifying the need for the meeting and the latter granting the request.
3. The remaining operating rules are set out in the Regulations of the General Meeting of Shareholders.

1.2 BOARD OF DIRECTORS

BNI's Board of Directors is the corporate body responsible for overseeing the general interests of the company, performing all the necessary or appropriate acts for the development of the activities provided for in the corporate object. The Board of Directors consists of 11 resident members, elected by the General Meeting. In accordance with the articles of association, the Board of Directors guarantees the interests of the Shareholders and is also the body responsible for the overall management of the Bank, proposing and ensuring the implementation of the approved Business Plan.

This board is composed of 11 members elected by the General Meeting.

The Board of Directors is responsible, without prejudice to the attributions that are generically attributed to it by law and to the other attributions that are attributed to it by the Statutes considered for the International Business Bank:

a. To define the general policies of the Bank and to approve the annual and multi-annual plans and budgets;

b. Establish the Bank's internal organization and delegate powers along the chain of command;

c. Manage the Bank's activity, carrying out all acts and operations within its corporate purpose;

d. Propose, fundamentally, possible amendments to the articles of association and the necessary capital increases, as well as the criteria for granting the right to subscribe for shares to members of the Bank's staff, in cases where a decision has been taken to reserve a number of shares for subscription by the Bank's staff;

e. To acquire, encumber and dispose of any assets and rights, whether movable or immovable, including shareholdings in the capital of other companies, irrespective of the respective object, and positions in inter-company cooperation organizations, whenever it deems convenient for the Bank, with the restrictions set out in the law and the articles of association;

f. To resolve on the issue of bonds or any other debt securities within the limits established by law;

g. Prepare the accountability, the financial statements and the proposal for the appropriation of profits to be submitted to the General Meeting of Shareholders;

h. To appoint agents or attorneys for the exercise of specific acts;

i. Execute and enforce the legal and statutory precepts and the resolutions of the General Meeting.

The Board of Directors is also responsible for defining, formalizing, implementing and periodically reviewing:

a. The business strategy;

b. The relationships, policies and processes of authority, delegation of powers, communication and provision of information;

c. The criteria for the classification of relevant operations, taking into account the amount, associated risk or special characteristics;

d. The policies and processes related to:

   i. Risk management and Compliance;

   ii. Employee Remuneration;

   iii. Ethics, integrity and professionalism;

iv. Transactions with related parties;

v. Prevention of conflicts of interest; and;

vi. Prevention and detection of operations suspected of criminal activities or fraud situations.

The Board od Directors may delegate its powers to the Executive Committe.

1.3. EXECUTIVE COMMITTEE

POWERS OF THE EXECUTIVE COMMITTEE

1. In accordance with the resolution of the Board of Directors, the day-to-day management of The BNI Bank was delegated to the Executive Committee, which includes all the management powers necessary or convenient for the exercise of the Bank's activity, under the terms and to the extent set out in the Law, and in particular the powers to decide and represent BNI in the following matters:

a. Propose to the Board of Directors the internal organization of BNI and delegate powers along the chain of command;

b. To ensure the implementation of the Bank's general policies and strategic guidelines defined by the Board of Directors;

c. To guarantee the proper execution of the policy for relations with the authorities, especially with the foreign exchange authority, as well as with the tax authority;

d. Ensure proper implementation of approved plans and budgets through adequate management control;

e. Propose to the Board of Directors the opening or closure of subsidiaries, branches, agencies, representative offices or other forms of representation in national registries;

f. Ensure the application of the salary scale, in accordance with the policy defined by the Board of Directors, as well as authorizing the movement of personnel;

g. Decide on the conduct and sanctioning of audits and inspections;

h. Approve the policy on prices to be charged to customers, after consulting the respective Committee;

i. To ensure permanent compliance with the prudential ratios in force at all times, as well as with all the rules issued by the monetary authority;

j. To implement the policies defined by the Board of Directors on the various types of risk in BNI's activity;

k. Hire suppliers of goods and services, proposing to the Board of Directors regulations governing market consultations;

l. Grant credit or financing operations up to the maximum limit established in the complementary document;

m. Propose the provision of remunerated personal guarantees;

n. Propose the provision of real guarantees whose object is transferable securities, and which are necessary or convenient for the pursuit of the activities included in the company's object;

o. Carrying out foreign exchange transactions strictly necessary to hedge current operations;

p. Propose to the Board of Directors the acquisition, disposal or encumbrance of any other securities;

q. Propose to the Board of Directors the acquisition, disposal and encumbrance of movable and immovable assets up to the limit established in the complementary document

r. Exercise of disciplinary authority and application of any sanctions;

s. Issuance of instructions binding on companies that are with the company in a group relationship constituted by total control;

t. Representation of the company in or out of court, both actively and passively, including the initiation and contestation of any judicial or arbitration proceedings, as well as the admission, withdrawal or transaction in any proceedings and the assumption of arbitration commitments, subject to a decision taken by the Board of Directors;

u. Appointment of proxies to carry out certain acts, or categories of acts defining the extension of the respective mandates within the scope of the powers delegated by the Board of Directors;

v. Other powers that may be delegated for specific matters, and the Board of Directors shall grant the respective mandate;

2. Executive Committee members are assigned responsibilities to ensure proper segregation of duties;

3. The Executive Committee shall keep the Board of Directors regularly informed of situations that go beyond the delegation of powers, requesting its immediate ratification by the Board of Directors.

1.4. SUPERVISORY BOARD

The supervision of BNI's business is carried out, under the terms of the law, by a Supervisory Board composed of three full members and one or two alternate members. The Supervisory Board meets within the time limits established by law and extraordinarily whenever requested by the Chairman, the majority of members or the Board of Directors.

Resolutions are taken by a majority of votes and the presence of more than half of the members in office is mandatory.

POWERS OF THE SUPERVISORY BOARD

1. Supervise the management of the Company;
2. Supervise the effectiveness of the risk management system, the internal control system and the internal audit system;
3. Verify the regularity of the books, accounting records and supporting documents;
4. Verify whether the accounting policies and valuation criteria adopted by the Bank lead to a correct evaluation of assets and results;
5. Verify the accuracy of the financial statements;
6. Receive communications of irregularities submitted by shareholders, company staff and others.

1.5 GENERAL COUNCIL

The General Council is an advisory body to the Bank, consisting of no more than 15 members.

COMPETENCIES OF THE GENERAL COUNCIL

The General Board is responsible for collaborating with the Bank's Board of Directors by issuing prior opinions on matters submitted to it and also on the strategic guidelines for the development of the Bank and of all those that, due to their special relevance to the Bank, are submitted to it for consideration by the Board of Directors. The General Board shall, but not necessarily by way of a binding decision, pronounce on the resolutions of the Board of Directors and the General Meeting relating to such decisions:

- Important extensions or reductions of the Bank's activity;
- Co-optation of Directors
- Appointment of the Chairman of the Board of Directors in case of replacement;
- Annual Accounts Management Report;
- Change of registered office;
- Share capital increase;
- Division projects, transformation of the Company.

1.6 REMUNERATION COMMITTEE OF THE CORPORATE BODIES

The remuneration of the corporate bodies is defined by the Remuneration Committee of the corporate bodies, which is responsible for it:

a. Determine the various components of the remuneration, whether fixed or fixed and variable, depending on the Governing Bodies to which it is intended, and any benefits or complements, in particular to retirement pension supplements for old age or disability;

b. Define the respective remuneration policy and set the remuneration of the members of BNI's corporate bodies in accordance with the defined policy;

c. Monitor the evolution of the Bank's situation for the purposes of weighting and determining the variable remuneration of the members of the Board of Directors;

d. To evaluate the members of BNI's Executive Committee, with a view to determining their annual variable remuneration;

e. Monitoring the contractual vicissitudes of the mandates of the members of the Governing Bodies with an impact on their remuneration, particularly in the event of their suspension or termination;

f. Evaluate the consequences, within the scope of the remuneration policy, of the possible receipt, by the members of the Board of Directors, of any remuneration by virtue of the exercise of functions in subsidiaries or participated companies;

g. To inform shareholders, at annual general meetings for approval and accounts, of the criteria, parameters and methods for calculating the remuneration policy of the members of the Governing Bodies and the assessment of the performance of the executive members of the Board of Directors.

1.7 AUDITORS

The external audit is ensured by PWC - Pricewaterhouse Coopers, appointed in 2015 to 2018, under the conditions defined in Notice no. 4/13 of 22 April.

For day-to-day management, the Board of Directors and the Executive Committee have 7 committees as bodies of interdisciplinary composition, important auxiliaries for the Bank's management

The following Committees are established to support the Bank's management:

- Employee Nomination, Appraisal and Remuneration Committee;
- Innovation, Technology and Investment Committee;
- Internal Control Committee;
- Assets and Liabilities Committee;
- Risk Committee;
- Business and Products Committee;
- Credit Committee.

HISTORICAL MILESTONES

2006

BNI is constituted the International Business Bank, by public deed on February 2nd obtaining a license from the National Bank of Angola on the 10th of the same month.

2007

Inaugurated the first branch of the 24 express network for the retail segment and creation of the BNI Business center for the Corporate and Private segment.

Contract with Mastercard, with exclusivity for Angola in the issuance and acquiring of credit cards.

2008

First Shareholder's General Meeting approves capital increase for AOA 4,165,993.00 thousands.

Opening of branches Express Network 24 in Lubango, Cunene, Viana, Soyo and INE and the first business center of Lobito.

2009

Opening of several agencies in Luanda and in the provinces of Cabinda, Huambo, Cuanza Sul and Benguela, and the business centers of Cabinda and Lubango.

Launch of the Internet Banking portal.

2010

BNI has 43 branches and 24 Business Centers.

2011

Participation in the banking union to finance new TAAG aircraft.

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

2012

BNI rebranding, adoption of new image, new identity and new logo.

Extinction of the Express Network 24. Retail will be worked by the BNI network and the Private and Corporate segments by BNI prime.

2013

BNI receives awards: The Bizz 2013 – World Business Leader, Bizz 2013 – Inspirational Company, The Majestic Five Continents Award for Quality and the 2nd best Angolan Bank (KPMG) among others.

Opening of 15 new branches. Total network of: 77 counters.

2014

TAAG's banking syndicate leadership in the financial transaction of acquisition of three new generation Boeing 777-300ER.

Increase in share capital to 150 million dollars. Opening announcement of BNI Europe in Lisbon, Portugal, with a capital of 25 million euros, for the private and corporate segments.

2015

BNI Europe receives the most innovative bank prize in Portugal for 2016 (International Finance Magazine).

BNI Europe subscribes €500 million credit line to support Angola/Portugal business relationship.

2016

BNI continues to support underprivileged children from Clube Sixeira do Sambizanga, with subsidy for schools, shows, games of soccer and distribution of meals.

Participation in the international financing of two Boeing 700-300ER aircraft from TAAG (Iona and Morro do Moco).

2017

BNI, in the quality of agent, leaded the bank union which gave a financing to the ministry of finance in kwanzas equivalent to 400 million dollars.

11th Anniversary of BNI held in Huila Province.
Inaugurated Insurance Alliance Insurance with a share capital equivalent to 10 million dollars.
Inauguration of the BNI Contact Center, in Luanda.

2018

BNI offers two mobile applications fot Internet Banking and BNIX services.

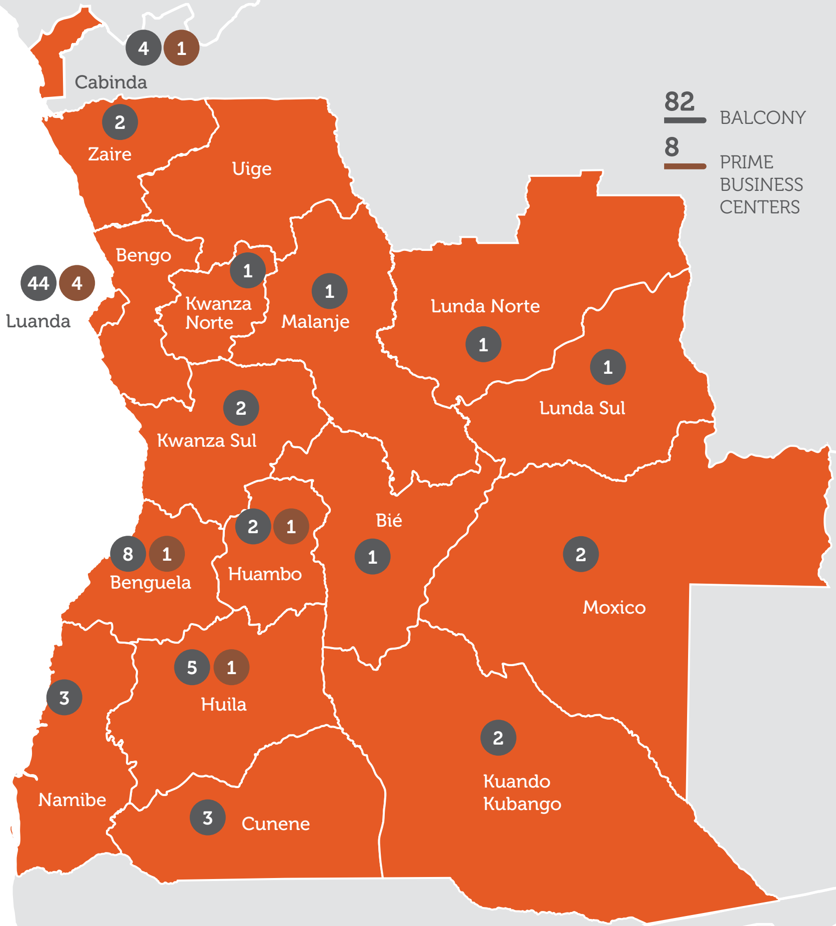
BNI is nominated for ACCPA Compliance awards.

BNI was selected to receive the gold and silver award from the worldwide organization for quality.

Opening of BNI Prime Patriota.

GEOGRAPHICAL PRESENCE AND NETWORK OF BRANCHES

BNI's strategy is to be with its Customers, based on a policy of sustained growth. At the end of 2018 the Bank had a total of 90 branches (4 more than in 2017).
In Luanda, the Bank operated 4 Business Centers, 44 Agencies and Service Units, against 4 Business Centers, 36 Agencies and Dependencies in the remaining Provinces of the Country.



EVENTS AND RELEVANT FACTS

CAMPAIGNS

AUTOMATIC PAYMENT TERMINAL

Campaign to raise awareness of how Merchants can obtain an Automatic Payment Terminal (TPA) and enjoy its advantages and safety, speed and convenience.

BNIX'S SERVICE

Campaign to launch the BNIX's service mobile application for devices running the Android and iOS operating system.

BNI 12 YEAR

In celebration of our 12th anniversary, we launched the new BNI 12 YEAR product campaign.

BNI SUPERFLASH

Campaign to relaunch BNI SUPERFLASH term deposit product.

EMIS CARDLESS SURVEY SERVICE

Launch of the campaign of the cardless survey service, and we were the pioneering Bank to make the EMIS Cardless Survey Service available in its ATM network.

BNI MOBILE BANKING APPLICATION

Launching of the campaign for the new BNI mobile banking application, which aimed to present a set of services and functionalities available 24 hours a day, in a personalized way that allows our Customers to consult banking information of their accounts, as well as conduct transactions banking services.

BNIX MOBILE PAYMENTS

Launch of the 2nd phase of the BNIX mobile payments service campaign.

SPONSORSHIPS

During the year 2018 BNI sponsored the following events:

- Investor Fair, with the aim of promoting a culture of savings among economic agents and combating Financial Literacy - CMC – Capital Markets Commission;
- Center for Studies and Scientific Research of the Catholic University of Angola – CEIC-UCAN;
- Expo Congo;
- Barefoot Association - TEDx Luanda 2018;
- Embassy of Cape Verde in Angola – Commemoration of the 43rd Anniversary of the Independence of the Republic of Cape Verde;
- PromoFun – Christmas Fair, Central to Kilamba;
- Edicenter Publications –E&M Conferences – Digital Transformation in the Bank;
- Building Maintenance Fair – Central to Kilamba;
- LAC Radio -2nd Edition of the Journalistic Project "Walk the Country";
- DJI Tafinha Unplugged – Conversation Program to the South of the Portuguese television network RTP;
- Embassy of Angola in the United Kingdom – Commemoration of the 43rd Anniversary of the Independence of the Republic of Angola;
- Winter Edition 2019 – The European;
- Angola Business Forum – Investment Guide for Angola;
- Jazz Festival– Afrikkanitha Singer;
- Expansion Newspaper – VIII Bank Forum;
- Deana Arena By Sapo – World Soccer Championship;
- Association of Friends of Sambizanga – 3rd Edition of the Luanda Futsal Tournament;
- World Compliance Association – Association of International Compliance Professionals.

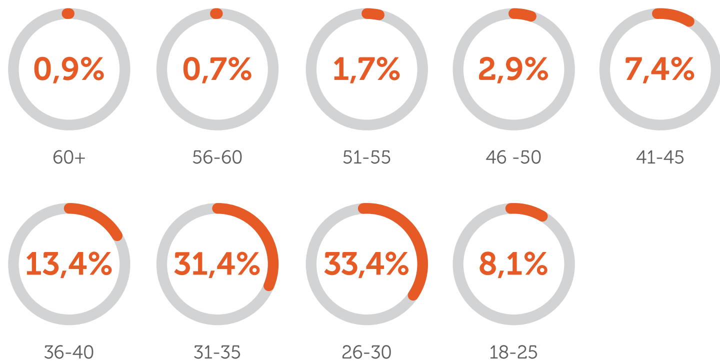
HUMAN RESOURCES

HUMAN RESOURCES

BNI concluded the year 2018 with 688 employees, 32 fewer than in the same period of 2017.

PERCENTAGE OF EMPLOYEES BY GENDER

EMPLOYEES BY AGE GROUP



ACADEMIC LEVEL

ELEMENTARY SCHOOL	HIGH SCHOOL /PRE-UNIVERSITY	UNIVERSITY ATTENDANCE	DEGREE	POST-GRADUATION	MASTERS DEGREE OR OTHER	TOTAL OF EMPLOYEES
6	65	362	231	12	12	688
0,9%	9,4%	52,6%	33,6%	1,7%	1,7%	100%

EMPLOYEES BY SENIORITY

YEARS	WOMEN	MEN	TOTAL
Less than 1	11	27	38
1	45	36	81
2	28	15	43
3	36	39	75
4	65	87	152
5	19	55	74
6	33	35	68
7	18	29	47
8	29	30	59
9	18	11	29
10	3	14	17
11	1	4	5
Total	**306**	**382**	**688**

ACTIVE PERSONALIZATION BY CATEGORIES (%)

TOTAL COLLABORATORS BY CATEGORIES

CATEGORIES	NUMBER OF EMPLOYEES	%
Administration (President, Vice-Presidents, Administration and CA Advisors)	13	2%
Directors (Directors, Deputy Directors, Managers, Deputy Managers)	92	13%
Intermediate Heads (Department Heads, Treasurers, Coordinators)	105	15%
Technicians (Technicians, Inspectors and Managers)	185	27%
Operational Administrations	293	43%
	688	**100%**

EMPLOYEES BY PROVINCE

BNI GROW PROJECT

"BNI Grow Project" was created in order to align the tools, practices and actions that should be adopted by BNI, based on the strategic vision of the Brand.

The BNI Grow Project aims to:

1. Increase knowledge of the organization;
2. Foster the consolidation of organizational culture;
3. Reinforce the visibility of Leadership;
4. Raise the level of communication skills of the leaderships;
5. Create consistency in Internal Communication for change.

The 10 CHALLENGES proposed by this project:

BNI GROWTH NEWSLETTER

During the year 2018, the Department collaborated with the Strategic and Operational Marketing Board in the preparation of 5 editions of the Newsletter, related to the activities of the Sports Commission that took place all year round.

BNI IS THE BEST

BNI is the Best is a program of sport activities, aiming the dynamization of cheerleading, promoting well-being and a healthy living posture of BNI employees.

In 2018, several sporting activities were carried out always aimed at the activation of team spirit, fraternization and sports practices.

We had the following activities:

FAMILY MARCH
Two Family Marches were held in 2018. One in the province of Cabinda and another in Luanda, these events marked the beginning and end of the 2018 Sport activities.

- **Cabinda**
  The 1st Edition of the 2018 Family March was held on March 24th 2018. The event took place in the Banking Sports Field, Cabinda Province, where the Dance Instructor, Alberto Villar, showed the best of his talent, leading everyone to dance with a lot of adrenaline.
- **Luanda**
  It was held on December 8th 2018, at the Pôr-do-Sol restaurant, and marked the last Event of the program of the Sports Commission for 2018, and was extended to the Employees' families.

The helding of this event allowed the Employees to enjoy the purpose advocated by the Sports Commission which is the fraternization, the interaction between Employees, and of course, the practice of sports.

Given the excellent environment the DJ provided through the music selection, the dynamics of the Family March were a real challenge to the coordination of the participants, who were not intimidated, being able to follow in the instructor's footsteps, Bruno Samora, who with his motivating force and good mood led the participants to give their best.

BNI CROSSFIT DAY

It was held on May 26th 2018, BNI Crossfit Day, an event in partnership with the Ultimate Burn Academy, where through physical activity, and under the orientation of qualified professionals, BNI employees, family members and close friends were offered moments of fraternization using exercises.

During the exercises, despite the fatigue, we observed very positive aspects of Crossfit, which was the setting of goals to be overcome, together with other interesting points such as the use of a dynamic training and quite different to each session, which allowed the break of monotony.

BNI GROWING – CHILDREN DAY

In allusion to the month of the children, and in the framework of the project "My Family is the BNI", the HRD in collaboration with the Sports Commission held on June 23rd an event specially aimed at employees' children, aged 0 to 12 years old. The same took place at Club Piscinas and lasted 8 hours.

This event was intended to provide interaction between parents and children and between children, which was accomplished, because among tricks and games, smiles and dancing, the children made evident their joy in interacting with each other and their parents.

AQUAZUMBA

It was held on October 13th 2018 Aquazumba, which is an activity that combines some of the traditional elements of water aerobics classes (such as jumping jacks and cross-crounty) with joyful Latin-inspired dance moves.

In the activity, it was promoted the aerobic resistance and/or resistance training and the creation of a pleasant atmosphere with the music, merengue, salsa, Cumbia-in-fused movements and rhythms and other rhythms were mixed with family exercises, an easy-to-follow dance program that helps build muscle strength, increase bone density, and improve mobility, posture, and coordination – integrates Zumba's formula and philosophy with traditional water aerobics.

A highlight was the variety of lively music that was played during class, the excellent music selection, which kept the energy high and allowed a truly fun festive atmosphere.

QUARTERLY COLLABORATOR

In 2018, we had all the competitions "Developer Trimester" and three (3) classified, which I will mention below:

- **Francisco Fontoura**
  Organization Technician in Organization Management;
- **Ecrizileina Maurício**
  Computer Operations Technician at the Technology and Information Systems Department;
- **Márcia Augusto**
  Payments Technician in the Accounting Department.

