



cutting through complexity

ANGOLA

Banking Survey





When KPMG established a new Angolan member firm, it assumed a commitment towards the development of the country, the empowerment of the most important sectors of the economy and the development of the resources and talent that exists in Angola.

It is undeniable that the Banking Sector plays a key role in the present and in the future of our society, and therefore this is an area that deserves a particularly close eye. We believe that a solid and competitive Banking sector, that is in line with the best international practices, will be determinant for the consolidation of the country as a reference in the future of Africa.

The sixth edition of the Angola Banking Survey, illustrates our commitment and is the outcome of the research work and analysis conducted by KPMG professionals in Angola, as well as exchange of ideas with Financial Services specialists from KPMG's global network.

In response to several market demands, we have again included in this year's Analysis one of the most distinctive components of our past work: a list of the main challenges of the Sector in the near future. There are 12 challenges that, in our view, should be the main points in the agenda of the Sector's leaders and decision makers, and we would therefore like to share our understanding of each of these issues with our readers.

And because innovation is also one of our firm's principles, we strengthened the investment in the digital component, presenting a new version of the interactive dashboard that we introduced last year. This digital application, which is available for download on our website www.kpmg.co.ao, gathers indicators of the Angolan Banking Sector and has a comparative analysis feature.

The evaluation of our work lies with the market and the Institutions. In KPMG, we firmly keep our commitment to serve our clients and future clients with utmost effort and dedication.

Kind regards,

Sikander Sattar
President of the Board of Directors



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Methodology and Sources of Information

The characterization of this Analysis is based on data and analyses obtained from public sources (Financial Statements), provided by the Financial Institutions included in the present study; information obtained from the website of the National Bank of Angola (BNA); and data obtained through the Interbank Services Company (EMIS), among other sources.

This study is based on the universe of Commercial Banks authorized to operate in Angola by the BNA in 2014. The data and analysis in the present edition are representative of about 90% of that universe, since it was not possible to include complete data from three Financial Institutions (Banco Económico, Banco Sol and Banco Valor). We therefore consider that the representativeness of the sector is ensured for the set of indicators under analysis.

It should be noted that, in relation to last year’s study, Banco de Poupança e Promoção Habitacional was excluded from this year’s universe of Financial Institutions, since it ceased its activity after the creation of Banco Económico.

This year’s study presents a change in methodology regarding the treatment of aggregated data. The inexistence of public Financial Statements for Banco Económico implied a modification of KPMG methodology in preparing the document, which before consisted of the sum of all of the Financial Institutions’ values. KPMG considered that the non-inclusion of Banco Económico resulted in aggregated data that was not representative of the Angolan Banking Sector, and so chose to use the 2013 aggregated data and update it with the growth rates published in the BNA’s Annual Report.

| FINANCIAL INSTITUTION | | |
|-----------------------|---------------------------------------|----------------------------|
| BANK | | INITIAL YEAR OF OPERATIONS |
| BPC | BANCO DE POUPANÇA E CRÉDITO | 1976 |
| BCI | BANCO DE COMÉRCIO E INDÚSTRIA | 1991 |
| BCGTA | BANCO CAIXA GERAL TOTTA DE ANGOLA | 1993 |
| BFA | BANCO DE FOMENTO ANGOLA | 1993 |
| BAI | BANCO ANGOLANO DE INVESTIMENTOS | 1997 |
| BCA | BANCO COMERCIAL ANGOLANO | 1999 |
| BSOL | BANCO SOL | 2001 |
| BE | BANCO ECONÓMICO(1) | 2002 |
| KEVE | BANCO REGIONAL DO KEVE | 2003 |
| BMF | BANCO BAI MICRO-FINANÇAS | 2004 |
| BIC | BANCO BIC | 2005 |
| BPA | BANCO PRIVADO ATLÂNTICO | 2006 |
| BMA | BANCO MILLENNIUM ANGOLA | 2006 |
| BNI | BANCO DE NEGÓCIOS INTERNACIONAL | 2006 |
| BDA | BANCO DE DESENVOLVIMENTO DE ANGOLA | 2006 |
| VTB | BANCO VTB-ÁFRICA | 2007 |
| BANC | BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2007 |
| FNB | FINIBANCO ANGOLA | 2008 |
| BKI | BANCO KWANZA DE INVESTIMENTO | 2008 |
| SBA | STANDARD BANK | 2009 |
| BCH | BANCO COMERCIAL DO HUAMBO | 2010 |
| BVB | BANCO VALOR | 2010 |
| SCBA | STANDARD CHARTERED BANK DE ANGOLA | 2013 |

Source: BNA and Banks Financial Statements

(1) Previously named Banco Espírito Santo Angola. In August 2014 this bank was subject to an intervention by BNA and was subsequently renamed Banco Económico.

In this context, the present study aims to be a faithful representation of the Angolan Banking Sector, ensuring a quantitative and qualitative analysis of its various areas, namely:

Sector Size

(e.g.: assets, credit, deposits, operating income, number of branches, number of employees);

Profitability

(e.g.: net income, ROE, ROAA);

Efficiency

(e.g.: cost-to-income);

Leverage

(e.g.: transformation ratio); and

Solidity

(e.g.: solvency ratio).



According to the World Economic Outlook report of the International Monetary Fund (IMF) released in October 2015, an increase of global economic activity in Angola is expected to take place during the year 2015 at an approximate rate of 3.5%, with the same level of growth expected in 2016.

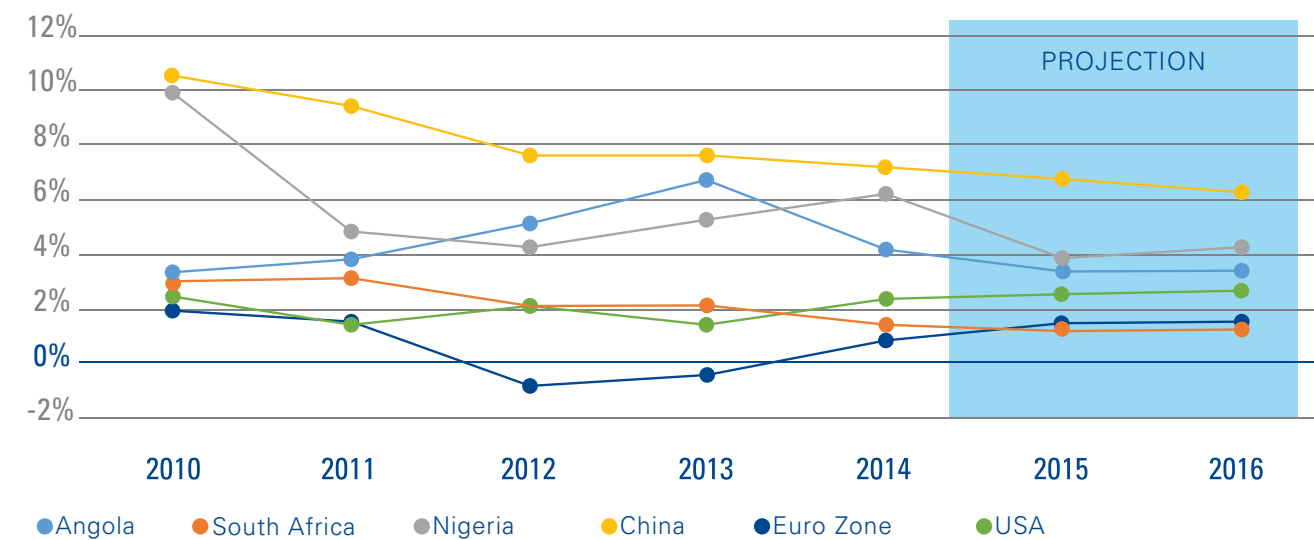
In 2015 and according to the Angolan Government, the oil sector will grow 7.8%, as a result of increased production. The non-oil sector is expected to grow 2.4%, reflecting the growth rates of agriculture (2.5%), manufacturing (2.6%) and trade services (2.2%). The energy sector is expected to grow 12%, construction 3.5% and the diamond industry 3.2%.

oil production represented only 35% of GDP, which is a considerable decrease when compared to previous years.

The reduction in export revenues, due to the reduction in oil prices, causes a decrease in foreign exchange supply for economic agents and has a direct impact on GDP growth, affecting the economy globally because of the relationships between the different sectors.

The global growth expected for 2015 is 3.5%, 1% less than predicted in April 2015. In 2016, this level of growth is expected to continue – a decrease of four decimal points compared to the previous forecast.

EVOLUTION OF REAL GDP



Source: World Economic Outlook – International Monetary Fund, October 2015

However, economic stability has been questioned by several outbreaks of uncertainty that emerged at the international level and that have adversely affected the price of crude oil, due to the imbalance between supply and demand in the markets.

The decrease expected for 2016 is mainly due to the strong dependence on oil and to the downward trajectory in oil prices, with current average prices approximately 55% lower than the ones recorded in the beginning of 2014. This fact is even more significant considering that tax revenue represents 95% of the country's exports and nearly two thirds of tax revenues. In 2014,

Regarding sub-Saharan Africa, the fall in oil prices slowed the economic growth of oil producing countries by an average of 1.25%. Still, the economy of sub-Saharan Africa should register another year of solid economic performance, with a growth expectation of 3.8% in 2015, which means it continues to be one of the world's fastest-growing areas, behind only emerging and developing Asia.

For Angola, the IMF estimates that inflation will be around 10.3% in 2015. It is also important to note that the Angolan Government has taken measures to control inflation.

Economic Growth

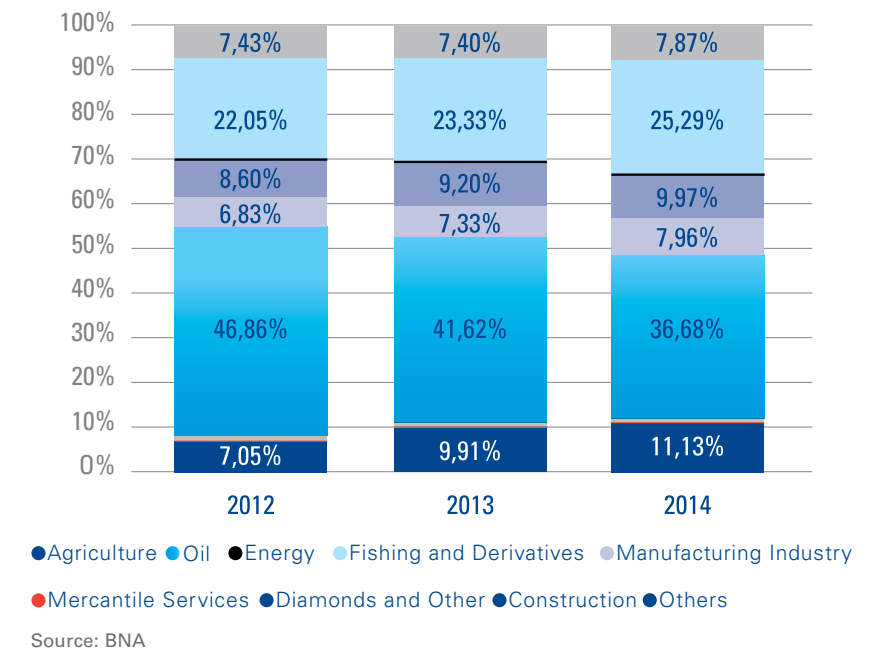
According to IMF estimates, the Angolan Real GDP grew approximately 4.8% in 2014.

This slowdown in growth is mainly due to the weak performance of the oil sector, which has been in contraction since 2011. Oil production decreased 2.6% in 2014, due to unplanned maintenance and repair work in some of the oil fields, while in 2013 it had decreased approximately 1%. The growth in non-oil economy also slowed down in 2014 due to delays in the implementation of significant investments in the electricity and industrial sector.

Regarding the Public Investment Program, the Angolan Government intends to continue the National Development Program for the period 2013-2017 and create conditions for the economy to produce goods and services competitively. This program involves initiatives in the following sectors: energy, water, sanitation, education, health, logistics platforms, transport and cold chains. A new Private Investment Law was also approved, and the government area that runs the private investment policy was restructured. Because of this, there are expectations for an increase in the dynamism and efficiency of services and for a greater ability to attract foreign private investment of around 10 billion dollars over a period of two years. With both foreign and domestic investment, we expect an acceleration in economic diversification within the non-oil sector, as well as economic growth and an increase in employment of over 300 000 jobs.

However, it is necessary to ensure the efficient operation of infrastructures in order to enhance economic competitiveness. Therefore, the conclusion of energy infrastructure projects in 2016 and 2017 will sustain economic competitiveness, namely the heightening of the Cambambe dam, conclusion of the Soyo Combined Cycle Power plant and of Laúca Hydroelectric Power plant, the construction of 81 municipal plants for water collection, treatment and distribution, and also the construction of roads that have been deemed necessary.

EVOLUTION OF THE ANGOLAN GDP



Monetary and Exchange rate Policy

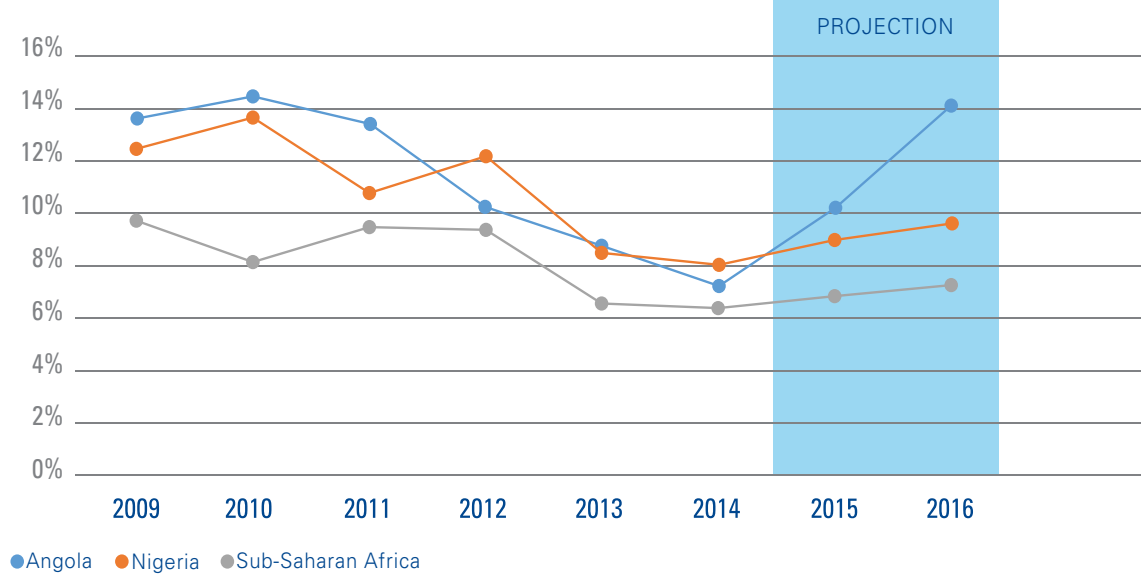
One of the main objectives of the monetary policy is to stabilize inflation rates. They have in fact converged to average values that are similar to the rates of more developed African economies (namely Nigeria).

According to IMF, inflation rate in 2014 was 7.3%, marking a decrease of 1.5 p.p. compared to 2013. This behavior reflected the general decrease in the international prices of food and energy, but it was also a result of state policies with higher degrees of discipline and monetary and tax strictness. IMF expects an inflation growth of 10.3% in 2015 and of 14.2% in 2016. The increase expected for 2016 is due to the devaluation of the kwanza and to the increase in the price of imported goods.

In this context, the National Bank of Angola has been actively applying the Financial Institution Law in order to redirect foreign currency to the country's priority needs, namely essential food items, health and other essentials. The objectives are to ensure the stability of prices for these goods and services and to prevent the population from being affected by the fall in oil prices in the international market.

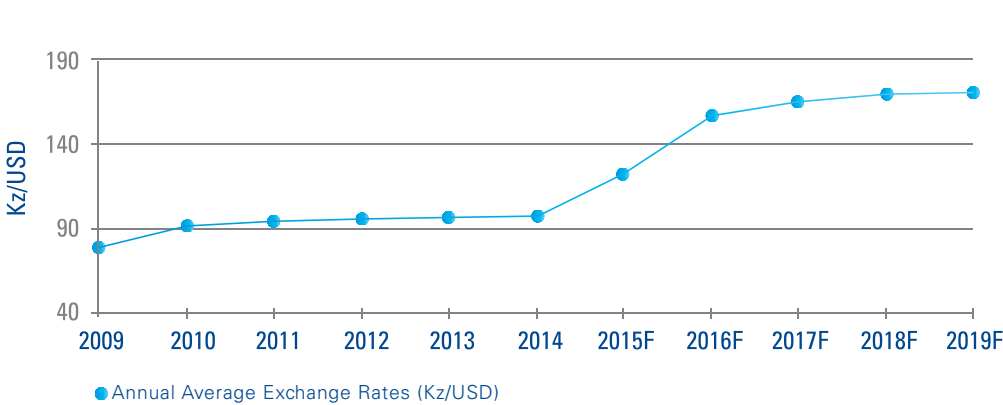


EVOLUTION OF INFLATION RATE



Source: World Economic Outlook – International Monetary Fund, October 2015

EVOLUTION OF THE AVERAGE FOREIGN EXCHANGE RATE



Source: Economist Intelligence Unit

It should be noticed that, as a stimulus to the granting of loans, the BNA reduced the reference rate by 75 basis points, from 9.75% to 9%, in 2014. Nevertheless, the monetary policy is still limited by the significant weight of the North American Dollar in the Angolan economy, even though that weight is decreasing. In 2014, approximately 29% of the Banking sector’s deposits were denominated in foreign currency (2013: 40%).

According to the BNA, the exchange rate AKZ/USD recorded a depreciation of approximately 31.5% (2014: 5.4%) in the first nine months of 2015 due to the high demand for USD that followed the significant fall in foreign currency receipts associated with oil exports. In this context, several challenges have been raised, such as the reduction in foreign exchange accumulation with almost immediate effects, namely the general growth of prices and the decrease of household disposable income.

The expectations for maintaining oil prices low and for reducing public investment, as well as the increasing demand for foreign currency, are all factors that justify the forecasts of continuous devaluation of the kwanza in relation to USD. The estimate for the foreign exchange rate at the end of 2015 is of 144.2.

Commercial Relationships and Foreign Accounts

IMF estimates that the Balance of payments of Angola will continue to decrease.

COMMERCIAL RELATIONSHIPS AND FOREIGN ACCOUNTS

IMF estimates that the Balance of payments of Angola will continue to decrease.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015F |
|--------------------------------------|--------|------|------|------|------|-------|-------|
| BALANCE OF CURRENT PAYMENTS (USD BN) | (7,6) | 7,5 | 13,1 | 13,9 | 8,3 | (3,8) | (7,2) |
| BALANCE OF CURRENT PAYMENTS (%PIB) | (10,0) | 9,1 | 12,6 | 12,0 | 6,7 | (2,9) | (6,5) |
| EXTERNAL DEBT (USD BN) | 17,0 | 16,9 | 19,3 | 20,1 | 24,0 | 28,6 | 34,8 |
| EXTERNAL DEBT (%GDP) | 22,5 | 20,6 | 18,5 | 17,4 | 19,3 | 21,8 | 31,4 |

Source: International Monetary Fund and Economist Intelligence Unit.

Since 2011, the Balance of Current Payments, as a proportion of GDP, has presented a negative evolution, recording a negative balance of USD 3.8bn in 2014 as a result of the decrease in oil export receipts, which was in turn linked to the significant fall in oil prices in the international markets and to the decrease of 4.2% in the volume of oil exports. On the other hand, imports of goods recorded an increase of 6.6% in 2014, specially automotive, machinery and iron or steel imports.

Despite the implementation of state policies to promote the production of national products, namely the customs tariff revision, EIU forecasts a negative balance of USD 7.2bn in 2015, as a result of low oil prices. In terms of trade partners and in accordance with the Angolan Statistics Office for external commerce, China is still the main trade partner, absorbing 44.3% of exports, followed by India with 10.2% and Spain with 7.4%. Regarding imports, Portugal is the main supplier with an overall weight of 18%, followed by China and United States of America with 15.4% and 8.7%, respectively.

The stock of public debt (internal and external) recorded a growth of approximately 8.5 p.p. in 2014, representing approximately 42.5% of GDP with a major input from internal debt through the issuing of Treasury Bills (BT) and Treasury Bonds (OT). In the following years, the slowdown in oil receipts and the ongoing public investment programs can contribute to the worsening of the state budget balance, which is still below the target of 60% of GDP recommended by SADC (Southern African Development Community).



Sustainable development and National Priority Structuring Projects

Angola presents a stable political situation and has been engaged in building a more equal society, based on an inclusive and sustainable development model, as stated in the United Nations sustainable development agenda for the Horizon 2030. The adoption of 17 objectives included in this agenda proves that Angola is committed to Sustainable Development. Thus, the next initiatives of the Development National Plan should mirror the adoption of these 17 objectives and a more efficient usage of resources by the State, companies, families and civil society.

In the context of the National Priority Structuring Projects, 195 projects were implemented with the objective of improving: the water supply and wastewater sanitation system; the water supply in rural areas; production capacity and the electric transport system; logistics platforms; recovery and conservation of the road network; and hospital and education infrastructures. Within these areas of activity we would call attention to the implementation of the Integrated Municipal Rural Development and Fight Against Poverty Program, which includes the Primary Health Care programs in municipalities, Water for Everyone and School Meals Programs. These projects made it possible to accomplish 50% of the goals established by the United Nations in the Millennium Development Goals by 2015.

In the Water sector, the construction of 463 water points and 120 water supply systems provided water service to approximately 258.000 people. These works were carried out under the Water for Everyone Program and reached 63% of the rural population. Regarding the Energy sector, rehabilitation and expansion works on the distribution networks of main cities and municipalities were performed and approximately 507 000 new connections were executed. Within the Generation Capacity Expansion Program and Power Transmission Program, 533 megawatts were installed in several provinces.

In Education, it should be highlighted that five million and one hundred thousand students were enrolled in elementary school, which represents 112.2% of the goal established for 2015. In the first cycle of high school, the number of enrollments is approximately one million and eighty two thousand, 16% more than in 2014. In the second cycle, the number is approximately 622.000 students. At University level, the number of enrollments reached 204.000, representing an increase of 39.6% when compared with 2014, due to the creation of new courses aligned with the country's development needs. Finally, at the level of professional education, there are in average over 27.000 graduates every year from a total of 714 courses.

Future Perspectives

The Angolan economy continues to present, like other sub-Saharan African economies, a strong dependence on the international macroeconomic framework, especially with respect to oil demand and oil prices. The impact on economic growth and foreign exchange stability caused by falling oil prices in 2014, and the perspectives for 2015, demonstrate this dependency.

According to EIU, economic growth perspectives for the following years point to moderate growth rates, reaching 5.2% in 2020, which is consistent with the Angolan economy growth before the sudden decrease in oil prices. Inflation is expected to increase until 2016 (14.2%) and then to become stable until 2020, when it should 9.4%.

Nevertheless, the forecasts for the growth of the Angolan economy present several questions, especially if we consider the unpredictable evolution of oil prices in the international markets in the short- and medium-term. The diversification of the economy, through the reduction of oil dependency, should continue to be the main objective of the Government in the medium-term, together with foreign exchange rate stability. The improvements in infrastructure and the increase of foreign investment in sectors such as Agriculture and Services have been examples of that. Nevertheless, these industries are far from reaching their full potential due to insufficient infrastructures, the high population density in Luanda, the low qualification levels of Human resources professionals and the high incidence of poverty, a phenomenon with deep roots in the country's economy and that has stunted its development.

