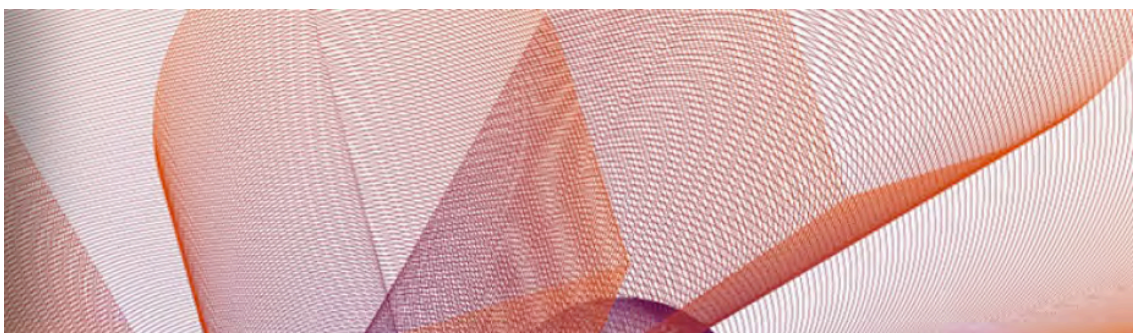




Annual Report and Accounts 2014



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Key Performance Indicators

	2014	2013	Variation %
Total Assets	6,126,307	4,057,647	50.98%
Credit to the economy	1,942,700	889,201	118.48%
Loans to clients	774,486	889,201	-12.90%
Loans to the government	1,168,214	0	-
Clients Deposits	3,329,822	2,507,332	32.80%
Banking income	989,508	556,861	77.69%
Net interest Income	170,203	67,012	153.99%
Net profit	303 032	84,154	260.09%
Tier 1 capital	2,327,581	1,245,680	86.85%
Solvency ratio	120.69%	67.02%	80.09%
Return on assets (ROA)	4.95%	2.07%	138.50%
Return on equity (ROE)	13.38%	6.43%	108.07%
Non-performing loans/total loans	3.59%	2.32%	54.72%
Provisions for loans/non-performing loans	69.55%	16.57%	319.80%
N° of Branches	4	3	33.33%
N° ATM	7	5	40.00%
N° of employees	34	26	30.77%

Amounts in thousands of Angolan Kwanza



Corporate Bodies and Ownership Structure

Corporate Bodies

At 31 December 2014, the corporate bodies were comprised as follows:

General Meeting of Shareholders - Board

Chairman	Alexandra Teodora da Conceição Cruz Martins
Deputy-chairman	Maria Helena Miguel
Secretary	Regina Luísa Lagos Fernandes dos Santos Nulli

Board of Directors

Chairman	Natalino Bastos Lavrador
Director	Salim Abdul Valimamade
Director	Cristiana de Azevedo Neto Lavrador

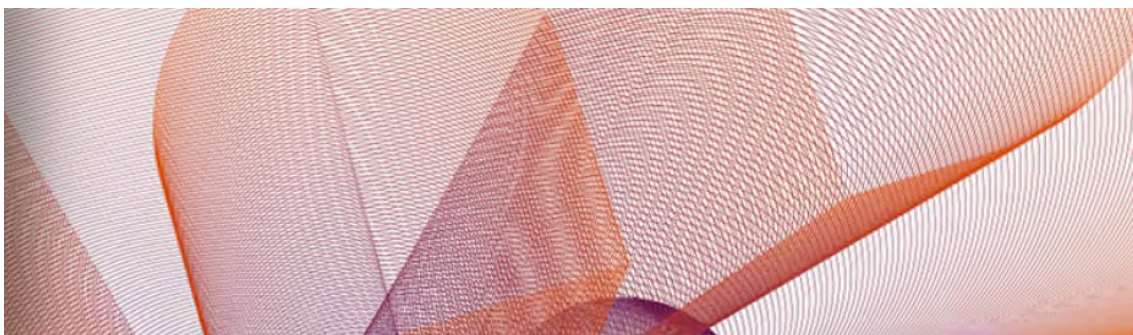
Audit Committee

Chairman	UHY - A. Paredes & Associados - Angola
Deputy-chairman	Mário Silva Castelo Branco
Deputy-chairman	Miguel Francisco Luís Manuel

Ownership structure

At 31 December 2014 the capital of Banco Comercial do Huambo was owned by 5 shareholders as follows:

Shareholders	Interest
Natalino Bastos Lavrador	51,5%
Sebastião Bastos Lavrador	5,5%
Valdomiro Minoru Dondo	20%
António Mosquito	20%
Carlos Saturnino Guerra Sousa e Oliveira	3%



Macroeconomic Background

World Economy

In 2014 the world economy grew less than expected, showing irregular trends, with the UK and the US growing more than anticipated, while the euro zone did not show signs of recovery.

In the Eurozone, countries considered as engines of the EU economy such as Germany, Italy and France grew less than anticipated. Germany's growth rate dropped 0.5%, France's and Italy's dropped 0.4% and 0.5% respectively.

The slowdown in the euro zone was a result mainly of the economic slowdown in the emerging economies, which only grew by 1.5% altogether. Also, with regard to these economies, there was a disorderly growth, with strong growth rates in China and India and significant slowdowns in Russia and Brazil.