The aforementioned winners were awarded the following prizes:

- Assignment of a Candado Card for purchases up to 20,000.00 AOA for the first two classified;
- Offer of a Candado Card in the amount of 25.000,00 AOA, for the 3rd Classified, namely Márcio Augusto.

QUIZZ COMPETITIONS 2018

In 2018, we had all the "Quizz" competitions and three (3) classified contests, which will be mentioned below:

- **Leida Baxe**
  GAAPCA Coordinator;
- **Adolfo Vidal**
  Risk Technician at the Risk Division;
- **Yolanda Fonseca**
  Organization Technique in the Organization Management.

For the first classified of the year, namely Leida Baxe, the award was not granted, the collaborator Adolfo Vidal was offered an Equivalenza Kit and Yolanda Fonseca was awarded a Candando Card with a plafom of 25,000.00 AOA.

TRAINING
AND QUALIFICATION OF STAFF

During the year 2018, 47 training courses were carried out, covering a total of 675 employees form all the Bank's Directorates, totaling 33,264.5 hours of training and a total cost of KZ 103,866,895.16 corresponding to more than 25.87% of the annual budget approved by the CA for the same year, taking into account the exchange rate and the depreciation/devaluation of the currency.

All the training actions were evaluated by the participants through the completion of an Assessment Sheet. From the results of the evaluations for the year 2018, we highlight the following positive evaluations by the participants:

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

The responses illustrate a mean satisfaction rate of approximately 90%.

Nº	DESIGNATION	TYPE OF TRAINING
1	ISO-9001:2015 – Implementation of the Quality System	External
2	Induction to New Employees	Internal
3	Leadership	External
4	MS Project	Internal
5	IFRS	Internal
6	BCFT	Internal
7	Implementation of the Quality System	External
8	English	External
9	Fire Prevention and Extinguishing and Provision of First Aid	External
10	PAD	External
11	Executive Secretariat	Internal
12	Certification in Compliance and Training in AML/CFT	External
13	Contact Center Training - App	Internal
14	Credit Analysis Process	Internal
15	SMS BNIX Version	Internal
16	BNI NET	Internal
17	Bizcard	Internal
18	CRM Clarification Session	Internal
19	Advanced Business Simulation	External
20	Mastercard and Visa	External
21	Workshop Microsoft Premier Open	External
22	Senior Management Program	External
23	BNIX	Internal
24	OGE 2018 Conference	External
25	Rating Tools	External
26	Seminar on Rules and Procedures for Commercialization of Foreign Currency	External
27	Mastercard Academy	External
28	Network Associated Procedures	Internal
29	Presentation of the New Settlement Tool	Internal
30	Recovering Machines	Internal
31	Coaching	External
32	Commercial Network Control Procedures	Internal
33	Account Chart for IFNB and OIC´S, SA	External
34	Projects	Internal
35	Processes	Internal
36	Disciplinary Procedures Management Workshop	External
37	Rules Governing Visa Disputes	External
38	Presentation of the BODIVA Investor Portal	Internal
39	Clarification Session on Product Licensing, Financial Services and Advertising Campaigns	External
40	Presentation of the BND term BNI	Internal
41	Efficient Chargeback, Arbitration and Compliance	External
42	Mini MBA Specializing in Compliance	External
43	Risk	Internal
44	2nd Executive HR Brunch	External
45	Contact Center Management	External
46	PMI's 2nd Annual Conference	External
47	Cross Selling	External

CAREER MANAGEMENT

CAREER DEVELOPMENT PLANS

The Career Development Plan acts as a guide, which contributes to the professional advancement and success of the employee in the work environment.

During 2018, 61 Advocacy/Appointment processes were completed, 38 exemption processes under the BNI Career Development Plans. Remakes of competencies were made, and the requalification of the functions of the 32 Directorates and Offices, totaling 236 Functions. No training actions were taken in 2018.

ACTIVITIES	TOTAL- ANNUAL 2018
Promotion/Nomination	61
Exoneration	38
Remapping Skills	32-Directorates 236- Functions
Requalification of Functions	236-Functions- Directorates- 32

CORPORATE UNIVERSITY

Distance Learning (also known as EAD) is a new teaching alternative that people have found to acquire their Diploma, with flexible hours and study shifts, in order to gain a good job or to increase their position within the organization.

During 2018, UCB implemented the following courses in partnership with UGS:

- Class of equivalences in Bachelor in Banking Management (IMETRO) the degree in Organization and Company Management and Human Resources Management (UGS);
- Twelve (12) collaborators to attend, by equivalences of other higher education institutions (IES) undergraduate courses by UGS and eleven (11) by IMETRO.

UCB – EQUIVALENCES	INTERNAL	EXTERNAL
Total/Students:		
Ugs Equivalence Projects	42	23
Imetro Equivalence Projects	14	11

In partnership with the FGF/IAD, 8 postgraduate projects using the Distance Learning method (EAD) with 28 enrolled employees.

UCB - PROJECT MBA POST-GRADUATION

Courses	8	Business Management, Financial Management, Project Management, Team Management, Comercial Network Management, Information Network Management, Leadership and Team Management, Banking Management, Health Management.
Total/Hours	30 Hours/ Month	Workload is 360 hours composed by distance classes and online job submission.
Total/Students	28 Students	Post-Graduations: Through a partnership with the Great Fortaleza College of Brazil and the High Performance Institute (IAD) and the methodology of distance learning, it was possible to enroll 25 employees in postgraduate courses in several areas of knowledge.

OTHER PROJECTS

IMETRO / UGS

It is a special project with students/collaborators with a bachelor's degree in Banking Management from IMETRO, an Institution with whom we have an institutional partnership since 2014 and which, under this partnership, has been a source of privileged Recruitment through academic internships (curricular) and vocational. This project allows them, in a space of 14 months, to obtain, by equivalences, the academic degree of Graduates in Organization and Management of Companies by the University Gregório Semedo.

UCB / UGS

Through an institutional agreement between the BNI Corporate University and the Gregório Semedo University, a special group was negotiated, which included about 14 students enrolled in the equivalence project, including a student enrolled in the UGS Master's program.

INTELECTUS- MANAGEMENT AND TRAINING

Arrangement established with BNI and Intellectus aims to allow both to create projects of Bachelor equivalents of Banking Management in a single special group, covering all the institution's employees as well as their friends and relatives.

GREAT FORTRESS FACULTY AND HIGH PERFORMANCE INSTITUTE (BRAZIL)

Through the methodology of distance learning with monitoring and distance monitoring, it was possible to enroll 21 students between internal and external postgraduate courses in various areas of knowledge. In January of this year, the 4th group of the MBA project was started, with 10 students enrolled, totaling 31 students. Until the present date there were some dropouts totaling 27 Internal/External students.

RECRUITMENT AND EMPLOYMENT

Attracting and maintaining talent is the great challenge of People Management. The beginning of this challenge lies in identifying the right person for the right place in the companies. This time, in 2018, the Recruitment and Employment was focused in this task, and engaged in the choice of the best professionals, those who could contribute positively to the achievement of the institutional goals.

The following is a summary of the Recruitment activities:

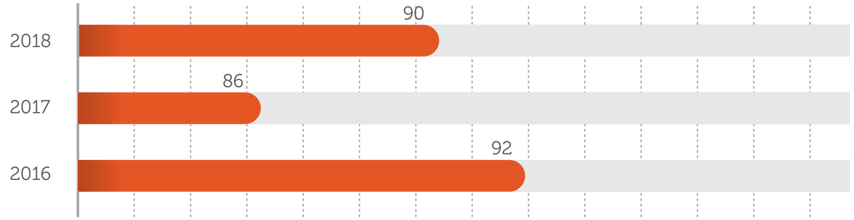
ACTIVITIES	TOTAL- ANNUAL 2018
Admissions/Induction	46
Interviews	197
Applied Tests	277
Medical Exams	201
Professional Internship	45
Applicants' Criminal Register Request	185
Curricular Internship	61
Interns turned to permanent	4
Accrued	0
Accrued turned to permanent	6
Training and Induction Program	1
Internal Recruitment by vacancies	34

BUSINESS DEVELOPMENTS

Brief notes on the main indicators:

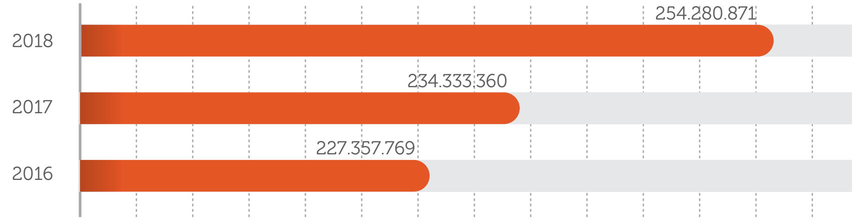
NETWORK BRANCHES

BNI has a total of 90 branches at the service of its customers, of which 8 business centers, 34 branches and 48 offices.



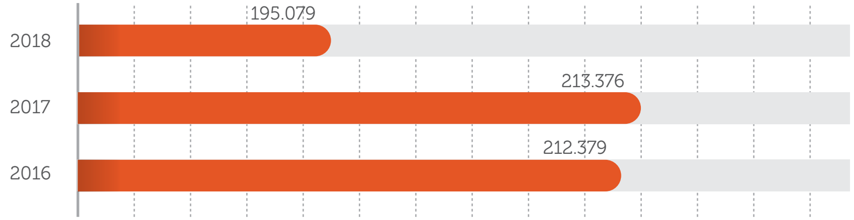
CUSTOMER DEPOSITS AND OTHER LOANS (AMOUNTS IN AKZ'000)

The continuous increase in funding (+9%) reflects the markets confidence in the Bank.



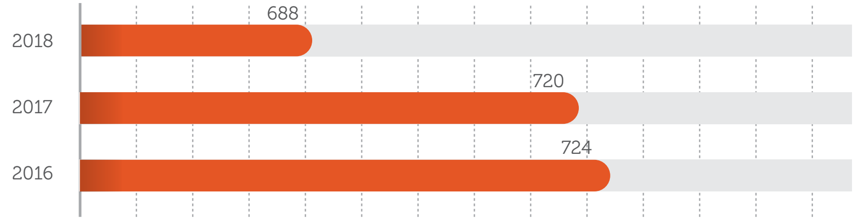
CUSTOMERS

The Bank's customer portfolio reached a total of 195,079 in 2018.



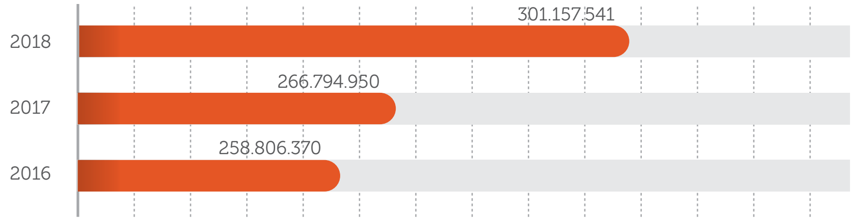
EMPLOYEES

Reduction of staff members in line with better staffing in the Bank's structure.



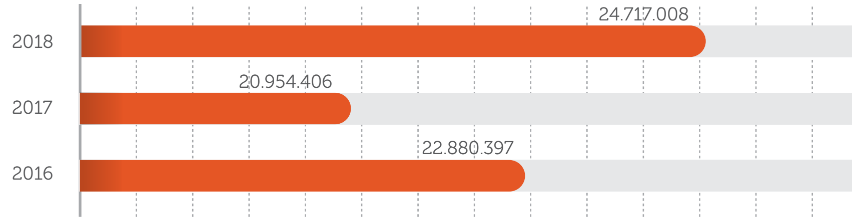
TOTAL ASSETS (AMOUNTS IN AKZ'000)

The Bank shows na increase of 13% of its assets compared to 2017, reflecting the growth in activity and the collection of deposits.



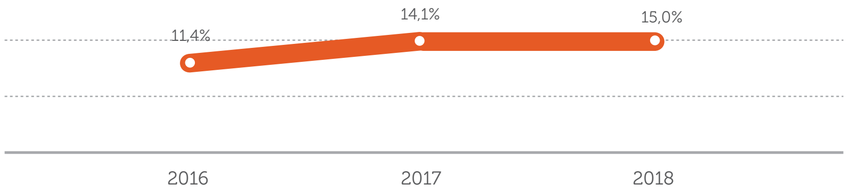
REGULATORY OWN FUNDS (AMOUNTS IN AKZ'000)

Growth of 18% Regulatory Own Funds



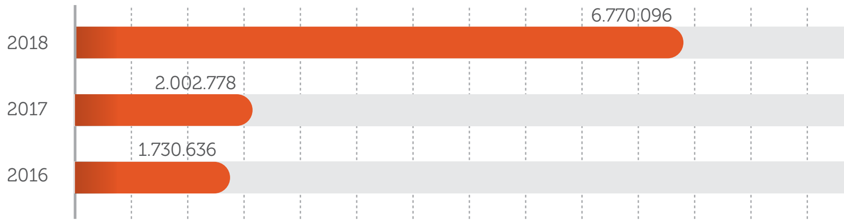
SOLVENCY RATIO

Financial soundness of the Bank, with a solvency ratio of 15%, higher than the minimum required (10%)



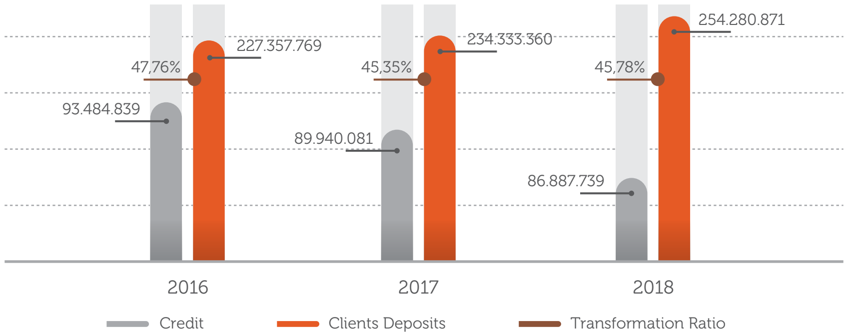
NET INCOME OF THE FINANCIAL YEAR (AMOUNTS IN AKZ'000)

Increase in net profit compared to 2017 (+238%)



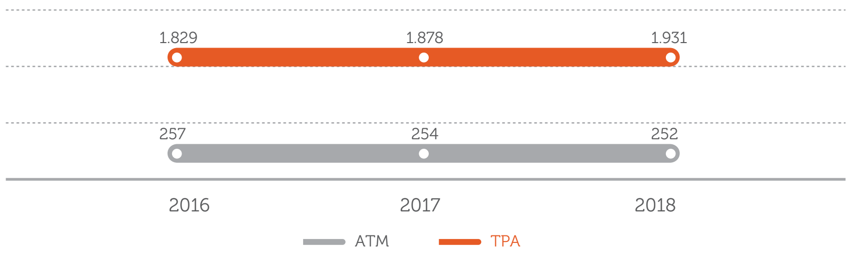
CUSTOMER ACTIVITY (VALUES IN AKZ'000)

Increase in the Transformation Ratio, a consequence of the increase in customer funds, and the reduction of credit.



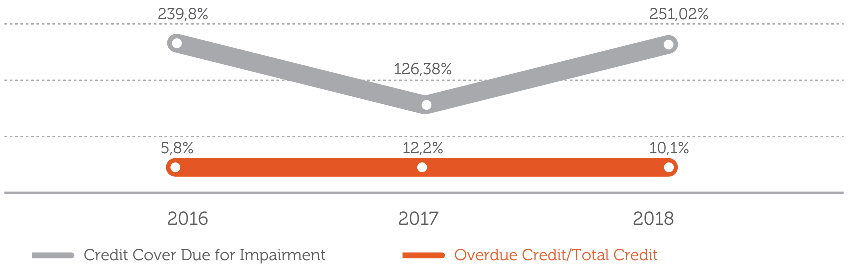
ATM'S AND TPA'S

Growth in the number of TPA's, providing a greater number of alternative channels if relationship with the Bank.



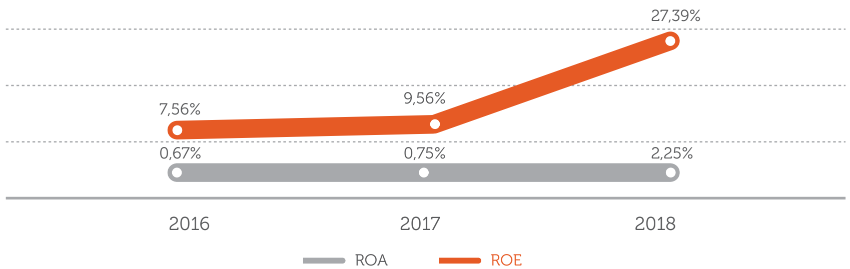
CREDIT QUALITY

Decrease in the ratio of overdue credit and increase in the ratio of overdue credit coverage to impairments.



ROE AND ROA

Improved profitability of assets and own capitals.



BUSINESS UNITS

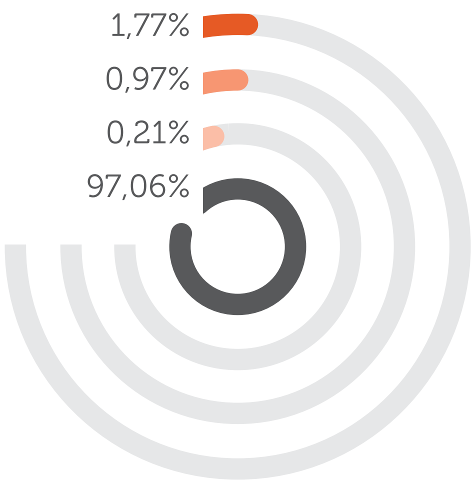
BNI Prime Corporate: is dedicated to the segment of high income companies. At the end of 2018 this unit reached a total of 1,897 Clients (0.97% of the Bank's total), AKZ 106,311,202 thousand in clients deposits (42.09% of the Bank's total) and AKZ 72,148,490 thousands in credits (68,89% of the Bank's total).

BNI Banking Vip: it's dedicated to a specific core of high income companies. At the end of 2018 this unit reached a total of 401 Clients (0.21% of the Bank's total), AKZ 53,728,743 thousands in client's deposits (21.27% of the Bank's total) and AKZ AKZ 19,561,648 thousand in credits (18.68% of the Bank's total);

BNI Prime Private: unit dedicated to the private segment of high income. At the end of 2018 this unit reached a total of 3,447 Clients (1.77% of the Bank's total), AKZ 59,695,661 thousand in clients deposits (23,63% of the Bank's total) and AKZ 3,022,692 thousand in credits (2,89% of the Bank's total).

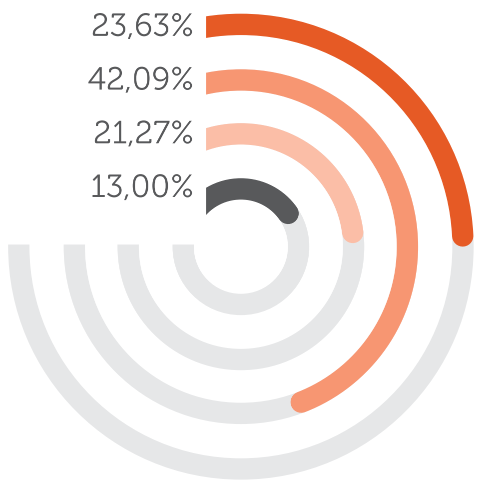
BNI Net: area dedicated to the retail segment, with 189,334 clients (97.06% of the Bank's total), AKZ 32,846,402 thousand in clients deposits (13.00% of the Bank's total) and AKZ 9,997,410 thousand in credits (9.55% of the Bank's total).

CLIENTS



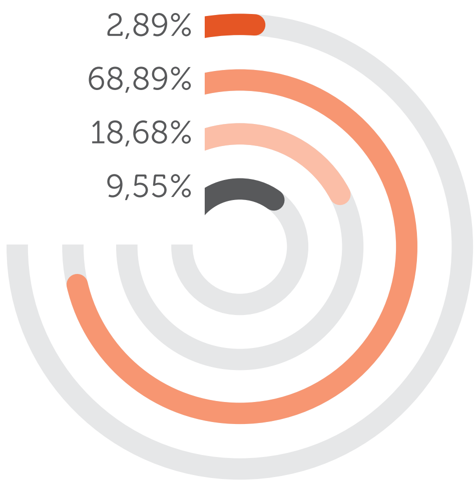
BNI Prime Private
BNI Prime Corporate
BNI Banking Vip
BNI Net

CLIENTS RESOURCES



BNI Prime Private
BNI Prime Corporate
BNI Banking Vip
BNI Net

GRANTED CREDITS



BNI Prime Private
BNI Prime Corporate
BNI Banking Vip
BNI Net

At the end of the year, the Bank reached a total of 195,079 clients, less than 18,297 clients compared to 2017, which recorded a decrease of 9%. The branch network in the national territory totaled 90 Branches, 4 more than in 2017 (net between open and closed branches).

In 2018, Clients Deposits registered an increase of 9%, reaching AKZ 254,280,871 thousand. The Loan Portfolio registered a reduction of 3%, reaching AKZ 86,887,739 thousands.

BANKITA ACCOUNT (AMOUNTS IN AKZ'000)

The Bank completed the year 2018 with a total of 36,387 Bankita accounts opened, more than 2,913 accounts than in 2017, which represents a growth of 9%. The deposits of Bankita clients in 2018 increased by 49%, from AKZ 56,012 thousand, reaching a total of AKZ 170,380 thousand at the end of the year.

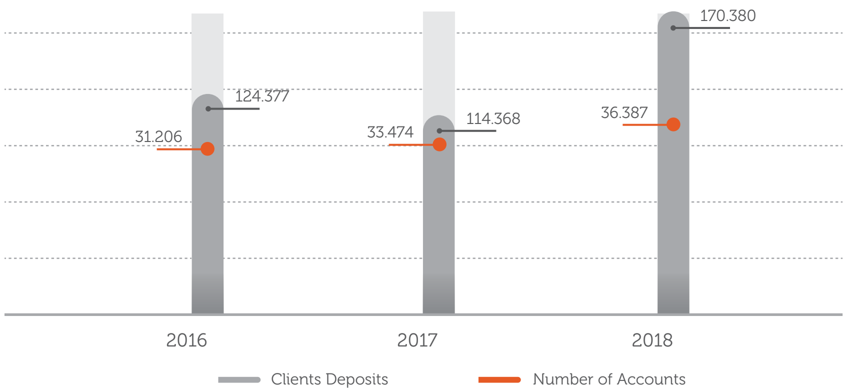
Current and time deposits represent 99.2% and 0.8%, respectively, of Bankita's total customer deposits.