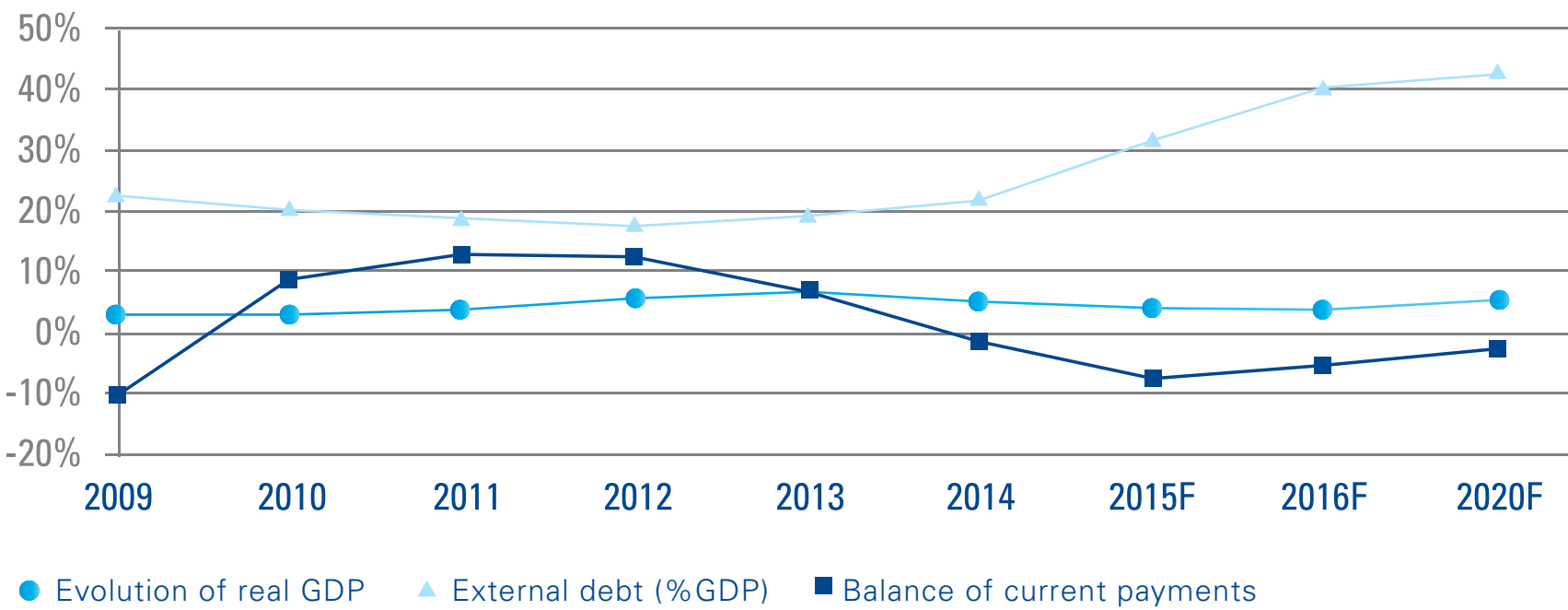
Along with the new public investments for the improvement of the power generation capacity (namely, construction of dams and new power plants), the development of infrastructures (namely seaports and airports) will continue to have a fundamental role in transforming Angola into a country that attracts investments and is prepared for a sustainable economic growth.

Budget execution will also be a key factor in the development of the Angolan economy in the following years, given the expectations for the worsening of balances of current transactions and of commercial balances, which are justified by the reduction of the oil export receipts. The Government has been striving to decrease public expenditure, but the timing of oil price recovery will be a key factor in this, as it can have a significant impact on the State's capability to promote economic diversification.

Maintaining foreign exchange stability will also be a challenge to the Angolan Authorities in the coming years, since the ability to inject foreign currency into the economy is limited by its decreasing reserves.

In recent years, the Angolan economic system has become more robust, mainly due to the active monetary policy conducted by the BNA and by the Angolan Government. Nevertheless, some weaknesses still persist due to a dependence on the global economic and financial framework. There are also non-economic indicators that reveal social aspects still liable to be improved, namely poverty, social differences, infant mortality, illiteracy, among others. In order to set itself apart from its sub-Saharan peers, Angola must meet the challenges presented by a global economic framework and have the ability to carry out social and human development reforms.

EVOLUTION FORECASTS OF KEY INDICATORS



Source: International Monetary Fund and Economist Intelligence Unit.



The year 2014 was characterized by a slowdown of the Angolan economic growth which spread to the Banking Sector and reversed the trend of high levels of growth of recent years.

The Angolan Banking Sector maintains positive growth rates, although it displays a trend of decreasing evolution. In terms of size, the sector recorded an increase of 7.3% in the number of assets, an increase of 6.7% in the number of branches and an increase of 6.4% in the number of employees.

Currently, the high number of non-performing loans is a particularly worrying situation in the Angolan Banking Sector. The volume of overdue loans increased approximately 41.6%, which resulted in an overdue credit ratio of nearly 10.6% of the total credit volume, 1.5 p.p. higher than the one recorded in the previous year.

In terms of profitability, the Sector's results recorded a decrease of 50.3%. This variation was enhanced by the negative result of BESA, as a consequence of adjustments in provisions that were not charged in previous years.

Nevertheless, despite the reversal of the high annual growth trend recorded in 2014, the reinforcement of banking activities and the efforts of Financial Institutions to get closer to international banking standards forecast a positive evolution for the Angolan Banking Sector.

Sector evolution

During 2014, the Angolan Banking Sector was marked by the renaming of Banco Espírito Santo Angola (BESA). This financial institution was renamed Banco Económico, S.A.. The number of financial institutions operating in the country did not change. Nevertheless, and according to the National Bank of Angola (BNA), there will be 29 Banking Institutions operating in the country in 2016.

This Sector maintains the high concentration which has characterized it in recent years, though it is possible to identify a tendency towards their dilution. While in 2012 and 2013 the five largest Banks held 74% and 72% of the total assets of the Sector, respectively, this percentage decreased to 71% in 2014. It should be noticed that, in this concentration analysis, the assets of Banco Económico S.A. were not considered, since this institution has not yet published any audited financial statements.

From a regulatory perspective, the BNA has been intervening more in the Banking Sector through the reinforcement of prudential and behavioural surveillance. The BNA has been striving to fall in line with the best international practices in order to achieve a better reputation inside the international financial community. During 2014, the BNA issued a set of notices and instructions regarding: foreign exchange activity (in terms of process simplification, legislation of exchange payments and controls); monetary activity (in terms of mandatory reserves with the BNA and import/export of foreign currency); and the regulation of the payment system, among others. Regarding future measures, the emphasis should fall on the implementation of new accounting reporting standards (e.g. IFRS9), as well as the introduction of new tax regulation (e.g. foreign operations rates).

The Angolan Banking Sector evolved in recent years, and one of the consequences of that evolution was the creation of a capital market – BODIVA. According to the latest available information, the Angolan capital market should be operating during 2016. In the beginning, it will only include transactions of public debt between Banks, in order to enable a sustained start-up.

Banking Operations

Increasing the rate of Angola's banked population remains a priority for the country's Banking Sector. According to the latest demographics, recorded on the 2014 Census, the rate of Angola's banked population is approximately 47%. The growth recorded in these rates (around 30% in 2013) was stimulated by the growth of *bankita* accounts on demand. The number of subscriptions for this financial instrument increased approximately 36.8% between 2013 and 2014.

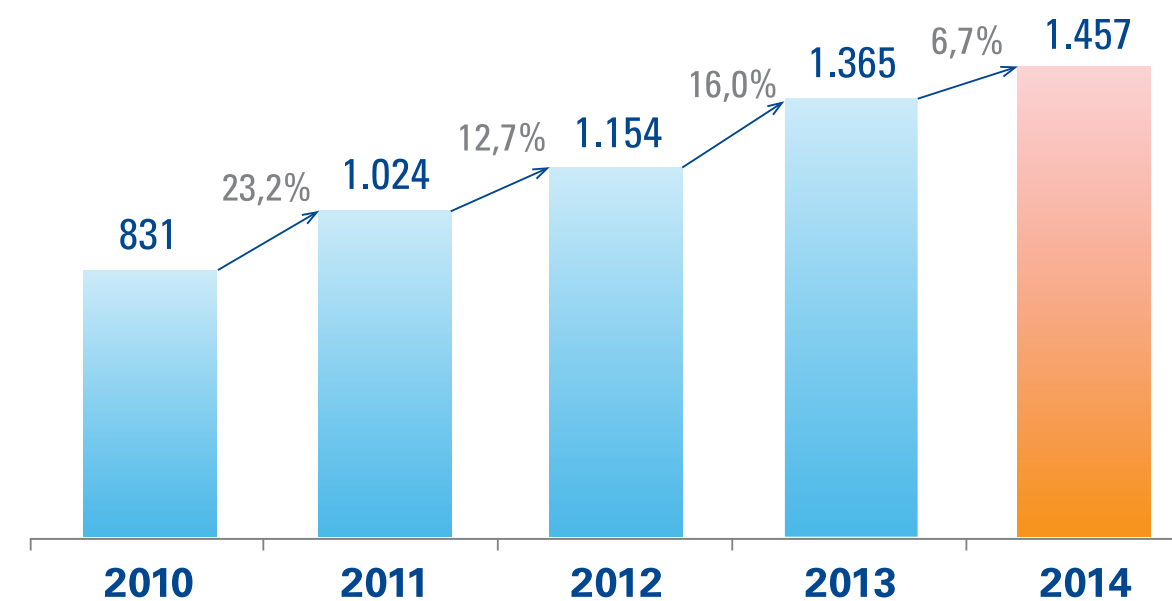
The Angolan Banking Sector recorded, once more, an increase in the number of available branches (by approximately 6.7%), which corresponded to approximately eight new branches a month. Nevertheless, this is the smallest annual growth recorded since 2010.

Means of payment and Distribution Channels

In 2014 there was a significant evolution in the usage of different means of payment and electronic channels for performing the main banking activities thus reinforcing the trend of recent years.

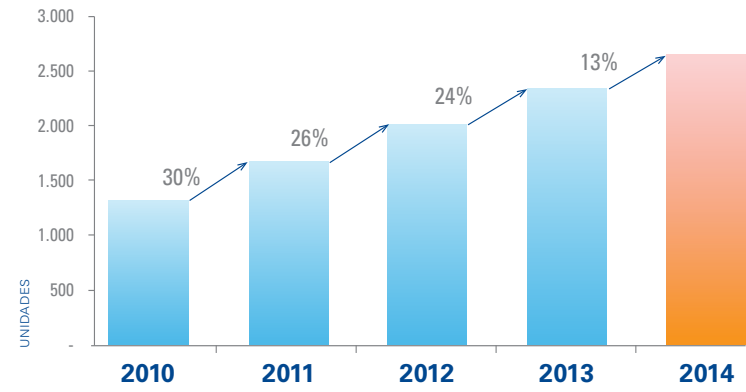
Non-physical channels became more relevant. Subsequently, Angolan Banks invested in the expansion of their distribution network, which demonstrates their concern with maintaining competitiveness in the Sector and with cultivating client relationships similar to the ones existing in more developed economies.

Nº OF BRANCHES



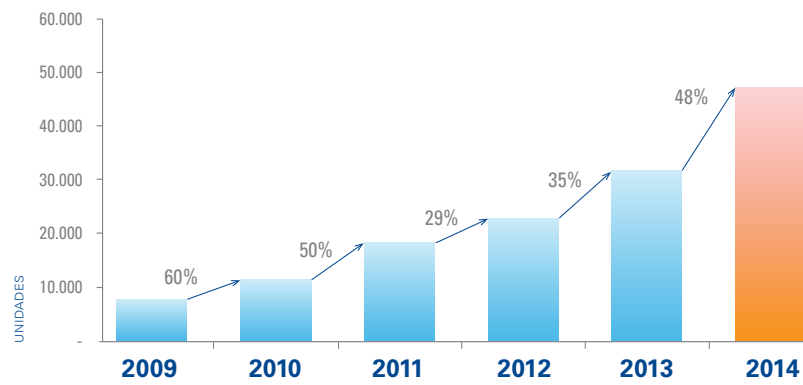
Source: BNA and Banks Financial Statements

EVOLUTION OF AUTOMATED TELLER MACHINES (ATM)



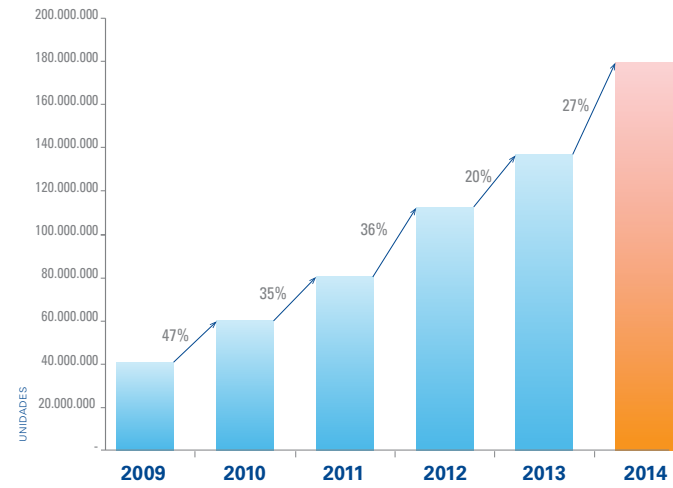
Fonte: EMIS

EVOLUTION OF POINT OF SALE TERMINALS (POS)



Fonte: EMIS

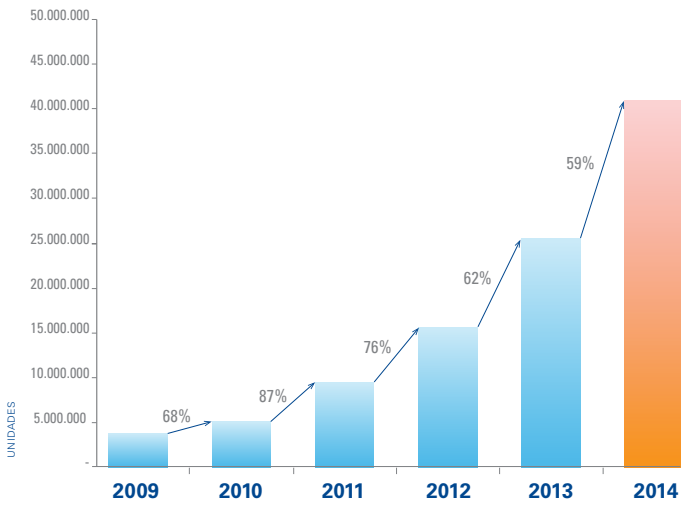
ATM TRANSACTIONS



Fonte: EMIS

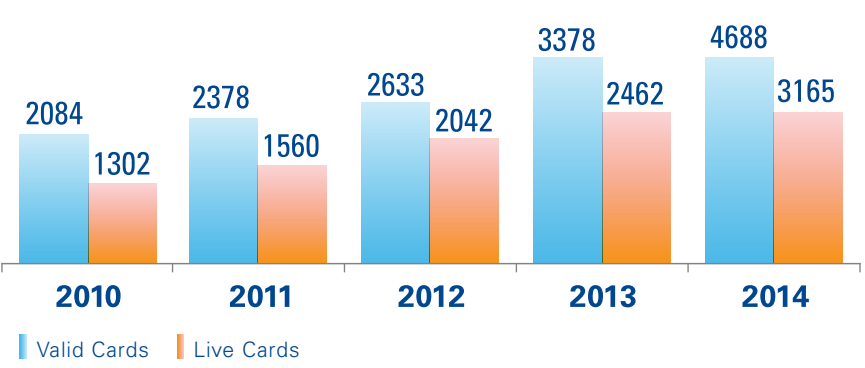
Regarding the *Multicaixa* network, there was an increase in the transactions performed in Automatic Teller Machines (ATM) as well as in the transactions performed in Automatic Payment Terminals (TPA). The first type recorded an increase of approximately 13% in number, considering that its operations amounted to 1.131.863 million Kwanzas, which represents a higher increase when compared with the same period last year (27% and 20%, respectively). In this context, it should be noticed that the number of ATM transfer operations grew approximately 250% compared to 2013. Although significant, the growth in the number of ATMs was lower than in the previous year (24%). The slowdown of growth levels corresponds to the trend of recent years, which suggests an increase in saturation and a growing difficulty in defining appropriate and secure places for the installation of ATMs. Regarding TPAs, there was an increase of 59% in the number of transactions, which represents a monthly average of approximately 38 008 million kwanzas. For the first time TPAs reached the threshold of 200 thousand transactions a day. The BNA's goal is to keep the growth rate above 50% each year. (Number of ATM and TPA Graphic and ATM and TPA Graphic Transactions).

POS TRANSACTIONS



Fonte: EMIS

EVOLUTION OF THE NUMBER OF CARDS (1000 UNITS)



Source: EMIS

In 2014, the *Multicaixa* cards reached a volume of 4.7 million valid cards, from which 3.2 million recorded activity. The evolution of the number of active cards reversed the evolution recorded in the Sector by presenting growth rates higher in 2014 than the ones in 2013, of 29% and 21% respectively.

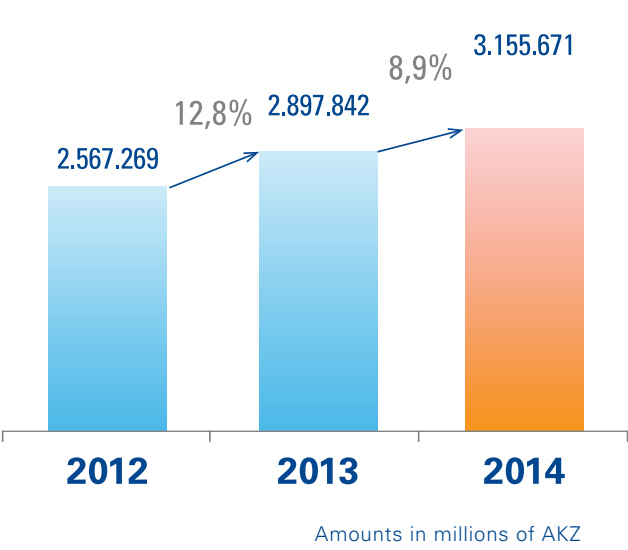
It should be noticed that the Sector made an effort to improve the different distribution channels and, complementary, in improving the user's protection mechanisms. Nevertheless, it is also necessary to increase the quality of service from the client's point of view as a user of these channels.

Loans and Deposits

Loans granted, similarly to the generality of financial captions in the Angolan market, presented positive growth rates, but below the ones recorded in 2013. In 2014, loans granted (gross loans) presented a growth of 8.9%, 3.9 p.p. below the one recorded in 2013.

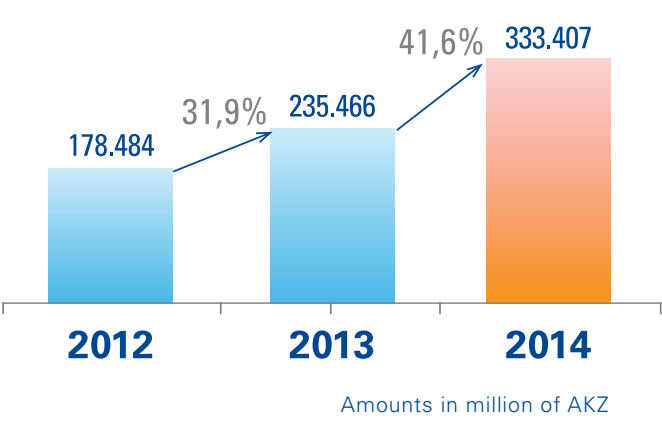
Despite the increase in loan granting, which was however inferior to the average of recent years, the increase on non-performing loans is one of the biggest concerns of the Angolan Banking Sector. The volume of overdue loans recorded a considerable increase of 41.6%, and since 2011 this value has increased approximately 268%, which corresponds to an annual growth of 54.3%. This increase results from an increasing level of default in the Angolan banking market. In 2014, overdue loans represented around 10.6% when compared with the 8.1% recorded in 2013.

LOANS EVOLUTION



Source: BNA and Banks Financial Statements

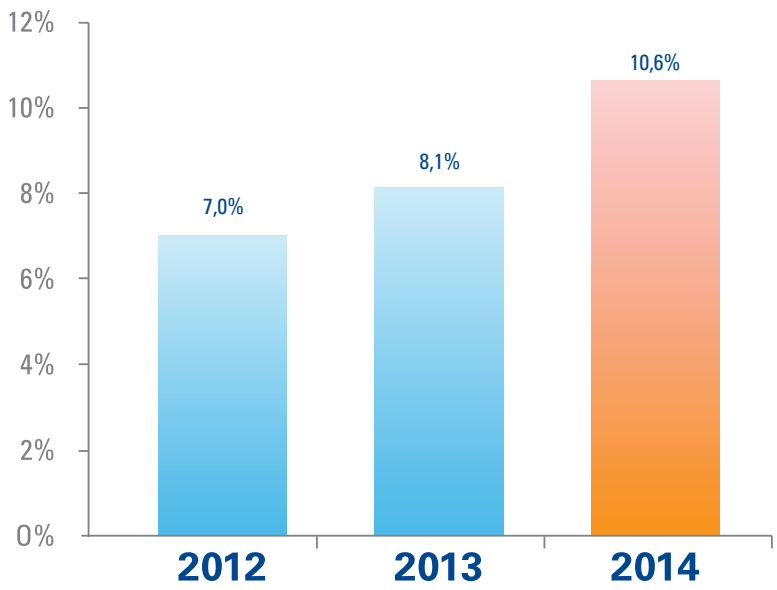
OVERDUE LOANS EVOLUTION



Source: BNA and Banks Financial Statements

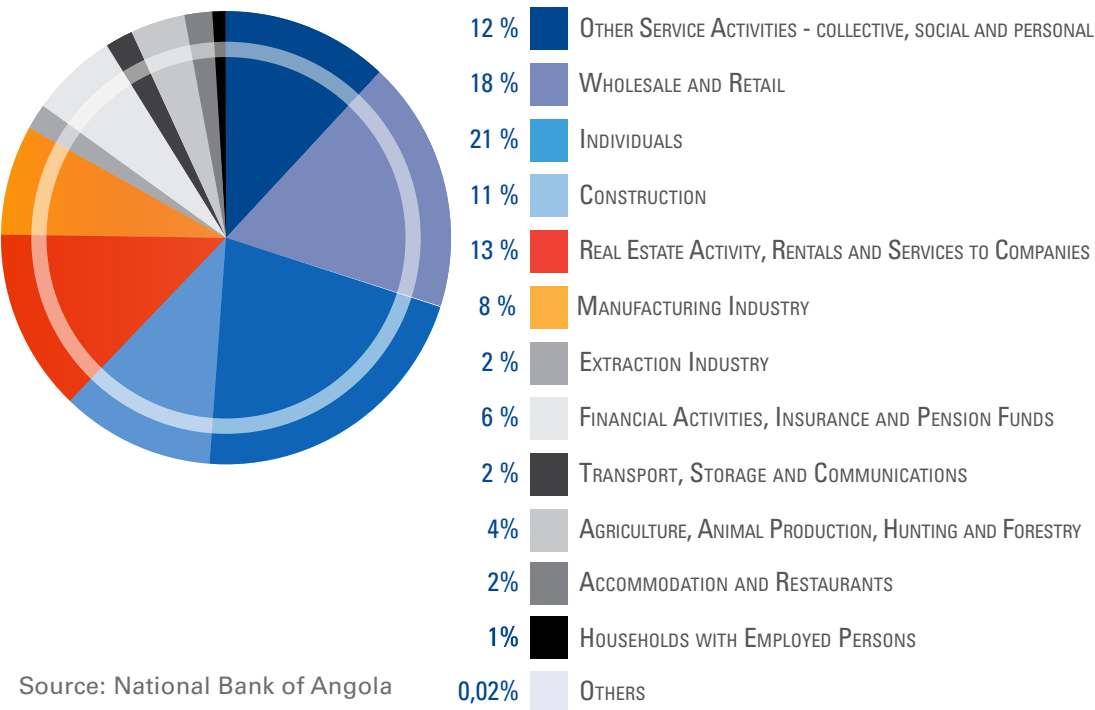


OVERDUE LOANS/TOTAL LOANS %



Source: BNA and Banks Financial Statements

CREDIT BY ACTIVITY SECTOR



Source: National Bank of Angola

Considering the volume of loans by activity sector, it is possible to verify that half, approximately 52.4%, of the loans portfolio of the Angolan Banking Sector is focused on three sectors: wholesale and retail; private customers and tangible activities; rentals and services rendered to companies. This last sector replaced, as one of the three major loans receptors sector, the “other activities of collective, social and personnel services” sector that from 2013 to 2014 reduced its weight in 10 p.p.