The world economy still faces two potential risks: one is the possible stagnation of the Eurozone and even deflation; the other is the political scenario, with the crisis in Ukraine and the Middle East, which could have an impact on energy prices.

Economy of Sub-Saharan Africa

Sub-Saharan Africa grew moderately in 2014, averaging 4.5%, slightly higher than the 4.2% of 2013. More accelerated growth was hindered by falling oil and other commodity (gold and natural gas) prices.

About 36 African countries, which account for 80% of sub-Saharan population and 70% of economic activity, will face greater difficulties due to the dependence of their economies on the exploration of these natural resources.

Therefore, the growth of sub-Saharan Africa will still depend on investment in infrastructure, increased agricultural production and the expansion of the service sector.

One of the greatest hazards to the region's growth is also the less favorable Chinese economic environment, given the importance of this economy as a partner of many African countries, particularly of those with vast natural resources.

Angolan Economy

The projections of the Angolan government are not encouraging, given the economic downturn, managing a growth rate of 4,4% while the objective was 5,5%.

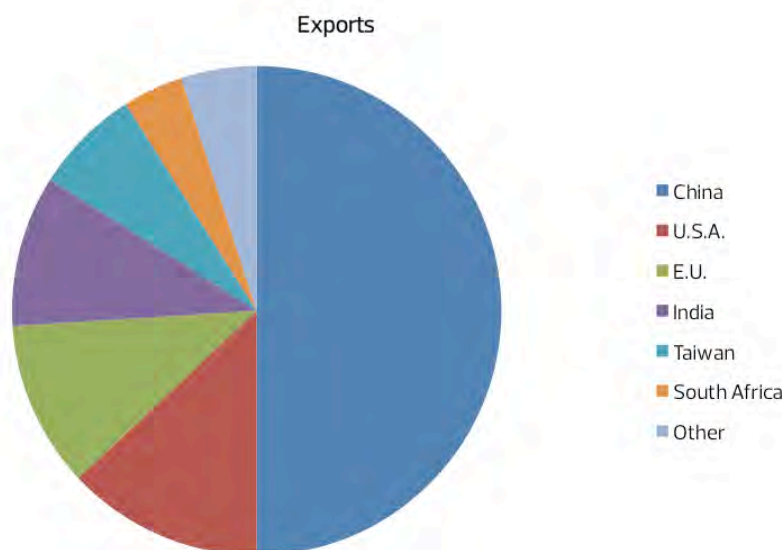
The downturn in the economy was due to a slowdown in the oil and non-oil sectors. The non-oil sector grew by 8.2% with growth rate of 10,9% in 2013. The oil sector shrunk by about 3.5% as compared to the slight growth of 0.9% in 2013. The oil sector was mainly affected by a drop in production and falling oil prices.

In fact, during the first half of 2014, the activity was affected as production in some of the wells was stopped for the purposes of repair and maintenance work. During this period, production capacity dropped to 1.6 million barrels / day, but in the second half of 2014 production rose to 1.7 million barrels / day. On average, daily production in 2014 fell to 1.65 million barrels / day, but in 2013 stood at 1.76 million barrels / day. This drop in production witnessed in 2014, led to a 15% decrease in tax revenues. Given the high costs of oil exploration in Angola, there are concerns as to how investors will react, although the price

fluctuations do not always determine investment decisions. With regard to the oil prices drop which was approximately 50% between June 2014 and the end of 2014, given the decrease from 115 USD /barrel to 46 USD /barrel. This price drop resulted from shifts in supply and demand . On the demand side, it was the slowdown of China's economy, and the improved efficiency of alternative energy sources, as a result of technological progress. On the supply side, it was mainly the increase in worldwide production, with Libya and Iraq, and also the revolutionary shale oil production in the US and Canada. However, OPEC could have cut production and thus decreased supply to boost oil prices, but it did not do it, forcing the prices to be determined by market forces. It is known that this position is rather political than economic, as the falling oil prices are negatively impacting Iran and Russia, two countries under sanctions imposed by the USA. It turns out, however, that the US plans to no longer be an oil importer, and the shale industry revolution started when the oil price was high. Today, the oil price invalidates the development of such a project. Currently, the US are looking to negotiate with Iran over its nuclear program, which is not to the liking of Saudi Arabia. This latter country has increased production and hence the supply on the world market, with a view to keep oil prices oil. What is at stake is America's oil self-sufficiency. It also comes down to Saudi Arabia also exploring the viability of shale oil projects.

In the period between 2015 and 2019, Angola is expected to achieve a real growth rate of 3% per year in terms of oil production, except for 2017 that will see a decrease of 6.5%, as several oil fields reach maturity and consequent reduction in production. On a more positive note, it is expected that the drop in production is offset by the exploration of natural gas.