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

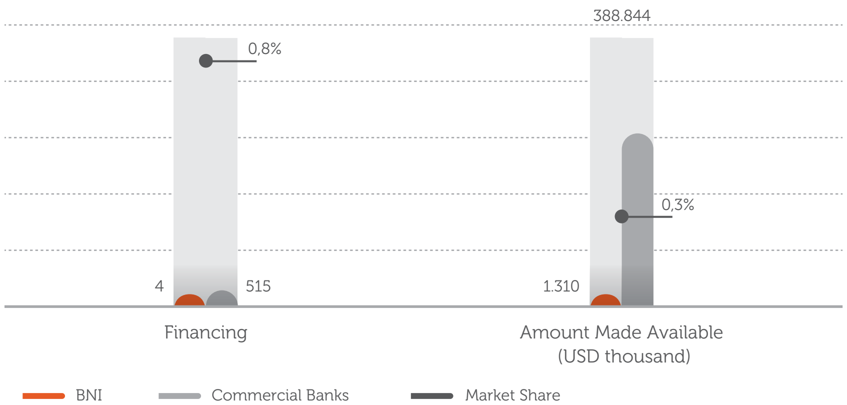
The "Angola Invests" Program has as a main goal to boost and diversify the national economy, through the financing of investment projects to micro, small and medium entreprises and entrepreneurs.

BNI Bank made 4 loans in the amount of AKZ 1.310 thousand.

BANKITA ACCOUNT (VALUES IN AKZ'000)



"ANGOLA INVESTE" PROGRAMME (VALUES IN USD'000)

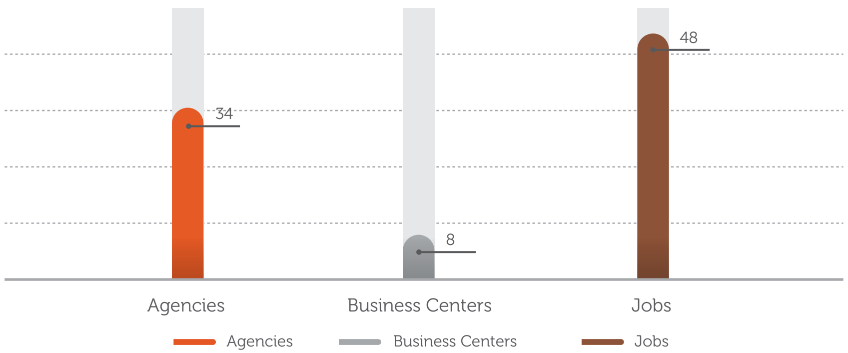


DISTRIBUTION CHANNELS

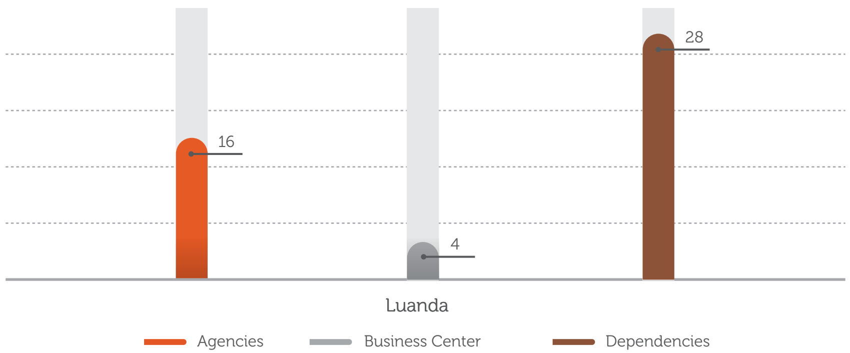
BNI remains committed to developing solutions for the purpose of providing greater customer satisfaction by creating attractive products and channels for all segments.

At the end of 2018, the Bank registered a total of 90 Branches, 4 more than in 2017, of which 8 Business Centers, 34 branches and 48 service stations, distributed by 16 Provinces of the Country. In Luanda, the Bank operates with 4 Centers of Business, 16 Agencies and 28 Dependencies.

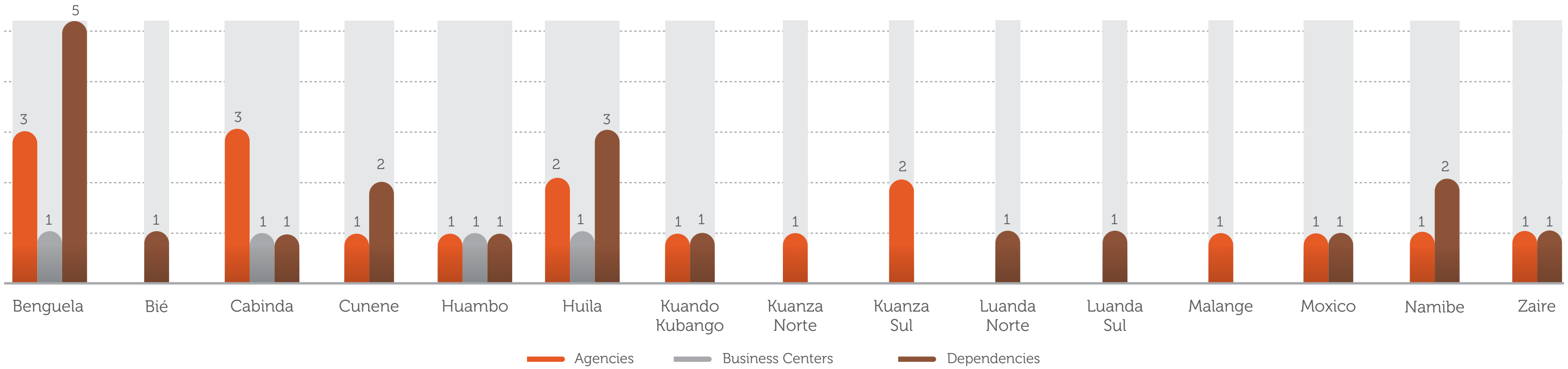
NETWORK BRANCHES



LUANDA NETWORK BRANCHES

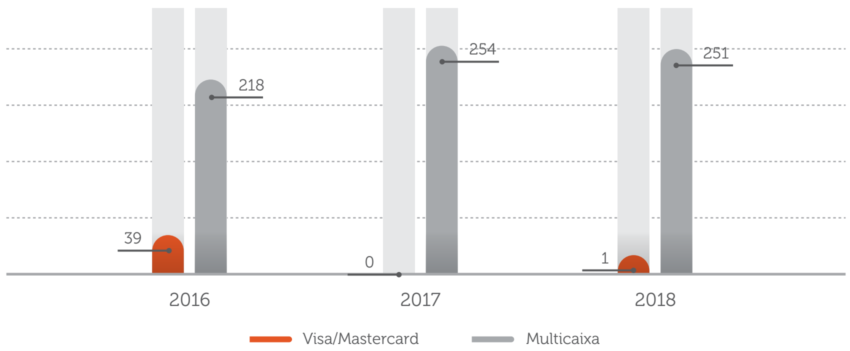


NETWORK BRANCHES ON OTHER PROVINCES



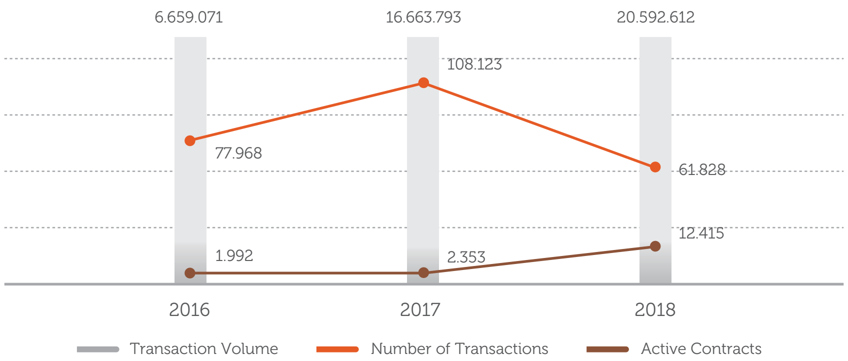
AUTOMATIC TELLER (ATM'S)

At the end of 2018, the Bank had 252 ATM's, 251 of which belonged to the Multicaixa network and 1 to the Visa / Mastercard network, 2 less ATMs than in the same period, covering a total of 15 provinces in the country.



INTERNET BANKING (BNI ONLINE)

At the end of 2018, the volume traded by BNI Online users totaled AKZ 20,592,612 thousand, 24% more than in 2017, totaling 61.828 transactions.

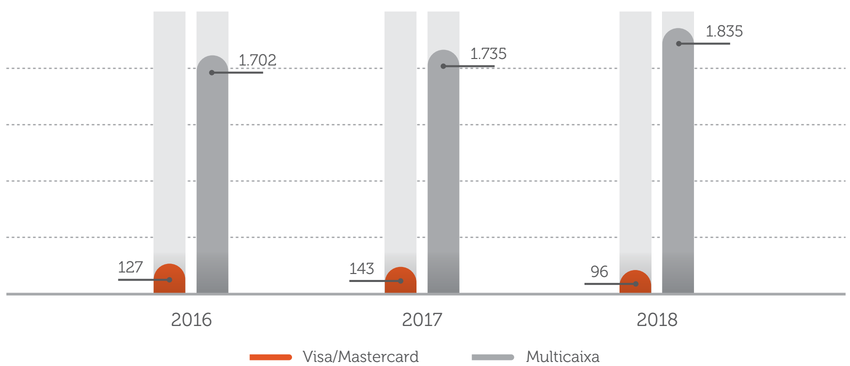


AUTOMATIC PAYMENT TERMINALS (TPA'S)

BNI's network of TPAs include 1,931 terminals, of which 96 correspond to the Visa / Mastercard network and 1,835 to the Multicaixa network.

In terms of purchases, the Visa / Mastercard network registered a total of 13,569 valid purchases in 2018, with a total transaction value of AKZ 1,472,163 thousand, reaching a monthly average of AKZ 122,680 thousand.

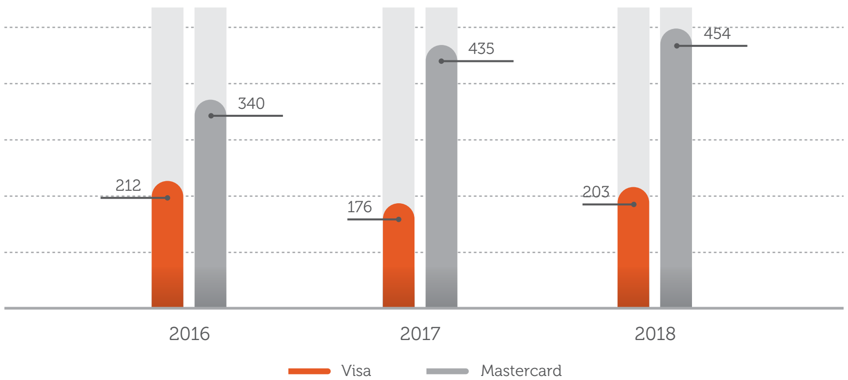
The Multicaixa network recorded a traded volume of AKZ 150,387,579 thousand, totaling 4,449,351 valid purchases, reaching a monthly average of AKZ 12,532,298 thousand.



CREDIT CARDS (VISA AND MASTERCARD)

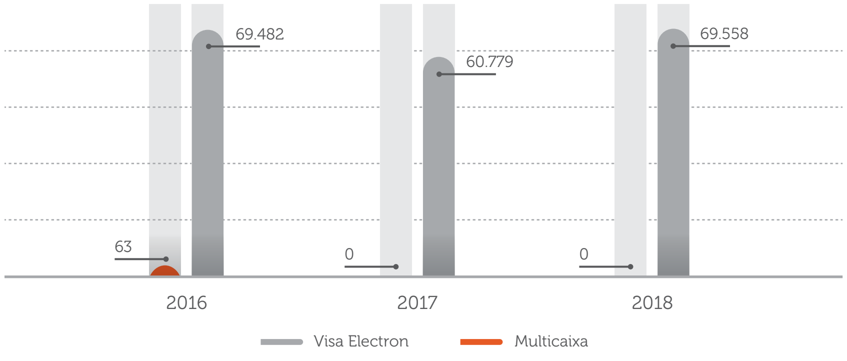
In 2018, BNI's active credit card network included 657 cards, of which 203 represented the VISA network and 454 belong to the Mastercard network.

Regarding the Visa network, 167 cards were issued for the Prime unit and 36 cards were issued for the Retail unit. For the Mastercard network, 243 cards were issued for the Prime unit and 211 cards were issued for the Retail unit.



DEBIT CARDS (MULTICAIXA AND VISA)

In 2018, BNI Multicaixa and Visa debit cards completed 69,558 cards against 60,779 cards in 2017, representing an increase of 8,779 (+14%) cards.
Of the total Multicaixa debit cards, 1,416 belong to the Prime unit and 68,142 belong to the Retail unit.



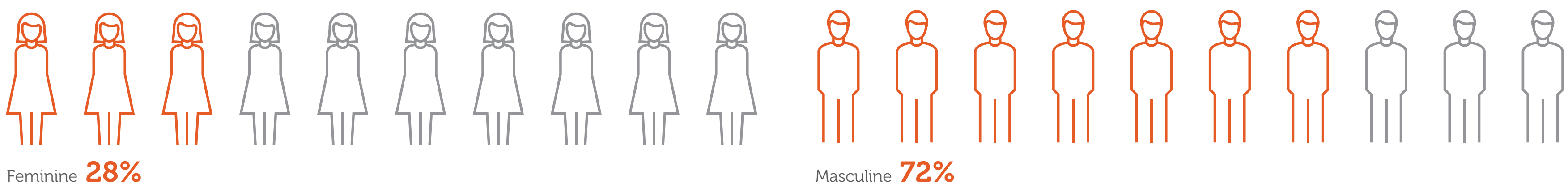
BNI CUSTOMER BREAKDOWN

At the end of 2018, the Bank had a total of 195,079 customers (down 18,297 compared to 2017), recording a decrease of 9%. Private customers account for 96% of the Bank's total customer portfolio, or 187,456 customers, with companies accounting for 4%, making a total of 7,623 companies.

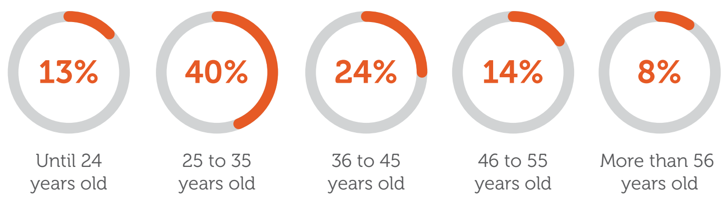
At a statistical level, some conclusions are verified at the level of the customer portfolio:

TOTAL CUSTOMERS

GENRE



AGE



ACADEMIC LEVEL

3%	Bachelor's Degree
26%	Average Prof. Training Course
0%	Doctorate
6%	Basic Mandatory Education
29%	High School
24%	Unknown Qualifications
7%	University Attendance
1%	Master's Degree
1%	Graduate Studies
1%	No Schooling

JOB

1%	Doctor
25%	Other Jobs
3%	Professor
5%	Undefined Job
15%	Without Job
10%	Student
2%	Civil Servant

BUSINESS SECTOR

10%	Agriculture & Herding
3%	Accomodation & Catering
37%	General Sales
7%	General Construction
2%	Education
2%	Mining Extraction & Preparation
1%	Real Estate
10%	Manufacturing
1%	Public Entities
15%	Other Sectors
10%	Services
3%	Storage & Communication

DISTRIBUTION OF CLIENTS BY PROVINCE

59%	Luanda
0%	Lunda Sul
0%	Lunda Norte
2%	Malange
1%	Moxico
1%	Namibe
3%	Zaire
8%	Benguela
0%	Bié
8%	Cabinda
2%	Curene
4%	Huambo
6%	Huila
2%	Kuando Kubango
0%	Kuanza Norte
2%	Kuanza Sul

FINANCIAL ANALYSIS

GROWTH IN THE ASSETS AND IMPROVEMENT IN THE RETURNS

The Bank presented a positive financial performance, with an increase of 13% in Assets, reaching AKZ 301 157 541 thousand (USD 975 861 thousand).

With regards to Liabilities, the number of customer funds increased by 9% compared to the previous year, from AKZ 234,333,360 thousand (USD 1,412,298 thousand) to AKZ 254 280 871thousand (USD 823 963 thousand). Customer funds in national currency corresponded to 66% and in foreign currency to 34%.

Banking Income increased 127% compared to 2017, driven by higher foreign exchange results.

Total Credit decreased 3% from 2017. Loans to Customers in local currency corresponded to 92% and in foreign currency 8%.

Regarding the relation between Resources and Credits, the Transformation Ratio was increased in 2018 to 45.8%, compared to 45.4% in the previous year. Net Income increased in 2018, reaching AKZ 6,770,096 thousand (USD 26 173 thousand), an increase of 238% over 2017.

The Regulatory Solvency Ratio reached 15,0% above the required minimum of 10%, and is calculated in accordance with the regulatory package issued in 2016, where the Bank's own funds are calculated according to the rules applicable in the Notice n.º2/2016 and the requirements for the solvency ratio can be found in: Notice n.º 3/2016, Notice n.º4/2016 and Notice n.º5/2016. The applicable instructions are as follows: Instruction n.º12/2016, Instruction n.º13/2016, Instruction n.º43/2016, Instruction n.º15/2016, Instruction n.º16/2016, Instruction n.º17/2016 and Instruction n.º18/2016.

STABILITY OF THE BANK

BNI Net Assets increased by 13% in 2018, reflecting a growth of AKZ 34 362 591 thousand over the same period of the previous year, driven especially by the growth of AKZ Securities 26 478 241 thousand.

The ROA was set at 2.25% as against 0.75% in 2017.

Regulamentary Own Funds were set at AKZ 24 717 008 thousand (USD 80 092 thousand) against AKZ 20 954 406 thousands (USD 126 290 thousands) in 2017.

BALANCE SHEET	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Cash and Cash on Hand	21 516 503	69 721	7%	37 387 481	225 330	14%	-42%
Investments in Central Banks and Others I.C.	34 652 198	112 286	12%	18 649 236	112 397	7%	86%
Securities and Real Estate Securities	106 234 194	344 238	35%	79 755 953	480 679	30%	33%
Total Credit	86 887 739	281 548	29%	89 940 081	542 058	34%	-3%
Other Values	26 588 124	86 155	9%	21 790 247	131 327	8%	22%
Other Fixed Assets	25 278 783	81 913	8%	19 271 952	116 150	7%	31%
Total Assets	**301 157 541**	**975 861**	-	**266 794 950**	**1 607 940**	-	**13%**
Customer Resources to Other Loans	254 280 871	823 963	90%	234 333 360	1 412 298	94%	9%
Resources in Central Banks and Others I.C.	8 194 740	26 554	3%	6 135 455	36 978	2%	34%
Subordinated Liabilities	9 338 775	30 261	3%	5 038 946	30 369	2%	85%
Other Liabilities	7 696 838	24 941	3%	2 948 398	17 770	1%	161%
Provisions	1 868 547	6 055	1%	101 656	613	0%	1738%
Total Liabilities	**281 379 772**	**911 774**	-	**248 557 815**	**1 498 027**	-	**13%**
Own Funds and Liquid Asset	**19 777 769**	**64 087**	-	**18 237 135**	**109 913**	-	**8%**
Total Liabilities and Own Funds	**301 157 541**	**975 861**	-	**266 794 950**	**1 607 940**	-	**13%**

In December 2018, the Bank's Net Assets amounted to AKZ 301 157 541 thousand (USD 975 861 thousand) against AKZ 266 794 950 thousand (USD 1 607 940 thousand) in 2017,

representing an increase of 13%, AKZ 34 362 591 thousand, mainly driven by the Securities set at AKZ 106 234 194 thousands (USD 344 238 thousand), representing 35.28% (2017: 29.89%) of the Bank's Net Assets.. The Bank's Asset is financed mainly by Customer Deposits, with a weight of 84%.

CASH ON HAND	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Cash	4 590 727	14 876	21%	3 891 219	23 452	8%	18%
- National Currency	3 716 330	12 042	-	2 739 944	16 513	-	36%
- Foreign Currency	874 397	2 833	-	1 151 275	6 939	-	-24%
Central Bank Cash	8 884 682	28 790	41%	22 799 073	137 407	71%	-61%
- National Currency	3 641 109	11 799	-	20 584 585	124 061	-	-82%
- Foreign Currency	5 243 573	16 991	-	2 214 488	13 346	-	137%
Cash in Other Credit Institutions	8 041 094	26 056	37%	10 697 189	64 471	21%	-25%
- National Currency	675 707	2 190	-	534 102	3 219	-	27%
- Foreign Currency	7 365 387	23 867	-	10 163 087	61 252	-	-28%
Cash and Cash Equivalents	**21 516 503**	**69 721**	**-**	**37 387 481**	**225 330**	**-**	**-42%**

Cash on hand were AKZ 21 516 503 thousand (USD 69 721 thousand), representing a decrease of 42.45%, equivalent to AKZ 15 870 978 thousand compared to 2017, representing 7.14% (2017: 14.01%) of the Net assets.

The decrease in the availability was the Cash on Hand in the Central Bank with a reduction of AKZ 13 914 391 thousand, as well as Cash and Cash Equivalents in Financial Institutions, which presented a deceleration of AKZ 2 656 095 thousands.

LIQUIDITY APPLICATIONS	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Investments in Foreign Credit Institutions	34 701 957	112 447	100%	18 610 388	112 162	100%	86%
- Collateral Deposits	3 794 074	12 294	-	2 325 629	14 016	-	63%
- Liquidity Facilities	30 907 883	100 153	-	16 284 759	98 146	-	90%
Accrued Interest	211 726	686	1%	38 848	234	0%	445%
Impairments	(261 485)	(847)	-1%	-	-	-	-
Investments in Central Banks and Others I.C.	**34 652 198**	**112 286**	**-**	**18 649 236**	**112 397**	**-**	**86%**

Liquidity Investments amounted to AKZ 34,652,198 thousand (USD 112,286 thousand), an increase of 85.81%, AKZ 16,002,962 thousand over 2017. Liquidity investments represent 11.51% of the total assets of the Company Bank (2017: 6.99%).

SECURITIES	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Financial assets at fair value through profit or loss	-	-	-	6 452 087	38 886	5%	-
- Indexed OT's	-	-	-	6 452 087	38 886	-	-
Available-for-sale financial assets	188 039	609	0%	123 449	744	0%	52%
- EMIS Gross Exposure	188 039	609	-	123 449	744	-	52%
Investments Held to Maturity	106 046 155	343 628	100%	73 180 417	441 049	95%	52%
Bonds and other fixed income securities							
- Kwanas	92 984 884	301 305	-	64 831 776	390 733	-	43%
- Dollars	11 241 027	36 425	-	6 982 077	42 080	-	61%
- Interests	1 994 518	6 463	-	1 366 564	8 236	-	46%
- Impairment	(174 274)	(565)	-	-	-	-	-
Marketable securities	**106 234 194**	**344 238**	**-**	**79 755 953**	**480 679**	**-**	**33%**

BNI's Marketable Securities portfolio consists of Available-for-sale financial assets (Emis and Aliança Seguros) set at AKZ 188 039 thousand (USD 609 thousand) and held-to-maturity investments set at AKZ 106 046 155 thousand (USD 343 628 thousand).