Regarding interest rates, it should be noted that there was an increase of short term active rates (up to 180 days) of national currency to the enterprise sector, and in foreign currency to private customers. In terms of the liability interest rates we note an increase, compared to 2013, of the rates referring to term deposits under 1 year. In addition, there is a higher alignment between the liability interest rates of national and foreign currency referring to term deposits over 1 year.

RATES

| LENDING RATES | NATIONAL CURRENCY | FOREIGN CURRENCY |
|----------------------------|-------------------|------------------|
| CREDIT TO CORPORATE SECTOR | | |
| UP TO 180 DAYS | 17,4% | 11,4% |
| 181 DAYS TO 1 YEAR | 13,9% | 10,6% |
| MORE THAN 1 YEAR | 13,7% | 10,0% |
| CREDIT TO INDIVIDUALS | | |
| UP TO 180 DAYS | 14,9% | 11,5% |
| 181 DAYS TO 1 YEAR | 13,6% | 6,4% |
| MORE THAN 1 YEAR | 12,0% | 6,9% |

Source: BNA

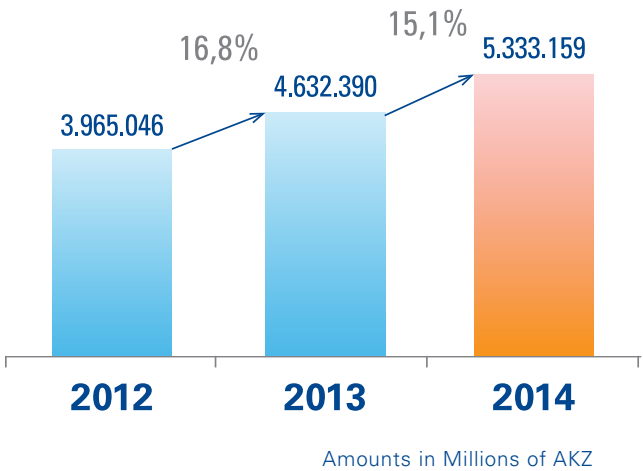
| DEPOSIT INTEREST RATES | NATIONAL CURRENCY | FOREIGN CURRENCY |
|------------------------|-------------------|------------------|
| DEMAND DEPOSITS | 0,0% | 0,0% |
| TIME DEPOSITS | | |
| UP TO 90 DAYS | 4,0% | 1,9% |
| 91 TO 180 DAYS | 4,3% | 2,3% |
| 181 DAYS TO 1 YEAR | 5,6% | 3,4% |
| MORE THAN 1 YEAR | 4,9% | 4,4% |

Source: BNA



Regarding Deposits and Resources from Clients, the Angolan Banking Sector presented positive growth rates, approximately 15.1%, yet below the ones presented in 2013, of approximately 16.8%. This growth was empowered mainly by deposits on demand, which presented an evolution during 2014 of 9.3%, and currently represent 55% of the total deposits. Term deposits also increased 5.0%, representing in 2014 45% of the total deposits. Regarding the distribution by currency, national currency deposits represented 69% of the total, while the ones denominated in foreign currency represented the remaining 31%. The desdolarization phenomenon of the Angolan economy, an objective that has been continually reinforced by the Angolan Governmental Executive, is visible when we observe the growth of 23.4% of national currency deposits and the decrease of 16.9% in the foreign currency deposits.

DEPOSITS EVOLUTION

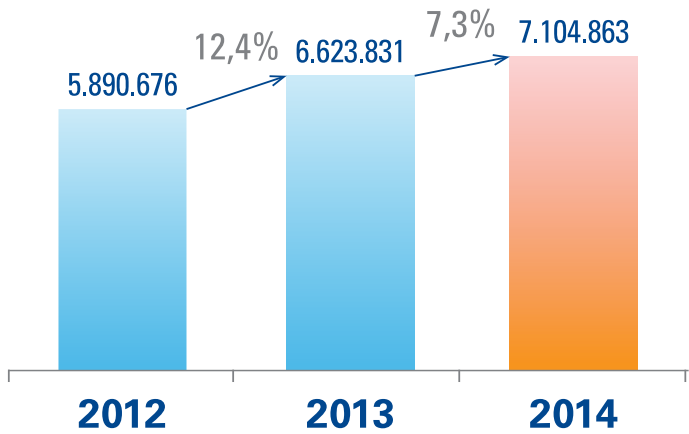


Source: BNA and Banks Financial Statements

The Transformation Ratio in the Angolan Banking Sector decreased 3.3 p.p. from 62.6% in 2013 to 59.2% in 2014. This variation reflects a higher growth in the volume of deposits, when compared with the growth of gross loans to customers, 15.1% and 8.9% respectively. Nevertheless, it is relevant to refer that for each kwanza deposited, the Financial Institutions are conceding less credit when compared with the previous year.

Regarding the volume of assets, the Angolan Banking Sector presents a total assets volume above the one recorded in 2013. Its evolution reflects a market valued in approximately 7,105 billion of AKZ, which represents an increase of approximately 7.3%.

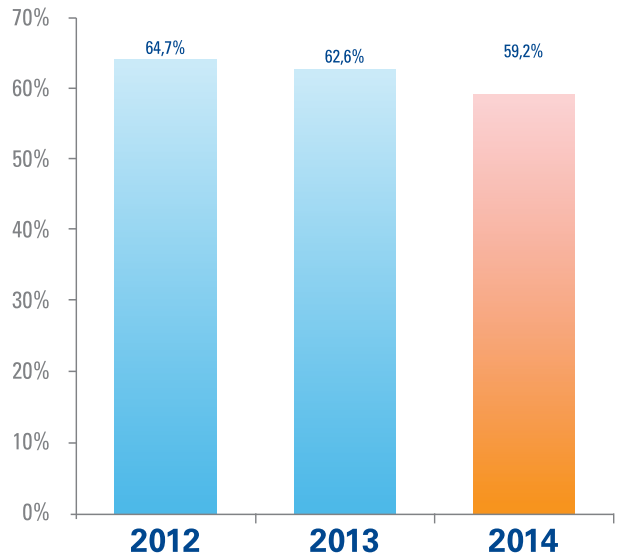
TOTAL ASSETS



Source: BNA and Banks Financial Statements

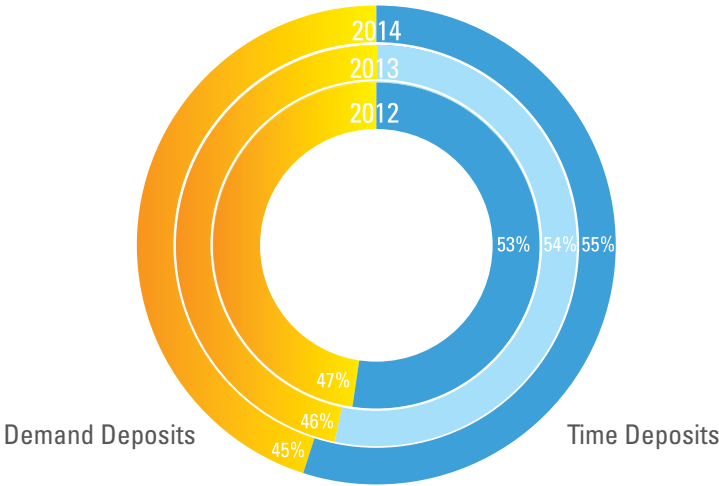
Regarding the asset structure, the Angolan Banking Sector is very similar to 2013. It is important to refer the decrease in liquidity investments in approximately 3.4% and the increase in debt securities and securities in approximately 1.5 p.p.

TRANSFORMATION RATIO



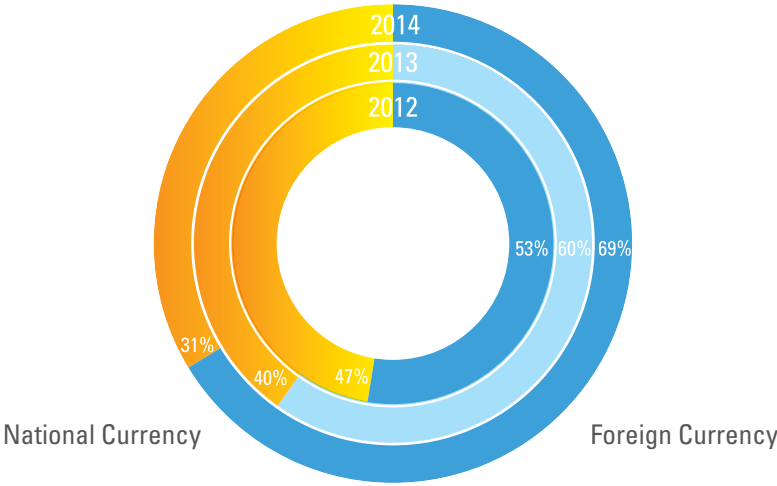
Source: BNA and Banks Financial Statements

DEPOSITS BY NATURE



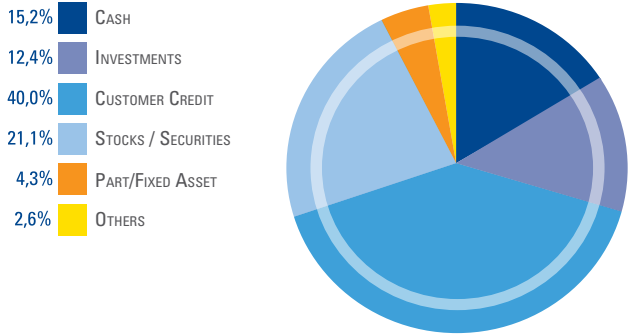
Source: BNA and Banks Financial Statements

DEPOSITS BY CURRENCY

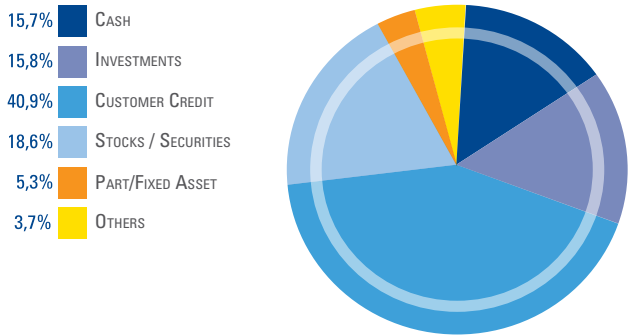


Source: BNA and Banks Financial Statements

2013 ASSETS STRUCTURE



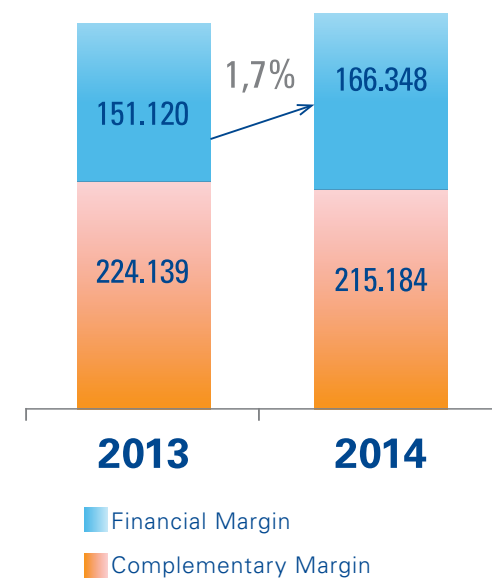
2014 ASSETS STRUCTURE



Source: BNA and Banks Financial Statements

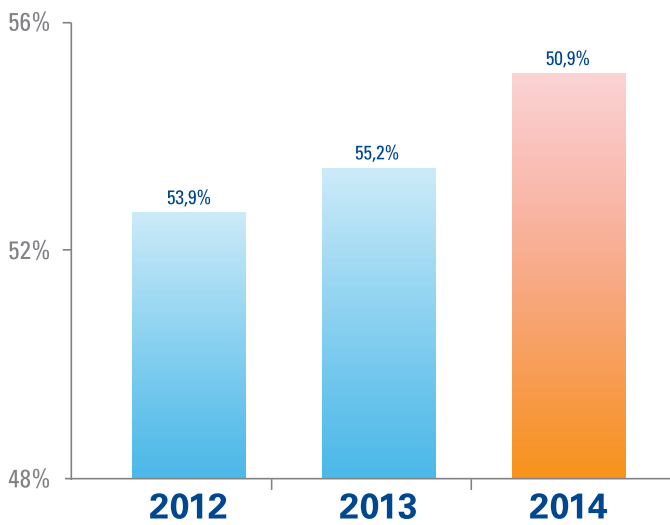


OPERATING INCOME



Source: BNA and Banks Financial Statements

COST-TO-INCOME



Source: BNA and Banks Financial Statements

Operating Income

The Operating Income regarding the aggregated Angolan Banking Sector increased approximately 1.7%. This situation corresponds to a maintenance tendency in place until 2013, representing a new slowdown in the growth. This evolution, below the average of previous years, was enhanced by a decrease in the financial margin.

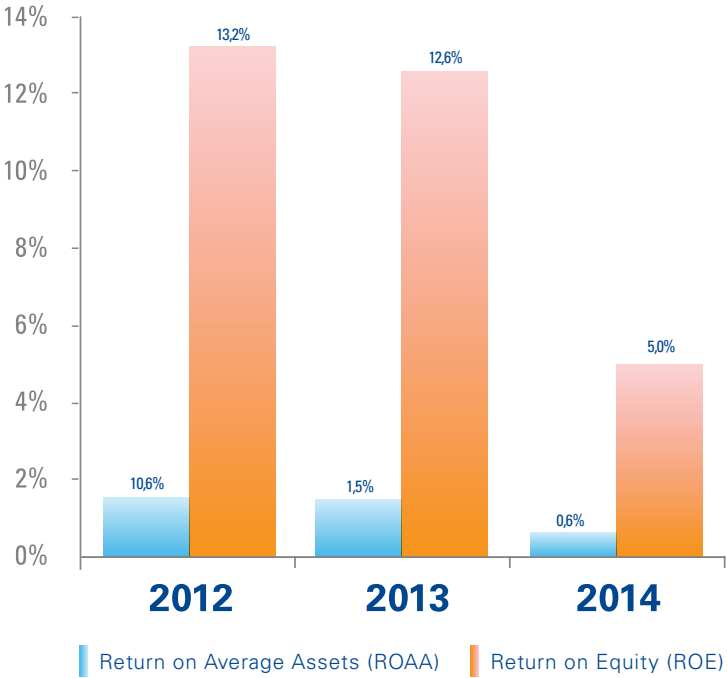
The financial margin decreased approximately 4.0% resulting from a decrease of approximately 14.2% in income from loans. Complementary margin grew approximately 10.1%, enhanced by an improvement in negotiations and value adjustments. The lower liquidity levels in the economy regarding foreign currency and the depreciation of kwanza contributed to the slowdown of operating income. In 2014, the financial margin corresponded to 56.4% (2013: 61.3%) of the operating income structure while the complementary margin corresponded to 43.6% (2013: 38.7%).

Cost-to-Income

Cost-to-Income ratio stood at 50.9% in 2014, the lower value of the period 2010-2014. Currently, the operational efficiency presents itself as one of the biggest challenges for the Angolan Financial Institutions, considering that the reversal in the trend of recent years reflects the impact from specific investments performed by the financial institutions. Amongst the investments with greater impact in the reduction of this indicator, the reinforcement of a Planning and Control integrated process, the human resources training and the optimization of operational processes are the investments that stand out.

Profitability

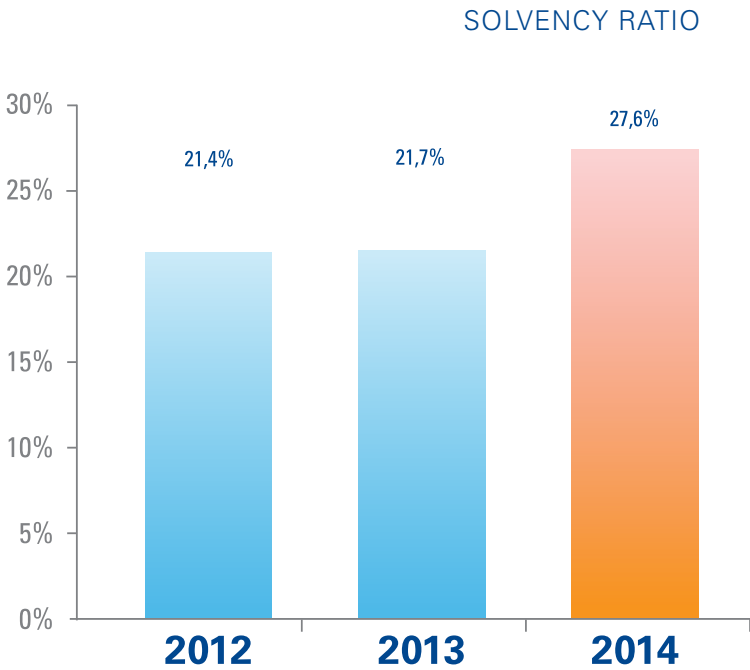
In 2014, the profitability of the Angolan Banking Sector continued to present a decreasing tendency. Both Return on Average Assets (ROAA) and Return on Equity (ROE) presented values lower than the ones presented in 2013. ROE was 5% while the profitability of the average assets was 0.64%, which represents a decrease of approximately 7.64 p.p. and 0.85 p.p., respectively. The high levels of competition as well as the increasing weight of default loans in the financial institutions' loans portfolio are the main causes for the recorded tendency.



Source: BNA and Banks Financial Statements

Solvency Ratio

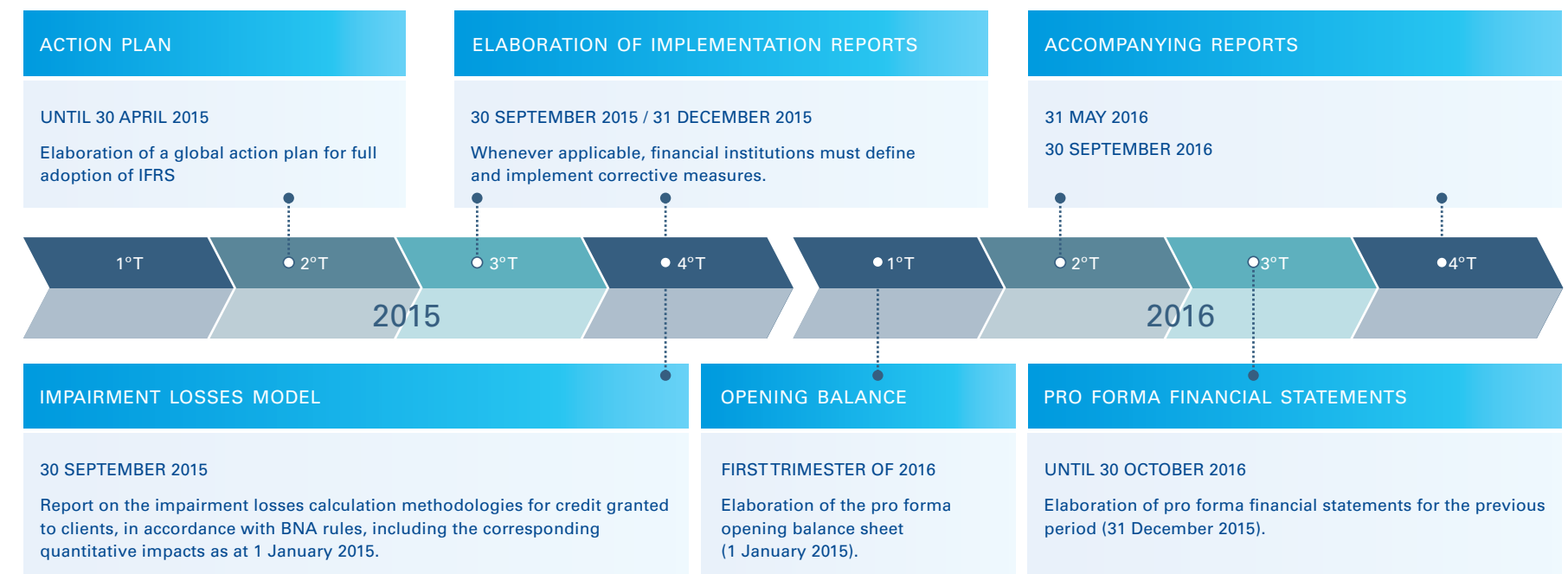
After presenting a stable tendency during 2012 and 2013, the Solvency ratio of the Angolan Banking Sector recorded a strong growth between 2013 and 2014 (approximately 6 p.p.). This increase reflects the greater stability of the Sector and respective Financial Institutions, allowing a greater comfort in the accomplishment of the 10% minimum ratio required by the National Bank of Angola.



Source: BNA and Banks Financial Statements



- 1 The pursuit of excellence in supervision
- 2 The importance of managing market risks
- 3 Consolidation movements in the Sector
- 4 The recovery begins with the restructuring of companies
- 5 Management of foreign exchange transactions
- 6 Digital banking – transforming or losing competitiveness
- 7 Optimization of the experience of “High Value” Customers
- 8 The paradigm change in impairment recognition
- 9 Capitalizing on information assets
- 10 Cybersecurity: protecting information assets
- 11 Full adoption of IFRS - Tax Impact
- 12 Special tax on foreign transfers



1. The pursuit of excellence in supervision

The evolution of the financial system in Angola and the growing trend of interaction with markets and international investors imply the need for an increased level of sophistication and timing of regulation and supervision in Angola. There is currently a significant number of initiatives to empower the Angolan financial sector for the challenges of the future and which are also a major challenge for the Institutions.

Given the challenges that are currently faced by the sector and the Angolan economy, the National Bank of Angola (BNA) displays increasing proactivity in order to prepare the Institutions for the challenges of the future.

Thus, there is a set of ongoing processes in accounting and in the prudential, fiscal and compliance areas that are aimed at making Institutions more robust and resilient (Asset Quality Review - Phase 2 and Notices on capital ratios), increasing comparability, not only internally but also for international stakeholders (IFRS, Notices on capital ratios and FATCA), and increasing the capacity of domestic Financial Institutions to engage with their international partners (PBC / CFT & Penalties).