According to 2012 statistics, Angola’s oil exports were structured as follows:



Source: EIA

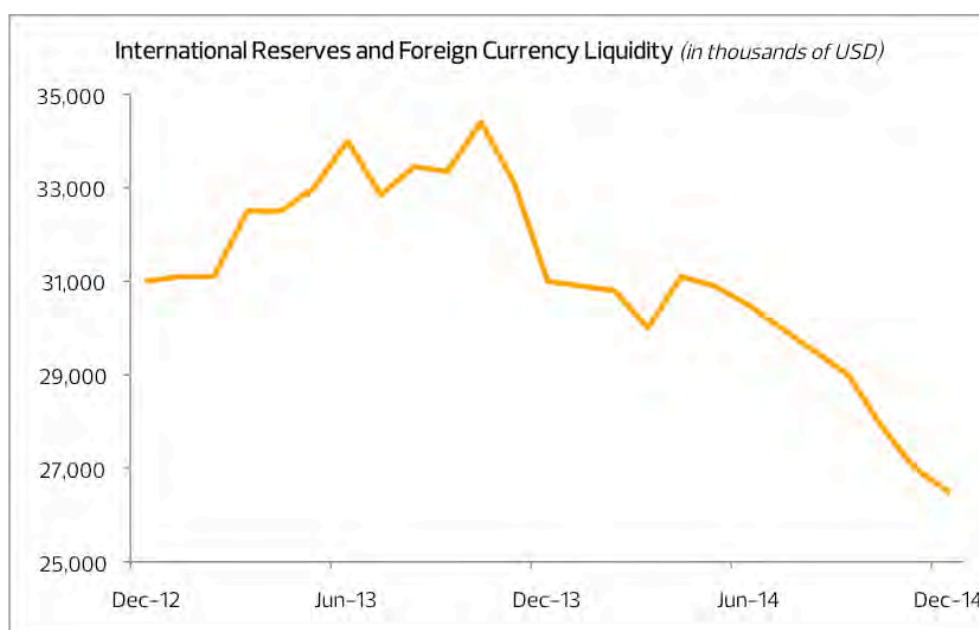
Demand for Angola’s oil and natural gas is encouraging in light of the following factors:

- The Chinese economy is expected to grow by 6% by 2019, as it accounts for 50% of Angola’s exports;
- By 2019, somewhat significant growth rates are expected for the economies of India (6,8%), Taiwan (4,5%), South Africa (3%) and Indonesia (6%);
- According to the IMF and by 2019, the EU is expected to grow at an average annual rate of 1,8%.

In general, Angola is expected to undergo a period of moderate economic growth. There are signs of economic diversification, but the weight of the oil sector is very significant, leaving the economy at a level of highly disturbing vulnerability.

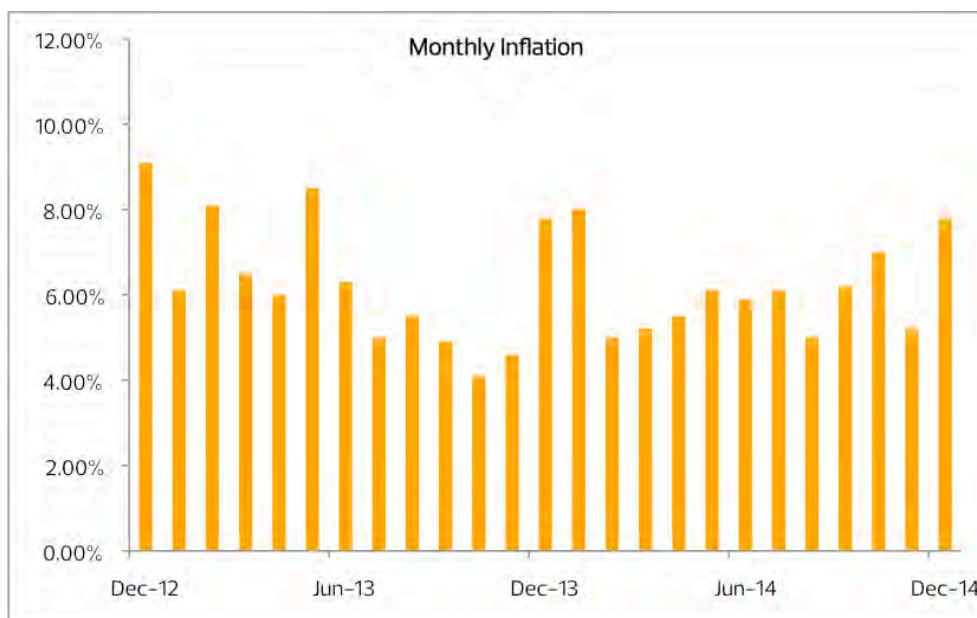
However, throughout this extended oil price drop period, Angola appears to be in a comfortable position:

- The level of international reserves is quite acceptable, the equivalent of about 6 months of imports;

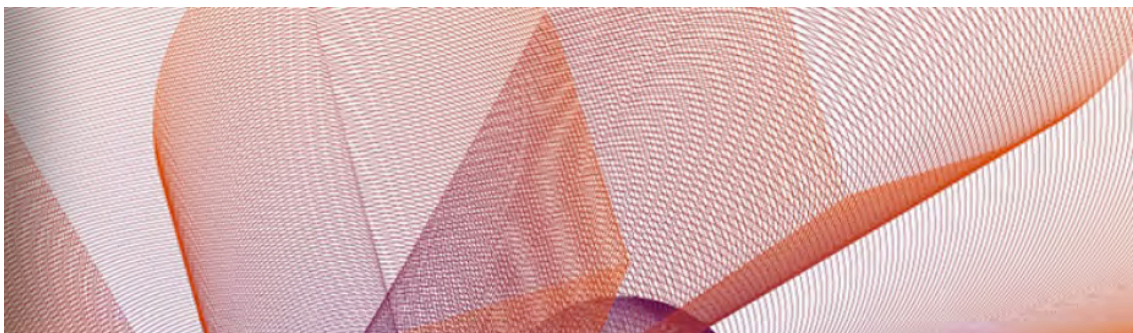


Source: National Bank of Angola

- The Sovereign Fund may also be used if necessary.
- The reduction of fuel subsidies will allow for some flexibility in the implementation of fiscal policy.
- The inflation rate is below the threshold set by the Central Bank, which makes a room for the devaluation of the kwanza.