The total of the item amounted to AKZ 106 234 194 thousand (USD 344 238 thousand) against AKZ 79 755 953 thousand (USD 480 679 thousand) in 2017, with a positive year-on-year change of 33.20%, around AKZ 26 478 241 thousand, representing 35.28% (29.89% in 2017) of Net Assets.

CREDIT	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Gross Credit	116 409 354	377 209	134%	106 270 523	640 479	120%	10%
- Credit Due	104 648 798	339 101	-	93 348 880	562 602	-	12%
- Credit Overdue	11 760 556	38 109	-	12 921 643	77 877	-	-9%
Impairment	(29 521 615)	(95 661)	-34%	(16 330 442)	(98 422)	-20%	81%
Total Credit	**86 887 739**	**281 548**	**-**	**89 940 081**	**542 058**	**-**	**-3%**

	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
National Currency	79 932 364	259 010	92%	80 630 392	485 949	90%	-1%
- Companies and Public Sector	94 806 218	307 207	-	86 662 894	522 306	-	9%
- Privates	6 654 246	21 562	-	5 962 550	35 936	-	12%
- Impairment	(21 528 100)	(69 759)	-	(11 995 052)	(72 293)	-	79%
Foreign Currency	6 955 375	22 538	8%	9 309 689	56 108	10%	-25%
- Companies and Public Sector	14 079 165	45 622	-	12 775 182	76 994	-	10%
- Privates	869 725	2 818	-	869 897	5 243	-	0%
- Impairment	(7 993 515)	(25 902)	-	(4 335 390)	(26 129)	-	84%
Total Credit	**86 887 739**	**281 548**	**-**	**89 940 081**	**542 058**	**-**	**-3%**

In December 2018, the total credit amounted to AKZ 86 887 739 thousand (USD 281 548 thousand), reaching a deceleration of 3.39%, or AKZ 3 052 342 thousand less than the same period of 2017, represent 28,85% of the Bank's Net Assets (33,71% in 2017).

Live credit in 2018 amounted to a total of AKZ 104 648 798 thousand (USD 339 101 thousand), reflecting an increase of 12.11%, or AKZ 11 299 918 thousand over the same period.

At December 31, 2018, the national currency credit reached AKZ 79 932 364 thousand (USD 259 010 thousand), and the foreign currency credit (USD 22 538 thousand), with weights of 91.99% (2017: 89.65%) and 8.01% (2017: 10.35%) on Total Credit, respectively, reflecting the Bank's effort to reduce credit exposure in the ME.

At December 31, 2018, overdue credit amounted to AKZ 11 760 556 thousand (USD 38 109 thousand) against AKZ 12 921 643 thousand (USD 77 877 thousand) in 2017, a reduction of 8.99%, around of less than AKZ 1 161 087 thousand, reaching a credit ratio of 10.10% (12.16% in 2017).

The ratio of overdue credit coverage for loan losses provisions stood at 251.02% in 2017 against 126.38% in the same period of the previous year.

Impairments in 2018 were AKZ 29 521 615 (USD 95 661 thousand) against AKZ 16 330 442 thousand (USD 98 422 thousand) in the same period, with an increase of AKZ 13 191 173 thousand in 2017.

Impairment for the year amounted to AKZ 9 862 735 thousand (USD 38 129 thousand) against AKZ 2 484 075 thousand (USD 14 972 thousand), representing a risk cost of 8.47% (2.34% in 2017).

LIABILITIES

The Bank ended the financial year of 2018 with a liability of AKZ 281 379 772 thousand (USD 911 774 thousand), showing a growth of 13.20%, plus AKZ 32 821 957 thousand over the same period.

Leveraging the Liabilities were essentially the Customer Deposits at AKZ 254 280 871 thousands (USD 823 963 thousands), with a weighting of 90.37% (94.28% in 2017) on total Liabilities.

CUSTOMER DEPOSITS	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Demand Deposits	110 789 557	358 999	44%	130 224 549	784 847	62%	-15%
Term Deposits	143 491 314	464 965	-	104 108 811	627 451	-	38%
- Term Deposits	142 964 539	463 258	56%	103 603 752	624 407	38%	38%
- Others	526 775	1 707	0%	505 059	3 044	0%	4%
Total	**254 280 871**	**823 963**	**-**	**234 333 360**	**1 412 298**	**-**	**9%**

Customer deposits reached a total of AKZ 254 280 871 thousand (USD 823 963 thousand) in 2018, an increase of 8.51%, or AKZ 19 947 511 thousand over the same period last year, representing 90,37% of the Bank's total liabilities.

The deposit portfolio consists of demand deposit, fixed deposit and other deposits, with weights of 43.57%, 56.22% and 0.21%, respectively.

Demand Deposits stood at AKZ 110 789 557 thousand (USD 358 999 thousand), showing a deceleration of 14.92%, less AKZ 19 434 992 thousand, compared to the same period in the previous year.

Term Deposits, totaled AKZ 142 964 539 thousand (USD 463 258 thousand), reaching an increase of 37.99%, AKZ 39 360 787 thousand, compared to the same period of the previous year.

Other deposits amounted to AKZ 526 775 thousand (USD 1,707 thousand), an increase of 4.30%, AKZ 21 716 thousand, compared to the same period of the previous year. The transformation ratio stood at 45.78% compared to 45.35% in 2017.

INCOME STATEMENT	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Financial Margin	12 938 458	50 019	-	11 941 469	71 973	-	8%
Income from the trading on financial instruments	17 504	68	-	(17 504)	(105)	-	0%
Investment results at amortized cost	(985 291)	(3 809)	-	-	-	-	-
Other operating income	183 575	710	-	66 729	402	-	175%
Exchange Earnings	27 837 159	107 617	-	4 647 102	28 009	-	499%
Income from financial services rendered	3 563 197	13 775	-	2 577 897	15 537	-	38%
Income from the disposal of other assets	1 887	7	-	2 300	14	-	-18%
Impairment of loans net of reversals and recoveries	(427 328)	(1 652)	-	0	0	-	-
Impairment of credit net of revision. recup.	(9 862 735)	(38 129)	-	(2 484 075)	(14 972)	-	297%
Other operating income and expenses	(24 603 315)	(95 115)	-	(14 037 808)	(84 608)	-	75%
Charges with current result	(1 893 015)	(7 318)	-	(693 333)	(4 179)	-	173%
Net Income	**6 770 096**	**26 173**	**-**	**2 002 778**	**12 071**	**-**	**238%**

The Financial Margin totaled AKZ 12 938 458 thousand (USD 50 019 thousand) against AKZ 11 941 469 thousand (USD 71 973 thousand) in the same period of the previous year, representing an increase of 8.35%, ie AKZ 996 989 thousands.

Foreign exchange results totaled AKZ 27 837 159 thousand (USD 107 617 thousand) against AKZ 4 647 102 thousand (USD 28 009 thousand) in the same period of the previous year, reaching an increase of 499.02%, ie AKZ 23 190 057 thousand, due to the exchange devaluation verified during the year 2018.

The results of the provision of financial services amounted to AKZ 3 563 197 thousands (USD 13 775 thousands) against AKZ 2 577 897 thousands (USD 15 537 thousands) in 2017, achieving an increase of 38.22%, ie more AKZ 985 300 thousands.

OVERHEAD	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Staff Costs	(6 866 405)	(26 545)	45%	(5 384 215)	(32 450)	42%	28%
Third-Party Supplies	(6 938 283)	(26 823)	46%	(5 956 845)	(35 901)	46%	16%
Amortizations and depreciation	(1 384 862)	(5 354)	9%	(1 540 642)	(9 285)	12%	-10%
Overhead	**(15 189 550)**	**(49 220)**	**-**	**(12 881 702)**	**(77 636)**	**-**	**18%**

Overheads, personnel costs, third party supplies and depreciation for the year, totaling AKZ 15 189 550 thousand (USD 49 220 thousand), an increase of 17.92% compared to 2017.

The cost-to-income ratio stood at 34.87% versus 67.03% in 2017.

PROFITABILITY

The Bank concluded the 2018 financial year with a net result of AKZ 6 770 096 thousand (USD 26 173 thousand), an increase of 238.04%, about AKZ 4 767 318 thousand in the same period.

The return on Shareholderds' Equity (ROE) stood at 27,39% against 9.56% in 2017. The Assets Profitability (ROA) was set at 2.25% versus 0.75% in 2017.

REGULATORY OWN FUNDS AND SOLVENCY	2018 AKZ'000	2018 USD'000	WEIGHT (%)	2017 AKZ'000	2017 USD'000	WEIGHT (%)	VAR. (%)
Requirement of regulatory equity: Credit risk	13 206 061	42 792	-	11 582 083	69 804	-	14%
Requirement of regulatory equity: Market risk	683 728	2 216	-	733 767	4 422	-	-7%
Requirement of regulatory equity: Operational risk	2 533 930	8 211	-	2 533 930	15 272	-	0%
Total Capital Requirements	**16 423 720**	**53 219**	**-**	**14 849 780**	**89 498**	**-**	**11%**
Equity							
Base	30 632 029	99 259	-	15 915 460	95 920	-	92%
Additional	(5 768 877)	(18 693)	-	5 038 946	30 369	-	-241%
Deduction from own and complementary Funds	(146 144)	(474)	-		-	-	-
Regulatory Equity	**24 717 008**	**80 092**	**-**	**20 954 406**	**126 290**	**-**	**18%**
Solvency Ratio	**15%**	**-**	**-**	**14,1%**	**-**	**-**	**7%**

Regulatory Own Funds reached AKZ 24 717 008 thousand (USD 80 092 thousand) in 2018, reaching an increase of 17.96%, or AKZ 3 762 602 thousand, mainly due to the increase in Own Capital Base in AKZ 14 716 569 thousand.

The Regulatory Solvency Ratio was 15.0% compared to 14.1% in 2017.

RISK MANAGEMENT AND COMPLIANCE RISK

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

KEY DEVELOPMENTS OF 2018

KEY RISK MANAGEMENT ACTIVITIES FOR THE YEAR 2018

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

- Review of the risk appetite policy;
- Review of the risk appetite declaration;
- Review of the Risk Management Structure Manual;
- Review of credit, operating, market and liquidity risk policies;
- Review of the global risk policy;
- Review of the risk management function regulation;
- Review of the risk committee regulation;
- Review of the credit regulation;
- Review of the Bank's integrated risk manual;
- Review of the procedure manuals for credit, operational, market and liquidity risk management;
- Training sessions and workshop sessions to disseminate the bank's risk culture;
- Calculation and reporting of the solvability ratio;
- Calculation and reporting of the liquidity and observation ratio;
- Calculation and reporting of interest rate risk;
- Calculation and reporting of prudential limits to large exposures;
- Calculation and reporting of stress tests – Sensitivity analysis;
- Calculation and reporting of the exchange position limit;
- Monitoring of risk appetite limits and indicators defined and approved by the Board of Directors;
- Review of the Bank's Business Continuity Management System;
- Issuance of 141 risk assessments for C.A, DFI, DO, DARC and DMEO;

RISK MANAGEMENT MODEL

BNI has implemented a risk management model based on the overall risk management strategy that is established in accordance with the BNI risk appetite declaration.

In this context, an organic structure with the designation of risk management (DRI) is created, responsible for ensuring the existence of a global risk monitoring and control process at the level of the BNI, in charge of:

i. Develop and present specific proposals for the definition and documentation of the policies and guidelines necessary for global risk management, as well as ensuring its effective implementation;

ii. Coordinate the implementation of global risk management strategies and policies at BNI level;

iii. Regularly and on an integrated basis, assess the adequacy and effectiveness of the different management components of each risk, and their interactions and concentrations;

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

i. The management and evaluation of the internal capital adequacy of the institution;

ii. The execution of stress tests on the institution's main risks;

iii. The assessment and monitoring of the institution's overall risk profile;

iv. The participation in the approval of new products and services, or in the revision of existing ones, contributing to an analysis of their risks;

v. The management and quality control of risk information;

vi. The integrated risk analysis and reporting, responding to internal needs for risk/management information;

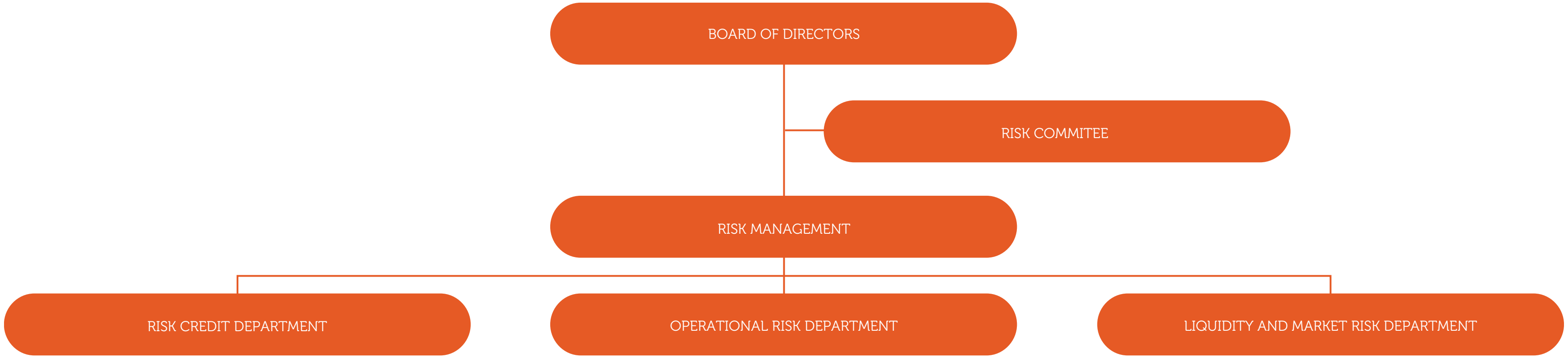
vii. The prudential reporting about risk;

Risk management is a body located on the first level of BNI's structure and depends hierarchically and functionally on the Board of Directors.

It is headquartered in Luanda, at Headquarters 1 and its scope covers all the locations where BNI Bank is represented, according to the duties assigned to it.

ORGANIC STRUCTURE

Risk management is structured according to the chart below:



The Risk Credit Department, which hierarchically and functionally depends on the Risk Management, identifies, evaluates, monitors and quantifies the credit risks inherent to the Bank's credit process phases, namely the granting, follow-up, recovery and litigation.

The Liquidity and Market Risk Department, which hierarchically and functionally depends on the Risk Management, identifies, evaluates, monitors and quantifies the most relevant liquidity and market risks, namely liquidity risk, interest rate risk and exchange rate risk.

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

MISSION

The Risk Management is responsible for the development of practices that allow the identification, quantification, control, monitoring and reporting of the different types of relevant risks inherent to BNI's activity, namely credit, market, liquidity, concentration, strategy and operational risk, with the purpose of protecting the capital and maintaining the Bank's solvency.

RISK FUNCTION PURPOSE

The main purpose of the risk function is to identify, quantify and control the risks assumed by the Bank, namely credit risk, market risk, liquidity risk, operational risk, strategic and reputational risk, and continuously contribute to the improvement of risk management tools to support operations management and development of internal control techniques, risk monitoring, as well as the alignment with the strategic axes defined so that they remain at levels consistent with the profile and degree of risk tolerance (Risk Appetite) defined by the Board of Directors.

RISK MANAGEMENT MODEL

The Bank's risk management is based on the three lines of defense, where the first two lines are assigned to specific management functions, namely the operational units or business until and risk management, which report to the respective committees (operational committees and independent committee) and to the Board of Directors.

1ST LINE OF DEFENSE – BUSINESS DIRECTIONS	2ND LINE OF DEFENSE – RISK MANAGEMENT	3RD LINE OF DEFENSE – INTERNAL AUDIT
They manage risk in an operational view of their activities taking into account the principles, rules and limits defined, as well as ensuring their regular reporting.	It is an independent unit that identifies, quantifies, analyzes, monitors, controls and reports all relevant risks and is responsible for monitoring the management policy of all risks inherent in the Bank's activity and advising on the risk strategy.	It is responsible for ensuring independence and objectivity in assessing compliance with applicable procedures, regulations and internal and external regulations.

DEFINITION AND EVALUATION OF THE RISK APPETITE

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

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

RISK COMMITTEE

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

LIQUIDITY RISK

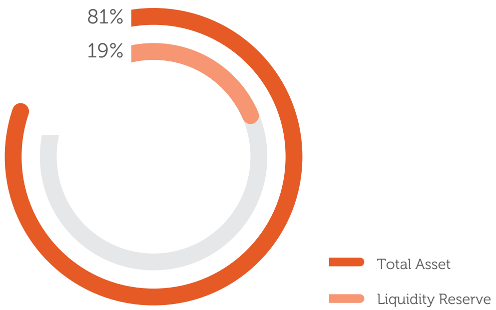
BNI's liquidity risk is monitored using internal and external models, including specific regulatory provisions for the issue. In this context these "guidelines" are based on the maintenance of a liquidity structure capable of satisfying the need of the Bank, both in an environment of current activity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

LIQUIDITY RESERVE

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

BNI's liquidity reserve accounted for approximately 19% of the bank's total assets, consisting essentially of short-term assets, OMA's, BT, or short-term instruments, which have proved highly liquid in view of the particularity of the domestic market.

LIQUIDITY RESERVE



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

LIQUIDITY RATIOS AND MONITORINGS

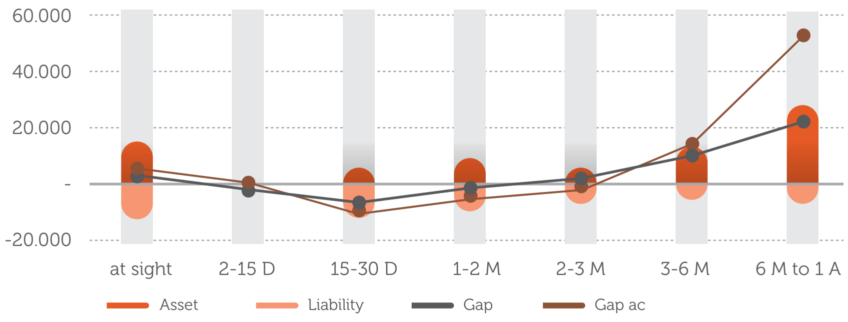
For the 2018 financial year, with respect to liquidity risk, the Board of Directors defined the Liquidity Indicators to compose the structure of risk appetite namely the transformation ratio, Global Liquidity, Global Observation, Liquidity National Currency and National Currency Note establishing its limits and tolerance margins.

The management and monitoring of the liquidity ratio limits resulted in a good performance of the same, having for the 2018 fiscal year the effective compliance of the limits and their tolerances without observing any non-compliance during the year.

ASSETS AND LIABILITIES' MATURITY PROFILE

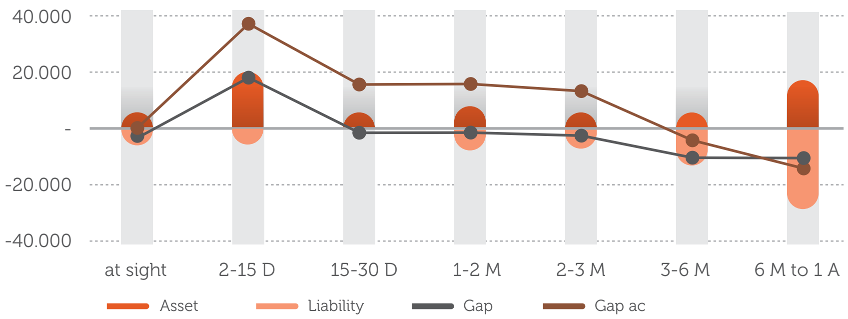
The management and monitoring of liquidity gaps presented on average an increasing structure with positive gaps in national currency, thus allowing better management of liquidity risk in the short term.

GAP LIQUIDITY IN MN



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

GAP LIQUIDITY IN ME



LIQUIDITY RATIOS AND OBSERVATION

Compliance with regulatory liquidity ratios was prioritized in BNI's liquidity risk management given the Bank's net asset structure, it was observed during the 2018 financial year the compliance with regulatory limits in both domestic and foreign currency.

LIQUIDITY RATIO AND NATIONAL CURRENCY OBSERVATION RATIOS

AKZ'000000

BALANCE ELEMENT	SIGHT UP TO 1 WEIGHTED MONTH	FROM 1 TO 3 MONTHS WEIGHTED
Total liquid assets	30.593,35	
Total cash outflow	32.232,76	6.118,51
Total cash inflow	10.739,82	1.440,71
Gap	9.100,42	-4.677,81
Accumulated Gap	9.100,42	4.422,61
Liquidity Ratio	1,42	
Observation Ratio		1,72

LIQUIDITY RATIO AND GLOBAL OBSERVATION RATIOS

AKZ'000000

BALANCE ELEMENT	SIGHT UP TO 1 WEIGHTED MONTH	FROM 1 TO 3 MONTHS WEIGHTED
Total liquid assets	127.155,24	
Total cash outflow	41.632,54	10.724,76
Total cash inflow	7.117,52	2.261,26
Gap	92.640,22	-8.463,50
Accumulated Gap	92.640,22	84.176,72
Liquidity Ratio	3,68	
Observation Ratio		8,85

MARKET RISK

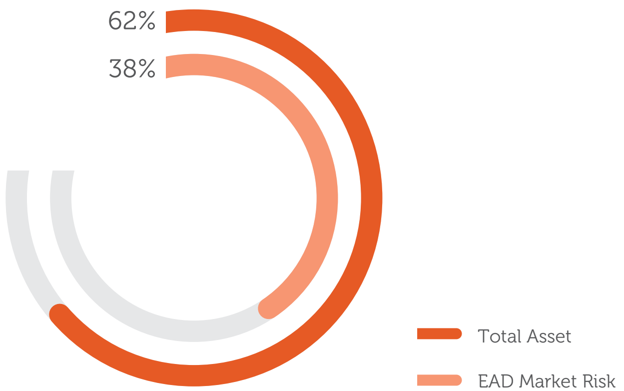
BNI's market risk management is based on the analysis of the exchange exposure in the various aspects that it may be, as a result of the markets in which the Bank and its clients act, as well as in the exposure that the Bank's assets and liabilities exposed to market influencing factors.

For the 2018 financial year, in the context of market risk, the Board of Directors defined the internal indicators to compose the structure of risk appetite and their respective limits and tolerance margins, namely the ratio of net foreign exchange exposure to indexed and foreign exchange exposure net without index.

EXPOSURE TO MARKET RISK

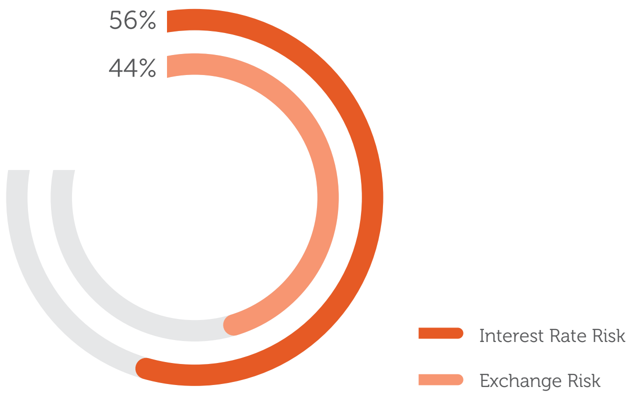
BNI's market risk accounts for about 38% of the assets, being essentially exposed to interest rate risk and currency risk.