The main aspects to consider about each area are as follows:

i) accounting and prudential

In this chapter, it is currently in process the full adoption of IFRS by Angolan Financial Institutions so that the IAS / IFRS starts to be the accounting framework of reference from 2016 to major Financial Institutions in Angola. Given the complexity of the process and the need to prepare Institutions for the process, it was decided by BNA that it would be developed in two stages, in 2016 and 2017. On this basis, and for the banks which should present its first financial statements in accordance with IFRS at 31 December 2016, the major milestones of the process are as follows:

In addition, and at a time when aspects related to the prudential ratios are of increasing relevance, especially in Europe, there are also Notices in the new adoption process that set out the rules for calculation of capital and risk-adjusted assets better aligned with international best practices on this matter. This new law is the first step towards the introduction of more advanced methodologies for calculating capital in line with the guidelines of the main international regulators.

On the other hand, it should also be noted that the process initiated in 2014 with the Asset Quality Review aimed to (i) promote the use of best practices, (ii) identify opportunities for improvement at the level of internal control and information systems and (iii) evaluate consistently the quality of the loan portfolio between the Institutions. For banks involved in the first phase, there are ongoing follow-up actions on riskier credits identified in the first phase and verification of implementation of the defined action plans, presented to the BNA in April 2015, with specific programs being set for each bank, depending on the results obtained in phase 1. In addition, for banks that were not involved in the first phase, the full exercise will take place. This exercise aims to ensure the resilience of banks and strengthen their sense of Value and Risk, demonstrating also to international stakeholders the concern with risk mitigation and the robustness of the financial sector

Finally, following BNA's publication of the Notice 1/2013 on Corporate Governance and 2/2013 on the Internal Control System, and upon completion on 31 December 2014 of the transitional period granted by the supervisor to the Financial Institutions so that they would be in accordance with the requirements set out in these notices, BNA began an evaluation of the implementation of these requirements, based on the Corporate Governance and Internal Control System Report from 2014, which resulted in the allocation of a rating to each institution based on the achievement level on three components: **(i)** Corporate Governance; **(ii)** Internal Control System and **(iii)** Prevention of Money Laundering and Terrorism Financing. This exercise aims to once again ensure the resilience and robustness of the banks, in line with international best practices on these matters. The results for 2014 were not satisfactory and, as a consequence, these issues remain a priority on the list of challenges for the Banking Sector in Angola this year and over the following years.



ii) fiscal with the adoption of FATCA

The adoption of the Foreign Account Tax Act ('FATCA') remains a challenge for Financial Institutions in Angola, but essentially seeks to ensure the possibility of having access to and conducting transactions in the American market, which seems vital to the Angolan market, while also contributing to greater process transparency for international stakeholders.

iii) compliance with the growing involvement of the competent authorities for assessing the degree of regulatory compliance with legislation related to the Prevention of Money Laundering and Terrorism Financing (PBC / CFT) & Penalties.

As part of the increased awareness of the market, the BNA itself and the Financial Information Unit (UIF) concerning the prevention of money laundering, and considering the financing of terrorism and compliance in view of the international sanctions (PBC / CFT) & Penalties in Angola, the scrutiny of international institutions and bodies has intensified on this matter and consequently for operations and clients of Financial Institutions in Angola.

In this context, the BNA has developed efforts to assess and evaluate the degree of regulatory compliance with legislation related to PBC / CFT & Penalties and alignment with the provisions of Notice No. 2/2013, particularly in order to enable the Financial Institutions to respond to the challenges that are raised by their international counterparts.

In this context and considering the simultaneous change of a set of relevant benchmarks, combined with the very challenging economic environment, Financial Institutions must design a structured intervention with clear priority-setting and very close monitoring, which is even more relevant in face of the scrutiny that already exists from regulators. For this reason, it will be necessary to empower the Financial Institutions and, if necessary, to obtain external support in order to organize and manage key processes and achieve the objectives that were set. They should also be concerned with developing and creating robust processes to sustain these efforts and make Institutions more robust and efficient.

2. The importance of managing market risks

The current macroeconomic context in Angola has created a set of challenges for the Angolan financial sector, particularly the Banking sector. In fact, the decrease in oil prices in international markets has imposed a series of restrictions, essentially on international currency reserves, such as US dollar reserves, which constrains imports and international transfers.

On the other hand, i) the reinforcement of regulation by the BNA, ii) the implementation of International Accounting Standards and iii) the opening of BODIVA require an additional effort to establish a set of processes and management information systems, enabling effective management, monitoring and disclosure to the market of the evolution and impact of various financial risks, namely the risk of interest rate, exchange rate, market risk and, particularly relevant, the management of liquidity risk.

Indeed, the management of financial risks, due to their complexity and relevance, presents itself as an emerging challenge for the structures of the banks. In this regard, KPMG has been developing solutions and supporting initiatives in the field of financial risk management to help the risk functions and business

areas to deal better with new market challenges. The highlights of this work are:

- Development of extraction tools, information processing and processing of core systems, particularly with regard to the projection of future cash flows of borrowing and lending operations, so that the banks can monitor their liquidity gap;
- Creation of interactive dashboards to analyse the temporal structure of cash flows by currency as a way to identify and track the existence of liquidity gaps;



| | 10 | 12 | 13 | 14 | 15 | 16 | 17 | | | | 31 | |
|---|---------|-------|--------|--------|--------|---------|----------|------------|-------------|-----------|----------|-------|
| | In Cash | 2-15d | 15-30d | 30-60d | 60-90d | 90-180d | 180-360d | Short Term | Medium Term | Long Term | W / Term | Total |
| ASSETS STRUCTURE | | | | | | | | | | | | |
| 1 TOTAL Assets | | | | | | | | | | | | |
| 1.10 CASH | | | | | | | | | | | | |
| 1.20 LIQUIDITY APPLICATIONS | | | | | | | | | | | | |
| LIABILITIES STRUCTURE | | | | | | | | | | | | |
| 2 TOTAL Liabilities | | | | | | | | | | | | |
| 2.10 DEPOSITS | | | | | | | | | | | | |
| 2.20 FUNDING FOR LIQUIDITY | | | | | | | | | | | | |
| TOTAL ASSETS | | | | | | | | | | | | |
| TOTAL LIABILITIES | | | | | | | | | | | | |
| TOTAL OFF - BALANCE | | | | | | | | | | | | |
| LIQUIDITY GAP (ASSETS - LIABILITIES) | | | | | | | | | | | | |
| BALANCE ALM > BALANCE LIQUIDITY PROFILE | | | | | | | | | | | | |
| TOTAL NET ASSETS | | | | | | | | | | | | |
| TOTAL VOLATILE LIABILITIES (on-balance) | | | | | | | | | | | | |
| NET WHOLESale FUNDING | | | | | | | | | | | | |
| GAP LOANS vs. DEPOSITS | | | | | | | | | | | | |
| LOANS vs. DEPOSITS RATIO | | | | | | | | | | | | |
| GAP GENERAL LIQUIDITY (on-balance) | | | | | | | | | | | | |
| GAP GENERAL LIQUIDITY / ASSETS | | | | | | | | | | | | |
| GAP GENERAL LIQUIDITY / OWN FUNDS | | | | | | | | | | | | |
| GAP LIQUIDEZ GERAL / REGULATORY O. F. | | | | | | | | | | | | |

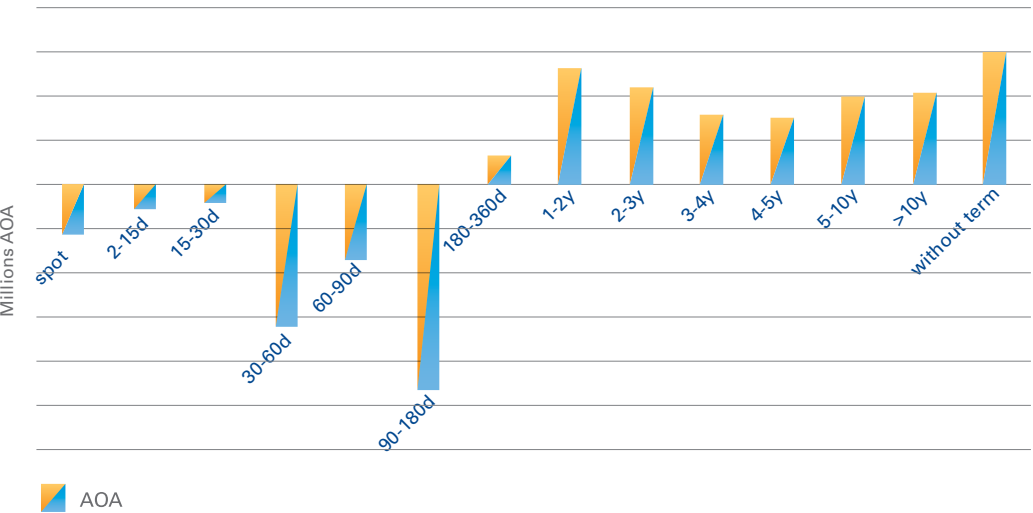
- Creation of Interactive and standardizable Dashboards to analyse the term structure of interest rate risk and foreign exchange risk;

| ASSETS STRUCTURE | | Short term | Medium term | Long term | No term | Total |
|-----------------------|-------------------------------|------------|-------------|-----------|---------|-------|
| 1 | TOTAL ASSETS | | | | | |
| | SENSITIVE TO INTEREST RATES | | | | | |
| | SENSITIVE TO FOREIGN EXCHANGE | | | | | |
| LIABILITIES STRUCTURE | | Short term | Medium term | Long term | No term | Total |
| 2 | TOTAL LIABILITIES | | | | | |
| | SENSITIVE TO INTEREST RATES | | | | | |
| | SENSITIVE TO FOREIGN EXCHANGE | | | | | |
| OFF-BALANCE STRUCTURE | | Short term | Medium term | Long term | No term | Total |
| 9 | TOTAL OFF-BALANCE | | | | | |
| | SENSITIVE TO INTEREST RATES | | | | | |
| | SENSITIVE TO FOREIGN EXCHANGE | | | | | |

| EXPOSURE TO INTEREST RATE RISK (on-balance) | | Short term | Medium term | Long term | No term | Total |
|--|-------------------|------------|-------------|-----------|---------|-------|
| TOTAL | Domestic Currency | | | | | |
| | AOA | | | | | |
| | Foreign Currency | | | | | |
| | USD | | | | | |
| | EUR | | | | | |
| | Other Currencies | | | | | |
| EXPOSURE TO FOREIGN EXCHANGE RISK (on-balance) | | Short term | Medium term | Long term | No term | Total |
| TOTAL | Foreign Currency | | | | | |
| | USD | | | | | |
| | EUR | | | | | |
| | Other Currencies | | | | | |
| | | | | | | |

- Ability to perform sensitivity analyses and stress tests to the main variables and risk factors that impact the management of financial risks management of financial risks, including the evolution of the loan portfolio, behavioural evolution of deposits (demand and term), changes in interest rate and exchange rate, as well as liquidity gap, which are completely standardizable by the Bank;
- Presentation of a predefined set of historical evolution reports of the main items in order to facilitate the analysis and development of the liquidity situation and the balance risks;

EXPOSURE TO INTEREST RATE RISK (TIME BANDS)



- Monitor a set of predefined limits - alert and action limits - for certain relevant indicators, which facilitates action taking and implementation of mitigation measures.

| INDICATOR | | OBJECTIVE | | LOWER LIMIT | UPPER LIMIT | LOWER MARGIN | HIGHER MARGIN | BASE RESULT | RISK LEVEL | AFTER SHOCK RESULT | RISK LEVEL |
|--|----------|--|--|-------------|-------------|--------------|---------------|-------------|------------|--------------------|------------|
| TRANSFORMATION RATIO | | To see the existing relationship between credit and deposits. | | | | | | | HIGH | | HIGH |
| TRANSFORMATION RATIO GROSS OF PROVISIONS | | To see the existing relationship between gross credit of provisions and deposits. | | | | | | | HIGH | | HIGH |
| FUNDING RATIO MM | | To calculate the weight of funding from the interbank money market on total deposits. | | | | | | | HIGH | | HIGH |
| NET FUNDING RATIO WHOLESALE | | To see the total weight of wholesale funding on total funding. | | | | | | | HIGH | | HIGH |
| SHORT TERM DEPOSITS RATIO | | To calculate the % of 30-day deposits on total deposits. | | | | | | | HIGH | | HIGH |
| SHORT TERM NET POSITION RATIO | | To measure the Bank's ability to meet liabilities in the short term. | | | | | | | HIGH | | HIGH |
| LIQUIDITY RATIO OF ASSETS | | To calculate the weight of net assets on total assets. | | | | | | | HIGH | | HIGH |
| SHORT TERM FUNDING NEEDS RATIO vs. NET ASSETS | | To see if net assets are sufficient to cover 12-month needs. | | | | | | | HIGH | | HIGH |
| DEPOSITORS CONCENTRATION RATIO | | To reach conclusions on the funding dependence of the 20 largest depositors. | | | | | | | HIGH | | HIGH |
| DEPOSITORS CONCENTRATION RATIO EXCLUDING SHAREHOLDERS, GOV. ENT. AND BNA | | To reach conclusions on the funding dependence of the 20 largest depositors (excluding shareholders, Gov. Ent. and BNA). | | | | | | | HIGH | | HIGH |
| LIQUIDITY GAP (IN % OF TOTAL ASSETS) | Until 1M | To verify the Bank's exposure for several time buckets, in terms of Assets. | | | | | | | HIGH | | HIGH |
| | 1 to 3M | | | | | | | | HIGH | | HIGH |
| | 3 to 6M | | | | | | | | HIGH | | HIGH |
| | 6 to 12M | | | | | | | | HIGH | | HIGH |
| | > 12M | | | | | | | | HIGH | | HIGH |
| | No term | | | | | | | | | | |
| CUMULATIVE LIQUIDITY GAP (IN % OF TOTAL ASSETS) | Until 1M | To verify the Bank's exposure for several time buckets, in terms of Assets. | | | | | | | HIGH | | HIGH |
| | 1 to 3M | | | | | | | | HIGH | | HIGH |
| | 3 to 6M | | | | | | | | HIGH | | HIGH |
| | 6 to 12M | | | | | | | | HIGH | | HIGH |
| | > 12M | | | | | | | | HIGH | | HIGH |
| | Total | | | | | | | | HIGH | | HIGH |



3. Consolidation movements in the Sector

There are currently 23 banks in activity in Angola (counting the merger of BPA and BMA) and up to five entities in the process of obtaining a license from the BNA or that are licensed but have yet to begin their activity. Naturally, these entities are quite different from each other:

- The five largest banks represent about 75% of the sector’s assets (counting the recent merger announced between BPA and BMA);
- The remaining 25% of banking assets are distributed among the remaining banks in Angola, with no one institution representing more than 5% of the sector’s assets and with eight of them individually representing less than 2% of the sector’s assets.

Still, the level of concentration of banking assets in Angola lies in the lower range of African markets and clearly below countries such as South Africa, in which more than 95% of assets are held by the five largest banks.

Additionally, Banks operate in an economic context (strong economic slowdown, exchange restrictions, reduced available income, less investment capacity) and regulatory (higher capital requirements, new models of governance, internal control and banks’ risk management) characterized by increasing levels of sophistication and requirements.

Although it is a difficult, time-consuming and complex process, the benefits associated with a higher level of concentration of the Banking Sector, both for shareholders and customers and for the soundness of the sector, justify it, namely:

- Strengthening of financial, technical and human conditions for expansion of banking business in Angola and penetration into international markets;

- Increased capacity to meet the needs of individual customers and businesses, to finance larger operations, offer new services and products and increase the banking level of the country, thus contributing to economic growth and social cohesion and promoting competition between institutions;
- Improvement of operational efficiency levels and increment of synergies at different levels (e.g. central costs, information technology, branch network, human capital, etc.), improving the profitability of banks and the return for its shareholders;
- Increased responsiveness to new regulatory requirements, both in terms of capital requirements and of implementation of governance models and of controls and risk management processes in line with best practices.

We believe that the benefits associated with concentration of business could proportionally benefit a larger number of smaller Institutions, allowing them to reach critical mass to ensure appropriate responses to the challenges and its strategic sustainability.

The roles of the various stakeholders, shareholders, managers and regulators are fundamental to allow the banking sector to evolve towards concentration. BPA and BMA have taken an important first step in this direction, and further consolidation operations are expected and, from our point of view, desirable.

4. The recovery begins with the restructuring of companies

The economic situation that Angola is experiencing has had negative effects on the solvency, liquidity and profitability of banking activity. The increase of the credit default ratio demonstrates the deterioration in the economic and financial capacity of companies and individuals to fulfil their duties within the banking sector.

The performance of the National Bank of Angola demonstrates the concern with the risks for the banking sector, as it has been essentially focused on ensuring the banks’ strength and an adequate provisioning level of the credit portfolio, as well as on the reinforcement of good reporting practices and government of Credit Institutions. Among others, we highlight the issue of regulation with regard to the provisioning of credit portfolio, the introduction of IFRS and an extensive exercise of Quality Review of Banking Sector Assets.

In this context, we consider that the promotion of “restructuring companies” activities focused on promoting the financial and operating capacity of companies could significantly contribute to minimizing the negative effects of the economic situation on borrowing and therefore on the quality of assets, results and solvency of the banking sector.

The extent and depth of each restructuring process will depend of the companies circumstances and the financing concerns, which can focus on the financial issues or extend to the operational and strategic issues, among others. The financial restructuring process should therefore begin with a comprehensive diagnosis, which KPMG calls Independent Business Review (IBR), covering, among others, strategic, market, operational, financial, labor, and management issues that explain the current situation of the company. The stabilization of the company’s treasury in the very short term may be the key to the restructuring success.

The IBR makes it possible to identify realistic alternatives for the improvement of the company’s financial situation, as well as how they can be developed and discussed between the different relevant parties (e.g. shareholders, managers, creditors, etc.). The selection of the best option should result from an in-depth negotiation (and expedient, as far as possible) between the different stakeholders.

A critical success factor for these processes is the company’s ability to implement a recovery strategy and to establish a process for monitoring and tracking the company’s situation.

Creditors who act faster and in a focused and professional manner are more likely to impose favorable terms (e.g. reinforcement of guarantees, access to cash flow, closer monitoring, definition of financial and investment covenants, among others).

Realistically, not all situations are solvable and sometimes the best option is to limit the shareholders’ and creditors’ losses by allowing a reallocation of capital between insolvent companies and sustainable businesses, and consequently promoting an efficient allocation of capital and economic development.

In the past, domestic banking has operated in an environment of accelerated economic growth, and so the effort to develop skills and appropriate business processes was directed to commercial areas. Therefore, it is now crucial to balance this effort with the reinforcement of skills in loan recovery, and in particular in the companies’ restructuring process.

The authorities will create the framework conditions, laws and regulations for the restructuring processes to become simpler, faster, more efficient and more effective.

Banks are interested in the immediate recovery of economic and financial situation of companies, but in the end all agents will benefit from better business preparation, more efficient and focused business processes, better business models and a greater financial capacity to invest and expand their operations.



The particular situation of the real estate sector

It is expected that the companies most exposed to the real estate sector, especially the real estate promoters, will continue to be particularly affected by the economic slowdown. Restructuring processes of this nature are based on two main pillars:

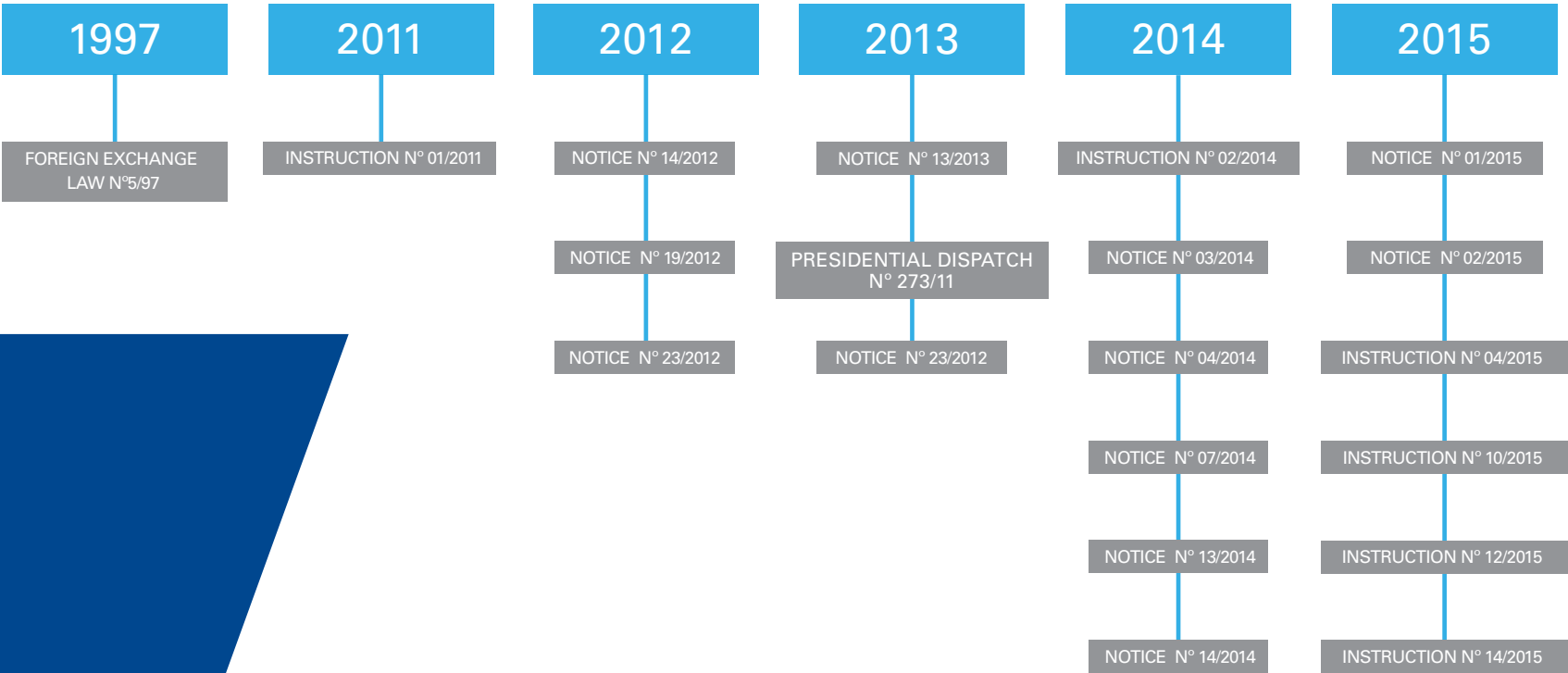
- 1) Debt reduction, through the lieu in complying with part of the assets. The particular terms of the assets lieu should be carefully considered in order to maximize their profitability and minimize losses for all parties.
- 2)) The restructuring of the remaining debt, in line with the debt service with the expected cash flows of the real estate project. The renegotiation of the conditions should also be evaluated and defined considering the risk of loss minimization of the bank and promoter.

5. Management of foreign exchange transactions

The current shortage of foreign exchange has generated strong constraints on all relevant actors of Angola’s economy, particularly in the Angolan financial market, namely in commercial banks and in the perspective of optimizing management-customer relationships. The National Bank of Angola (BNA) has taken measures aimed at market surveillance and strict compliance with the existing rules, which also resulted in increased regulation of foreign exchange transactions.

The BNA has recently established new regulations (warnings, instructions and standards), as well as new internal controls on foreign exchange transactions conducted by commercial banks, which restricted the number of foreign exchange transactions and redirected available foreign currency resources towards operations that promote the dynamism of Angolan economy. In this way, the regulator has built over time the necessary tools for implementing an exchange rate policy in the country, making it more resistant to the impact of external factors such as the decline in oil prices in international markets.