Source: National Statistical Institute (INE)



BCH

Corporate Structure

The Board of Directors of Banco Comercial do Huambo is comprised of its Chairman who is the CEO and two Directors.



At 31 December 2014, the Commercial Bank of Huambo had 34 employees, occupying positions in the different banking areas, of which:

Board of Directors	3
Experts	15
Office staff	16

The average age of the employees is 31 and in terms of qualifications, 64% of staff has a university diploma or is taking a university degree.

Major occasions

March 2009 – Incorporation of Banco Comercial do Huambo

The Banco Nacional de Angola authorizes the incorporation of the Banco Comercial do Huambo, with headquarters in the city of Huambo.

July 2010 – Inauguration of Banco Comercial do Huambo

The Banco Comercial do Huambo (BCH) inaugurates its headquarters and its first branch in the city of Huambo. This first branch is adjacent to the headquarters and it contains all Central Services of the bank.

The building of the branch defined the image of the Bank by means of the originality of its façade and comfort of the interior.

The inauguration of the bank was likewise accompanied by the launch of its official website.

October 2011 – Increase of share capital

In order to satisfy the demands of the business development plan, the Bank's shareholders subscribed and paid an increase of capital.

February 2012 – Opening of a branch in Luanda

The Banco Comercial do Huambo inaugurates its first branch in Luanda. With the opening of that branch a bridge was built between the two major cities of the country.

The opening of the first agency outside of the Huambo province coincided with the launch of the renewed Bank image and introduction of home banking services.

February 2013 – Increase of share capital

Banco Comercial do Huambo carried out another increase of capital in order to ensure further growth and become a reference bank in Angola.

April 2013 – Office in UCAN

Since its incorporation, the BCH sees itself as a partner of its customers. A partner who is there when needed. That is why, the Banco Comercial do Huambo opened an office in UCAN (Catholic University of Angola).

March 2014 – Opening of a branch in Palanca

The BCH opens another branch in the province of Luanda, in Palanca, a commune of Kilamba Kiaxi, one of the nine most populated urban districts of the city of Luanda.

Financial Analysis

The Fixed assets increased by approximately 51 % from 2013 to 2014, due to the investment in securities and increase in cash and cash equivalents. Total loans grew by about 46% mainly due to lending to the government in the form of investment in government securities.

Cash and cash equivalents increased by 191%, following the increase in capital and the profits earned by the Bank in 2014.

	2014	2013	Variation
Cash & Cash equivalents	3,728,507	1,281,740	191%
Short-term interbank investments	0	1,307,054	-
Securities	1,168,214	0	-
Items in the course of collection from other banks	9,909	0	-
Loans and Advances to Clients	774,486	889,201	-13%
Other amounts	93,316	207,082	-55%
Fixed Assets	351,874	372,572	-6%

Amounts in thousands of Angolan Kwanza

The deposit portfolio increased by 33% as compared to the previous year, which continues to show a growing customer trust. In order for the customers to maximize their foreign currency transaction gains, the BCH took out a loan in foreign currency from a credit institution in the country.

	2014	2013	Variation
Clients Deposits	3,329,822	2,507,332	33%
Items in the course of collection due to other banks	22,048	6,128	260%
Short-term whole sale funding	312,109	0	-
Other Liabilities	85,205	235,279	-64%

Amounts in thousands of Angolan Kwanza

Between 2013 and 2014, the equity increased by 82%, mainly due to the increase in capital and profit for the year.

In short, while change in assets was 51%, change in liabilities was only 36%, meaning that BCH had increased its solvency ratio, leaving itself in a comfortable position.

Interest income on available for sale securities and loans improved 116% in 2014 with interest expense on financial liabilities growing by only 37% over the same period. Thus, the net interest income increased by 154% from 2013 to 2014.

	2014	2013	Variation
Income from short-term interbank investments	35,191	27,147	30%
Income from securities	95,718	7,602	1,159.00%
Income from derivative financial instruments	0	0	-
Income from loans and advances to clients	83,371	64,344	30%
Income from Financial Instruments assets	214,280	99,093	116%
Costs with Deposits	-36,517	-32,048	14%
Costs with short-term wholesale funding	-18	-33	-45%
Other funding costs	-7,542	0	-
Costs of financial instruments liabilities	-44,077	-32,081	37%
Net Interest income	170,203	67,012	154%

Amounts in thousands of Angolan Kwanza

Profit from financial intermediation increased by about 75%, due to the provision of more financial services and more foreign currency transactions.

	2014	2013	Variation
Profit from trading and changes in fair value	0	0	-
Profit from foreign currency transactions	438,801	302,480	45%
Profit from provision of financial services	380,504	187,370	103%
Provisions for bad debt and guarantees	-19,056	-2,631	624%
Profit from Financial Intermediation	970,452	554,230	75%

Amounts in thousands of Angolan Kwanza

Administrative costs, mainly staff costs and cost of utilities were up 23% from 2013 to 2014 which is in line with the current growth of the business.