EXPOSURE TO MARKET RISK



The total exposure to market risk represented in average in 2018 about 44% of the exposure to exchange rate risk and about 56% to interest rate risk.

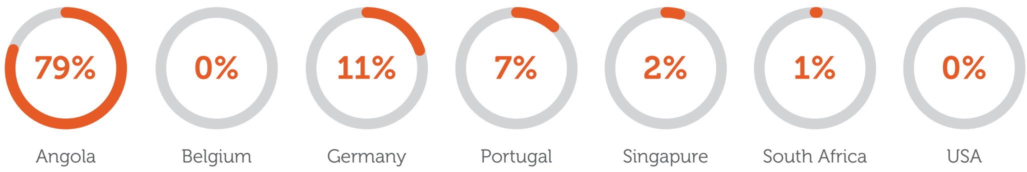
MAIN POSITIONS AT RISK



GEOGRAPHIC DISTRIBUTION OF EXPOSURE TO MARKET RISK

Aligned with the desire of the Bank's clients and international partnerships, the geographic distribution of market risk reflects the exposure of the national market to 11% of assets for the German market, 7% for the Portuguese market and 79% for the domestic market.

GEOGRAPHICAL DISTRIBUTION OF MARKET RISK



OWN FUND REQUIREMENTS FOR MARKET RISK COVERAGE

OWN FUNDS REQUIREMENT FOR MARKET RISK COVERAGE			AKZ'000000
BALANCE ELEMENT	SHORT POSITION	LONG POSITION	NET POSITION
EUR	25.791	22.531	3.260
GBP	4	108	104
NAD	0	0	0
USD	63.720	58.434	5.287
ZAR	8	7	1
Gold	0,00	0,00	0,00
Total net short positions			8.547
Total net long positions			104
Gold			-
Global net foreign exchange position			**8.547**
FPR requirements for foreign exchange risk:			**684**

REGULATORY REPORT OF INTEREST RATE RISK

The impact of the exposure to interest rate risk had on average the financial margin and the regulatory own funds for the 2018 financial year below the regulatory limits, with a possible impact of 14.40% of Regulatory Own Funds and 2.52% in financial margin.

EXPOSURES BY MATURITY INTERVAL OR RATE RE-SET

AKZ'000000

IMPACT ON NET WORTH			
TEMPORAL BAND	POSITION	WEIGHTING FACTOR	WEIGHTED POSITION
In view - 1 month	23.902	0,00	19
1 - 3 months	-8.561	0,00	-27
3 - 6 months	20.506	0,01	148
6 - 12 months	6.685	0,01	96
1 - 2 years	8.110	0,03	225
2 - 3 years	4.584	0,04	206
3 - 4 years	12.510	0,06	768
4 - 5 years	5.694	0,08	439
5 - 7 years	14.004	0,10	1.421
7 - 10 years	128	0,13	17
10 - 15 years	391	0,18	70
15 - 20 years	7.965	0,22	1.787
> 20 years	6	0,26	2
Total			**4.097**
Impact of interest rate sensitive instruments			**4.097**
Regulatory own funds			**28.453**
Economic Impact / Regulatory own funds			**14,40%**

EXPOSURES BY MATURITY INTERVAL OR RE-SET RATE			AKZ'000000
IMPACT ON INTEREST MARGIN			
TEMPORAL BAND	POSITION	WEIGHTING FACTOR	WEIGHTING POSITION
In view	2.075,82	0,02	42
In view - 1 month	20.694,45	0,02	393
1 - 2 months	3.052,47	0,02	53
2 - 3 months	5.508,97	0,02	87
3 - 4 months	80,68	0,01	1
4 - 5 months	13.264,97	0,01	166
5 - 6 months	7.321,92	0,01	79
6 - 7 months	12.635,01	0,01	116
7 - 8 months	6.248,11	0,01	47
8 - 9 months	10.452,65	0,01	61
9 - 10 months	2.424,24	0,00	10
10 - 11 months	1.328,75	0,00	3
11 - 12 months	26.403,56	0,00	21
Total			**326**
Impact of interest rate sensitive instruments			**326**
Interest margin			**1.3**
Impact of interest rate sensitive instruments			**2,52%**

CREDIT RISK

Given the nature of banking activity, credit risk is of particular importance, given its materiality, despite its interconnection with other risks. In the scope of Credit Risk Control, the credit portfolio is monitored, being analyzed in terms of its composition and corresponding quality.

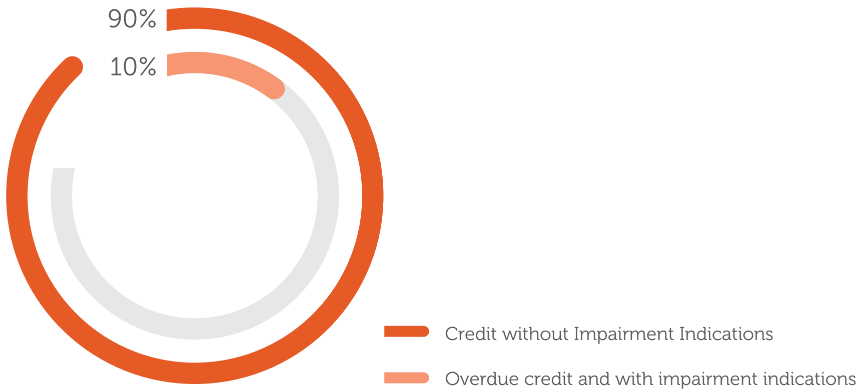
CREDIT RISK RATIO

For the 2018 credit risk period, the Board of Directors defined the internal indicators to compose the structure of risk appetite and their respective limits and tolerance margins for credit risk, credit at risk + restructured, credit in default, credit risk coverage and restructured credit coverage.

They were regularly analyzed, followed by risk management. For the 2018 fiscal year on average the ratios have complied with the limits defined internally.

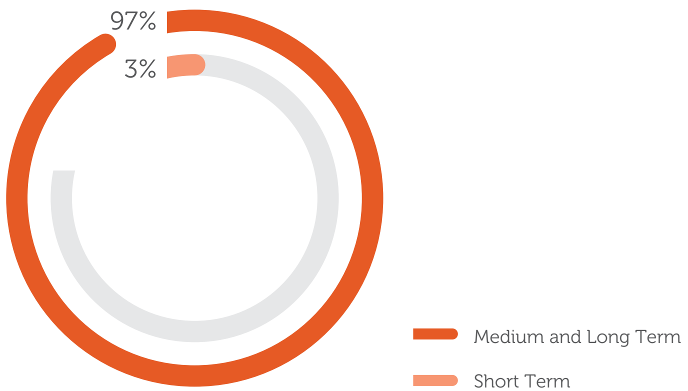
Overdue credit with signs of impairment represented an average of approximately 10% of the credit portfolio for the year 2018.

OVERDUE CREDIT AND WITH IMPAIRMENT INDICATIONS



In terms of the maturity exposure of credit operations that comprise the loan portfolio, on average short-term operations represented 3% of the portfolio, with medium-term operations accounting for 97%.

MATURITY EXPOSURE

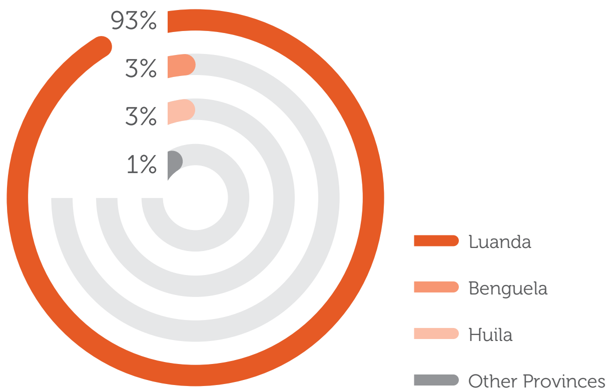


As regards to exposure by economic sector, the sector that most represents in terms of portfolio exposure is the state sector with an average exposure of around 12%, followed by the real estate sector with around 8% and 26% of portfolio exposure is diversified into about 20 different sectors.

EXPOSURE BY ECONOMIC SECTORS

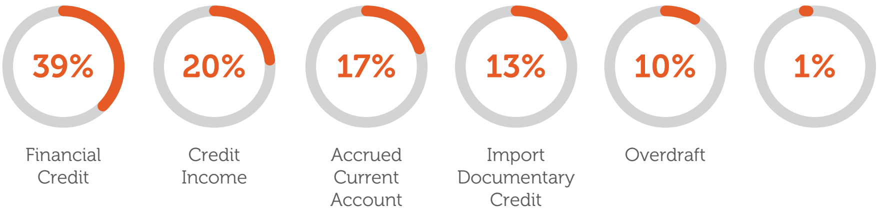
In terms of distribution by region, in 2018 Luanda represented in average around 93% in term of exposure to credit risk, followed by Benguela and Huíla with about 3% each.

DISTRIBUTION BY REGION



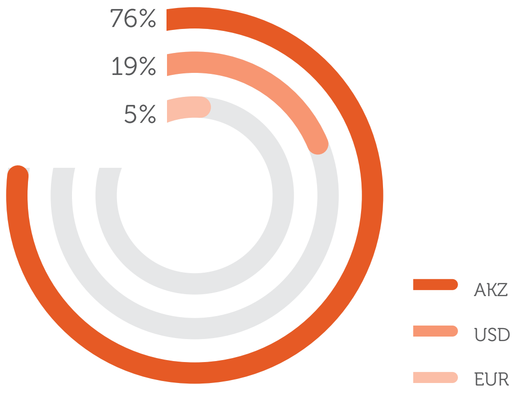
In terms of exposure by product portfolio, credit financing accounted for an average of 39% of total exposure in 2018, followed by credit with 20% and 17% for Accrued Current Account.

GLOBAL EXPOSURE BY PRODUCT



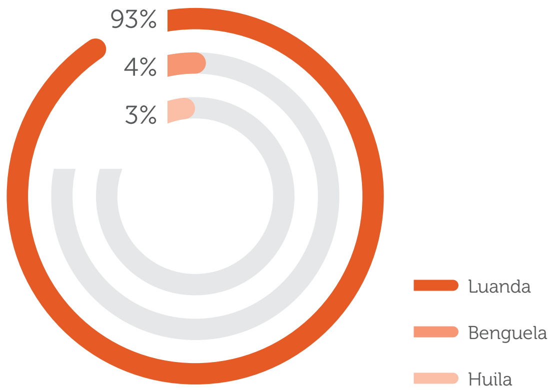
In terms of currency exposure, the exposures in kwanzas represented on average about 76% of the total portfolio followed by 19% in USD and 5% in EUR.

CURRENCY EXPOSURE

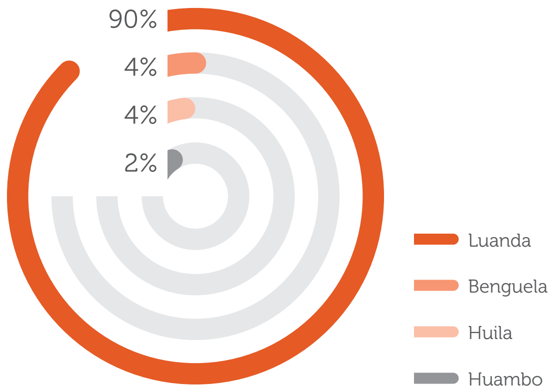


In terms of concentration by currencies distributed in geographical regions, the credit portfolio is segregated into three currencies namely AKZ, USD and EUR, distributed in fourteen provinces, the most representative of which are in the regions of Luanda, Benguela, Huila and Huambo.

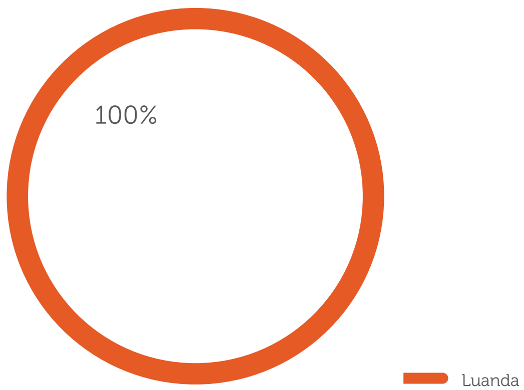
EXPOSURE BY AKZ CURRENCIES



EXPOSURE BY EUR CURRENCIES



EXPOSURE BY USD CURRENCIES



OWN FUND REQUIREMENTS FOR RISK CREDIT

The Credit Risk Capital Requirements (RFPRC) had, in average, in 2018 a value of about 13 MM, representing about 80% of the value of the Bank's Capital Requirements.

RISK CLASSES	RFPRC	%
Other elements	5.153	39,01%
Companies	3.164	23,95%
Warranties/real estate	2.467	18,67%
Institutions	2.208	16,71%
Retail portfolio	167	1,27%
Overdue items	67	0,51%
Public entities	0	0,00%
RFPR Total	**13.209**	**100,00%**

The other asset class represented approximately 39.01% of the RFPRC, with the companies' class accounting for about 23.95%.

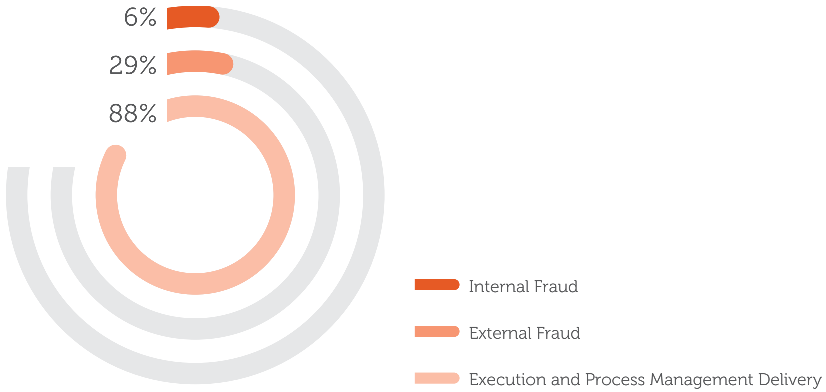
OPERATIONAL RISK

For the 2018 financial year, in the scope of operational risk, the Board of Directors defined the internal indicator to compose the structure of risk appetite and their respective limits and tolerance margins on non-operating losses on the Regulatory Own Funds.

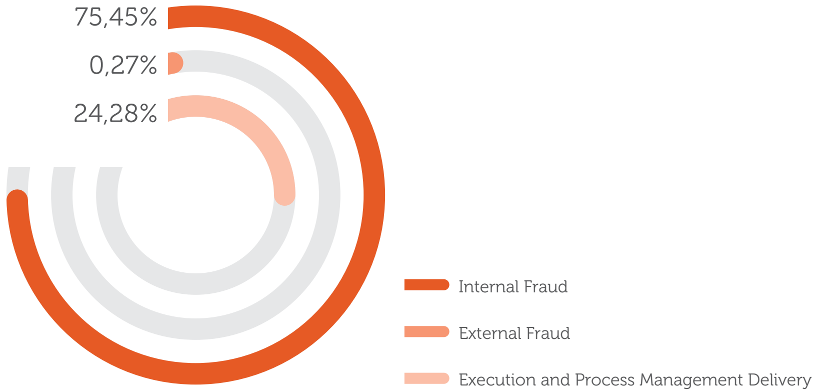
During the 2018 fiscal year the average internal indicator was always within the defined limit on risk appetite.

Of the operational risk events recorded and resulting in actual losses for the Bank, 6% of the events correspond to the category of Internal Fraud and represent 75.45% of the losses borne by the Bank, 29% the External Fraud category with a representation of 0.27% of losses and 88% of the Execution, delivery and process management category with 24.28% of the losses incurred in 2018.

OPERATIONAL RISK EVENTS



EFFECTIVE LOSSES



OWN FUNDS REQUIREMENT FOR OPERATIONAL RISK

The Equity Requirement for Operational Risk was calculated in 2018 based on the basic indicator method and had a value of AKZ 2,534.00.

REGULATORY OWN FUNDS REQUIREMENTS FOR OPERATIONAL RISK

AKZ'000000

ACTIVITIES	ACTIVITIES SUBJECT TO THE BASIC INDICATOR METHOD
Year n-2	2.094
Year n-1	2.632
Year n	2.875
RFPRO	**2.534**

ECONOMIC AND FINANCIAL ENVIRONMENT

WORLD ECONOMY

According to the most recent approaches to the behavior of the world economy and its ability to continue in a growth line since 2016, indications appear that a new global crisis is projected for 2020, probably more intense than the greatest recent recession in 2009. Although the IMF and the World Bank predict world economic growth rates of over 2.8 percent by 2021, economists like Nouriel Roubini (known as the "economist of misfortunes", remembering that it was he who first and in advance warned subprime crisis of 2008/2009) and Brunello Rosa of the London School of Economics[1] believe there are reasons for a slowdown in world economic growth from 2019: the escalation of the trade war between China and the United States (the IMF already has studies on the global negative effects of this conflict triggered by Donald Trump), the "arm-rail" between the Trump Administration and the US Federal Reserve regarding the tightening of monetary policy, the risks of Europe's disintegration after Brexit, rise of radicalism and populism in European democracies, uncertainties about the American elections of 2020 and the trauma of the Europe of the 29, whose GDP will be surpassed by China's this year. The risks to the growth of the world economy and the member economies are changing as events unfold. And of course, if this crisis happens, Angola will not remain unscathed. In a general climate of slowing global growth, the price of a barrel of oil would maintain a downward trend, despite OPEC's production restraint measures.

China remains the fastest growing economy in the world (in the last 12 years, its average annual real GDP growth rate was 8.5%), and the recent Indian economic impulses are not enough so that the Chinese People's Republic lose control of world economic growth, for which it contributes an average of 18% of world trade. Developments in the Chinese economy - which is showing unusual capacity in the disputes with the United States over free trade - have lost some vigor in recent years (2015-2018), but still with an average annual dynamic of significant growth, around 6.7%. At this rate, its GDP will double before 10 years, that is, in 2028 it will increase to USD 28.34 billion, probably the largest in the world. The Chinese Government aware of this relative loss of economic growth, in addition to other initiatives, will launch a program for the development, renovation and modernization of the country's rail network valued at USD 126.5 billion, with an expected increase of 6800 kilometers, of which 3200 kilometers of high-speed rail network.

The Angolan Government has strong and privileged economic, financial and commercial relations with China (which is the main importer of Angolan oil and its exports to the national market have been increasing), having considered it as one of the strategic partners of the country. In addition to public debt to the Asian giant, estimated at USD 25.5 billion by the end of 2018, mainly for infrastructure financing, where the assessments of Angolan citizens and companies that need them to make their business is not of the best, in particular on its quality and involvement of Angolan businessmen and workers. In fact, these reserves are also corroborated in other countries such as Brazil and Ecuador. In this country, it was inaugurated two years ago, with the presence of President Xi Jinping, the giant Coca Codo Sinclair dam in the Amazon basin and operating only 50% due to construction problems (no account was taken of the nature of the land and the proximity of an active volcano). Nonetheless, China is in some ways winning the technological race (while the United States of Trump focuses only on trade wars, building walls against the free movement of people, and challenging Democrats).

1. When The Next Crisis Arrives - Jorge Nascimento Rodrigues, Weekly Express, Economy Notebook, January 5, 2019.

LONG-TERM ECONOMIC GROWTH (%)

	2007/2017	2018	2019
World	3,5	3,7	2,9
United States	1,5	2,3	2,5
European Union	0,9	1,9	1,6
Japan	0,16	0,7	0,9
Emerging	5,6	4,2	4,2
China	8,7	6,5	6,2
India	7,6	7,8	7,5
Brazil	1,6	1,5	2,2
South Africa	2,0	1,1	1,3

Sources: IMF, World Economic Outlook, several years and World Bank, Global Economic Prospects, several years.

Clearly, China and India have been, for almost a decade and a half, the major drivers of world economic growth, which have been heavily influenced by the dynamics of emerging economies and have practically dealt with the financial crisis of 2008/2009. China was a great opportunity to take some steps in its global statement: in 2010 it surpassed Japan and, 3 years later, became the main economy in world trade.

Among European economists, the idea is that the economy of the euro is fragile, and the European Central Bank (ECB) should launch new measures to stimulate growth, which may include the opening of cheap banking finance lines aimed at giving credit to the economy real. Long-term economic growth of the European Union 2007/2017 (0.9%) was greatly affected by the Great Global Recession of 2009 and the estimates for 2018 (1.9%) and forecasts for 2019 (1.6%), are not enough to replace this economic space as one of the great centers of world growth and strategic command of international trade[2]. The world's leading economic powerhouse is preparing to surpass China by the end of 2019. The negative effects of the UK's exit from the European Union are not yet well studied, but many opinions are unanimous in saying that they will be significant and that recovery of its normal operating momentum may continue for about 10 years.

It is clear that some countries are attentive to this process, willing and able to occupy their place in the world economy (especially China) and, above all, when Brexit is resolved, populist political movements in some countries show disagreement as to their permanence in the Union (the specter of a political breakdown is a hypothesis, even if remote, to consider). The Angolan Government has strategic partnerships with some countries of the European Union, of which France stands out, with which, on the other hand, relations have improved substantially from all points of view, after the inauguration of President João Lourenço.

Japan continues to face serious difficulties in finally abandoning the process of recession / low economic growth in which it has been plunged for many years (the last significant rate of GDP growth since 2007). Of course it remains a major economic and technological power, but its relative weight in the world economy has systematically declined. Among the most important economies in the world, the largest GDP recession recorded in 2009 (-6.5%), and since then annual real changes have alternated between positive and negative, but always with low growth positive. Recently, Japanese government authorities have expressed their interest in becoming the main economic, commercial, financial and technological partner of Africa, competing with China for this attribute (the information circulated about its financing of the construction of the port of Namibe in Angola, between USD 500 and USD 600 million may be a symptom of this new African strategy of the Rising Sun country).

Whereas Europe, particularly the area of ex-colonizing economies, will not give its secular influence in Africa (France, Portugal, United Kingdom and Germany) and the United States will not be completely detached from the Continent (despite the contempt with which the Trump Administration treats American-African relations), there may be many conflicts

2. The shock in the growth of its GDP was enormous in 2009, with a record of -4.2%.

of interest (each country has its cooperation strategies) that the African continent may not be in a position to manage them fully, in the name of their economic growth and the defense of populations.

The United States remains the largest economy, the largest military power and the largest scientific and technological power in the world, and for that reason is also part of the restricted club of strategic allies in Angola. However, many projections take for granted the overcoming of China within less than 10 years, the main reason being the difference in GDP growth (about 3 times more). The US economy has lost some brilliance, having responded with rates of change above 3% annually, to the economic and especially fiscal incentives that the Trump Administration has been granting since it took office. The policy of closing borders and worsening customs tariffs may have had a first positive impact on economic growth and job creation but may prove perverse to global growth and, by boomerang effect, to the economy itself. Relations with Angola are not as clear as with other developed economies.