FOREIGN EXCHANGE LAW AND AMENDMENTS TO THE LAW



The measures taken by the BNA in recent years, with successive changes in terms of regulatory requirements of foreign exchange transactions, together with the increase in commercial networks of banks, have produced major challenges to the process of managing foreign exchange operations for all stakeholders. This reality has forced financial institutions to make an effort to adapt and respond effectively. Some participants in the process which give a less capable response might incur on penalties for failure. In the Angolan universe of commercial banks, there are players with incipient currency management systems, based on manual processes, which are inefficient and susceptible to human error. Some commercial banks find it difficult to respond to regulatory requirements and new integration requirements issued by the BNA on a timely manner, and, which is even more serious, they find it difficult to give a quality response to customer needs.

The ability of commercial banks to respond with quality and promptness to the control requirements of foreign exchange operations in Angola and the continued evolution of the regulatory body, are important factors for the creation of conditions to implement robust and agile solutions that support the management of these operations and that are properly integrated with central commercial banks systems and the BNA systems.

Given that commercial banks cannot meet the demands of all portfolio operations due to current market constraints, one of the main strategic objectives of this process is to make known all foreign exchange transactions in the portfolio, highlighting the ones that generate the most added value in order to increase loyalty levels and customer retention, while ensuring strict compliance with existing regulations.

Traditionally, the management system in Commercial Banking is divided into specialized functional areas, such as the commercial area, where exchange transactions are carried out at the request of a customer; the area of operations, where an operation is validated in accordance with the internal rules of the Bank and with the notices and instructional and regulatory standards; the trading room of financial management, where foreign currency is allocated by own funds, by buying and selling currencies or through the BNA auctions. To have a real knowledge of all portfolio operations, a commercial bank must necessarily approach these operations as a single integrated process.

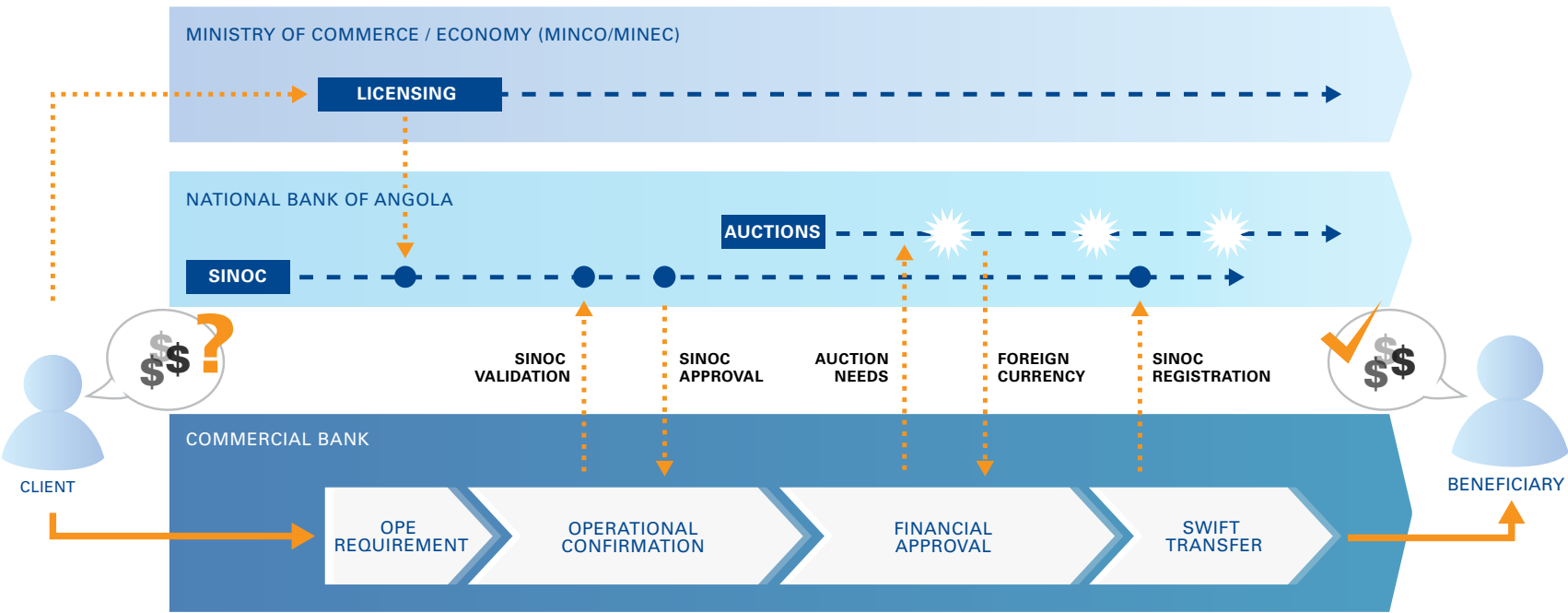
We believe that, for an efficient management of foreign exchange transactions, banks should evolve into a business processes management (BPM) model, which promotes a cross-sectional view of the processes, regardless of the functional areas involved in implementation of the process activities. This prevents functional redundancies in the process and reduces operating errors. Through the analysis of process data and its subsequent optimization, it is possible to promote activities that add value to the process at the expense of low-value-added activities. Adopting a BPM approach to the management of commercial banking processes has been one of the challenges launched by KPMG in its analysis of the sector made in 2013. Today the foreign exchange operations management process is even more relevance to banks.

It is our understanding that optimization of the Foreign Exchange Management Process is achievable only through a strong focus on operational efficiency, by reducing the average time of implementation of operations and service delivery; on operational control, by monitoring the implementation of foreign exchange transactions more closely and reducing the associated operational risk; on full customer and business satisfaction, by increasing monitoring and ensuring continuous monitoring of the process status; and on reputation, as a result of compliance with regulatory requirements and service levels offered to customers.

The optimization of the Foreign Exchange Management process through a BPM solution makes it possible to know all customer orders for this type of transaction and the status in which these operations are. It is thus possible for the commercial bank to better manage the current and future foreign currency needs, and to efficiently present these needs to the regulator, since the map of needs and the map of operations submitted to the regulator include a larger volume of customer loyalty data, which will maximize the chances of success in the allocation of foreign currency in the governor's auction.

Commercial banks with knowledge of the entire portfolio of foreign exchange transactions that are dependent on foreign currency availability may also give an immediate response to the regulator when it chooses to perform specific auctions for limited groups of foreign exchange transactions (e.g. import of food or pharmaceuticals goods).

The future trend will be of greater integration between commercial banks and the regulator, enabling banks to automate the reporting process of foreign exchange transactions to the BNA, which will reduce the existing operational load. Only commercial banks endowed with mature and agile information systems will be able to perform this integration successfully, as they will be able to respond better to the level of auctions, by reporting high-quality information.



6. Digital banking – transforming or losing competitiveness

In our understanding, Angola’s banking sector needs to look for innovative business models that ensure competitive efficiency and relevance through cost control and potentiation of banking products. In this context, decision makers should consider whether to include in their agenda digital transformation initiatives that use digital technologies to change the business model, providing new revenue sources and value creation opportunities.

Due to the innovation and redefinition of business models, Digital Banking is the next great technological transformation in the financial service sector, thereby debunking the notion that there is a fundamental link between innovation that brings on competitive advantages and the creation of products and services.

Many of Angola’s market players will find it difficult to distinguish themselves in an efficient and profitable way through operational changes or innovative products. It is necessary to look for new competitive distinctive features, even if that means to bring into question current business models. Changing these models may be essential for value creation.

Innovation is therefore particularly important in those areas where competitive alternatives are less likely to follow, namely investment in the ability to identify and incorporate the latest digital banking innovations by changing the way banks interact with their client base, be them individual consumers or business clients.

This is made possible by global connectivity, itself based on telecommunications, IT infrastructures and open standards. Global connectivity makes new skills

and partners readily available and usable in a practical manner, fostering the dematerialization of processes, new forms of collaboration and, as a consequence, new business models. Naturally, global connectivity exposes companies to new competitors with substantially different business models and cost basis, a threat that should be taken into account.

The inadequacy of processes, of traditional technology and of the ability of banks to accommodate client demands and challenges has been noted. Within a context of budget constraints, many of these challenges receive a great deal of attention in a highly competitive market.

This is a favorable context for decision makers to prioritize innovation and the pursuit of different solutions. And while analysis is indispensable, systematizing and acting on a plan is even more important. The implementation of this plan should fall in line with the strategy that financial institutions adopt in the short-term and in the medium/long terms, from the incremental innovation model up to significant changes or up to a breakthrough.

This course of development in the banking industry that consists of a gradual incorporation of digital technology in products, processes, services and operations will generate a digital banking model based on the following assumptions:

- i) The client is the core of the banking experience.
- ii) The clients choose how to interact with the bank. Some will probably never visit an agency.

- iii) The client pool will not be limited to the network of agencies.
- iv) Digital delivery is at the center of the supply of goods and services.
- v) The supply of goods and services will be adjusted to the client’s preferences.
- vi) The importance of channels will dwindle, contributing to a greater consistency in the client-bank interaction.

Banks that decide to invest in digital banking now will reap the competitive advantages of a transformation that pertains not only to technology, but also and significantly to mentalities and attitudes towards knowledge and innovation, allowing for quick adjustments to changes in social or client behavior and for products and services to be adapted to client needs.

The cost of not adapting to the digital world is loss of competitiveness. To transform or to die: the choice is in your hands.

| | INCREMENTAL | SIGNIFICANT | BREAKTHROUGH |
|----------------|--|---|---|
| THEME | Improve | Grow | Transform |
| BUSINESS GOAL | Protect and maintain current revenue; expand product range; reduce costs | Increase revenue in the medium-term; maintain a significant competitive advantage for some time | Increase and create new revenue streams |
| MARKETING GOAL | Address current needs better | Address emerging needs sooner | Address unknown needs |
| ACTION | Do better | Do differently | Do something different |



7. Optimization of the experience of “High Value” Customers

In a context of strong competitive pressure, the decreasing structural profitability of Banking seen in recent years in Angola has forced Financial Institutions to try to identify and take corrective measures as quickly as possible, in order to reverse this trend. In the Angolan Financial Sector, the universe of “High Value” Customers, either effective (Private and Affluent) or potential (Mass Affluent), has not been fully explored yet. To achieve this “value”, Institutions must adopt measures aimed at client retention, on the one hand, and, on the other, at strengthening the financial involvement (share of wallet) of these costumers.

Given these Customer’s level of sophistication and knowledge and the strong market competitiveness, Institutions should act structurally to optimize costumer experience by taking action in three key areas:

1) Segmentation - “look at the different kinds of costumers”:

The customer base of Angolan banks has been gradually diversifying both in terms of “value” and of the socio-demographic and behavioural structure. Banks should endeavor to adopt segmentation strategies that use both traditional criteria (e.g. socio-demographic information, profitability, bank involvement) and clustering criteria based on the types of experiences valued by customers (e.g. preferences, expectations, behaviors).This empowers banks to, on the one hand, improve business effectiveness (enhanced assertiveness on offer) and, on the other, to optimize the use of resources (investing in “moments of truth”) in management and Guest targeting.

2) Value of Proposals- “one-stop-shop solutions and experiences”:

Banks should take steps to become one-stop-shops for customers’ needs, transforming their traditional financial service Desks into integrated multichannel solutions with financial advisors. Despite the crucial role that the Desk should keep in the financial advisor function, the emergence of new technologies (digital) and changing behaviors have generated customer expectations for an omnichannel relationship, with simple and transparent communication. Customers now expect Institutions to develop individualized solutions and 24/7 access in real-time.

3) Customer Experience Analytics – “create an intelligent customer experience”:

The strong growth in banking in Angola has led banks to store large amounts of customer information (e.g. transactional, CRM). Banks should start using that information to generate knowledge that allows optimization of “Customer experience” in two different perspectives: 1) as Digital Financial Advisory: providing digital capacities to support costumers in making smarter decisions (e.g. next best offer) in response to savings and investment needs, customizing and adapting the channel and content for the segment in question; and 2) the standardization of dominant ways: allowing analysis of dominant pathways that explain certain outcomes (positive or negative) of a Costumer’s experience by running root cause analyses and identifying corrective measures or good practices.

8. The paradigm change in impairment recognition

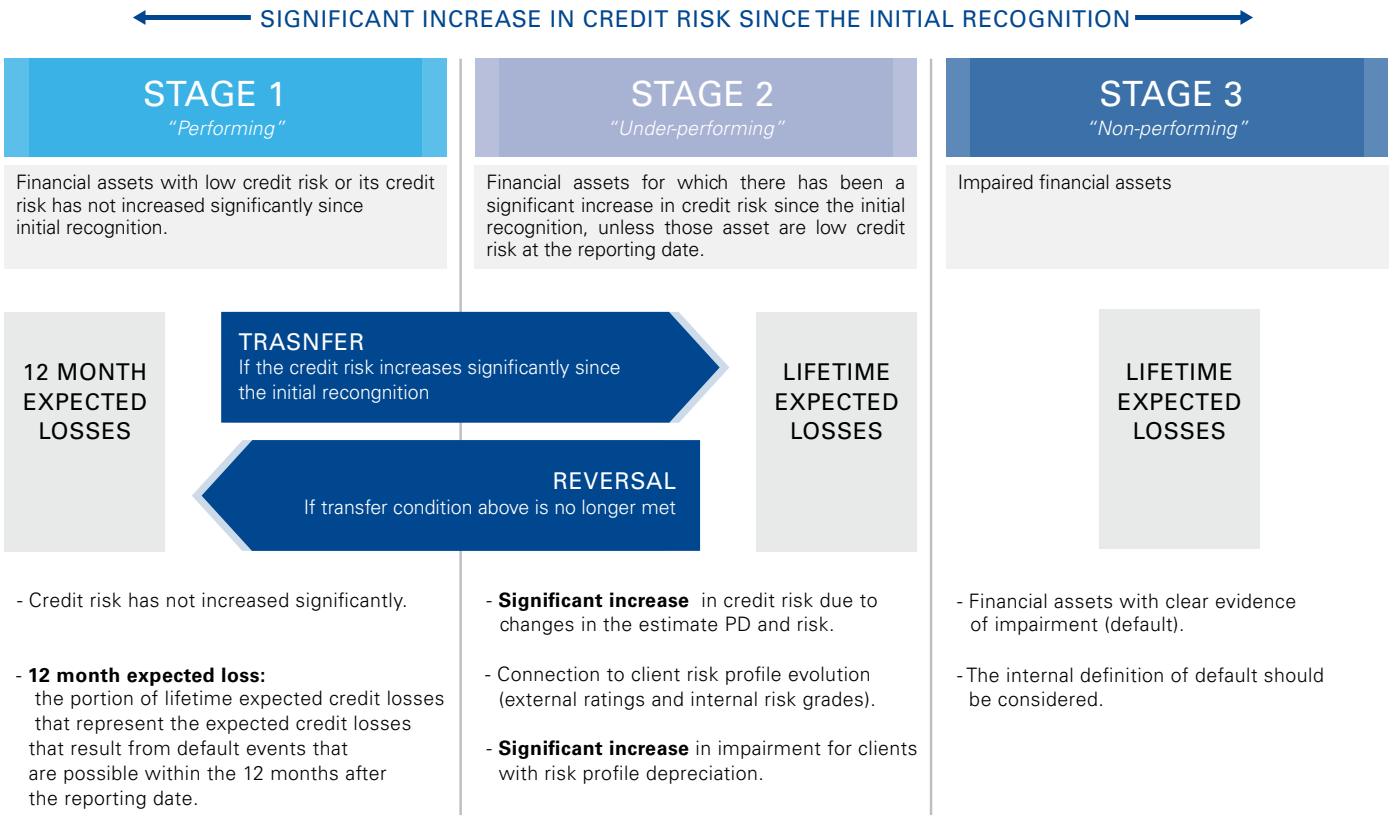
The full adoption of IFRS by the Angolan Financial Sector produced broad transformation program that allows Institutions to align themselves with international best practices in terms of quality of data, processes, information systems, and risk management. However the IFRS is a dynamic framework that evolves in order to try to address the concerns of various stakeholders, such as one major criticism to IAS 39 that emerged from the financial crisis - its procyclicality.

IASB completed its project to replace IAS 39 with the issuance of IFRS 9 - Financial Instruments, which will be an important milestone for Financial Institutions as it addresses the issues of:

i) recognition and measurement of financial assets and liabilities - based on the characteristics of the assets and the intention with which they were purchased, resulting that a potentially higher proportion of the


- assets are measured at amortized cost;
- ii) Hedge accounting - alignment between hedge accounting and risk management practices by simplifying and better recognizing the effects on the financial statements; and
- iii) Impairment of financial assets - change to an expected losses model.

In accordance with IFRS 9, new credit buckets have three types of portfolio and methodologies for determining impairment. The measurement of losses in class 1 and 2 is significantly different from those currently established by IAS 39.



The main challenges to the adoption of IFRS 9 are of a cross-organizational nature, affecting more than the risk function, and can be categorized as:

METHODOLOGICAL CHALLENGES



MODELING OPTIONS

Entities with internal models are leveraging those models to implement IFRS 9

- Integrated Framework for capital and evaluation of expected credit loss;
- Mixed Methodology, expected loss models under Basel existing frameworks and development of new models for new portfolios;
- Parameter estimation for wider time-frames (i.e. lifetime PD)

SIGNIFICANT INCREASE IN CREDIT RISK

Determining whether there has been a significant increase in credit risk is one of the most critical and difficult judgment areas in the process.

- Entities will need to decide how they will define "significant increase in credit risk"
- Internal credit rating scales will have a central role in impairment, as they are the best evaluation for risk of default


PORTFOLIO COVERAGE

Many organizations identified specific portfolios as pilot-tests before the rollout to the entire portfolio

- Difficulty in ensuring the entire population of credit agreements
- Issues in the portfolios for which they were not defined internal models.

Changing the type of loss, namely the loss incurred, will be replaced by loss expected, this measure will apply in different time-frames, depending on the class in which the asset is located.

OPERATIONAL CHALLENGES;



FINANCIAL REPORTING CONTROLS

Evaluating governance and framework of controls around the Credit Losses process (including all relevant data flows, modeling and appropriate documentation).

- Relevant data flows are unknown or poorly mapped.
- Apply to data sources and systems the same amount of rigor as those used for financial reporting.
- Risk documentation for provisioning methodology is improving across the industry but is generally not at the level required for financial reporting.

CROSS FUNCTIONAL COLABORATION

IFRS 9 implementation demands skilled resources across the firm that are similar to other large scale change programme including Finance, Risk and IT collaboration.

- Clear management buy-in between the CFO and CRO.
- Overarching program management to look over various change projects to leverage other projects.
- Establish program management practices and global visibility of the impacts and relations in various projects.

GOVERNANCE OVER DATA

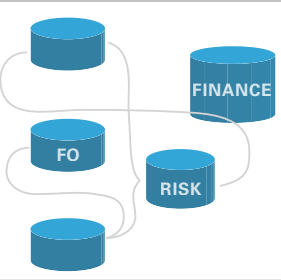
Ownership of data and quality issues are likely to emerge though the reconciliation of risk and finance data

- Implementation/update of data model.
- Define/update data dictionaries.
- Federated systems and their reconciliation horizontally across silos.
- Focus on consistency with regulatory reporting.

The current range of maturity within the industry is varied.

However, the main key success criteria for more advanced firms seems to be an ability to collaborate cross functionally across traditional silos.

IMPLEMENTATION CHALLENGES



ARCHITECTURE

Most firms struggle with their internal data architecture. How to frame IFRS 9 in the existing architecture?

- Select information sources (core, DW, etc)
- Leverage technological investments
- Add new modular components
- Rethink information architecture

DATA

Data quality across the industry is a known issue. IFRS 9 is a step forward in terms of maturity

- Historical data requirements
- Data quality
- Contract level calculations
- Crossing data from multiple systems
- Data projection

CAPACITY

The determination of expected losses is supported by a set of subjective and macroeconomic inputs.

- Need to test several scenarios;
- Ability to perform simulations;
- Performing the calculation and analyzing the results more than once per cycle;
- Limited time;
- High volume of data to be processed

In terms of implementation, most firms struggle with data and ensuring that they can identify the correct data from the correct source system and being able to replicate the information horizontally across different businesses



The adoption of IFRS 9 will bring a new challenge to Angolan Financial Institutions, particularly in terms of determining impairments, since the new model of expected losses requires a larger amount of higher quality data, requires the use and connection to rating / scoring models, introduces a higher degree of complexity in the judgments that need to be performed (e.g. definition of significant increase in credit risk, requirement of forward-looking macroeconomic data, among others), will involve changes to the management model, as well as to processes and information systems, and requires the integration into the daily operations of the Bank of risk management processes and reports to stakeholders.

Thereby, planning the adoption of this standard will enable Institutions to anticipate its future benefits in terms of risk management, alignment and preparation of advanced measurement methodologies for credit risk and management of economic capital, as well as the development of a phased processing program and the planning of measures to address the possible estimated impacts.

9. Capitalizing on information assets

In recent years, Angola's banks have been making important investments on computer software and technological infrastructures meant to improve transaction processing and operational efficiency. Even though these technologies generate significant amounts of data, as a rule managers still need to have easy access to relevant financial and operational information, which leads to effective, high-quality decisions on a daily basis, as well as to 'anticipating' the future through predictive simulation models.

Due to an increasingly complex economic context and regulatory environment, Angola's banking sector needs to change its attitude towards data: from its current focus on transaction to recognizing information as an asset with potential competitive advantages. To this end, decision makers must be empowered by having access to better, more relevant management information, since an efficient support system will allow them to gather more information about a given business. Improving the availability of information for decision makers of various ranks will contribute to a more intelligent banking system. With this in mind, we prioritize the following lines of work for developing the field of information management in Angola's banks:

- 1. Strengthening of the information management model and empowering of decision makers.
- 2. Adoption of performance management tools.
- 3. Gradual introduction of advanced Analytics models.

The **first line of work** will promote the structural development of internal management skills and abilities linked to Management Information Systems, both from a technical point of view (IT-oriented) and a functional one (in a centralized or in a decentralized business path).