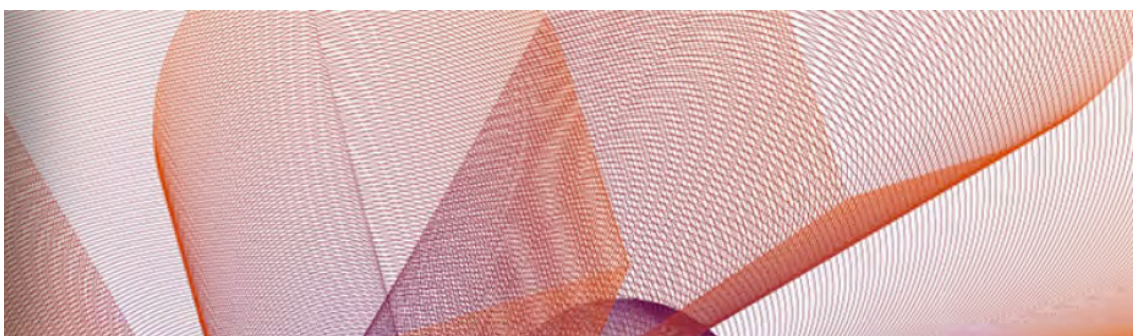
	2014	2013	Variation
Staff	-286,515	-196,751	46%
Utilities	-218,845	-180,610	21%
Non-profit taxes and fees	-2	-77	-97%
Fines charged by Regulatory Authorities	-1,574	-284	454%
Other Administration and general expenses	-1,143	-1,811	-37%
Depreciations and Amortizations	-38,003	-63,979	-41%
Cost recovery	0	0	-
Administration and general expenses	-546,081	-443,512	23%
Provisions for other probable amounts and commitments	0	0	-
Other Operating Income and Expenses	19,153	16,027	20%
Other Operating Income and Expenses	-526,928	-427,484	23%
Operating Income	443,524	126,745	250%

Amounts in thousands of Angolan Kwanzas

Profit and its application

Operating income increased 250% between 2013 and 2014, and was absorbed by current tax charge which went up 182%.

The net profit for 2014 is 303.032 million Kwanzas, equivalent to a 260% increase as compared to the previous year which should be recorded under Retained Earnings.



Financial Statements

Balance sheet as at 31 December 2014 and 2013

(amounts in thousands of Angolan kwanzas)

	Notes	2014	2013
ASSETS			
Cash and cash equivalents	3	3,728,507	1,281,740
Short-term wholesale funding		0	1,307,054
Securities	4	1,168,214	0
Items in the course of collection from other banks	5	9,909	0
Loans and Advances to clients	6	774,486	889,201
Other amounts	7	93,316	207,082
Fixed assets	8	351,874	372,572
TOTAL ASSETS		6,126,307	4,057,647
LIABILITIES			
Deposits	9	3,329,822	2,507,332
Current deposits		2,305,084	1,775,811
Savings accounts		1,024,737	731,521
Items in the course of collection due to other banks	10	22,048	6,128
Short-term wholesale funding	11	312,109	0
Other liabilities	12	85,205	235,279
TOTAL LIABILITIES		3,749,185	2,748,738
EQUITY			
Share capital	14	2,265,249	1,500,000
Reserves and Funds	14	14,795	14,795
Retained earnings/losses	14	-205,953	-290,040
Operating profit	14	443,524	126,745
Profit tax	21	-135,048	-47,939
Non-operating profit/loss	14	-5,443	5,347
TOTAL EQUITY		2,377,123	1,308,909
TOTAL LIABILITIES + TOTAL EQUITY		6,126,308	4,057,647

Income Statement as at 31 December 2014 and 2013

(amounts in thousands of Angolan kwanza)

	Notes	2014	2013
Income from short-term interbank investments	15	35,191	27,147
Income from securities	15	95,718	7,602
Income from derivative financial instruments	15	0	0
Income from loans and advances to clients	15	83,371	64,344
Income from Financial Instruments – Assets		214,280	99,093
Costs with deposits	15	-36,517	-32,048
Costs of short-term wholesale funding	15	-18	-33
Other funding costs	15	-7,542	0
Costs of Financial Instruments- Liabilities		-44,077	-32,081
NET INTEREST INCOME		170,203	67,012
Profit from trading and changes in fair value		0	0
Profit from foreign currency transactions	16	438,801	302,480
Profit from the provision of financial services	17	380,504	187,370
Provisions for bad debt and guarantees	6	-19,056	-2,631
PROFIT FROM FINANCIAL INTERMEDIATION		970,452	554,230
Staff	18	-286,515	-196,751
Utilities	19	-218,845	-180,610
Non-profit taxes and fees		-2	-77
Fines charged by Regulatory Authorities		-1,574	-284
Other administration and general expenses		-1,143	-1,811
Depreciations and Amortizations	8	-38,003	-63,979
Cost recovery		0	0
Administration and General Expenses		-546,081	-443,512
Provisions for other probable assets and liabilities		0	0
Other operating income and expenses	20	19,153	16,027
Other operating income and expenses		-526,928	-427,484
OPERATING PROFIT		443,524	126,745
Non-operating profit		-5,443	5,347
PROFIT BEFORE AND AFTER TAX		438,081	132,093
Profit tax	21	-135,048	-47,939
PROFIT FOR THE YEAR		303,032	84,154