THE ANGOLAN ECONOMY

Deglobalization seems to be one of the challenges facing the world economy in the coming years, so we are told the signs coming from the United States (with a strong proba- bility of slowing growth in the face of the restrictive monetary FED policy) with its persistent isolation policy of "America First" and the European Union with the departure of the United Kingdom (the desire to leave the single and integrated space is also shared by other states of the European Union, tired of the Brussels bureaucracy). Obviously, these scenarios will not help Angola, still very dependent on a single export resource. The agreement with the International Monetary Fund to obtain a US $ 3.7 billion financing, valid for the next 3 years (2019-2021), will become one of the most important economic policy documents of the Government and implementation of the policies and measures agreed by 2019.

Since 2008, the national economy is in a process of structural deceleration of its economic growth dynamics, due to the excessive weight of the external components, the lack of structural market reforms and the lack of institutional capital. The following table provides this long-term view.

DECELING THE GROWTH DYNAMICS OF THE NATIONAL ECONOMY (GDP GROWTH RATE %)

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
10,48	2,01	4,61	1,86	5,20	4,95	4,70	2,80	-2,60	-0,20	-1,8

Sources: National Accounts, NDP 2018-2022, OGE Rationale Reports.

Evidently there was a spillover effect on the remaining variables of the national economic system, with a salience for the budget deficit (-22.8% of GDP in the period between 2013 and 2018) and public debt (70.5% of GDP in August 2018).

But also on private consumption – a very important factor of economic growth in a situation of need to contract public consumption (with public investment) and oil exports – whose real growth rate has been decreasing.

BEHAVIOR OF REAL-FAMILY CONSUMPTION (GROWTH RATES IN %)

2010	2011	2012	2013	2014	2015	2016	2017
1,5	16,2	10,6	6,3	19,6	1,1	-11,2	1,7

Source: National Accounts

Wages, as a relevant componente of household consumption and the improvement of their living conditions, also shows a deterioration in their real value.

WAGE BEHAVIOR IN REAL TERMS (GROWTH RATES IN %)

2010	2011	2012	2013	2014	2015	2016	2017
-1,4	18,2	5,1	-2,1	-2,7	1,7	-21,7	0,3

Source: National Accounts

According to the Forecast Bulletin of the INE of the Third Quarter of 2018, all sectors observed there have a very negative behavior:

a. The Manufacturing Industry shows a negative behavior (-21 points in year-on-year variation compared to 2017), which has been repeating since the I Quarter of 2015, being lower than the Economic Conjuncture Index value.

b. The same happens with the Extractive Industry (oil and gas), with a value of -14 points in the III Quarter. The degradation of this indicator begins to occur after the third quarter of 2014 (surely influenced by the oil crisis).

c. Tourism - one of the great hopes for a resumption of growth and diversification of the economy - is in line with the previous sectors: - 23 points in the III Quarter of this year and a crisis beginning after the Fourth Quarter of 2014.

d. The situation remained unfavorable for the Commerce (-29 points) and Construction (-33 points) sectors.

e. The only sector to present a positive conjuncture index in the III Quarter was Transport, with a value of 5 points.

In the 2018-2022 National Development Plan, expectations of future growth end up following the downward trend in GDP growth dynamics.

GDP GROWTH RATES 2018-2022

	2017	2018	2019	2020	2021	2022	AVERAGE
GPD	-2,1	2,3	3,5	2,4	2,6	4,1	3,0
Oil GDP	-5,2	0,8	0,6	-3,6	-2,5	-4,5	-1,8
Non-Oil GDP	-4,7	2,4	4,4	5,0	6,2	7,5	5,1

Source: NDP 2018-2022.

According to International Monetary Fund[3] estimates, Angolan GDP has evolved as follows since 2014:

GROSS DOMESTIC PRODUCT

	2014	2015	2016	2017	2018
Gross Domestic Products (thousand million USD)	145,7	116,2	101,1	122,1	104,5

Source: IMF Country Report Nº 18/370, ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

Oil and gas production have faced various technical problems and instability in the international market, and as a consequence, the value of its exports has declined over the years after 2014.

PETROLEUM AND GAS PRODUCTION AND EXPORTATION

ITEM	2014	2015	2016	2017	2018
Production (million barrels/day)	1672	1780	1749	1762	1617
Export Earnings (USD MM)	57,6	31,9	26,4	33,5	41,0
Price (USD/barrel)	98,9	52,4	44,0	54,4	71,9

Source: IMF Country Report Nº 18/370, ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

The effects on the country's international reserves have been lacerating, according to the information in the following table.

INTERNATIONAL RESERVES (MILLIONS OF USD)

ITEMS	2014	2015	2016	2017	2018
Gross international reserves	27276	24266	20807	13300	10000
Months of Import (number)	8,8	10,7	10,3	6,7	5,3

Source: IMF Country Report Nº 18/370, ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

Between 2014 and 2018, net international reserves declined by approximately US $ 17.3 billion, with a slight recovery of 12.5% expected for 2019, reaching a stock of USD 11249 million, or 6, 2 months of import. In 2018, the lowest level of RIL was registered since 2011, which resulted in difficulties in the importation of goods and services necessary for the functioning of the economic system, in the context of the absence of alternative sources of foreign exchange besides oil.

3. IMF Country Report No. 18/370, ANGOLA - Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

The public finances situation has deteriorated over the years after the oil price crisis in the second half of 2014, with a negative cumulative -19% of GDP for the budget deficit. Oil tax revenues still remain the main mainstay of the financing of the State's activity and the signs of fiscal diversification tending to focus on the collection of taxes on the non-oil sector are not sustainable. In 2018, the tax dependency ratio was almost 74%.

TAX REVENUE (BILLIONS OF KWANZAS)

ITEMS	2014	2015	2016	2017	2018
Total tax revenue	4098	3042	2599	3203	5257
Oil tax revenue	2970	1898	1373	2009	3886
Tax Dependency (%)	72,5	62,4	52,8	62,7	73,9
Fiscal Deficit (% PIB)	-5,7	-2,9	-4,5	-6,3	0,4

Source: IMF Country Report Nº 18/370, ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

The accumulation of fiscal deficits has paralleled the increase in the state's public debt, both domestic and external, with the well-known consequences on private sector financing, rising interest rates and credit rarefaction in compliance with the restrictive monetary policy of the central bank.

PUBLIC DEBT RATIO (% OF GDP)

ITEMS	2014	2015	2016	2017	2018
Total public Debt	39,8	56,7	75,6	67,9	90,3
State Debt	28,6	44,2	66,2	63,9	84,3
Sonangol Debt	11,2	12,5	9,4	4,0	6,0

Source: IMF Country Report Nº 18/370, ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility, December 2018.

Up to 2022, the Angolan economy presents five major risks: oil price behavior and the probability of diverting from the base scenario (USD 68 per barrel), despite the agreement with the IMF, the high weight of public debt (domestic and external) and its service can limit the inflow of foreign direct investment and borrowing in international markets (despite the agreement with the IMF), potential negative effect of contagion on the financial sector as a result of the transition to a flexible exchange rate regime, public debt shocks from low GDP growth and the possible lowering of the price of a barrel of oil and, finally, a decline in oil production (with a reduction in the dynamics of GDP, the amount of tax revenues and the viability of the new exchange rate policy). After all, everything around oil, the major determinant and in crisis situations the biggest unknown of economic growth and social development of the country.

The reduction of this dependence will take years and the diversification of exports is even longer because the country does not have an exporting DNA (beyond oil and possibly energy) - penetration capacity and partnerships, competitiveness, knowledge of foreign markets, product and process innovation, etc. International markets are very demanding and should not be taken lightly. The state must ensure the smooth functioning of markets, with low interest rates and availability of credit (for this it has to stop being a competitor of the private sector in the financial markets and reduce its debt), a significant reduction of bureaucracy (the NDP expectations, but there are doubts that it will, in a significant proportion, be based on the prevailing mentality of public servants, which will prevail for a long time, since it is part of its idiosyncrasy), the improvement of the business environment and the expressive reduction of so-called context costs.

But in Angola, the risks to the recovery of economic growth on a sustainable basis will be compounded by the increase in poverty and the continuation of the model of income redistribution that has not yet undergone major adjustments, remaining the essence of inequality. Per capita GDP will remain low until 2022, with a forecast of USD 3290 for 2019. But more serious is that the annual increases in this amount are decreasing every year until the end of this legislature, thus allowing the conclusion that economic growth will not generate enough income to distribute more and improve the living conditions of the population[4].

How will the country be in 2019 in terms of economic growth? The IMF, recognizing the recession in 2016, 2017 and 2018 (a cumulative of - 4.5%) and the poor growth of 2015 (0.9%), points to 2.5% growth rate for 2019, insufficient to counter the trend of impoverishment of the population (since 2009, with small and ephemeral episodes of improved living conditions): between 2015 and 2019, per capita GDP will contract by -16%, making it more difficult to make private enterprises profitable through the size of the internal market.

Oil GDP (oil production will apparently continue to be conditioned by technical problems, declining investment and the international environment) will grow by 3.1%, following a contraction of 8.2% in 2018 (11.1% in 2015, -2.7% in 2016 and 0.5% in 2017), while non-oil GDP can not be the counterweight of the national economy: cumulative recession of 5.8% between 2015 and 2017, zero growth in 2018 and only 2.2 per cent by 2019. The economic policies and strategies of previous Governments have been responsible in many aspects for breaking the pace of economic growth.

According to forecasts by the International Monetary Fund, inflation in 2019 will be set within the range of 22.8% -17.5% (cumulative annual average or annual average, respectively), plus a risk factor for low incomes of the population, increased exports, reduced imports (with these rates of inflation will be worth the economy import - positive opportunity cost), national competitiveness and investors' expectations (if there is no compensation for the improvement of the business environment, in its aspect of reducing the different costs associated with creating business).

In 2019, total public debt will represent almost 80% of GDP and 113.4% of non-oil GDP. Once again, dependence on oil and the inability of the national economy to create mechanisms and conditions that release it from harmful influences and promote growth on a systemic and systematic basis. It will be difficult to resolve the exchange rate issue in the country (giving it the necessary stability to facilitate the functioning of the non-oil economy) only by replacing imports without weighing its efficiency. Foreign savings from import reduction are limited by the high imported component of domestic production, which should be influencing (in the context of difficulty access to the foreign currency) the growth capacity of the non-oil sector (0% in 2018 and 2.2% in 2019). Non-mineral exports, on the other hand, remain sluggish and are expected to reach only USD 221 million by 2019. Including diamonds, the situation improves slightly (USD 1351 million) to help meet the financing needs of the national economy, estimated at USD 7248 million, segmented into current ac- count deficit and external debt amortization[5].

Net international reserves are expected to be USD 17513 million in 2019 (ten billion less than in 2014)[6].

The main engines of GDP growth up to 2022, according to the official perspective[7], will be final consumption (public and household) and gross fixed capital formation. Exports lose weight in these Government projections, as negative growth rates for oil and gas production are established (annual average - 2% for 2018-2022). As is well known, oil exports have long been the main driver of GDP growth and, despite less favorable expectations, will continue to be so for some time (the appearance of other products on the export agenda time, business capacity of competition in foreign markets and management of the trinomial price-quality-marketing). The dynamics of variation of gross fixed capital formation is

5. IMF Country Report Nº 18/370, from December 2018 and named ANGOLA – Request For An Extend Arrangement Under The Extend Fund Facility.
6. The stability of the Exchange market can not only be assessed by the convergence of official and informal exchange rates, but also by the price at which the foreign currency is obtained. Convergence with hifh exchange rates does not favor the acquisition of raw and intermediate materials.
7. National Development Plan 2018-2022.

established at 2.7% per annum. The value attributed to its marginal efficiency is not known (as a rule, expressed by the capital-product coefficient). Assuming an average value of 2.75, the total investment should vary by an annual average of 8.25% (for an average annual GDP growth rate of 3%). For final consumption (public and households) the PDN 2018-2022 establishes an annual average rate of change of 3.1%. Given the low per capita GDP and its downward trend until 2022, this annual increase of more than 3% will have to be assumed by public spending, especially by means of the salaries of public employees.

In order for the Government's intentions to materialize, the PDN 2018-2022 presents a series of measures, of which the following stand out:

a. Minimize barriers to entry and exist of market companies.

b. Promote institutional and legislative changes to improve and render effectively the enforcement of competition policy.

c. Promote competition by regulating and supervising the markets which deter competition-restrictive practices and encourage diversification and economic development

d. Promote the continuous improvement of the business environment, seeking to enhance the attractiveness of the Angolan economy.

INDIVIDUAL FINANCIAL STATEMENTS

BALANCE SHEET ON DECEMBER 31ST 2018 AND 2017

AKZ'000

	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**
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**
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 accompanying notes are na integral part of these financial statements.

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 accompanying notes are na integral part of these financial statements.

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

AKZ'000

	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**

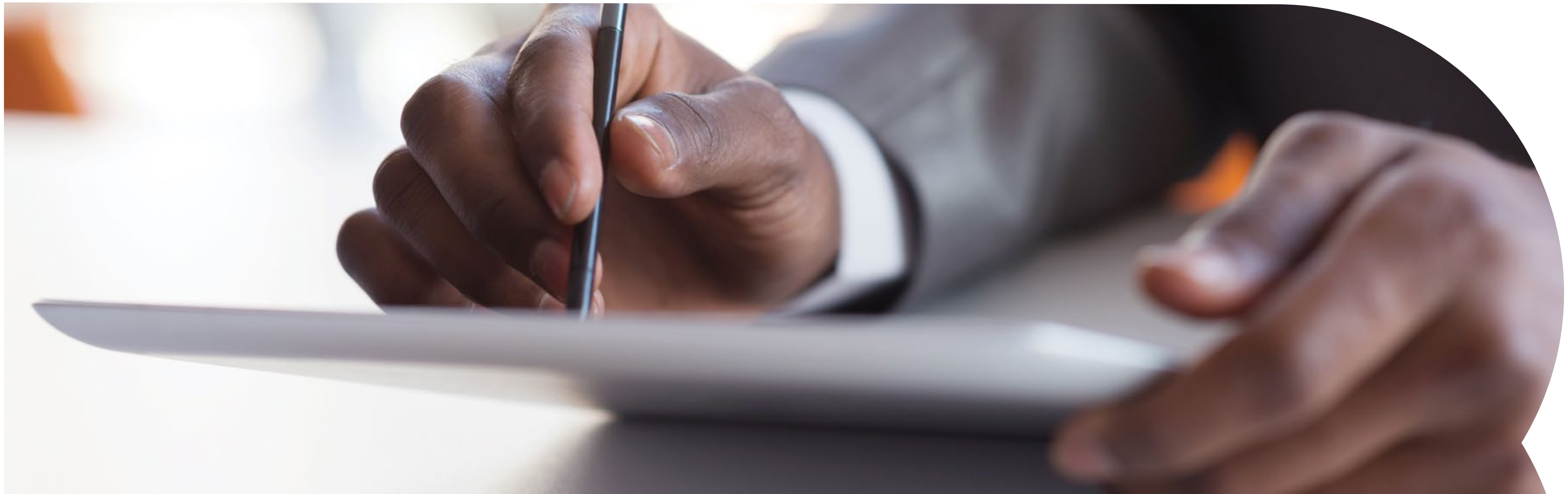
The accompanying notes are na integral part of these financial statements.

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

AKZ'000

	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 accompanying notes are na integral part of these financial statements.



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

AKZ'000

	NOTES	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 and operational liabilities		(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 accompanying notes are na integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

NOTE 1 – INTRODUCTORY NOTE

Banco de Negócios Internacional, SA, hereinafter also referred to as "Banco" or "BNI", headquartered in Luanda, is a Private Equity Bank incorporated on February 2, 2006, with the corporate purpose of 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

Under the provisions of Notice No. 6/2016 of June 22, of the National Bank of Angola, the financial statements of Banco de Negócios Internacional, SA for fiscal years beginning on or after 1 January 2016 are prepared in accordance with International Standards Financial Reporting Standards ("IFRS").

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

The Bank's individual financial statements are presented for the year ended 31 December 2018 and have been prepared in accordance with IFRS in force on that date.

The accounting standards and their interpretation recently issued but not yet effective and which the Bank has not yet applied in the preparation of its financial statements can be analyzed in Note 40.

The financial statements are expressed in thousands of kwanzas (Akz '000), rounded to the nearest thousand and prepared in the assumption of continuity of operations. They were prepared in accordance with the historical cost principle, except for assets and liabilities recorded at fair value, namely financial derivative instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

The preparation of financial statements in accordance with IFRS requires the Bank to make judgments and estimates and to use assumptions that affect the application of accounting policies and the amounts of income, costs, assets and liabilities. Changes in such assumptions or differences between them and reality may have an impact on current estimates and judgments. Areas that involve a higher level of judgment or complexity, or where assumptions and significant estimates are used in the preparation of the financial statements are analyzed in Note 3.

The individual financial statements and management report for the year ended 31 December 2018 were approved at a meeting of the Board of Directors on 22 March 2019 and will be submitted for approval by the Annual General Meeting which has the power to change them. However, it is the Board's belief that they will be approved without significant changes.

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 - Instruments Financial - 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.

2.2 FINANCIAL ASSETS AND LIABILITIES – IFRS 9 (APPLICABLE TO 2018)

2.2.1 CLASSIFICATION OF FINANCIAL ASSETS

As a result of applying IFRS9 as from January 1, 2018, the Bank classifies its financial assets into one of the following valuation categories:

- Investments at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or 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 carried out on the basis 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 under the heading "Financial assets at amortized cost" when the following conditions are cumulatively met:

- is managed with a business model whose objective is 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 debt instruments managed based on 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 also includes "Applications to central banks and other credit institutions", "Investments at amortized cost" and "Customer loans".

b) Financial assets at fair value through other comprehensive income
A financial asset is classified under the heading "Financial assets at fair value through other comprehensive income" when the following conditions are cumulatively met:

- is managed as a business model whose purpose combines the receipt of contractual cash flows from financial assets and their sale, 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.

c) Financial assets at fair value through profit or loss
A financial asset is classified in the category "Financial assets at fair value through profit or loss" whenever due to the Bank's business model or because of the characteristics of its contractual cash flows, it is not appropriate to classify the financial assets in any of the categories above. At the transition date, to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the asset through 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 for the purpose of trading them in the short term.
- are part of a group of financial instruments identified and managed jointly by the evidence of recent actions with the aim 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 how the Bank manages its assets with a view to generating cash flows. It is therefore important to note whether the Bank's objective is only to receive the cash flows from the assets ("Hold to collect") or to receive the contractual cash flows and the cash flows from the sale of the assets ("Hold to collect and sell "). If none of these apply (eg financial assets are held for trading), then financial assets are classified as part of "other" business model and recognized at fair value through profit or loss. The factors considered by the Bank in identifying the business model for a set of assets include past experience with regard to how cash flows are received, how the performance of assets is assessed and reported to management, how the risks are evaluated and managed and how the managers are remunerated.

Held-for-trading securities are primarily held for sale in the short term or are part of a portfolio of jointly managed financial instruments for which there is clear evidence of a recent pattern of short-term gains. These securities are classified in "other" business models and recognized at fair value through profit or loss.

The evaluation of the business model does not depend on intentions for an individual instrument, but rather on a set of instruments, taking into account the frequency, value, timing of sales in previous years, the reasons for such sales and the expectations regarding to future sales. Infrequent or non-significant sales, or close to the maturity of the asset and those caused by an increase in the credit risk of the financial assets or to manage concentration risk, among others, may be compatible with the model of holding assets to receive cash flows. contractual box.

If a financial asset contains a contractual clause that can change the timing or value of contractual cash flows (such as early amortization clauses or extension of duration), the Bank determines if the cash flows that will be generated during the life of the instrument, due to the exercise of said contractual clause, are only payments of principal and interest on the value of the capital outstanding.

If a financial asset includes a periodic adjustment of the interest rate, but the frequency of such adjustment does not coincide with the reference interest rate (for example, the interest rate is adjusted every three months), the Bank evaluates at the time of initial recognition, such inconsistency in the interest component to determine whether contractual cash flows represent only principal and interest payments on the value of the outstanding principal.

Contractual conditions that, at the time of initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly improbable events (such as settlement by the issuer) do not prevent their classification in the portfolios at amortized cost or at fair value through other 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, that is, interest includes only considerations regarding the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic credit 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.

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.

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.

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.

2.2.6 RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL INSTRUMENTS

Only if the Bank decides to change its business model to the management of financial asset would it reclassify all the affected financial assets in accordance with the requirements of IFRS 9. This reclassification would be made prospectively from the reclassification date. In accordance with IFRS 9, changes in the business model are expected to occur infrequently. Financial liabilities can not be reclassified between portfolios.

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.

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).

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.

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.

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.

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 of the regular assessment of the existence of objective evidence in the impairment in their loan portfolio. The identified losses by impairment are recorded 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 evaluation of the existence of losses by impairment in individual terms is determined through the analysis of a total exposure of credit case by case. For each significant individually considered credit, the Bank evaluates, in each balance date, the existence of objective evidence of impairment.

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 privileged creditors;
- the customer's indebtedness to the financial sector;
- the amount and the estimated recovered periods; and
- other factors

The impairment losses 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 homogeneous 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 valuation process

The valuation of the guarantees 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 operations, every time 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 solicited 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 reevaluation 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 valuation 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 reevaluation, 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 potentially 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 reevaluation dates.

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

(iii) Other received guarantees

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

Should there not be a valuation of the guarantee, or it not be possible to guarantee the property and safeguarding of the assets, the value of the received guarantee isn't considered for purposes of determination of impairment losses. In view of the difficulties underlying a correct and judicious assessment of this type of guarantee received, 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 interest, 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 collateralized loans, when the funds from the realization of the collateral were already received, through the use of impairment losses when they correspond to 100% of the value of the loans considered as non-recoverable.

2.3.2 OTHER FINANCIAL INSTRUMENTS

(i) Classification, initial recognition and subsequent measurement

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

2) Investments held until maturity

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

Any reclassification or sale of financial assets recognized 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 recognized 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 recognized 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 recognized in fair value reserves are recognized 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 recognized in the Fair value reserve (Equity), as an integral component of the respective fair value.

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

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

Impairment losses are recognized 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 derecognized 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 recognized at fair value and subsequently held until maturity. The associated transaction costs are part of the effective interest rate. The interest recognized through the effective interest rate method is recognized in the financial margin.

The capital gains and losses determined at the time of the repurchase of other financial liabilities are recognized 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 amortized cost, based on the effective rate method or at fair value through profit and loss.