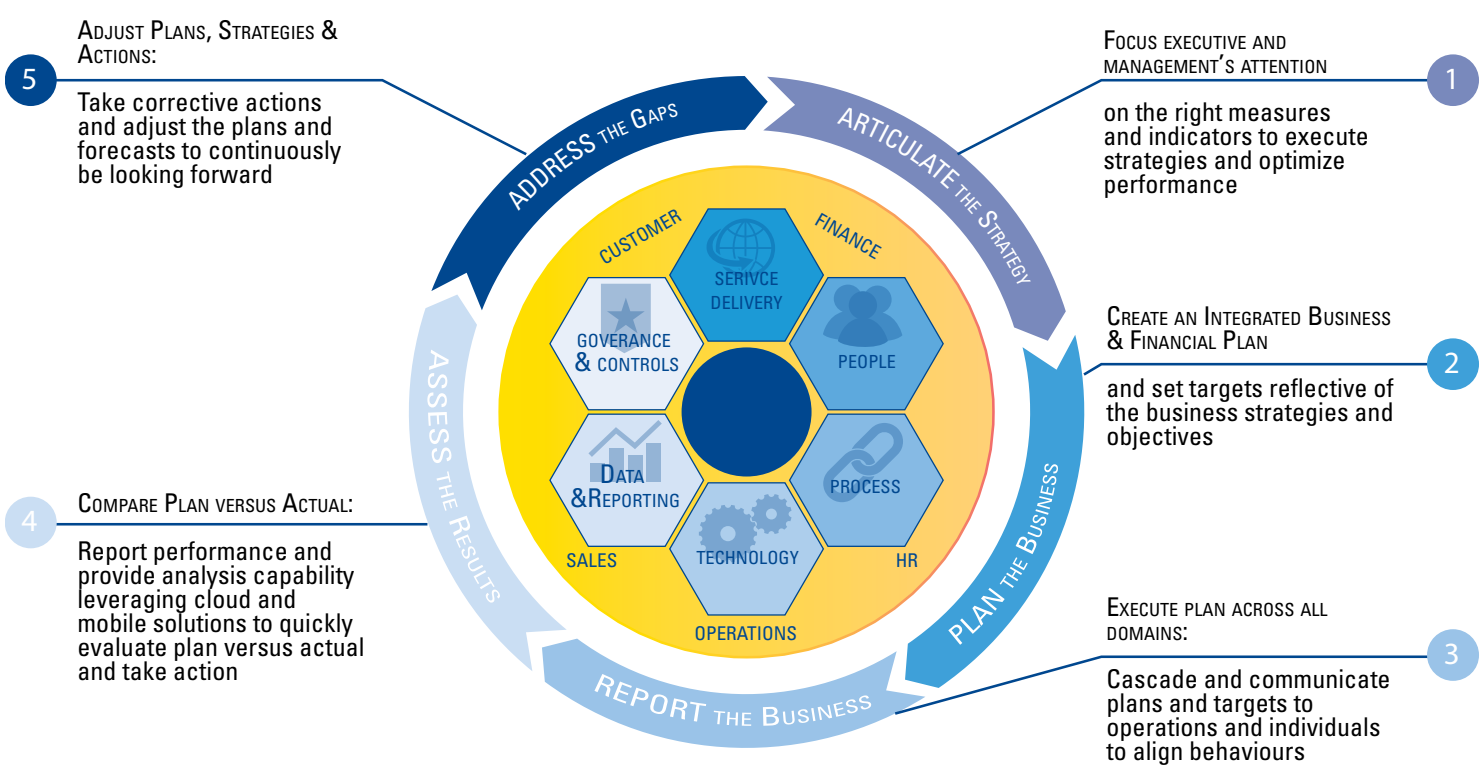
We call attention to one of the core initiatives of this line of work: the creation of **Centers for Competence in Analytics**. These Centers' value proposition is to transform data into value-generating knowledge by providing a set of services to the whole bank, namely services of Information Architecture Management, Project Management, Maintenance and Support for BI Systems, Training, Development of Analytics Models, among others. The Center can either be an organic unit dedicated specifically to providing these services, or a virtual unit which combines resources from different areas within the bank. In both models, the Analytics Center must include skills in business, information systems and data management. Some key technical skills are Data Warehousing, ETL, Reporting, Modelling (Statistics, Data Mining, etc.), and Data Management.

As a complement to this, we would also stress the importance of developing an **Integrated Information Management Framework**, which will guide the Center's work with business concepts and with tools designed to promote the quality of information used by decision makers. This framework entails management processes and tools of Corporative Data Dictionaries (e.g. a portal with descriptions of reports, indicators, formulas, metrics, concept interpretation, etc.) and of Data Quality (e.g. dashboard, alarms, rules, etc.).

The goal of the **second line of work** is to direct the attention of executives and managers towards key indicators, in line with an integrated vision that is transversal to the different value and support functions of organizations. To this end, it is vital to foster an internal culture of accountability and to have flexible tools that allow for strategy design and for the development and monitoring of business plans with regards to budget control and profitability of Channels, Products and Clients. On the one hand, these tools ensure consistent use of models across all areas of the organization. They also promote efficiency in the creation and maintenance of the bank's annual budgets, shortening the budget cycle and giving managers time to focus on developing and accomplishing business goals, instead of wasting hours upon hours struggling with the traditional challenges of the excel model (e.g. errors in formulas, difficulty in incorporating new agencies, slowness, etc.). Additionally, these solutions facilitate the development of scenarios, simulations and forecasts, and, as a consequence, help anticipate how certain variables will impact that year's results, or even those of the following years.

Finally, the regulatory environment and the bank's maturity level justify, in our understanding, the use of advanced Analytics models, i.e., that support a predictive understanding of business. This line of work will bring together two complementary agendas: Risk and Financial Management on the one hand, which includes cash flow projection models of liabilities and assets for managing liquidity and impairment; and Marketing and Trade on the other, which includes customer intelligence models for analyzing client value, boosting supply and maximizing return on marketing investment.

It is therefore vital to continue on a path of gradual development of information management and analytics systems, specifically through a roadmap built around the aforementioned lines of work. This will make it possible to capitalize on the existing investment on Management Information Systems, as well as to manage costs and profitability and to boost banking products.



10. Cybersecurity: protecting information assets

In 2014, JPMorgan Chase, one of the world’s largest financial institutions, became the target of a cyber-attack that compromised data from 83 million clients (76 million private clients and 7 million companies). Though detected in July, the attack was only neutralized in mid-August. The culprits were identified as a group of Russian hackers linked to other nine attacks on financial institutions (e.g. Citigroup, HSBC Holdings, E*Trade).

The attack on JPMorgan Chase is just one of many known cases (not to mention the undisclosed incidents) that attest to the importance of putting cybersecurity on the agenda of management bodies of organizations in general and of banks in particular.

There are three main ideas behind this assertion:

i) Information systems and information itself constitute some of the main assets of organizations today.

In our society (known as the information society), information is an intangible asset with a high intrinsic value. Information is not a distant and abstract concept: banks in particular produce and/or have rights over a great volume of information assets, including, among others, strategic plans, clients’ private data and respective operations, collaborators’ private data, or management support information. The value of information must be understood and recognized in order to define and carry out an adequate information security strategy.

ii) Clients, share-holders, regulatory bodies and business partners expect and demand that banks have in place adequate data-security measures.

Any incident that seriously compromises the requirements of confidentiality, integrity and availability of information and information systems can have many negative effects in an organization, including:

- Loss of intellectual property;
- Sanctions for breach of contractual, legal and regulatory requirements;
- Financial costs linked to the recovery effort;
- Diversion of time and resources towards identifying, containing and recovering from the incident; and
- Reputation damage.

Trust is at the core of the banking sector, and few events are more damaging to the eyes of the public and the stakeholders than the exposure of an organization’s inability to protect its information.

In this context, it is now common practice for large international organizations (e.g. oil companies) or other key partners (e.g. associated banks) to include discussions of cybersecurity in the selection and evaluation of their financial partners.

Additionally, there is a clear international tendency for governments and regulatory bodies to demand higher levels of cybersecurity. For instance, there is a new European Union data-security regulation pending approval that imposes on organizations a large set of obligations, as well as sanctions of up to 5% of net results or of 100 million euros for defaulters. We believe that these international tendencies will soon spread to the legal and regulatory bodies in Angola.

iii) In our globalized, technologically complex world, organizations are exposed to many internal and external risks that might compromise the requirements of confidentiality, integrity and information availability.

Every day we hear of new vulnerabilities, attacks and incidents linked to cybersecurity. Their costs for the world economy are substantial. The latest KPMG barometer on cybersecurity incidents shows that in the last five years more than a billion people worldwide suffered loss or theft of data, and that in the last two years the rate of publicly disclosed incidents increased by 40%. These are not the only figures that attest to the scale of this global threat:

- 317 million instances of new malware created during the last year (Symantec: 2015 Internet Security Threat Report);
- Over 50% of malware goes undetected by antivirus software (ENISA, Threat Landscape 2014);
- The number of infected personal computers increased by a factor of 14,5 since 2012 (ENISA, Threat Landscape 2014);
- DoS (denial-of-service) attacks doubled between Q1 2014 and Q1 2015 (Akamai, The state of the Internet Security, 2015).

It is not by chance that the World Economic Forum lists cyber-attacks as one of the top five global risks, next to climate change and interstate conflicts (Global Risks Perception Survey, World Economic Forum, 2015).

These attacks differ as to motivation (e.g. social, political, financial, personal, ego satisfaction), resources, technical skill, risk tolerance and level of access to the organization. They may be carried out by: an international organized crime group; a politically- or ideologically-oriented entity; a competitor, through industrial espionage; a teenager looking for an intellectual challenge; or an unethical collaborator that has the motive and opportunity for violating an organization’s data-security policy.

Protecting an organization’s data

An organization’s data is stored in different, interconnected layers, including the corporate network, the operating systems, the databases, the software and the physical devices. Safeguarding this complex environment is not an easy task (complexity usually entails an added risk), and a vulnerability in any one of these layers might lead to a data breach. Furthermore, information usually flows rapidly and through multiple security contexts. Exchanging information online is nowadays a trivial occurrence; information is transported in mobile devices by a workforce that is itself mobile; remote access to the corporate network is common; external entities have, as a rule (and not as an exception), access to an organization’s data, namely through outsourcing of business processes or of management of information systems. In short, the blurring of lines means a great deal of exposure for organizations.

It is often the banks’ own initiative that opens up new attack vectors, namely by creating new channels, increasing the client’s access to the services and promoting efficiency (e.g. Internet Banking, Mobile Banking).

Therefore, it is important for banks to have a solid approach to data protection and to the response and monitoring of incidents, based on an adequate understanding of the risks. Defining and implementing a cybersecurity strategy must entail the following items, among others:

- Performing a risk analysis that identifies and appraises data, relevant threats and current vulnerabilities regarding people, processes and technology;
- Defining and implementing a risk management plan that is pragmatic and doable and understands which risks to accept (e.g. when the mitigation cost surpasses the protection cost), which to transfer (e.g. through insurance), and which to eliminate or mitigate;
- Setting up detection and response mechanisms for security breaches. However sophisticated your security infrastructure may be, do not assume that it is infallible;

- Taking into account the human factor by carefully analyzing the people (collaborators or external entities) that create and manipulate information on a daily basis, and who often constitute the weakest link in the data-security chain due to ignorance or negligence;
- Clear assigning of responsibilities through the implementation of the cybersecurity strategy;
- Monitoring the execution of the plan for risk mitigation.





11. Full adoption of IFRS - Tax Impact

Following KPMG’s considerations of previous editions of this banking survey, there is still an ongoing process of full adoption of the International Accounting Standards and International Financial Reporting Standards (IAS / IFRS) from the period 2016.

This is a complex and lengthy process that impacts all areas of the banks, to the extent that is necessary to amend a set of processes and functions. As such, for more than one project that involves only the accounting management, this is a change with structural impact on the Banking Institutions and forces banks to face a number of challenges which must be addressed as soon as possible.

In this context, all market players, as well as advisors and the BNA, should ensure that they have met all of the stages in the process, so that they are able to present the first financial statements in accordance with the IAS / IFRS as on December 31 2016, as well as the comparative financial statements on December 31 2015.

In this context, it should be noted that the BNA has also underlined the importance of training banking staff and reviewing procedures, control activities and information systems.

In addition to the accounting impact, it will be necessary to take notice of any tax impacts on Industrial Tax associated with full adoption of IAS / IFRS. The impact will depend on the changes to the Industrial Tax Code that will eventually be introduced (possibly by a transitional regime) and have a retroactive effect. This should be known as soon as possible so that the transition impacts can be timely and correctly perceived by Banks, thereby avoiding errors in interpreting the law and uncertainties or inconsistencies in the practices to be adopted by each bank.

12. Special tax on foreign transfers

The recent Special Tax on Current Invisible Transactions, which amounts to 10% of the transferred value, presents a new challenge for Angola’s banking sector. The regime that regulates this tax (fashioned after the Presidential Legislative Decree no. 2/15 of June 29, 2015) concerns any transfer linked to contracts for the provision of foreign technical assistance or of management services, which in turn are regulated by the provisions present in the Regulation on Hiring Foreign Technical Assistance or Management Services, approved by the Presidential Decree no. 273/11 of October 27¹.

In practical terms and in accordance with the diploma that created the tax, this regime is mainly concerned with minimizing the rate of capital outflow in Angola, as well as tax evasion linked to certain structures. However, there are still doubts about how this tax will be charged.

For the banking sector, the charging of this tax requires a double clarification, since banks can be, on the one hand, procurers of services as described in the regime and, on the other, institutions that handle transfers on behalf of their clients.

In the first situation, banks act as taxpayers just like all other entities. They must comply with a set of obligations, namely settling the tax and taking care to control the settlement process through their accounting.

In the second situation, which is intrinsically linked to the activity of banks, they take on added responsibilities.

Indeed, the regime explains that it is the bank’s responsibility to ensure that the tax has been settled by the client before processing a foreign transfer. This implies that the bank must be able to determine for every case if the tax is actually due, since otherwise it can incur a heavy fine (three times the value of the unsettled tax), notwithstanding other sanctions prescribed in the General Tax Code.

In order to guarantee an adequate provision of services and, at the same time, the fulfillment of the new regime’s obligations, banks must enforce measures as soon as possible, namely internally through procedures that include the various departments that deal with transfers, both their own and those made on behalf of clients.

¹ By definition, a contract for the provision of foreign technical assistance or of management services concerns the procurement from non-resident companies of skilled administrative, scientific and technical services that are needed to maintain, improve or boost production, as well as to improve the workforce’s level of professional qualification. The remaining Current Invisible Transactions regulated by the Decree no. 21/98 of July 24, namely salaries, interest rates and royalties, are not subject to this tax.



The country currently faces a set of macroeconomic challenges that might have a continuous effect on the high growth rates of the last five years.

Two of the factors currently threatening Angola's continuous economic growth are the drop in oil prices and the lack of economic liquidity, namely in terms of foreign currency. The slowdown in the banking sector's growth rates is a result of these challenges.

The goals are therefore to minimize the impact of the aforementioned macroeconomic events, to reduce the country's dependence on the oil industry and to push banking performance toward international levels. To that effect, the Angolan government has boosted investment in sectors unrelated to the oil industry and introduced changes to certain financial and foreign exchange policies, in accordance with good international practices.

The continuous growth of Angola's banked population is a result of banking developments. During the period under analysis, Banking Institutions continued to implement growth strategies in urban and rural areas, both for private clients and for companies and institutions. These strategies included expanding the network of physical channels (branches and business centers), diversifying payment systems and developing electronic channels that cover the main banking activities, continuing the trend of recent years.

The sector's growth with regard to the amount of branches and of staff working in financial institutions reveals its expectations for a sustained development in mid- to long-term. However, the sector's overall profitability might be under threat because of future economic perspectives and an increasingly competitive environment caused by the high number of financial institutions.

The evolution of funding and lending activities reveals how crucial the banking sector's role is to a structured and continuous development of Angola's economy. The sector supports and advises companies and private clients as to investment, savings or daily management needs. In this sense, the period under analysis also shows a reinforcement of internal qualification, namely in the fields of Credit Approval and Monitoring, Internal Control, Commercial Management, Risk Management, Performance Management, among others.

Next to a slowdown in profitability, the period under analysis is characterized by the growing importance of regulation topics. The high default levels and, as a consequence, the high volume of overdue loans led to a greater involvement of the BNA in the banking sector through stronger prudential and behavioral supervision. Furthermore, Angolan Banks and their regulating authority sought to follow the best international practices and to build a better reputation in the international finance community.

Angola's banking sector remains a very appealing economic sector, with a solid evolution and a performance trend toward the best international practices. However, it still has room for improvement when compared to its international counterparts.

Financial Institutions in Angola must address a series of challenges in order to meet growth expectations and successfully overcome the current and future macroeconomic contexts.

The increase in competitiveness, the decrease in the sector's profitability, together with the evolution of Angolan economy and the increase in credit claims will provide a favorable context for consolidation in the sector and for a reinforcement in restructuring processes of companies and credit. On the other hand, the increasing sophistication of client databases, which allows financial institutions to develop their relationships with clients by understanding their needs, preferences and behaviors, will force institutions to define and implement distribution strategies that follow digital banking principles and to revise the service model in order to improve client experience.

Despite recent investments in the technological infrastructure of banking operations, future business challenges will by nature require reinforcement of internal skills in Management of Foreign Exchange Transactions (FOREX) and in Cybersecurity and Business Intelligence.

It is also important to note that institutions will have to take into consideration a number of regulation (e.g. IFRS9) and fiscal (e.g. foreign exchange rates) challenges that will decidedly contribute to the consolidation of Angola's banking sector.

In this context, KPMG Angola intends to continue making an active contribution to the fulfillment of these goals by supporting and collaborating with Financial Institutions in Angola, in order to develop their business strategies and ambitions and to arrive at a structured, proactive approach to the sector's different challenges.



| SIZE INDICATORS | | | | | | | | | | | | |
|---|----------------|--------------------------------|------------------------------|--|----------------------------|------------------------------|------------------------------------|-----------------------------------|-----------------------------|--------------------|-------------|--|
| Reference year: 2014 | | | | | | | | | | | | |
| FINANCIAL INSTITUTION | FINANCIAL YEAR | TOTAL ASSETS (Millions A\$) | NET CREDIT (Millions A\$) | SECURITIES AND BONDS (Millions A\$) | DEPOSITS (Millions A\$) | NET EQUITY (Millions A\$) | NET FIXED ASSETS (Millions A\$) | EQUITY HOLDINGS (Millions A\$) | AVERAGE NUMBER OF EMPLOYEES | NUMBER OF BRANCHES | Nº OF ATM'S | NET PROFIT AFTER TAX (Millions A\$) |
| BANCO DE POUPANÇA E CRÉDITO | 2014 | 1.198.478 | 885.054 | 46.136 | 871.899 | 101.144 | 78.397 | 1.561 | 5.217 | 251 | 487 | 8.907 |
| BANCO DE POUPANÇA E CRÉDITO | 2013 | 988.181 | 619.473 | 46.472 | 731.953 | 93.144 | 61.717 | 1.285 | 4.951 | 213 | 462 | 7.219 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2014 | 106.812 | 46.896 | 4.864 | 77.011 | 6.782 | 6.359 | 768 | 1.073 | 86 | 160 | -5.217 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2013 | 98.897 | 49.677 | 5.376 | 67.119 | 8.176 | 7.384 | 732 | 1.005 | 81 | 158 | -2.999 |
| BANCO MILLENNIUM ANGOLA | 2014 | 244.669 | 117.748 | 45.827 | 180.900 | 38.092 | 23.813 | 2.962 | 1.143 | 107 | nd | 5.741 |
| BANCO MILLENNIUM ANGOLA | 2013 | 223.483 | 81.454 | 42.869 | 162.727 | 32.994 | 19.858 | 2.848 | 1.075 | 82 | 114 | 4.872 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2014 | 230.247 | 61.293 | 94.264 | 179.764 | 39.186 | 7.940 | 84 | 520 | 35 | nd | 9.163 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2013 | 183.016 | 44.057 | 66.863 | 132.395 | 33.291 | 7.450 | 80 | 417 | 29 | 45 | 6.677 |
| BANCO DE FOMENTO ANGOLA | 2014 | 1.073.056 | 229.479 | 359.804 | 933.049 | 104.487 | 18.059 | 382 | 2.526 | 186 | 371 | 31.796 |
| BANCO DE FOMENTO ANGOLA | 2013 | 868.032 | 144.013 | 325.608 | 763.025 | 84.640 | 17.434 | 352 | 2.428 | 175 | 347 | 23.899 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2014 | 1.101.072 | 365.461 | 228.678 | 950.917 | 113.654 | nd | 19.755 | 2.000 | 138 | nd | 12.849 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2013 | 1.039.693 | 245.708 | 199.901 | 902.936 | 104.430 | 41.292 | 16.675 | 1.870 | 128 | 292 | 12.082 |
| BANCO COMERCIAL ANGOLANO | 2014 | 30.925 | 6.462 | 11.352 | 22.587 | 5.856 | 3.811 | 71 | 248 | 30 | 45 | 808 |
| BANCO COMERCIAL ANGOLANO | 2013 | 30.854 | 5.856 | 3.394 | 23.789 | 5.286 | 3.332 | 71 | 253 | 26 | 37 | 670 |
| BANCO SOL | 2014 | 270.942 | 86.273 | nd | 236.280 | 17.555 | nd | nd | nd | 118 | nd | 4.198 |
| BANCO SOL | 2013 | 205.840 | 75.902 | 638 | 182.475 | 14.536 | 11.128 | 23 | 1.221 | 141 | 184 | 3.465 |
| BANCO ESPÍRITO SANTO ANGOLA | 2014 | nd | nd | nd | nd | nd | nd | nd | nd | nd | nd | nd |
| BANCO ESPÍRITO SANTO ANGOLA | 2013 | 1.107.139 | 770.631 | 118.606 | 349.163 | 157.908 | 65.703 | 584 | 969 | 71 | nd | 3.620 |
| BANCO REGIONAL DO KEVE | 2014 | 117.359 | 46.783 | 11.073 | 99.052 | 11.683 | 5.563 | 118 | 421 | 52 | 80 | 1.729 |
| BANCO REGIONAL DO KEVE | 2013 | 98.200 | 39.129 | 10.392 | 83.049 | 9.955 | 5.704 | 109 | 386 | 37 | 75 | 1.304 |
| STANDARD CHARTERED BANK ANGOLA | 2014 | 10.722 | nd | nd | 5.509 | 3.308 | 485 | nd | nd | nd | nd | -1.485 |
| STANDARD CHARTERED BANK ANGOLA | 2013 | 4.827 | - | - | - | 4.825 | nd | nd | nd | nd | nd | -0 |
| BANCO BIC | 2014 | 835.923 | 246.774 | 369.980 | 685.388 | 91.055 | 11.090 | 365 | 2.097 | 219 | 246 | 20.537 |
| BANCO BIC | 2013 | 751.324 | 198.615 | 319.685 | 615.478 | 86.763 | 11.458 | 411 | 1.873 | 202 | 225 | 19.646 |
| BANCO PRIVADO ATLÂNTICO | 2014 | 375.306 | 195.624 | 43.847 | 291.779 | 48.528 | 33.479 | 8.425 | 760 | 45 | nd | 6.375 |
| BANCO PRIVADO ATLÂNTICO | 2013 | 357.006 | 181.730 | 33.923 | 276.290 | 44.842 | 21.253 | 8.089 | 656 | 35 | nd | 6.154 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2014 | 202.093 | 88.445 | 23.612 | 155.344 | 19.941 | 24.669 | 4.027 | 779 | 85 | nd | 1.296 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2013 | 184.176 | 85.964 | 10.247 | 133.500 | 21.119 | 12.382 | 3.227 | 743 | 49 | 121 | 2.759 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2014 | 285.641 | 97.631 | 40.077 | - | 32.993 | 9.902 | nd | nd | nd | nd | 249 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2013 | 221.048 | 90.305 | 14.035 | - | 5.291 | 10.050 | 26 | nd | nd | nd | 2.833 |
| BANCO VTB ÁFRICA | 2014 | 11.552 | 3.241 | nd | 5.668 | 2.678 | nd | nd | nd | 4 | nd | -367 |
| BANCO VTB ÁFRICA | 2013 | 14.358 | 6.934 | 490 | 7.005 | 3.318 | 330 | 37 | 97 | 4 | nd | 1.333 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2014 | 28.807 | 11.982 | 1.513 | 14.385 | 5.561 | 7.488 | nd | 193 | 20 | nd | 873 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2013 | 16.362 | 4.608 | 537 | 10.739 | 4.656 | 3.453 | 66 | 159 | 19 | nd | 207 |
| FINIBANCO ANGOLA | 2014 | 76.144 | 36.396 | 12.970 | 59.003 | 9.548 | 5.757 | 24 | 193 | 18 | 35 | 1.618 |
| FINIBANCO ANGOLA | 2013 | 54.603 | 21.708 | 2.334 | 42.497 | 8.340 | 5.088 | 24 | 168 | 15 | 25 | 1.465 |
| BANCO KWANZA DE INVESTIMENTO | 2014 | 10.331 | - | - | 3.882 | 375 | 119 | 2 | nd | nd | nd | -604 |
| BANCO KWANZA DE INVESTIMENTO | 2013 | 9.121 | - | - | 1.015 | 979 | 159 | 2 | nd | nd | nd | 283 |
| STANDARD BANK ANGOLA | 2014 | 203.368 | 42.796 | 64.072 | 187.807 | 8.110 | 2.990 | 44 | 508 | 25 | 30 | 2.242 |
| STANDARD BANK ANGOLA | 2013 | 148.492 | 34.102 | 31.427 | 134.737 | 6.424 | 3.122 | 44 | 498 | 26 | 32 | -1.039 |
| BANCO VALOR2 | 2014 | 12.044 | 3.402 | nd | 8.860 | 3.476 | nd | nd | nd | 6 | nd | -2.755 |
| BANCO VALOR | 2013 | 15.120 | 3.978 | 1.162 | 9.992 | 3.852 | 3.960 | 79 | 76 | 3 | nd | -1.580 |
| BANCO COMERCIAL DO HUAMBO | 2014 | 6.126 | 774 | 1.168 | 3.330 | 2.377 | 308 | 44 | 34 | 4 | 7 | 303 |
| BANCO COMERCIAL DO HUAMBO | 2013 | 4.058 | 889 | - | 2.507 | 1.309 | 331 | 42 | 26 | 3 | 5 | 84 |
| BAI MICRO-FINANÇAS | 2014 | 8.970 | 4.765 | - | 6.416 | 380 | 900 | 1 | 243 | 28 | nd | -3.004 |
| BAI MICRO-FINANÇAS | 2013 | 10.619 | 6.242 | - | 5.157 | 340 | 1.013 | 1 | 217 | 26 | nd | -799 |
| AGGREGATED | 2014 | 6.440.588 | 2.577.277 | 1.359.236 | 4.978.830 | 666.771 | 241.130 | 38.631 | 17.955 | 1.457 | 1.461 | 95.253 |
| AGGREGATED | 2013 | 6.634.450 | 2.710.974 | 1.233.959 | 4.637.547 | 736.420 | 313.603 | 34.803 | 19.088 | 1.365 | 2.122 | 92.155 |
| Nd - "not available"; "na" = not applicable | | | | | | | | | | | | |
| Source: BNA, KPMG, Banks Financial Statements | | | | | | | | | | | | |