Statement of Changes in Equity as at 31 December 2014 and 2013

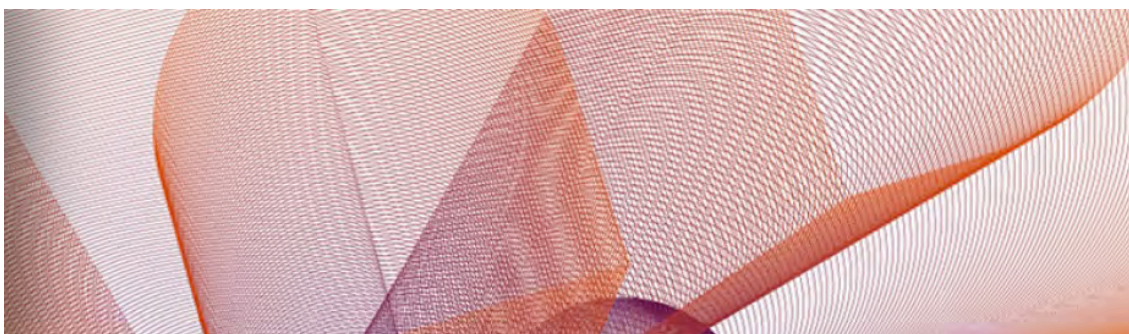
(amounts in thousands of Angolan kwanza)

	Share Capital	Reserves and Funds	Retained profit	PROFIT/LOSS FOR THE YEAR	Total
Balance at 31 December 2013	1,500,000	14,795	-290,040	84,154	1,308,909
Retained earnings	0	0	84,154	-84,154	0
Distribution of dividends	0	0	0	0	0
Increase of Share capital	765,249	0	0	0	765,249
Elimination of Reserves and funds	0	0	0	0	0
Profit for the year 2014	0	0	0	303,032	303,032
Balance at 31 December 2014	2,265,249	14,795	-205,953	303,032	2,377,123

Statement of Cash Flows for the years ended 31 December 2014 and 2013

(amounts in thousands of Angolan kwanza)

	2014	2013
Net Cash flow from Operating activities	310,671	154,571
Cash flow from financial Intermediation	989,508	556,862
Net Interest Income	170,203	67,012
Trading and changes in fair-value	0	0
Proceeds from foreign currency transactions	438,801	302,480
Proceeds from providing financial services	380,504	187,370
Cash flow from Profit/Loss on Stocks, Products and other services	0	0
Proceeds and Payments from/of Other Operating Income and expenses	-678,837	-402,291
Payment of administration and general expenses	-546,081	-441,163
Proceeds from settlement of operations with other banks	6,011	22,845
Other Assets and Other Liabilities	-157,920	0
Other operating income and expenses	19,153	16,027
Net Cash flow from Investing activities	236,249	-1,321,203
Cash flow from Investing activities	253,554	-1,274,404
Short-term funding/borrowing	1,307,054	-1,307,054
Purchase/proceeds from sale of securities	-1,168,214	546,637
Loans	114,715	-513,987
Purchase/proceeds from sale of other assets	0	0
Net Cash from Fixed Assets	-17,305	-46,799
Purchase of Fixed Assets	-17,305	-46,799
Net cash from financing activities	1,899,848	886,107
Cash flow from financing activities	1,134,599	754,517
Financing through Clients deposits	822,490	754,517
Financing through short-term wholesale funding	312,109	0
Financing through minority interests	0	0
Financing through equity	765,249	131,590
Proceeds from increase of capital	765,249	131,590
Payments for reduction of capital	0	0
Cash flow from financing through other liabilities	0	0
Real change in cash and cash equivalents	2,446,768	-280,525
Cash and cash equivalents ate the beginning of the year	1,281,740	1,562,265
Cash and cash equivalents ate the end of the year	3,728,507	1,281,740
Changes in cash and cash equivalents	2,446,768	-280,525



Notes to the Financial Statements

For the year ended 31 December 2014 and 2013
(amounts in thousands of Angolan kwanza)

1. Introductory note

The Banco Comercial do Huambo was incorporated by a public deed on 17 June 2009, hereinafter referred to as "Bank" or "BCH".

BCH is a regional bank, with head office in Huambo and its object is banking activity, supporting small and medium-sized companies, contributing strongly for the social and economic development of the region which is based on agro-industrial economic activity. The bank started its commercial activity on 16 July 2010.

BCH will also offer its clients a consultancy service, from setting up a company right through studies of financial and economic feasibility. This is an innovative service in the Angolan financial system, available at the current branches of the Bank, situated in the cities of Huambo and Luanda.

Concerning the ownership structure which is described in Note 13, the Bank is owned by Angolan shareholders, while Note 22 explains balances with associates.

In compliance with the requirements of the Accounting Plan for Financial Institutions (CONTIF) and standards and instructions issued by Banco Nacional de Angola (National Bank of Angola, hereinafter referred to as "BNA"), concerning the official publication, we hereby set out the explanatory notes and information considered relevant for the interpretation of the attached financial statements.

2. Basis of presentation and a summary of the main accounting policies

2.1 Comparative Information

The amounts presented in the Financial Statements relate to the period of 31 December 2013 to 31 de December 2014.