The amortized cost of a financial asset or liability is the amount through which a financial asset or liability is initially recognized, minus receipts of capital, plus or minus accumulate amortizations using the effective interest rate method, resulting from the difference between the initially recognized 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 maximize the use of observable market data and minimize 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 effective interest rate of the financial asset and they are recorded through the income statement. These assets are presented in the balance sheet net of impairment. If it is an asset with a variable interest rate, the discount rate to be used for the determination of the respective impairment loss is the current effective interest rate, determined based on the rules of each contract. In relation to the investments held until maturity, if in a subsequent period the amount of the impairment loss reduces, and this reduction can be objectively related to an event that occurred after the recognition of the impairment, this is reversed through the financial year's income statement.

When there is evidence of impairment in the financial assets available for sale, the potential accumulated loss in reserves, corresponding to the difference between the acquisition cost and the current fair value, minus any impairment loss in the asset previously recognized in the income statement, is transferred to the income statement. If in a subsequent period the amount of the impairment loss reduces, the previously recognized 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 recognized 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 recognized 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 recognized 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 derecognizes 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 derecognizes 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.

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 expectations 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 investment 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 item or the hedge instrument must not have a dominant effect over the changes of value resulting of that economic relationship, and

c. the cover ratio 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 Hedging

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

vi. Cash Flows Hedging

The fair value variations of the derivatives, which are qualified for cash flow hedges, are recognized in equity - cash flow reserves - in the effective part of the hedge relationships. The fair value variations of the ineffective portion of the hedge relationships are recognized 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 derecognized, 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 recognized 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 recognized there until the future transaction is recognized 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 recognized in the income statement.

At 31 December 2018 and 2017 the Bank had no hedging operations classified as fair value or cash flow hedging.

2.5 TRANSACTION IN FOREIGN CURRENCY

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 recognized 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 recognized through the income statement, with exception of those recognized in financial assets available for sale, whose difference is recorded in reserves.

At 31 December 2018 and 2017, the exchange rate of AOA against currencies relevant to the Bank's activity was as follows:

	2018	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.

2.6 OTHER TANGIBLE ASSETS

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

Subsequent costs are recognized 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 recognized as a cost insofar as they are incurred in accordance with the principle of specialization of the financial years.

Land is not amortized. Amortizations 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 a 50**
Equipment	
Furniture and Fittings	8 e 10
Machines and tools	4 e 10
Computer equipment	3 a 6
Interior fixtures	4 a 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 recognized whenever the net value of an asset exceeds its recoverable amount. Impairment losses are recognized in the income statement.

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

2.7 INTANGIBLE ASSETS

The costs incurred with the acquisition of software to third parties are capitalized, as well as the additional expenses borne by the Bank that are necessary for their implementation. These costs are amortized 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 recognized and recorded as intangible

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

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 recognized 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 recognized in the income statement. Investment properties are not amortized

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

2.9 ASSETS TRANFERRED 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 recognized 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 2.2. The securities received through loan agreements are not recognized in the balance sheet.

2.10 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

Subsidiaries are entities (including investment funds and securisation vehicles) controlled by the Bank. The Bank controls an entity when it is exposed, or has rights, to the variability in the returns from their involvement with that entity and can assume them through the power that holds over the relevant activities of that same entity (fact 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 equivalent 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 every time there are signs of impairment. Impairment losses are determined based on the diffeence between the recoverable value of the subsidiaries or associates' investments and their book value. Impairment losses are registered through net income, being subsequently 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.

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).

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 capitalization 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 specialized in these types of services. The valuation reports are analyzed internally with assessment of the adequacy of the processes, whilst comparing the sale values with the revalued values of the real estate.

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 amortization 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 amortization of the capital. The recognition of the financial income reflects a constant periodic rate of return over the remaining net investment of the lessor.

- **Operating Leases**

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

2.14 TAXES ON PROFITS

The taxes on profits recorded in the income statement include the effect of the current taxes and deferred taxes. Tax is recognized 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 recognized in the equity resulting from the revaluation of financial assets available for sale and of cash flow hedging derivatives are, when they exist, subsequently recognized in the income statement at the time in which the gains and losses that gave rise to them are recognized 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 recognized for all the taxable temporary differences with exception of the differences resulting from the initial receipt 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 recognized 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 the deferred tax assets and liabilities whenever they: (i) have the legally enforceable right to compensate current tax assets and current tax liabilities; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same tax authority over the same taxable entity or different taxable entities that seek to settle current tax liabilities and assets on a net basis, or realize the assets or settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

2.15 PROVISIONS AND CONTINGENTE LIABILITIES

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

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

2.16 RECOGNITION OF INTEREST

The income referring to interest from financial asset and liability instruments measured at amortized cost is recognized 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 recognized in the financial margin as well as of the financial assets and liabilities at fair value through profit and loss.

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

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

In the case of financial assets or groups of similar financial assets for which impairment losses were recognized, 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 recognized 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 recognized in the category of Fair Value Option, the interest component is recognized in similar interest or income or in similar interest or charges (financial margin).

2.17 RECOGNITION OF DIVIDENDS

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

2.18 RECOGNITION OF INCOME FROM SERVICES AND COMMISSIONS

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

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

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

2.19 FIDUCIARY ACTIVITIES

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

2.20 INCOME IN FINANCIAL TRANSACTIONS

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

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

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.

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 recognized at fair value, with the initial fair value being amortized during the useful life period of the guarantee or commitment. Subsequently, the liability is recorded as the higher between the amortized value and the present value of any payment expected to be settled.

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.

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 orientations of National Bank of Angola, 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 held at fair value through comprehensive income
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

CATEGORY	MEASUREMENT	ACCOUNTING VALUE
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
Investments in central banks and in other credit institutions	Amortized Cost	18 649 236
Financial assets at fair value through profit and loss	FVTPL	6 452 087
Financial Assets Available for Sale	FVOCI	123 449
Investments Held to Maturity	Amortized Cost	73 180 417
Loans to customers	Amortized Cost	89 940 081

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

IFRS 9

CATEGORY	MEASUREMENT	ACCOUNTING VALUE
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
Investments in central banks and in other credit institutions	Amortized Cost	18 525 855
Financial assets at fair value through profit and loss	FVTPL	6 450 469
Financial assets available for sale	FVOCI	123 449
Investments held until maturity	Amortized Cost	73 155 957
Loans to customers	Amortized Cost	83 191 103

(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:

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CATEGORY IAS 39	CATEGORIES IFRS 9	IAS 39 31.12.2017	RECLASSIFICATION	REMEASUREMENT	IFRS 9 01.01.2018
Financial Assets	**Financial Assets**	**10 697 189**			
Cash on hand in other credit institutions	Cash on hand in other credit institutions	18 649 236	-	-	10 697 189
Investments in central banks and in other credit institutions	Investments in central banks and in other credit institutions	89 940 081	-	(123 381)	18 525 855
Loans to customers	Loans to customers	123 449	-	(6 748 978)	83 191 103
Financial assets available for sale	Financial assets available for sale	6 452 087	-	-	123 449
Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	73 180 417	-	(1 618)	6 450 469
Investments held until maturity	Investments held until maturity		-	(24 460)	73 155 957
Financial Liabilities	**Financial Liabilities**				
Financial 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.

NOTA 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.

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

The fair value is based on market prices, when available, and in the absence of pricing it is determined based on the use of prices of recent similar transactions carried out under market conditions, or based on valuation methodologies based on discounted future cash flow techniques considering the market conditions, the temporary value, the profit curve and volatility factors. 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.

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 recognized 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 recognized impairment losses, with the consequent impact on the Bank's income.

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, recognized in the financial year.

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

3.4 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES

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

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

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

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", when there is an expectation of sale within a maximum term of one year and in the category "Other assets" when this period was exceeded. Real estate is 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 specialized in these types of services. The valuation reports are analyzed 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 customer resources	(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 customer resources	(6 597 740)	-	(6 597 740)
Interest from subordinated liabilities	(476 959)	-	(476 959)
Financial Margin	**11 468 909**	**472 560**	**11 941 469**

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 recognized 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
Sale of foreign currency	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 exchange earnings	**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.

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

WAGES AND SALARIES	31.12.2018	31.12.2017
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)**
	(6 866 405)	**(5 384 215)**

Other costs relate to the costs of training employees and fraternization 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 KEY 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:

		AKZ'000
	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
	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 surveillance	(605 776)	(778 043)
Advertising and publications	(365 244)	(205 067)
Communications and shipment	(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/ (CHARGES)	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 31.12.2016	REVERSALS/ (CHARGES)	USES	TRANSFERS	IFRS 9 IMPACT	EXCHANGE RATE DIFERENCES AND OTHERS	BALANCE AT 31.12.2017
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 the Bank's shareholders	**6 770 096**	**2 002 778**
Weighted average number of issued ordinary shares (thousands)	2 000	2 000
Average number of ordinary shares in circulation (thousands)	**1 954**	**1 854**
Basic earning per share attributable to the Bank's shareholders (units)	**3,465.45**	**1 080.48**

NOTE 15 – CASH AND CASH EQUIVALENTS 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
National Bank of Angola	**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 National Bank of Angola, of 19 July 2018, and according to the Directive No. 4/2018 of National Bank of Angola, on 17 July 2018, the minimum reserve requirements in demand deposits on BNA, are calculated according to the following table:

AKZ'000

		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 EQUIVALENTS IN OTHER CREDIT INSTITUTIONS

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

AKZ'000

	31.12.2018	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 analyzed 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.

31.12.2018 AKZ'000

	NOMINAL VALUE	FAIR VALUE	ACCRUED INTEREST
Financial assets at fair value through profit and loss	-	-	-

31.12.2017 AKZ'000

	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, considering that (i) these financial assets are managed and their performance is assessed on a fair value basis and/or (ii) these assets contain embedded derivative instruments.

NOTE 19 – FINANCIAL ASSETS AVAILABLE FOR SALE

The value of the exposure recognized in this category corresponds to the Bank's interest in the EMIS and Aliança,both measured at historical cost.

31.12.2018 AKZ'000

	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**

31.12.2017 AKZ'000

	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 2018 and 2017 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 2018 and 2017, 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 2.2.4, 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 in their 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

31.12.2018		STAGE 1		STAGE 2		STAGE 3		TOTAL
SEGMENT	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

01.01.2018		STAGE 1		STAGE 2		STAGE 3		TOTAL
SEGMENT	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	-
Consumer Credit	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	FROM 1 TO 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 on 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					TOTAL
		UP TO 1 MONTH	FROM 1 TO 3 MONTHS	FROM 3 MONTHS TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 1 TO 5 YEARS	
Without signs of impairment (IBNR)							
Loans and interest	25 401 263	-	-	-	-	-	25 401 263
Impairment	(250 815)	-	-	-	-	-	(250 815)
Individual	10 828 896	-	-	-	-	-	10 828 896
Collective	14 572 367	-	-	-	-	-	14 572 367
With impairment attributed on 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 BEWTWEEN 90 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 BEWTWEEN 90 AND 180 DAYS	LOANS OVERDUE BETWEEN 30 AND 180 DAYS	TOTAL VENCIDO
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

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

AKZ'000

SEGMENT	TOTAL EXPOSURE	EXPOSURE 31.12.2018				
		NON DEFAULTED LOANS	OF WHICH RECOVERED	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	TOTAL EXPOSURE	NON DEFAULTED LOANS	OF WHICH RECOVERED	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

	IMPAIRMENT 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	1 047 556	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:

AKZ'000

SEGMENT	TOTAL EXPOSURE	TOTAL EXPOSURE 31.12.2018					
		COMPLIED LOANS				DEFAULTED LOANS	
		DAYS IN DEFAULT < 30			BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT <=90 DAYS	DAYS IN DEFAULT > 90 DAYS
		WITHOUT SIGNS	WITH SIGNS	SUB-TOTAL			
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**

AKZ'000

SEGMENT	TOTAL IMPAIRMENT	IMPAIRMENT 31.12.2018			
		COMPLIED LOANS		DEFAULTED LOANS	
		DAYS IN DEFAULT < 30	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**

AKZ'000

SEGMENT	TOTAL EXPOSURE	TOTAL EXPOSURE 31.12.2017					
		COMPLIED LOANS				DEFAULTED LOANS	
		DAYS IN DEFAULT < 30			BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT <=90 DAYS	DAYS IN DEFAULT > 90 DAYS
		WITHOUT SIGNS	WITH SIGNS	SUB-TOTAL			
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**

AKZ'000

		IMPAIRMENT 31.12.2017			
		COMPLIED LOANS		DEFAULTED LOANS	
SEGMENT	TOTAL IMPAIRMENT	DAYS IN DEFAULT < 30	BETWEEN 30 AND 90 DAYS IN DEFAULT	DAYS IN DEFAULT <=90 DAYS	DAYS IN DEFAULT > 90 DAYS
Companies	14 874 448	12 962 283	1 816	-	1 910 349
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		
YEAR OF GRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
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		
YEAR OF GRANTING	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED	NUMBER OF OPERATIONS	AMOUNT	IMPAIRMENT INCORPORATED
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 analyzed 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 occurred in the stages that took place from 31 December 2017 to 31 December 2018 is as follows:

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 SEGMENTO	PD (%)		LGD (%)	
	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 Individuals	5.5%	52.6%	54.7%	72.2%
Overdrafts – Private Individuals	4.4%	38.6%	68.7%	94.2%

01.01.2018 SEGMENT	PD (%)		LGD (%)	
	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		
	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		
	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:

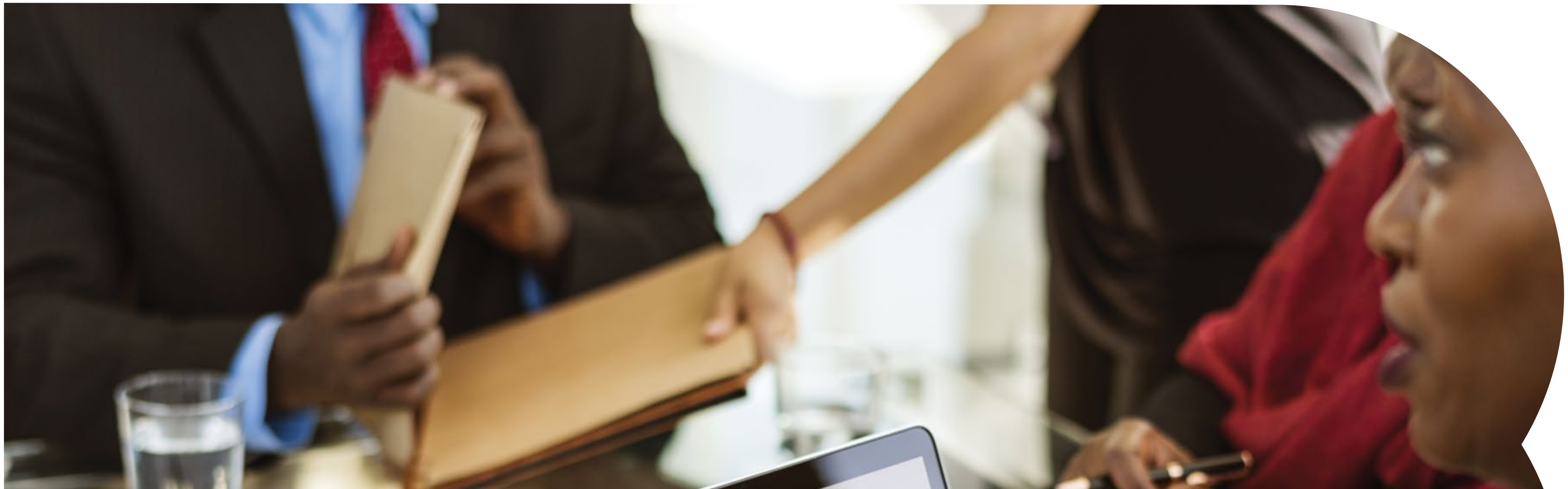
AKZ'000

	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

	COMPANIES				REAL ESTATE CONSTRUCTION AND DEVELOPMENT				HOUSING			
	REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES		REAL ESTATE		OTHER REAL GUARANTEES	
FAIR VALUE	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT	NUMBER OF REAL ESTATE	AMOUNT
< 50 MAOA	8	138 412	96	1 448 556	-	-	7	233 324	17	328 416	-	-
>= 50 MAOA and < 100 MAOA	22	1 723 276	22	1 473 672	-	-	-	-	3	199 811	-	-
>= 100 MAOA and < 500 MAOA	13	3 233 188	24	4 932 927	1	400 560	1	400 560	2	458 000	-	-
>= 500 MAOA and < 1.000 MAOA	4	2 936 550	10	7 930 574	1	609 499	-	-	-	-	-	-
>= 1.000 MAOA and < 2.000 MAOA	6	7 465 354	7	10 122 694	1	1 851 642	1	1 810 807	-	-	-	-
>= 2.000 MAOA and < 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:

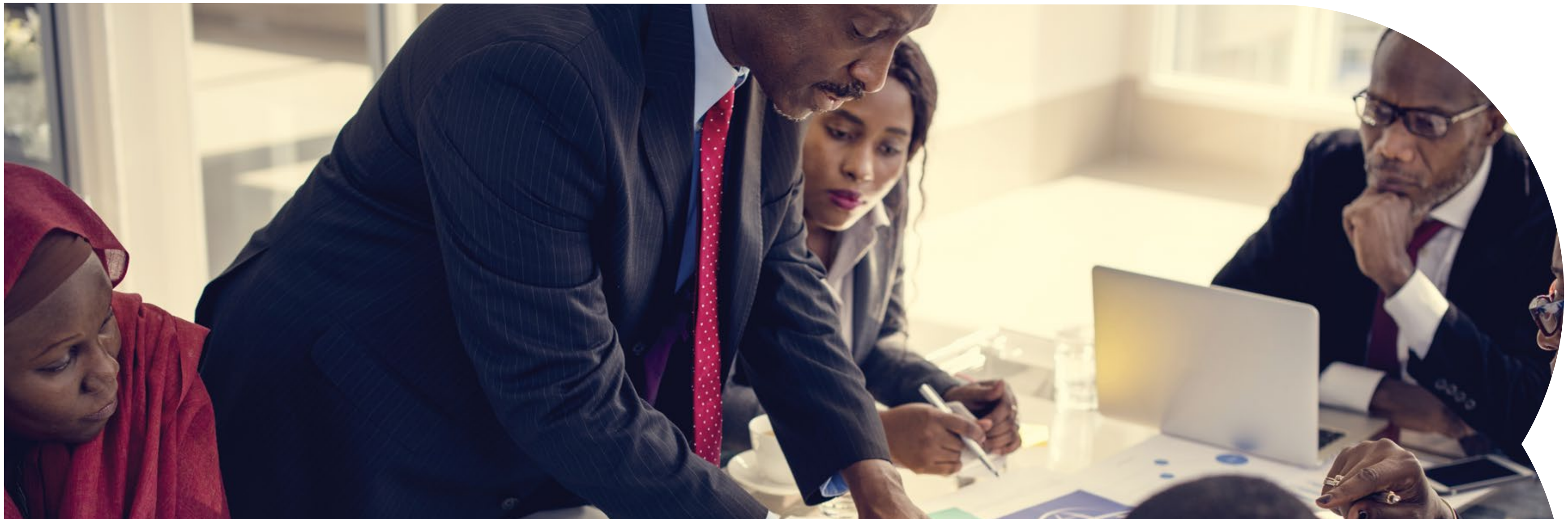
AKZ'000

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% and < 75%	3	4	10 771 981	34 107	4 170 455
>= 75% and <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% and <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% and < 75%	-	-	-	-	-
>= 75% and <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% and < 75%	-	1	363 558	-	22 075
>= 75% and <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

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



The financing-guarantee ratio of the business, construction, real estate development and housing segments as at 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% and < 75%	7	12	6 430 884	52 200	2 847 239
>= 75% and <100%	4	6	1 212 262	-	723
>= 100%	34	52	5 440 250	6 313 514	641 004
Real estate construction and development					
Without an associated guarantee	2	6	3 930 687	250 446	300 892
< 50%	1	-	-	-	-
>= 50% and < 75%	-	-	-	-	-
>= 75% and <100%	-	1	-	-	-
>= 100%	1	9	2 883	-	-
Housing					
Without an associated guarantee	1	-	934 539	-	150 192
< 50%	14	-	57 146	22 871	10 038
>= 50% and < 75%	2	-	225 622	-	2 719
>= 75% and <100%	2	-	17 429	-	316
>= 100%	5	-	31 700	-	-
Other					
Without an associated guarantee	5	48	4 202 358	1 105 120	1 244 250
< 50%	7	4	99 447	17 122	46 691
>= 50% and < 75%	2	8	16 329	-	1 773
>= 75% and <100%	1	3	-	-	-
>= 100%	8	101	106 345	-	15

NOTE 22 – NON-CURRENT ASSETS HELD FOR SALE

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

AKZ'000

	31.12.2018	31.12.2017
Non-current assets held for sale		
Real Estate and Equivalent	2 545 173	-
Financial Interests	13 125 104	6 893 171
Impairment Losses	(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 properties	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:

AKZ'000

								31.12.2018	31.12.2017	31.12.20180	31.12.2017
COMPANY	CURRENCY	SHARE CAPITAL	% HELD SHARES	N.O HELD ASSETS	SHARE CAPITAL	ALLOCATION TO LOSS HEDGE	INVESTMENT'S TOTAL COST	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

AKZ'000

	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 National Bank of Angola, which is expected to take place until 30 June 2019.

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

AKZ'000

	31.12.2018		31.12.2018	
	REAL ESTATE	FINANCIAL PARTICIPATIONS	REAL ESTATE	FINANCIAL PARTICIPATIONS
Opening Balance	**-**	**6 893 171**	**-**	**6 893 171**
Cash entries	2 545 173	-	-	-
Sales	-	-	-	-
Transfers	-	-	-	-
Exchange diferences and others	-	6 231 933	-	-
Final Balance	**2 545 173**	**13 125 104**	**-**	**6 893 171**

The impairment movement over the Non-current assets 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 PARTICIPATIONS	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	-	-	-
Final Balance	**-**	**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 assets					
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 amortizations					
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	31.12.2017
Tangible Assets					
Furniture, tools, fixtures and equipment	19 057 320	832 990	(149 024)	99 728	19 841 014
Other fixed assets	-	-	-	-	-
Fixed assets in progress	1 959 126	103 023	(588 553)	(99 864)	1 373 731
Total	**21 016 446**	**936 013**	**(737 578)**	**(136)**	**21 214 745**
Accumulated Amortizations					
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 Amortizations		
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	NET 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 the 2018 exercise BNI carried a capital increase of AKZ 100 millions, which is fully subscribed and paid on 31 December 2018.

AKZ'000

31.12.2017	GROSS VALUE	IMPAIRMENT	NET 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 these 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 recognized 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 recognized 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
Income Before Taxes		**8 663 111**		**2 696 110**
Tax Rate	30%		30%	
Tax determined based on the tax rate		(2 598 933)		(808 833)
Tax benefits in income from public debt securities		2 853 539		1 755 735
Interest from loans (capital holders or supplies)		-		-
Unforeseen provisions		(2 896 795)		(379 473)
Nondeductible 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)
Industry tax of the year	**22%**	**(1 893 015)**	**-43%**	**(693 333)**

NOTE 26 – OTHER ASSETS

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

AKZ'000

	31.12.2018	31.12.2017
Other assets		
Real Estate	8 333 767	9 707 000
Other debtors	5 534 518	5 764 707
Letters of credit pending settlement	3 880 685	-
AGT Commissions	2 631 392	1 768 415
Other operations pending 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 impairment 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**
Additions	-	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
Resources of other banks		
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-balance credit sheet exposures in each reference 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	AKZ	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, was the following.