The aggregated values in these tables correspond to the sum of the individual values of the institutions covered in the study.

| INDICATORS OF STRENGTH Reference year: 2014 | | | | | | INDICATORS OF CREDIT QUALITY Reference year: 2014 | | | | |
|--|----------------|--|--|-------------------------|---|--|---|------------------------------------|--------------------------------|--|
| FINANCIAL INSTITUTION | FINANCIAL YEAR | TOTAL SHARE-HOLDERS EQUITY (%) / TOTAL ASSETS | SHARE-HOLDERS EQUITY/ TOTAL LIABILITIES (%) | CREDIT/ DEPOSITS (%) | NET DEMAND DEPOSITS/ TOTAL DEPOSIT (%) | FOREIGN CURRENCY DEPOSITS/ TOTAL DEPOSITS (%) | TOTAL DEBT RATIO: TOTAL LIABILITIES / TOTAL ASSETS (%) | SPECIFIC PROVISIONS/ CREDIT (%) | CREDIT OVERDUE / CREDIT (%) | SPECIFIC PROVISIONS/ CREDIT OVERDUE (%) |
| BANCO DE POUPANÇA E CRÉDITO | 2014 | 8,4 | 9,2 | 101,5 | 44,1 | 7,8 | 91,6 | 3,5 | 20,5 | 17,3 |
| BANCO DE POUPANÇA E CRÉDITO | 2013 | 9,4 | 10,4 | 84,6 | 48,1 | 7,6 | 90,6 | 8,0 | 17,6 | 45,6 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2014 | 6,3 | 6,8 | 60,9 | 63,1 | 15,9 | 93,7 | 7,0 | 24,3 | 29,0 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2013 | 8,3 | 9,0 | 74,0 | 63,9 | 16,8 | 91,7 | 8,8 | 36,1 | 24,4 |
| BANCO MILLENNIUM ANGOLA | 2014 | 15,6 | 18,4 | 65,1 | 53,1 | 31,4 | 84,4 | 6,2 | 5,1 | 121,7 |
| BANCO MILLENNIUM ANGOLA | 2013 | 14,8 | 17,3 | 50,1 | 56,3 | 32,6 | 85,2 | 6,0 | 3,4 | 174,4 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2014 | 17,0 | 20,5 | 34,1 | 62,1 | 45,8 | 83,0 | 2,8 | 3,5 | 78,8 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2013 | 18,2 | 22,2 | 33,3 | 57,1 | 49,8 | 81,8 | 3,3 | 1,0 | 326,2 |
| BANCO DE FOMENTO ANGOLA | 2014 | 9,7 | 10,8 | 24,6 | 51,5 | 38,8 | 90,3 | 4,1 | 3,3 | 122,1 |
| BANCO DE FOMENTO ANGOLA | 2013 | 9,8 | 10,8 | 18,9 | 53,6 | 51,9 | 90,2 | 6,1 | 4,6 | 133,8 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2014 | 10,3 | 11,5 | 38,4 | 67,0 | 44,7 | 89,7 | 10,1 | 11,4 | 88,2 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2013 | 10,0 | 11,2 | 27,2 | 57,3 | 51,8 | 90,0 | 13,7 | 6,9 | 198,7 |
| BANCO COMERCIAL ANGOLANO | 2014 | 18,9 | 23,4 | 28,6 | 58,9 | 24,7 | 81,1 | 3,6 | 6,6 | 53,7 |
| BANCO COMERCIAL ANGOLANO | 2013 | 17,1 | 20,7 | 24,6 | 66,1 | 26,7 | 82,9 | 4,0 | 2,8 | 143,6 |
| BANCO SOL | 2014 | 6,5 | nd | 36,5 | nd | nd | nd | nd | nd | nd |
| BANCO SOL | 2013 | 7,1 | 7,6 | 41,6 | 59,4 | 30,6 | 92,9 | 3,7 | 2,3 | 163,2 |
| BANCO ESPÍRITO SANTO ANGOLA | 2014 | nd | nd | nd | nd | nd | nd | nd | nd | nd |
| BANCO ESPÍRITO SANTO ANGOLA | 2013 | 14,3 | 16,6 | 220,7 | 40,7 | 61,5 | 85,7 | 3,0 | 1,1 | 271,0 |
| BANCO REGIONAL DO KEVE | 2014 | 10,0 | 11,1 | 47,2 | 76,9 | 8,4 | 90,0 | 2,6 | 17,1 | 15,1 |
| BANCO REGIONAL DO KEVE | 2013 | 10,1 | 11,3 | 47,1 | 79,5 | 11,0 | 89,9 | 3,9 | 33,8 | 11,5 |
| STANDARD CHARTERED BANK ANGOLA | 2014 | 30,9 | 44,6 | nd | nd | nd | 69,1 | nd | nd | nd |
| STANDARD CHARTERED BANK ANGOLA | 2013 | 100,0 | nd | nd | nd | nd | 0,0 | nd | nd | nd |
| BANCO BIC | 2014 | 10,9 | 12,2 | 36,0 | 50,1 | 28,5 | 89,1 | 11,5 | 6,7 | 170,3 |
| BANCO BIC | 2013 | 11,5 | 13,1 | 32,3 | 45,6 | 33,1 | 88,5 | 11,0 | 4,9 | 222,7 |
| BANCO PRIVADO ATLÂNTICO | 2014 | 12,9 | 14,9 | 67,0 | 39,1 | 46,6 | 87,1 | 4,5 | 2,0 | 221,0 |
| BANCO PRIVADO ATLÂNTICO | 2013 | 12,6 | 14,4 | 65,8 | 50,3 | 62,7 | 87,4 | 3,7 | 0,7 | 508,3 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2014 | 9,9 | 10,9 | 56,9 | 50,8 | 22,6 | 90,1 | 6,8 | 3,5 | 193,8 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2013 | 11,5 | 13,0 | 64,4 | 47,7 | 27,5 | 88,5 | 2,0 | 2,1 | 93,0 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2014 | 11,6 | 13,1 | nd | nd | nd | 88,4 | 19,9 | nd | nd |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2013 | 2,4 | 2,5 | nd | nd | nd | 97,6 | 14,2 | nd | nd |
| BANCO VTB ÁFRICA | 2014 | 23,2 | nd | 57,2 | nd | nd | nd | nd | nd | nd |
| BANCO VTB ÁFRICA | 2013 | 23,1 | 30,1 | 99,0 | 62,6 | 52,3 | 76,9 | 3,8 | 2,5 | 153,0 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2014 | 19,3 | 23,9 | 83,3 | 48,9 | nd | 80,7 | 1,7 | 2,3 | 73,9 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2013 | 28,5 | 39,8 | 42,9 | 67,0 | nd | 71,5 | 1,9 | 3,7 | 51,4 |
| FINIBANCO ANGOLA | 2014 | 12,5 | 14,3 | 61,7 | 41,9 | 25,1 | 87,5 | 5,7 | 2,1 | 270,1 |
| FINIBANCO ANGOLA | 2013 | 15,3 | 18,0 | 51,1 | 59,6 | 36,8 | 84,7 | 6,0 | 3,8 | 159,4 |
| BANCO KWANZA DE INVESTIMENTO | 2014 | 3,6 | 3,8 | nd | 92,3 | 16,2 | 96,4 | nd | nd | nd |
| BANCO KWANZA DE INVESTIMENTO | 2013 | 10,7 | 12,0 | nd | 86,2 | 16,2 | 89,3 | nd | nd | nd |
| STANDARD BANK ANGOLA | 2014 | 4,0 | 4,2 | 22,8 | 88,4 | 31,0 | 96,0 | 3,3 | 5,3 | 62,8 |
| STANDARD BANK ANGOLA | 2013 | 4,3 | 4,5 | 25,3 | 95,0 | 46,6 | 95,7 | 1,7 | 77,0 | 2,2 |
| BANCO VALOR | 2014 | 28,9 | nd | 38,4 | nd | nd | nd | nd | nd | nd |
| BANCO VALOR | 2013 | 25,5 | 34,2 | 39,8 | 86,4 | nd | 74,5 | nd | 8,4 | nd |
| BANCO COMERCIAL DO HUAMBO | 2014 | 38,8 | 63,4 | 23,3 | 69,2 | 30,7 | 61,2 | 2,5 | nd | nd |
| BANCO COMERCIAL DO HUAMBO | 2013 | 32,3 | 47,6 | 35,5 | 70,8 | 34,3 | 67,7 | 0,4 | nd | nd |
| BAI MICRO-FINANÇAS | 2014 | 4,2 | 4,4 | 74,3 | 47,3 | 4,3 | 95,7 | 38,1 | 32,0 | 119,0 |
| BAI MICRO-FINANÇAS | 2013 | 3,2 | 3,5 | 121,0 | 47,8 | 14,4 | 91,8 | 10,2 | 16,0 | 63,6 |
| AGGREGATED | 2014 | 10,4 | 12,1 | 51,8 | 52,1 | 29,4 | 85,4 | 6,6 | 11,4 | 58,0 |
| AGGREGATED | 2013 | 11,1 | 12,5 | 58,5 | 53,5 | 39,5 | 88,9 | 6,7 | 8,1 | 81,8 |
| Nd - "not available"; "na" = not applicable | | | | | | | | | | |
| Source: BNA, KPMG, Banks Financial Statements | | | | | | | | | | |

The aggregated values in these tables correspond to

| OPERATING INDICATORS | | | | | | | | |
|---|----------------|------------------------|---------------------------------------|---------------------------------|--|--|----------------|----------------|
| Reference year: 2014 | | | | | | | | |
| FINANCIAL INSTITUTION | FINANCIAL YEAR | RETURN ON EQUITY (ROE) | RETURN ON EQUITY BEFORE TAXES (ROEBT) | RETURN ON AVERAGE ASSETS (ROAA) | NET INTEREST INCOME / AVERAGE TOTAL ASSETS | OTHER OPERATING INCOME / NET BANKING OPERATIONS PROFIT | COST-TO-INCOME | SOLVENCY RATIO |
| | | (%) | (%) | (%) | (%) | (%) | (%) | (%) |
| BANCO DE POUPANÇA E CRÉDITO | 2014 | 8,8 | 11,9 | 0,8 | 4,9 | 30,5 | 62,3 | 10,1 |
| BANCO DE POUPANÇA E CRÉDITO | 2013 | 7,8 | 10,2 | 0,8 | 4,7 | 36,3 | 58,4 | 11,0 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2014 | -76,9 | -76,9 | -5,1 | 4,2 | 47,8 | 111,0 | 5,2 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2013 | -36,7 | -36,7 | -2,9 | 4,0 | 45,5 | 101,9 | 7,3 |
| BANCO MILLENNIUM ANGOLA | 2014 | 15,1 | 17,7 | 2,5 | 4,8 | 40,4 | 52,8 | - |
| BANCO MILLENNIUM ANGOLA | 2013 | 14,8 | 19,1 | 2,4 | 4,3 | 49,3 | 52,4 | 13,3 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2014 | 23,4 | 28,0 | 4,4 | 3,9 | 54,6 | 36,5 | 24,8 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2013 | 20,1 | 27,7 | 4,0 | 3,5 | 59,9 | 36,8 | 28,2 |
| BANCO DE FOMENTO ANGOLA | 2014 | 30,4 | 30,3 | 3,3 | 3,2 | 43,0 | 36,1 | 24,0 |
| BANCO DE FOMENTO ANGOLA | 2013 | 28,2 | 29,6 | 2,9 | 3,0 | 38,8 | 39,9 | 25,8 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2014 | 11,3 | 10,6 | 1,2 | 3,5 | 35,6 | 44,8 | - |
| BANCO ANGOLANO DE INVESTIMENTOS | 2013 | 11,6 | 10,1 | 1,2 | 3,3 | 39,1 | 38,7 | 17,4 |
| BANCO COMERCIAL ANGOLANO | 2014 | 13,8 | 16,2 | 2,6 | 4,9 | 54,7 | 66,7 | 44,1 |
| BANCO COMERCIAL ANGOLANO | 2013 | 12,7 | 19,1 | 2,0 | 3,6 | 62,0 | 69,0 | 35,2 |
| BANCO SOL | 2014 | 23,9 | nd | 1,8 | nd | nd | nd | nd |
| BANCO SOL | 2013 | 23,8 | 36,9 | 1,8 | 4,9 | 41,9 | 67,0 | 12,2 |
| BANCO ESPÍRITO SANTO ANGOLA | 2014 | nd | nd | nd | nd | nd | nd | nd |
| BANCO ESPÍRITO SANTO ANGOLA | 2013 | 2,3 | 5,6 | 0,3 | 2,8 | 14,8 | 42,0 | 22,7 |
| BANCO REGIONAL DO KEVE | 2014 | 14,8 | 18,4 | 1,6 | 4,9 | 43,8 | 64,0 | 15,6 |
| BANCO REGIONAL DO KEVE | 2013 | 13,1 | 16,9 | 1,4 | 5,1 | 44,2 | 54,0 | 13,6 |
| STANDARD CHARTERED BANK ANGOLA | 2014 | -44,9 | -44,9 | nd | nd | 57,1 | 719,2 | nd |
| STANDARD CHARTERED BANK ANGOLA | 2013 | -0,0 | -0,0 | nd | nd | nd | nd | nd |
| BANCO BIC | 2014 | 22,6 | 23,7 | 2,6 | 4,0 | 33,8 | 39,8 | 21,0 |
| BANCO BIC | 2013 | 22,6 | 23,3 | 2,8 | 3,7 | 33,3 | 47,0 | 24,0 |
| BANCO PRIVADO ATLÂNTICO | 2014 | 13,1 | 16,8 | 1,7 | 4,7 | 36,3 | 56,5 | 10,7 |
| BANCO PRIVADO ATLÂNTICO | 2013 | 13,7 | 18,8 | 1,9 | 4,7 | 33,0 | 55,2 | 12,0 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2014 | 6,5 | 7,0 | 0,7 | 3,4 | 53,8 | 56,9 | - |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2013 | 13,1 | 20,0 | 1,6 | 3,4 | 46,2 | 70,2 | 14,9 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2014 | 0,8 | 0,8 | 0,1 | 2,0 | 65,5 | 21,3 | - |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2013 | 53,6 | 53,6 | 1,4 | 4,2 | 33,2 | nd | nd |
| BANCO VTB ÁFRICA | 2014 | -13,7 | nd | -2,8 | nd | nd | nd | nd |
| BANCO VTB ÁFRICA | 2013 | 40,2 | 61,3 | 10,4 | 4,2 | 84,7 | nd | nd |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2014 | 15,7 | 22,4 | 3,9 | 3,4 | 76,5 | 62,1 | 19,0 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2013 | 4,4 | 6,8 | 1,3 | 2,2 | 83,9 | 65,0 | 25,3 |
| FINBANCO ANGOLA | 2014 | 16,9 | 19,4 | 2,5 | 4,7 | 50,2 | 33,4 | 18,0 |
| FINBANCO ANGOLA | 2013 | 17,6 | 26,4 | 3,5 | 4,0 | 65,1 | 30,6 | 20,2 |
| BANCO KWANZA DE INVESTIMENTO | 2014 | -161,2 | -161,2 | -6,2 | 1,8 | 57,3 | 263,0 | nd |
| BANCO KWANZA DE INVESTIMENTO | 2013 | 28,9 | -23,0 | 4,5 | 9,3 | 28,3 | nd | nd |
| STANDARD BANK ANGOLA | 2014 | 27,6 | 29,2 | 1,3 | 4,0 | 47,4 | 74,1 | 18,1 |
| STANDARD BANK ANGOLA | 2013 | -16,2 | -12,3 | -1,0 | 2,7 | 62,4 | nd | 14,9 |
| BANCO VALOR | 2014 | -79,3 | nd | -20,3 | nd | nd | nd | nd |
| BANCO VALOR | 2013 | -41,0 | -41,0 | -14,3 | 4,3 | 44,9 | nd | 26,0 |
| BANCO COMERCIAL DO HUAMBO | 2014 | 12,7 | 18,4 | 6,0 | 3,3 | 82,8 | 54,9 | 120,7 |
| BANCO COMERCIAL DO HUAMBO | 2013 | 6,4 | 10,1 | 2,3 | 1,9 | 88,0 | nd | 67,0 |
| BAI MICRO-FINANÇAS | 2014 | -789,5 | -789,5 | -30,7 | 6,8 | 47,7 | 100,8 | 4,6 |
| BAI MICRO-FINANÇAS | 2013 | -234,6 | -234,6 | -15,0 | 12,3 | 19,6 | 123,0 | 2,0 |
| AGGREGATED | 2014 | 14,3 | 15,5 | 1,5 | 3,4 | 40,3 | 50,9 | 25,8 |
| AGGREGATED | 2013 | 12,5 | 15,1 | 1,5 | 3,7 | 38,6 | 59,4 | 20,7 |
| Nd - "not available"; "na" = not applicable | | | | | | | | |
| Source: BNA, KPMG, Banks Financial Statements | | | | | | | | |

The aggregated values in these tables correspond to the sum of the individual values of the institutions covered in the study.

| GROWTH INDICATORS* | | | | | | | |
|---|----------------|-------------------------------------|-----------------------------------|---------------------------------|--|---|--|
| Reference year: 2014 | | | | | | | |
| FINANCIAL INSTITUTION | FINANCIAL YEAR | INCREASE / DECREASE IN TOTAL ASSETS | INCREASE / DECREASE IN NET CREDIT | INCREASE / DECREASE IN DEPOSITS | INCREASE / DECREASE IN NET PROFIT BEFORE TAX | INCREASE / DECREASE IN NET PROFIT AFTER TAX | INCREASE / DECREASE IN BANKING OPERATIONS PROFIT |
| | | (%) | (%) | (%) | (%) | (%) | (%) |
| BANCO DE POUPANÇA E CRÉDITO | 2014 | 21,3 | 42,9 | 19,1 | 26,2 | 23,4 | 10,3 |
| BANCO DE POUPANÇA E CRÉDITO | 2013 | 7,5 | 14,7 | 16,3 | -9,3 | -7,6 | -9,8 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2014 | 8,0 | -5,6 | 14,7 | 74,0 | 74,0 | 9,1 |
| BANCO DE COMÉRCIO E INDÚSTRIA | 2013 | -7,2 | 9,2 | -3,3 | -34,2 | -34,2 | 41,7 |
| BANCO MILLENNIUM ANGOLA | 2014 | 9,5 | 44,6 | 11,2 | 7,3 | 17,8 | 12,4 |
| BANCO MILLENNIUM ANGOLA | 2013 | 27,3 | 32,0 | 44,1 | 2,2 | 1,0 | 8,7 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2014 | 25,8 | 39,1 | 35,8 | 18,7 | 37,2 | 18,9 |
| BANCO CAIXA GERAL TOTTA DE ANGOLA | 2013 | 20,7 | -14,0 | 17,5 | 20,5 | 19,1 | 12,1 |
| BANCO DE FOMENTO ANGOLA | 2014 | 23,6 | 59,3 | 22,3 | 26,0 | 33,0 | 34,7 |
| BANCO DE FOMENTO ANGOLA | 2013 | 14,2 | 5,3 | 14,2 | 19,6 | 13,9 | 17,3 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2014 | 5,9 | 48,7 | 5,3 | 14,7 | 6,3 | 2,4 |
| BANCO ANGOLANO DE INVESTIMENTOS | 2013 | 0,6 | -4,5 | 10,8 | -40,7 | -29,8 | 2,3 |
| BANCO COMERCIAL ANGOLANO | 2014 | 0,2 | 10,3 | -5,1 | -5,9 | 20,6 | 3,1 |
| BANCO COMERCIAL ANGOLANO | 2013 | -15,8 | 30,0 | -20,3 | 21,3 | -1,1 | 11,9 |
| BANCO SOL | 2014 | 31,6 | 13,7 | 29,5 | nd | 21,1 | nd |
| BANCO SOL | 2013 | 15,2 | 47,1 | 18,1 | 34,3 | 20,5 | 25,3 |
| BANCO ESPÍRITO SANTO ANGOLA | 2014 | nd | nd | nd | nd | nd | nd |
| BANCO ESPÍRITO SANTO ANGOLA | 2013 | 9,9 | 19,4 | 0,0 | 55,6 | -33,5 | -8,1 |
| BANCO REGIONAL DO KEVE | 2014 | 19,5 | 19,6 | 19,3 | 27,7 | 32,6 | 12,7 |
| BANCO REGIONAL DO KEVE | 2013 | 14,4 | 33,9 | 17,6 | -10,5 | -6,1 | 24,5 |
| STANDARD CHARTERED BANK ANGOLA | 2014 | nd | nd | nd | nd | nd | nd |
| STANDARD CHARTERED BANK ANGOLA | 2013 | nd | nd | nd | nd | nd | nd |
| BANCO BIC | 2014 | 11,3 | 24,2 | 11,4 | 6,8 | 4,5 | 22,8 |
| BANCO BIC | 2013 | 13,1 | -12,0 | 17,1 | 10,4 | 22,0 | 10,0 |
| BANCO PRIVADO ATLÂNTICO | 2014 | 5,1 | 7,6 | 5,6 | -3,4 | 3,6 | 16,6 |
| BANCO PRIVADO ATLÂNTICO | 2013 | 21,7 | 29,8 | 34,9 | 13,0 | 9,8 | 6,7 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2014 | 9,7 | 2,9 | 16,4 | -67,1 | -53,0 | 28,1 |
| BANCO DE NEGÓCIOS INTERNACIONAL | 2013 | 13,6 | 13,4 | 6,7 | 2,2 | -18,3 | 8,8 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2014 | 29,2 | 8,1 | nd | -91,2 | -91,2 | 14,3 |
| BANCO DE DESENVOLVIMENTO DE ANGOLA | 2013 | 19,2 | 23,5 | nd | -143,4 | -143,4 | 68,6 |
| BANCO VTB ÁFRICA | 2014 | -19,5 | -53,3 | -19,1 | nd | -127,5 | nd |
| BANCO VTB ÁFRICA | 2013 | 27,1 | 77,6 | 9,8 | -6,2 | -5,9 | 9,0 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2014 | 76,1 | 160,0 | 34,0 | 296,6 | 322,6 | 53,1 |
| BANCO ANGOLANO DE NEGÓCIOS E COMÉRCIO | 2013 | 8,0 | 43,5 | 13,4 | 582,4 | 348,3 | 23,1 |
| FINBANCO ANGOLA | 2014 | 39,5 | 67,7 | 38,8 | -16,0 | 10,4 | 29,0 |
| FINBANCO ANGOLA | 2013 | 90,3 | 116,8 | 119,7 | 34,0 | 34,7 | 49,0 |
| BANCO KWANZA DE INVESTIMENTO | 2014 | 13,3 | nd | 282,6 | 168,3 | -313,2 | -49,4 |
| BANCO KWANZA DE INVESTIMENTO | 2013 | 159,2 | nd | -57,3 | -76,4 | -129,7 | 105,0 |
| STANDARD BANK ANGOLA | 2014 | 37,0 | 25,5 | 39,4 | -398,5 | -315,7 | 76,8 |
| STANDARD BANK ANGOLA | 2013 | 139,6 | 257,9 | 159,0 | -50,8 | 5,8 | 79,5 |
| BANCO VALOR | 2014 | -20,3 | -14,5 | -11,3 | nd | 74,4 | nd |
| BANCO VALOR | 2013 | 115,5 | 91,3 | 60,9 | 35,8 | 35,8 | 227,8 |
| BANCO COMERCIAL DO HUAMBO | 2014 | 51,0 | -12,9 | 32,8 | 231,6 | 260,1 | 77,7 |
| BANCO COMERCIAL DO HUAMBO | 2013 | 28,6 | 126,8 | 41,5 | -183,4 | -9436,4 | 308,5 |
| BAI MICRO-FINANÇAS | 2014 | -15,5 | -23,7 | 24,4 | 276,1 | 276,1 | 57,0 |
| BAI MICRO-FINANÇAS | 2013 | nd | nd | nd | nd | nd | nd |
| AGGREGATED | 2014 | -2,9 | -4,9 | 7,4 | -7,2 | 3,4 | -0,0 |
| AGGREGATED | 2013 | 12,6 | 14,5 | 17,0 | 18,4 | 14,8 | 7,4 |
| Nd - "not available"; "na" = not applicable | | | | | | | |
| Source: BNA, KPMG, Banks Financial Statements | | | | | | | |