2.2 Basis of Presentation

The financial statements are prepared on historical cost basis and are stated in thousand Kwanza (thousand AKZ). They are in compliance with the accounting principles adopted by the Bank, namely going concern, prudence and accrual basis of accounting, among others, in accordance with the Accounting Plan (Contif) for the banking sector, established by BNA, as provided for in Instruction n° 09/07 of 19 September of BNA, which came into force on 1 January 2010 and Regulation 04/DSI/2012, which rules that International Accounting Standards must be applied for all accounting procedures and criteria not set in Contif.

2.3 Presentation Currency

The Bank's financial statements as at 31 December 2014 are presented in Angolan Kwanza (thousands of AKZ), as provided in art. 5 of Notice n° 15/2007 of BNA, thus all Assets & Liabilities items denominated in foreign currency are translated at the average indicative rate published by BNA at balance-sheet date.

The income and expenses items in the Income Statement are translated at the average exchange rate for the year and historical exchange rate was used for the Equity items.

On 31 December 2014, the exchange rates of the currencies to which the Bank is more exposed in relation to AKZ, were:

Currency	2014	2013
USD	102,86	97,62
EUR	125,19	134,39

2.4 Accounting Policies

The main accounting policies adopted in the preparation of the financial statements and which have been consistently applied ever since the start of operations of BCH are set out below:

a. Accrual basis of accounting

The Bank recognizes income and expenses when it is earned or is incurred, regardless of having been received or paid, and are disclosed in the financial statements for the years to which they relate.

Income is considered realized when: i) in the transactions with third parties, the payment has been made or there is a serious commitment to payment; ii) there is a partial or total settlement of a liability, for whatever reason, without the simultaneous write-off of an asset of equal or higher value; iii) there is a natural generation of new assets with or without third-party intervention; or) d) donations or grants are received.

The expenses, in turn, are considered incurred when: i) an asset is written-off due to a transfer of its ownership to a third party; ii) an asset devaluates partially or completely; or iii) a liability occurs without a corresponding asset.

b. Loans and advances

Loans and advances are financial assets and are recorded at their contracted amounts when lent by the Bank. The initial entry is made on the debit side of a credit item, depending on its type and currency, and the latter is credited according to respective received amounts.

Liabilities for guarantees and commitments are recorded in off-balance sheet accounts at amount at risk, and interest flows, commission and other income items are recorded in the income statement over the life of the transactions.

Renegotiated loans and advances are recorded at total loan value plus respective due interest. Gains or income resulting from the renegotiation are recognized when received.

Every year, the Bank writes-off loans and advances which have been under Category G for over 6 months by using the corresponding provision (transfer of loans and advances to loss). Furthermore, these loans and advances are listed in an off-balance item during at least 10 years.

According to Notice 3/2012, the Bank writes-off the interest past due by 60 days or more and does not recognize the interest from that date onwards until the client regularizes the situation.

c. Provision for most credit risk

The method used for calculating the provisions for losses on Client loans, has followed in 2010 and early 2011 the requirements of Notice n°4/2009 of 18 June. On 8 June 2011, the BNA published Notice n° 4/2011 which repealed Notice n° 4/2009, and which was later substituted by Notice n° 3/2012 that contained the rules regarding provisions, but imposed restrictions on granting loans in foreign currency.

The provisions are constituted on the date the loans are granted, on the basis of the client risk profile, according to the following categories:

- Level A – No risk
- Level B – Very small risk
- Level C – Small risk
- Level D – Moderate risk
- Level E – High risk
- Level F – Very high risk
- Level G – Risk of financial loss

The classification of each credit operation shall be revised at least once a year, through a re-evaluation of the criteria for the initial classification of the client, having in mind the minimum levels of provision calculated pursuant to Notice n° 3/2012.

Without prejudice to the revision mentioned in art. 4 of the referred Notice, the financial institution revises on a monthly basis each credit rating according to verified delays in payment of the principal or interests, and the rating of all credit operations for the same client, for provision calculation purposes, falls into the highest risk category. Thus the credit is classified in the risk categories according to the extent of time from the event of default, pursuant to Notice n° 3/2012, which sets the following minimum levels of provision for loans with residual maturity of up to 24 months:

Risk	Risk Level	Days of default	Minimum Provision provided
No risk	A	–	0%
Very small risk	B	15 to 30	1%
Small risk	C	30 to 60	3%
Moderate risk	D	60 to 90	10%
High risk	E	90 to 150	20%
Very high risk	F	150 to 180	50%
Loss	G	over 180	100%

According to article 10 of the referred Notice, for loans past due over 24 months, the deadlines for monthly revision verified on the payment of principal and interest, might be counted in double.

d. Financial Assets

Investment in Associates

This item includes those investments in legal entities where the Bank holds, directly or indirectly, 10 per cent or more of the respective voting capital, without exercising control. (an associate). These assets are accounted for by the equity method, and in cases of significant influence the equity method is used when the Bank has influence in the management or when it holds, directly or indirectly, 20% or more of the voting capital of the associate.

Interests in Other Entities

This item includes the interests in entities in the voting capital of which the Bank holds, directly or indirectly, less than 10%.

These financial assets are recorded at acquisition cost less provision for losses.

e. Tangible and Intangible Fixed Assets

The intangible fixed assets are recorded at acquisition cost, including acquisition and development costs of software used for data processing, costs related to incorporation, organization, restructuring, expansion and/or modernization of the Bank, improvements in third-party properties, and products in development classified as assets.