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 specialization of costs incurred in the financial year for which the corresponding invoices have still not been received.

NOTE 32 – OTHER RESERVES AND RETAINED EARNINGS

The applicable Angolan legislation requires the legal reserve to be credited annually with at least 10% of the yearly net profit, up to the concurrence of the share capital.

Thus, the balance at 31 December 2018 and 2017 is as follows:

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

	31.12.2018			31.12.2017		
	%	TOTAL SHARES	SHARE CAPITAL	%	TOTAL SHARES	SHARE 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 potential 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 ASSETS	SOCIAL 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 mobilization of funds by the Bank.

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

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

Notwithstanding the particularities of these commitments, the assessment of these transactions obeys the same basic principles of any other commercial transaction, namely that of solvency, of either the customer, or of the business that they are subjacent to, with the Bank requiring these transactions to be duly collateralized 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 recognized in the period under analysis, is summarized 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 2018 and 2017, 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 summarized 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 associates of Shareholders	-	-	-	-	-	-	-	-	-	-
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:

AKZ'000

31.12.2018	VALUED AT FAIR VALUE	VALUE AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
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 subsidiaries, associated companies 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 maturity	-	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

AKZ'000

31.12.2017	VALUED AT FAIR VALUE	VALUE AT AMORTISED COST	VALUED AT HISTORICAL COST	IMPAIRMENT	NET VALUE
Assets					
Cash and cash on hand in central banks	-	26 690 292	-	-	26 690 292
Cash on hand in other credit institutions	-	10 697 189	-	-	10 697 189
Investments in subsidiaries, associated companies and joint ventures	-	-	99 998	(53 854)	46 144
Investments in central banks and in other credit institutions	-	18 649 236	-	-	18 649 236
Loans to customers	-	106 270 523	-	(16 330 442)	89 940 081
Financial assets available for sale	-	-	123 449	-	123 449
Investments held until maturity	-	73 180 417	-	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	-	-	6 452 087
Non-current assets held for sale	-	-	6 893 171	(2 548 743)	4 344 428
Liabilities					
Customer resources and other loans	-	234 333 360	-	-	234 333 360
Resources of central banks and other credit institutions	-	6 135 455	-	-	6 135 455
Subordinated liabilities	-	5 038 946	-	-	5 038 946

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

AKZ'000

31.12.2018	THROUGH THE INCOME STATEMENT		
	GAINS	LOSSES	NET
Assets			
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, associated companies 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)**

AKZ'000

31.12.2017	THROUGH THE INCOME STATEMENT		
	GAINS	LOSSES	NET
Assets			
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	-	(6 597 740)	(6 597 740)
Resources of central banks and other credit institutions	-	(116 181)	(116 181)
Subordinated liabilities	-	(476 959)	(476 959)
Total	**19 132 349**	**(9 692 754)**	**9 439 595**

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:

AKZ'000

31.12.2018	BOOK VALUE NET	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORIAL COST	TOTAL BOOK VALUE
Financial Assets					
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 maturity	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

AKZ'000

31.12.2017	BOOK VALUE NET	FAIR VALUE OF FINANCIAL INSTRUMENTS	DIFFERENCE	ASSETS VALUED AT HISTORIAL COST	TOTAL BOOK VALUE
Financial Assets					
Cash and cash on hand in central banks	26 690 292	26 690 292	-	-	26 690 292
Cash on hand in other credit institutions	10 697 189	10 697 189	-	-	10 697 189
Investments in central banks and in other credit institutions	18 649 236	18 649 236	-	-	18 649 236
Loans to customers	89 940 081	89 940 081	-	-	89 940 081
Investimentos detidos até à maturidade	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 recognized at fair value are valued in accordance with the IFRS 13 level 2 hierarchy of valuation (there are no assets in the Bank recognized 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 amortized cost is the following:

31.12.2018 AKZ'000

ASSETS AND LIABILITIES AT AMORTISED COST	FAIR VALUE	VALUATION HIERARCHY		
		LEVEL 1	LEVEL 2	LEVEL 3
Financial 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	-	-	86 887 739
Investments held until maturity	105 551 679	-	105 551 679	-
Financial 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

ASSETS AND LIABILITIES AT AMORTISED COST	FAIR VALUE	VALUATION HIERARCHY		
		LEVEL 1	NÍVEL 2	NÍVEL 3
Financial Assets				
Cash and cash on hand in central banks	26 690 292	-	26 690 292	-
Cash on hand in other credit institutions	10 697 189	-	10 697 189	-
Investments in central banks and in other credit institutions	18 649 236	-	18 649 236	-
Loans to customers	89 940 081	-	-	89 940 081
Investimentos detidos até à maturidade	71 807 789	-	71 807 789	-
Financial Liabilities				
Customer resources and other loans	234 333 360	-	234 333 360	-
Resources of central banks and other credit institutions	6 135 455	-	6 135 455	-
Subordinated liabilities	5 038 946	-	5 038 946	-

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 practiced 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 practiced 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

Credit – Credit risk is associated with the degree of uncertainty of recovery of the investment and of its returns, due to incapacity of either a debtor (or of their guarantor, if there is one), in this way causing a financial loss for the creditor. The credit risk is apparent in debt securities or other balances receivable.

Market – The concept of market risk reflects the potential loss that can be recorded by a certain portfolio as a result of rate changes (interest and exchange) and/or changes of the prices of the different financial instruments that comprise them, considering either the correlations existing between them, or the respective volatilities. Thus, Market Risk encompasses the interest rate and exchange rate risk and other price risks.

Liquidity – Liquidity risk reflects the incapacity of the Bank to fulfil their obligations associated with financial liabilities at each maturity date, without incurring in significant losses resulting from a degradation of the conditions of access to the financing (financing risk) and/or of sale of their assets for values lower than the values usually practiced 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 materialize 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 defense 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 organizational 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 behavior. 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
	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
On-Balance Sheet			
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 maturity	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

AKZ'000

31.12.2017	BOOK VALUE	IMPAIRMENT	NET BOOK VALUE
On-Balance Sheet			
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 made to third parties	26 291 645	-	26 291 645

AKZ'000

	OUTSTANDING	OVERDUE	GUARANTEES PROVIDED	TOTAL EXPOSURE	RELATIVE WEIGHT	ON BALANCE IMPAIRMENT	OFF BALANCE IMPAIRMENT	TOTAL IMPAIRMENT	TOTAL IMPAIRMENT/ TOTAL EXPOSURE
Companies									
Agriculture, Livestock, 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%
Manufacturing Industries	5 682 319	33 589	1 920 061	7 635 969	5%	169 101	45 517	214 618	3%
Food, beverages and tobacco 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%
Manufacture of wood and wood products	-	-	-	-	0%	-	-	-	0%
Pulp, Paper and paperboard Industry and Articles	-	-	-	-	0%	-	-	-	0%
Basic Metallurgical Industries and Metal 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, Leasing and Business Activities	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 Work	-	-	-	-	0%	-	-	-	0%
Other Collective, Social and Personal Service Activities	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 securitized 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:

AKZ'000

31.12.2018	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	3 223 982	34 652 198
Loans to customers	116 409 354	-	-	-	116 409 354
Investments held until maturity	106 220 428	-	-	-	106 220 428
Financial assets at fair value through profit and loss	-	-	-	-	-
Financial assets available for sale	188 039	-	-	-	188 039

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31.12.2017	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 collateralized by financial collateral, namely deposits, Angolan state bonds amongst other similar, are contemplated.

In relation to real mortgage guarantees, valuations of the estate are carried out by independent valuers or by a structure unit of the Institution itself, regardless of the business area. The revaluation of the estate is carried out through valuations on site, by a technical valuer, in accordance with the best practices adopted in the market.

The calculation model for impairment losses of the Bank's loan portfolio has been in production since 2016, and is governed by the general principles defined in the IAS 39, as well as by the IAS/IFRS guidelines and implementation iterations at the National Bank of Angola, in order to bring the calculation process into line with best international practices.

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

- Individually Significant: Individual Customers or Economic Groups that meet at least one of the following requirements are subject to analysis:
- Homogeneous Populations with signs of impairment: Customers or Economic Groups that do not meet the criteria for being Individually Significant and that present at least one sign of impairment.
- Homogeneous Populations without signs of impairment: Customers or Economic Groups that do not meet the criteria for being Individually Significant and that do not present any sign of impairment.

Pursuant to the group that the customers are classified into, the operations are treated through an Analysis on an Individual Basis, or an Analysis on a Collective Basis.

For each of the active customers/loans, a set of signs of impairment are found, which cover internal and external information that, in turn, aggravate the impairment values insofar as they represent an aggravation of the risk of default.

It should be noted that a restructured loan is a sign of impairment for which the loan portfolio marked as restructured is included in the loans with signs of impairment.

In the group of homogeneous populations, the exposures of the customers are subject to the analysis on a collective basis. Calculating the value of the impairment on loans for customers pertaining to the homogeneous populations results from the product of the EAD exposure (deducted from financial collateral without risk) through the following risk parameters:

- PD (probability of default): corresponds to internal estimates of default, based on the risk classifications associated with the operations/customers, segment and respective signs of impairment/statuses of the credit (if they exist). If the credit is in a situation of default or cross-default, the PD corresponds to 100%;
- LGD (loss given default): corresponds to internal loss estimates, that vary according to the segment, if they have a real guarantee or not, LTV (Loan-to-Value) and age of the default, with the basis of the historical experience of recovery of loans that entered into default.

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

The impairment value for the Individually Significant customers is determined through the discounted cash flow method, i.e., the impairment value corresponds to the difference between the value of the loan and the sum of the expected cash flows relating to the different customer operations, adjusted according to the interest rates for each operation.

Market Risk

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

The Bank also maintains compliance with Notice no. 08/2016 of 16 May referring to the Interest Rate Risk in the bank portfolio (financial instruments not held in the trading portfolio). The investment portfolio is fully concentrated into National Treasury bonds.

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

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

The aggregation, for each of the analyzed 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:

AKZ'000

	EXPOSURE TO					
31.12.2018	FIXED RATE	VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
Assets	**125 224 914**	**102 361 178**				
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 maturity	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)**

AKZ'000

31.12.2017	EXPOSURE TO FIXED RATE	EXPOSURE TO VARIABLE RATE	TOTAL SUBJECT TO INTEREST RATE RISK	NOT SUBJECT TO INTEREST RATE RISK	DERIVATIVES	TOTAL
Assets	**93 783 027**	**87 986 708**	**181 769 735**	**48 307 445**	**-**	**230 077 180**
Cash and cash on hand in central banks	-	-	-	26 690 292	-	26 690 292
Cash on hand in other credit institutions	-	-	-	10 697 189	-	10 697 189
Investments in central banks and in other credit institutions	18 649 236	-	18 649 236	-	-	18 649 236
Loans to customers	60 619 287	29 320 794	89 940 081	-	-	89 940 081
Investments held until maturity	14 514 503	58 665 913	73 180 417	-	-	73 180 417
Financial assets available for sale	-	-	-	123 449	-	123 449
Financial assets at fair value through profit and loss	-	-	-	6 452 087	-	6 452 087
Non-current assets held for sale	-	-	-	4 344 428	-	4 344 428
Liabilities	**(115 283 212)**	**-**	**(115 283 212)**	**(130 224 549)**	**-**	**(245 507 761)**
Customer resources and other loans	(104 108 811)	-	(104 108 811)	(130 224 549)	-	(234 333 360)
Resources of central banks and other credit institutions	(6 135 455)	-	(6 135 455)	(0)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	(5 038 946)	-	-	(5 038 946)
Total	**(21 500 186)**	**87 986 708**	**66 486 522**	**(81 917 104)**	**-**	**(15 430 581)**

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.

AKZ'000

	EXPOSURE TO								
31.12.2018	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	**36 597 733**	**17 673 200**	**10 575 925**	**37 063 709**	**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	-	-	-	-	-	-	-	-	-
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	16 105 831	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 maturity	1 596 385	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	-	-	-	-	-	-	-	-	-
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**

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31.12.2017	EXPOSURE TO UP TO 1 MONTH	1 - 3 MONTHS	3 - 6 MONTHS	6 MONTHS - 1 YEAR	1 - 3 YEARS	3 - 5 YEARS	MORE THAN 5 YEARS	INDEFINITE	TOTAL
Assets	**39 424 950**	**29 456 278**	**31 440 170**	**45 428 257**	**9 821 132**	**13 069 371**	**13 129 576**	**-**	**181 769 735**
Cash and cash on hand in central banks	-	-	-	-	-	-	-	-	-
Cash on hand in other credit institutions	-	-	-	-	-	-	-	-	-
Investments in central banks and in other credit institutions	10 432 706	3 493 519	1 462 202	3 260 808	-	-	-	-	18 649 236
Loans to customers	16 560 011	3 674 429	1 545 901	39 191 499	8 720 865	7 117 801	13 129 576	-	89 940 081
Investments held until maturity	12 432 232	22 288 330	28 432 066	2 975 951	1 100 268	5 951 570	-	-	73 180 417
Financial assets at fair value through profit and loss	-	-	-	-	-	-	-	-	-
Financial assets available for sale	**(30 898 019)**	**(26 286 384)**	**(21 060 889)**	**(28 415 471)**	**(1 783 094)**	**(983 106)**	**(5 856 251)**	**-**	**(115 283 212)**
Liabilities	(25 540 287)	(26 286 384)	(21 060 889)	(28 415 471)	(1 005 370)	(983 106)	(817 305)	-	(104 108 811)
Customer resources and other loans	(5 357 732)	-	-	-	(777 723)	-	-	-	(6 135 455)
Resources of central banks and other credit institutions	-	-	-	-	-	-	(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 difference between the current value of the interest rate mismatch discounted at the market interest rates and the value discounted from the same cash flows by simulating the parallel dislocations of the market interest rate curve.

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

AKZ'000

	INTEREST RATE CHANGES AT					
31.12.2018	-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)	34 755	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**

AKZ'000

	INTEREST RATE CHANGES AT					
31.12.2017	-2%	-1%	-1%	1%	1%	2%
Assets	**(5 029 096)**	**(2 514 548)**	**(1 257 274)**	**1 257 274**	**2 514 548**	**5 029 096**
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)	(1 147 793)
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:

AKZ'000

31.12.2018	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 maturity	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)
Subordinated liabilities	(9 338 775)	-	-	-	(9 338 775)
Total	**(1 617 092)**	**(7 652 684)**	**(14 030 375)**	**103 249**	**(23 196 902)**

AKZ'000

31.12.2017	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	**188 496 459**	**42 903 134**	**10 455 426**	**84 725**	**241 939 744**
Cash and cash on hand in central banks	23 324 528	2 703 807	590 366	71 590	26 690 292
Cash on hand in other credit institutions	2 557	2 513 646	8 167 851	13 135	10 697 189
Investments in central banks and in other credit institutions	-	17 217 331	1 431 906	-	18 649 236
Loans to customers	92 555 229	13 449 990	265 304	-	106 270 523
Investments held until maturity	66 162 057	7 018 360	-	-	73 180 417
Financial assets at fair value through profit and loss	6 452 087	-	-	-	6 452 087
Liabilities	**(183 501 445)**	**(46 322 260)**	**(15 676 483)**	**(7 574)**	**(245 507 761)**
Resources of customers and other loans	(173 182 310)	(46 244 725)	(14 898 751)	(7 574)	(234 333 360)
Resources of central banks and other credit institutions	(5 280 189)	(77 535)	(777 732)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	-	-	(5 038 946)
Total	**4 995 013**	**(3 419 126)**	**(5 221 056)**	**77 151**	**(3 568 017)**

ii. Exposure considering the effect of the indexation:

AKZ'000

31.12.2018	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 maturity	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)
Resources 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)**

AKZ'000

31.12.2017	AOA	USD	EUR	OTHER CURRENCIES	TOTAL
Assets	**122 118 179**	**109 281 414**	**10 455 426**	**84 725**	**241 939 744**
Cash and cash on hand in central banks	23 324 528	2 703 807	590 366	71 590	26 690 292
Cash on hand in other credit institutions	2 557	2 513 646	8 167 851	13 135	10 697 189
Investments in central banks and in other credit institutions	-	17 217 331	1 431 906	-	18 649 236
Loans to customers	92 555 229	13 449 990	265 304	-	106 270 523
Investments held until maturity	6 235 865	66 944 552	-	-	73 180 417
Financial assets at fair value through profit and loss	-	6 452 087	-	-	6 452 087
Liabilities	**(165 779 880)**	**(64 043 825)**	**(15 676 483)**	**(7 574)**	**(245 507 761)**
Resources of customers and other loans	(155 460 745)	(63 966 290)	(14 898 751)	(7 574)	(234 333 360)
Resources of central banks and other credit institutions	(5 280 189)	(77 535)	(777 732)	-	(6 135 455)
Subordinated liabilities	(5 038 946)	-	-	-	(5 038 946)
Total	**(43 661 701)**	**45 237 589**	**(5 221 056)**	**77 151**	**(3 568 017)**

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%	20%
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**

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

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

AKZ'000

31.12.2018	-20%	-10%	-5%	5%	10%	20%
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%	20%
USD	(8 263 939)	(4 131 969)	(2 065 985)	2 065 985	4 131 969	8 263 939
EUR	93 356	46 678	23 339	(23 339)	(46 678)	(93 356)
Other currencies	(16 160)	(8 080)	(4 040)	4 040	8 080	16 160
Total	**(8 186 743)**	**(4 093 372)**	**(2 046 686)**	**2 046 686**	**4 093 372**	**8 186 743**

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:

AKZ'000

	EXPOSURE TO									
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 maturity	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)**

AKZ'000

	EXPOSURE TO									
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	-	-	-	-	-	-	-	-	10 697 189
Investments in central banks and in other credit institutions	345 167	11 551 087	2 029 929	1 331 927	3 260 839	-	-	-	130 289	18 649 236
Loans to customers	11 614 011	49 214	4 231 812	3 153 202	20 866 582	11 645 866	16 790 757	36 058 320	1 860 757	106 270 523
Investments held until maturity	-	210 254	8 453 113	2 846 081	10 867 545	16 232 601	13 003 704	21 566 896	223	73 180 417
Financial assets at fair value through profit and loss	-	-	-	-	-	6 452 087	-	-	-	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

The 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 credit risk	
Weighting 0%	-
Weighting 8%	-
Weighting 10%	-
Weighting 20%	2 640 022
Weighting 35%	4 650 515
Weighting 50%	17 940 164
Weighting 75%	1 696 426
Weighting 100%	104 823 413
Weighting 150%	310 074
Total of assets weighted by credit 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 Capital Requirements	**16 423 720**
Own Funds	
Base	30 632 029
Supplementary	(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 authorization 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 – RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

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 Note 2.3.

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 affect 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.

IFRIC 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 associates or joint venture, 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.

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Independent auditor's report

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

Introduction

1.We have audited the accompanying consolidated financial statements of Banco de Negócios Internacional S.A. comprising the consolidated balance sheet as at 31 December 2018 with total assets of 301 157 541 thousand of Kwanzas and total consolidated shareholder's equity of 19 777 770 thousands of Kwanzas, including a net profit of 6 770 096 thousand of Kwanzas, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the corresponding annex.

Responsibilities of the Board of Directors for the consolidated financial statements

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

Auditor's responsibility

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

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

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

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Basis for qualified opinion

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

Qualified opinion

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

Luanda, 13 April 2018

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

Ricardo Santos, Perito Contabilista No. 20120086

(free translation from the original in Portuguese)

BancoBNI

INDIVIDUAL ACCOUNTS

Opinion of the Supervisory Board

1. In compliance with the mandate that you have given us and in accordance with the legal provisions in force in the country, namely 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 hereby submit for your consideration the opinion of the Supervisory Board on the Report of the Board of Directors and the Financial Statements for the year ending on 31 December 2018.

2. These include the Balance Sheet, which shows total Assets of 301 157 541 thousand Kwanzas, Liabilities of 281 379 771 thousand Kwanzas and 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 Statement of Cash Flows for the year and the corresponding Annex.

3. The Supervisory Board monitored the activity carried out by the Bank during the financial year ended 31 December 2018, examined the Financial Statements, obtained information and clarifications deemed pertinent, in addition to observing the other procedures considered indispensable.

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

i. the financial statements prepared by the Board of Directors, in accordance with International Financial Reporting Standards (IFRS), also comply with the accounting principles established for financial institutions operating in Angola, specifically the terms of Instruction no. 9/2007, of 19 September, issued by BNA, with the updates introduced by Directive no. 04/DSI/2011;

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

iii. the information contained in the report to which this opinion relates is true and appropriate, in accordance with the provisions set out in Article I of Instruction no. 1/2013, of 22 March, of the BNA;

iv. We are not aware of any other situation or resolution that would be contrary to the rules in force and that might call into question the reasonableness of the Financial Statements presented.

5. We consider that the documents referred to in #1 and #2 allow, as a whole, an understanding of the Bank's financial situation and results, and it is our opinion that the Financial Statements for the year ending on December 31, 2018, reflect, in all materially relevant aspects, the financial and asset position of ***BANCO DE NEGÓCIOS INTERNACIONAL, S.A.*** on that date and are in a position to be submitted to the General Meeting for its approval.

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

(i) The strengthening and continuity of prudent management policies, given the forecast of the continuity of the current limitations of the market, particularly as a result of the application of financial reporting policies (IAS/IFRS), the reduction in liquidity, the low availability of foreign currency in the market and the difficulties that companies continue to face;

(ii) the strengthening and consolidation of aspects related to Corporate Governance and Internal Control, taking into account the provisions of Notice no. 0 1/2013 of 23 March and no.

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2/2013 of 19 April of the National Bank of Angola, and of the Provisions Policy, taking into account the current situation of the financial market in Angola.

(iii) Concerning the interpretation and recognition of IAS 29 - Financial Reporting in hyperinflationary economies (IAS29) for the Angolan economy to be considered hyperinflationary for the year ended 31 December 2018 the Supervisory Board, as well as the previous financial year, is in line with the ABANC and BNA, and recommends to the Bank's Board a permanent evaluation of the evolution of the economy, safeguarding the effects of the possible adoption of this standard.

7. Opinion

Therefore, based on the above, it is our opinion that the Financial Statements for the year ended 31 December 2018 reflect, in all materially relevant aspects, the financial and asset position of **BNI - Banco de Negócios Internacional SA,** on that date, and may be submitted to the General Meeting for its approval.

Luanda, the 20th of March 2019

The Supervisory board

Manuel Arnaldo Calado

(President)

Licíno de Assis

(Board member)

Dina Leote

(Board member)

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