The aggregated values in these tables correspond to the sum of the individual values of the institutions covered in the study.



| TOTAL ASSETS | | MILLION AOA | | |
|--------------|--|-------------|-----------|-----------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BPC Banco de Poupança e Crédito | 1.198.478 | 988.181 | 919.369 |
| 2 | BAI Banco Angolano de Investimentos | 1.101.072 | 1.039.693 | 1.033.428 |
| 3 | BFA Banco de Fomento Angola | 1.073.056 | 868.032 | 759.902 |
| 4 | BIC Banco BIC | 835.923 | 751.324 | 664.191 |
| 5 | BPA Banco Privado Atlântico | 375.306 | 357.006 | 293.409 |
| 6 | BDA Banco de Desenvolvimento de Angola | 285.641 | 221.048 | 185.407 |
| 7 | BSOL Banco Sol | 270.942 | 205.840 | 178.638 |
| 8 | BMA Banco Millennium Angola | 244.669 | 223.483 | 175.527 |
| 9 | BCGTA Banco Caixa Geral Totta de Angola | 230.247 | 183.016 | 151.648 |
| 10 | SBA Standard Bank Angola | 203.368 | 148.492 | 61.977 |
| 11 | BNI Banco de Negócios Internacional | 202.093 | 184.176 | 162.145 |
| 12 | KEVE Banco Regional do Keve | 117.359 | 98.200 | 85.815 |
| 13 | BCI Banco de Comércio e Indústria | 106.812 | 98.897 | 106.513 |
| 14 | FNB Finibanco Angola | 76.144 | 54.603 | 28.698 |
| 15 | BCA Banco Comercial Angolano | 30.925 | 30.854 | 36.651 |
| 16 | BANC Banco Angolano de Negócios e Comércio | 28.807 | 16.362 | 15.154 |
| 17 | BVB Banco Valor | 12.044 | 15.120 | 7.016 |
| 18 | VTB Banco VTB África | 11.552 | 14.358 | 11.295 |
| 19 | SCBA Standard Chartered Bank Angola | 10.722 | 4.827 | nd |
| 20 | BKI Banco Kwanza de Investimento | 10.331 | 9.121 | 3.519 |
| 21 | BMF Banco BAI Micro-Finanças | 8.970 | 10.619 | nd |
| 22 | BCH Banco Comercial do Huambo | 6.126 | 4.058 | 3.156 |
| 23 | BE Banco Económico | nd | 1.107.139 | 1.007.218 |

| TOTAL CREDIT | | MILLION AOA | | |
|--------------|--|-------------|---------|---------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BPC Banco de Poupança e Crédito | 917.533 | 673.693 | 609.105 |
| 2 | BAI Banco Angolano de Investimentos | 406.440 | 284.668 | 284.897 |
| 3 | BIC Banco BIC | 278.800 | 223.214 | 247.698 |
| 4 | BFA Banco de Fomento Angola | 239.227 | 153.354 | 145.989 |
| 5 | BPA Banco Privado Atlântico | 204.794 | 188.727 | 145.745 |
| 6 | BMA Banco Millennium Angola | 125.542 | 86.653 | 65.780 |
| 7 | BDA Banco de Desenvolvimento de Angola | 121.912 | 105.189 | 94.963 |
| 8 | BNI Banco de Negócios Internacional | 94.935 | 87.674 | 77.933 |
| 9 | BCGTA Banco Caixa Geral Totta de Angola | 63.035 | 45.573 | 52.509 |
| 10 | BCI Banco de Comércio e Indústria | 50.450 | 54.477 | 50.232 |
| 11 | KEVE Banco Regional do Keve | 48.019 | 40.708 | 31.011 |
| 12 | SBA Standard Bank Angola | 44.276 | 34.677 | 9.882 |
| 13 | FNB Finibanco Angola | 38.597 | 23.104 | 10.874 |
| 14 | BANC Banco Angolano de Negócios e Comércio | 12.188 | 4.698 | 3.310 |
| 15 | BMF Banco BAI Micro-Finanças | 7.692 | 6.948 | nd |
| 16 | BCA Banco Comercial Angolano | 6.700 | 6.102 | 4.797 |
| 17 | BCH Banco Comercial do Huambo | 774 | 893 | 395 |
| 18 | BKI Banco Kwanza de Investimento | 2 | 2 | 2 |
| 19 | SCBA Standard Chartered Bank Angola | 0 | 0 | nd |
| 20 | BE Banco Económico | nd | 794.089 | 671.781 |
| 21 | BSOL Banco Sol | nd | 78.851 | 54.292 |
| 22 | VTB Banco VTB África | nd | 7.208 | 3.988 |
| 23 | BVB Banco Valor | nd | 4.286 | 2.107 |

| TOTAL DEPOSITS | | MILLION AOA | | |
|----------------|--|-------------|---------|---------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BAI Banco Angolano de Investimentos | 950.917 | 902.936 | 815.204 |
| 2 | BFA Banco de Fomento Angola | 933.049 | 763.025 | 668.106 |
| 3 | BPC Banco de Poupança e Crédito | 871.899 | 731.953 | 629.491 |
| 4 | BIC Banco BIC | 685.388 | 615.478 | 525.785 |
| 5 | BPA Banco Privado Atlântico | 291.779 | 276.290 | 204.753 |
| 6 | BSOL Banco Sol | 236.280 | 182.475 | 154.469 |
| 7 | SBA Standard Bank Angola | 187.807 | 134.737 | 52.022 |
| 8 | BMA Banco Millennium Angola | 180.900 | 162.727 | 112.915 |
| 9 | BCGTA Banco Caixa Geral Totta de Angola | 179.764 | 132.395 | 112.668 |
| 10 | BNI Banco de Negócios Internacional | 155.344 | 133.500 | 125.102 |
| 11 | KEVE Banco Regional do Keve | 99.052 | 83.049 | 70.630 |
| 12 | BCI Banco de Comércio e Indústria | 77.011 | 67.119 | 69.387 |
| 13 | FNB Finibanco Angola | 59.003 | 42.497 | 19.345 |
| 14 | BCA Banco Comercial Angolano | 22.587 | 23.789 | 29.843 |
| 15 | BANC Banco Angolano de Negócios e Comércio | 14.385 | 10.739 | 9.474 |
| 16 | BVB Banco Valor | 8.860 | 9.992 | 6.210 |
| 17 | BMF Banco BAI Micro-Finanças | 6.416 | 5.157 | nd |
| 18 | VTB Banco VTB África | 5.668 | 7.005 | 6.380 |
| 19 | SCBA Standard Chartered Bank Angola | 5.509 | 0 | nd |
| 20 | BKI Banco Kwanza de Investimento | 3.882 | 1.015 | 2.376 |
| 21 | BCH Banco Comercial do Huambo | 3.330 | 2.507 | 1.772 |
| 22 | BE Banco Económico | nd | 349.163 | 349.112 |
| 23 | BDA Banco de Desenvolvimento de Angola | nd | nd | nd |

| NET EQUITY | | MILLION AOA | | |
|------------|--|-------------|---------|---------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BAI Banco Angolano de Investimentos | 113.654 | 104.430 | 99.450 |
| 2 | BFA Banco de Fomento Angola | 104.487 | 84.640 | 74.376 |
| 3 | BPC Banco de Poupança e Crédito | 101.144 | 93.144 | 85.924 |
| 4 | BIC Banco BIC | 91.055 | 86.763 | 72.873 |
| 5 | BPA Banco Privado Atlântico | 48.528 | 44.842 | 32.096 |
| 6 | BCGTA Banco Caixa Geral Totta de Angola | 39.186 | 33.291 | 29.359 |
| 7 | BMA Banco Millennium Angola | 38.092 | 32.994 | 27.711 |
| 8 | BDA Banco de Desenvolvimento de Angola | 32.993 | 5.291 | 5.652 |
| 9 | BNI Banco de Negócios Internacional | 19.941 | 21.119 | 19.210 |
| 10 | BSOL Banco Sol | 17.555 | 14.536 | 12.049 |
| 11 | KEVE Banco Regional do Keve | 11.683 | 9.955 | 8.998 |
| 12 | FNB Finibanco Angola | 9.548 | 8.340 | 7.186 |
| 13 | SBA Standard Bank Angola | 8.110 | 6.424 | 7.440 |
| 14 | BCI Banco de Comércio e Indústria | 6.782 | 8.176 | 7.428 |
| 15 | BCA Banco Comercial Angolano | 5.856 | 5.286 | 4.607 |
| 16 | BANC Banco Angolano de Negócios e Comércio | 5.561 | 4.656 | 3.234 |
| 17 | BVB Banco Valor | 3.476 | 3.852 | 749 |
| 18 | SCBA Standard Chartered Bank Angola | 3.308 | 4.825 | nd |
| 19 | VTB Banco VTB África | 2.678 | 3.318 | 3.119 |
| 20 | BCH Banco Comercial do Huambo | 2.377 | 1.309 | 1.093 |
| 21 | BMF Banco BAI Micro-Finanças | 380 | 867 | nd |
| 22 | BKI Banco Kwanza de Investimento | 375 | 979 | 696 |
| 23 | BE Banco Económico | nd | 157.908 | 104.029 |

| OPERATING INCOME | | MILLION AOA | | |
|------------------|--|-------------|--------|--------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BPC Banco de Poupança e Crédito | 76.859 | 69.689 | 77.227 |
| 2 | BAI Banco Angolano de Investimentos | 57.461 | 56.113 | 54.857 |
| 3 | BFA Banco de Fomento Angola | 51.837 | 40.027 | 34.135 |
| 4 | BIC Banco BIC | 48.299 | 39.338 | 35.750 |
| 5 | BPA Banco Privado Atlântico | 26.868 | 23.052 | 21.610 |
| 6 | BMA Banco Millennium Angola | 18.985 | 16.897 | 15.542 |
| 7 | BCGTA Banco Caixa Geral Totta de Angola | 17.605 | 14.811 | 13.212 |
| 8 | BDA Banco de Desenvolvimento de Angola | 14.544 | 12.729 | 7.549 |
| 9 | BNI Banco de Negócios Internacional | 14.162 | 11.053 | 10.155 |
| 10 | SBA Standard Bank Angola | 13.338 | 7.542 | 4.202 |
| 11 | KEVE Banco Regional do Keve | 9.416 | 8.355 | 6.713 |
| 12 | BCI Banco de Comércio e Indústria | 8.178 | 7.498 | 5.293 |
| 13 | FNB Finibanco Angola | 6.176 | 4.790 | 3.214 |
| 14 | BCA Banco Comercial Angolano | 3.307 | 3.207 | 2.866 |
| 15 | BANC Banco Angolano de Negócios e Comércio | 3.223 | 2.105 | 1.710 |
| 16 | BMF Banco BAI Micro-Finanças | 1.336 | 824 | nd |
| 17 | BCH Banco Comercial do Huambo | 990 | 557 | 136 |
| 18 | BKI Banco Kwanza de Investimento | 415 | 820 | 400 |
| 19 | SCBA Standard Chartered Bank Angola | 236 | 2 | 0 |
| 20 | BE Banco Económico | nd | 35.340 | 38.460 |
| 21 | BSOL Banco Sol | nd | 16.145 | 12.889 |
| 22 | VTB Banco VTB África | nd | 3.550 | 3.257 |
| 23 | BVB Banco Valor | nd | 870 | 265 |

| COST -TO-INCOME | | (%) | | |
|-----------------|--|---------------------|---------|---------|
| # | FINANCIAL INSTITUTION | 2014 ⁽¹⁾ | 2013 | 2012 |
| 1 | BDA Banco de Desenvolvimento de Angola | 21,26% | nd | nd |
| 2 | FNB Finibanco Angola | 33,41% | 30,59% | 35,59% |
| 3 | BFA Banco de Fomento Angola | 36,14% | 39,90% | 41,90% |
| 4 | BCGTA Banco Caixa Geral Totta de Angola | 36,47% | 36,80% | 34,00% |
| 5 | BIC Banco BIC | 39,78% | 47,00% | 47,00% |
| 6 | BAI Banco Angolano de Investimentos | 44,77% | 38,70% | 37,70% |
| 7 | BMA Banco Millennium Angola | 52,84% | 52,40% | 53,40% |
| 8 | BCH Banco Comercial do Huambo | 54,91% | nd | nd |
| 9 | BPA Banco Privado Atlântico | 56,51% | 55,19% | 45,30% |
| 10 | BNI Banco de Negócios Internacional | 56,94% | 70,17% | 58,32% |
| 11 | BANC Banco Angolano de Negócios e Comércio | 62,05% | 65,00% | 69,00% |
| 12 | BPC Banco de Poupança e Crédito | 62,32% | 58,40% | 45,00% |
| 13 | KEVE Banco Regional do Keve | 63,95% | 54,00% | 60,00% |
| 14 | BCA Banco Comercial Angolano | 66,67% | 69,00% | 70,60% |
| 15 | SBA Standard Bank Angola | 74,11% | nd | nd |
| 16 | BMF Banco BAI Micro-Finanças | 100,84% | nd | nd |
| 17 | BCI Banco de Comércio e Indústria | 111,02% | 101,90% | 122,20% |
| 18 | BKI Banco Kwanza de Investimento | 262,99% | nd | nd |
| 19 | SCBA Standard Chartered Bank Angola | 719,22% | nd | nd |
| 20 | BE Banco Económico | nd | 42,00% | 40,00% |
| 21 | BSOL Banco Sol | nd | 67,00% | 70,00% |
| 22 | VTB Banco VTB África | nd | nd | 32,79% |
| 23 | BVB Banco Valor | nd | nd | nd |

(1) Calculated by taking into consideration the banking product and Administrative and marketing costs

| NET INCOME | | MILLION AOA | | |
|------------|--|-------------|--------|--------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BFA Banco de Fomento Angola | 31.796 | 23.899 | 20.976 |
| 2 | BIC Banco BIC | 20.537 | 19.646 | 16.106 |
| 3 | BAI Banco Angolano de Investimentos | 12.849 | 12.082 | 17.217 |
| 4 | BCGTA Banco Caixa Geral Totta de Angola | 9.163 | 6.677 | 5.608 |
| 5 | BPC Banco de Poupança e Crédito | 8.907 | 7.219 | 7.816 |
| 6 | BPA Banco Privado Atlântico | 6.375 | 6.154 | 5.603 |
| 7 | BMA Banco Millennium Angola | 5.741 | 4.872 | 4.824 |
| 8 | BSOL Banco Sol | 4.198 | 3.465 | 2.876 |
| 9 | SBA Standard Bank Angola | 2.242 | -1.039 | -983 |
| 10 | KEVE Banco Regional do Keve | 1.729 | 1.304 | 1.388 |
| 11 | FNB Finibanco Angola | 1.618 | 1.465 | 1.087 |
| 12 | BNI Banco de Negócios Internacional | 1.296 | 2.759 | 3.379 |
| 13 | BANC Banco Angolano de Negócios e Comércio | 873 | 207 | 46 |
| 14 | BCA Banco Comercial Angolano | 808 | 670 | 677 |
| 15 | BCH Banco Comercial do Huambo | 303 | 84 | -1 |
| 16 | BDA Banco de Desenvolvimento de Angola | 249 | 2.833 | -6.530 |
| 17 | VTB Banco VTB África | -367 | 1.333 | 1.417 |
| 18 | BKI Banco Kwanza de Investimento | -604 | 283 | -954 |
| 19 | SCBA Standard Chartered Bank Angola | -1.485 | -0 | nd |
| 20 | BVB Banco Valor | -2.755 | -1.580 | -1.163 |
| 21 | BMF Banco BAI Micro-Finanças | -3.004 | -799 | nd |
| 22 | BCI Banco de Comércio e Indústria | -5.217 | -2.999 | -4.559 |
| 23 | BE Banco Económico | nd | 3.620 | 5.442 |

| RETURN ON EQUITY (ROE) | | (%) | | |
|------------------------|--|---------------------|----------|----------|
| # | FINANCIAL INSTITUTION | 2014 ⁽¹⁾ | 2013 | 2012 |
| 1 | BFA Banco de Fomento Angola | 30,43% | 28,24% | 28,20% |
| 2 | SBA Standard Bank Angola | 27,65% | -16,18% | -13,21% |
| 3 | BSOL Banco Sol | 23,91% | 23,84% | 23,87% |
| 4 | BCGTA Banco Caixa Geral Totta de Angola | 23,38% | 20,06% | 19,10% |
| 5 | BIC Banco BIC | 22,55% | 22,64% | 22,10% |
| 6 | FNB Finibanco Angola | 16,94% | 17,56% | 15,13% |
| 7 | BANC Banco Angolano de Negócios e Comércio | 15,70% | 4,44% | 1,42% |
| 8 | BMA Banco Millennium Angola | 15,07% | 14,77% | 17,41% |
| 9 | KEVE Banco Regional do Keve | 14,79% | 13,10% | 15,42% |
| 10 | BCA Banco Comercial Angolano | 13,80% | 12,67% | 14,69% |
| 11 | BPA Banco Privado Atlântico | 13,14% | 13,72% | 17,46% |
| 12 | BCH Banco Comercial do Huambo | 12,75% | 6,43% | -0,08% |
| 13 | BAI Banco Angolano de Investimentos | 11,31% | 11,57% | 17,31% |
| 14 | BPC Banco de Poupança e Crédito | 8,81% | 7,75% | 9,10% |
| 15 | BNI Banco de Negócios Internacional | 6,50% | 13,07% | 17,59% |
| 16 | BDA Banco de Desenvolvimento de Angola | 0,75% | 53,55% | -115,53% |
| 17 | VTB Banco VTB África | -13,70% | 40,17% | 45,42% |
| 18 | SCBA Standard Chartered Bank Angola | -44,88% | -0,01% | nd |
| 19 | BCI Banco de Comércio e Indústria | -76,93% | -36,68% | -61,37% |
| 20 | BVB Banco Valor | -79,26% | -41,01% | -155,32% |
| 21 | BKI Banco Kwanza de Investimento | -161,17% | 28,94% | -137,09% |
| 22 | BMF Banco BAI Micro-Finanças | -824,00% | -110,00% | nd |
| 23 | BE Banco Económico | nd | 2,29% | 5,23% |

| ROAA | | (%) | | |
|------|--|---------|---------|---------|
| # | FINANCIAL INSTITUTION | 2014 | 2013 | 2012 |
| 1 | BCH Banco Comercial do Huambo | 5,95% | 2,33% | -0,04% |
| 2 | BCGTA Banco Caixa Geral Totta de Angola | 4,43% | 3,99% | 4,11% |
| 3 | BANC Banco Angolano de Negócios e Comércio | 3,87% | 1,31% | 0,32% |
| 4 | BFA Banco de Fomento Angola | 3,28% | 2,94% | 2,93% |
| 5 | BCA Banco Comercial Angolano | 2,62% | 1,98% | 1,85% |
| 6 | BIC Banco BIC | 2,59% | 2,78% | 2,71% |
| 7 | FNB Finibanco Angola | 2,47% | 3,52% | 4,35% |
| 8 | BMA Banco Millennium Angola | 2,45% | 2,44% | 2,79% |
| 9 | BSOL Banco Sol | 1,76% | 1,80% | 1,85% |
| 10 | BPA Banco Privado Atlântico | 1,74% | 1,89% | 2,17% |
| 11 | KEVE Banco Regional do Keve | 1,60% | 1,42% | 1,88% |
| 12 | SBA Standard Bank Angola | 1,27% | -0,99% | -2,05% |
| 13 | BAI Banco Angolano de Investimentos | 1,20% | 1,17% | 1,59% |
| 14 | BPC Banco de Poupança e Crédito | 0,81% | 0,76% | 0,94% |
| 15 | BNI Banco de Negócios Internacional | 0,67% | 1,59% | 2,43% |
| 16 | BDA Banco de Desenvolvimento de Angola | 0,10% | 1,39% | nd |
| 17 | VTB Banco VTB África | -2,83% | 10,39% | 14,98% |
| 18 | BCI Banco de Comércio e Indústria | -5,07% | -2,92% | -4,84% |
| 19 | BKI Banco Kwanza de Investimento | -6,21% | 4,48% | -17,68% |
| 20 | BVB Banco Valor | -20,28% | -14,27% | -24,72% |
| 21 | BMF Banco BAI Micro-Finanças | -35,00% | -19,00% | nd |
| 22 | BE Banco Económico | na | 0 | 0 |
| 23 | SCBA Standard Chartered Bank Angola | na | na | na |

na = non available
Source: BNA, KPMG, Banks Financial Statements



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