The tangible fixed assets are recorded at acquisition cost and are there included, which revaluation is permitted pursuant to legal provisions.

The immovable properties are presented at cost less accumulated monthly depreciation which is calculated from the effective date of bringing the assets into working condition using the straight-line method and according to the Corporate Tax Act, which defines the following years of estimated useful life:

	Years of useful life
Own buildings	50
	10
Equipment:	
Office equipment and Materials	10
Computers and similar equipment	3
Fittings	10
Vehicles	3
Machinery and tools	6 and 7

The expenses incurred during the investment stage in new product development are not recognized as intangible assets but rather as costs in the income statement.

f. Securities

The securities acquired by the Bank are recorded at acquisition cost and according to their characteristics and purchase purpose, they fall into the following categories:

- i. Trading;
- ii. Available for sale;
- iii. Held-to-maturity.

The category "trading securities" includes all securities purchased with the purpose of active and frequent buying and selling.

The category "available-for-sale securities" includes only the securities which are acquired with the purpose to be eventually sold and as such do not fit into any other category.

The category "held-to-maturity securities" contains those securities that the Bank has the intent and ability to hold in its portfolio to maturity. This ability is proved on the basis of cash flow projections without considering the possibility to sell the securities before maturity.

Gains from securities, corresponding to yields to maturity or dividend yields, are recognized directly in profit or loss, regardless of the category under which they were classified, whereas gains from the sale of shares held less than 6 months are recognized by offset against acquisition cost.

The securities classified under the "trading and available-for-sale" categories are adjusted at fair value, and the respective gains or losses due to changes in fair value are recognized:

- i. In profit/loss for the year, when referring to "trading securities";
- ii. In equity, when referring to available-for-sale securities, at after-tax value, which must only be transferred to the profit or loss for the year when sold.

The adjustment of the fair value of the securities follows the pricing criteria, defined by BNA. The permanent losses on securities are immediately recognized in the profit/loss for the year, and the adjusted value resulting from the recognition of the mentioned losses becomes the new value base for income/loss appropriation purposes, with those not to be reverted to future financial years.

The securities classified under held-to-maturity category are valued at acquisition cost, plus their yields to return, and possible profits or losses are recognized on the redemption date at the difference between the redemption price and their accounting value.

g. Foreign Currency Transactions

The purchase and sale of foreign currency when settled on the contract date are recorded in the balance sheet of the Bank. If the settlement date is after contract date, then they are recorded in off-balance sheet accounts.

The foreign currency operations are recorded in the respective currencies, pursuant to the principle of multi-currency system, on the basis of the official exchange rate announced by the BNA on the date of the transaction. Unrealized gains and losses resulting from exchange differences are reported in profit and loss accounts.

Differences and changes in the exchange rates concerning the purchase and sale of foreign currency which have occurred within the signing and settlement of the exchange contract are accounted for in the account "Results from Transactions in foreign currencies" against the balance-sheet account "Receivables - Income from Purchase and Sale of Foreign Currency" or "Payables - Liabilities from Purchase and Sale of Foreign Currency", as applicable.

h. Provisions and Contingencies

Provisions are recognized when i) the Bank has legal or constructive present obligation; ii) its payment is probable; and iii) the amount of this obligation can be estimated reliably.

Contingent liabilities are recognized in off-balance sheet accounts when the Bank has i) a possible present obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more future events which are not wholly within the control of the Institution and ii) a present obligation which has arisen as a result of past events, but which is not recognized because payment is not probable or because the amount cannot be measured reliably.

Contingent assets are recognized in off-balance sheet accounts when a possible present asset, arising from past events, whose existence will be confirmed only by the

occurrence or not-occurrence of one or more future events not wholly within the control of the entity.

i. Corporation Tax

The Bank is subject to corporation tax of 30% and is considered a Group A taxpayer.

The corporation tax includes current and deferred taxes. The corporate income taxes are recognized in the income statement, except when they relate to items which are credited or charged directly to equity in which case the taxes are also charged or credited directly to equity.

The current taxes are the taxes expected to be paid in respect of the taxable profit for a year, obtained pursuant to the tax regulations in force and applying the tax rate mentioned above.

The deferred tax assets and liabilities are recognized for temporary differences between the amount of an asset or liability and its tax base. The deferred taxes and liabilities are measured on the basis of the tax rates expected to apply to the period when the asset is realized or the liability is settled.

j. Reduction in Recoverable Value of Assets (Impairment)

The bank reviews its assets periodically to look for assets which carrying amount exceeds its recoverable amount. There is a reduction in the carrying amount (impairment) of an asset when its carrying amount exceeds its recoverable amount.

In order to identify an asset that might be impaired, the Bank takes into account the following indicators:

- i. Significant decline of the asset value, more than the expected from its normal use;

- ii. Significant changes in technology, economy or laws which have negative effect on the Bank;
- iii. Increases in interest rates or any market rates, affecting the discount rates and leading to reduction in the present or recoverable value of the assets;
- iv. Carrying amount of liquid assets greater than market value;
- v. Available evidence of obsolescence or physical damage of the asset;
- vi. Significant changes in the usage patterns of the asset, such as non-usage or part of a restructuring, with negative effect on the Bank; and
- vii. Indication of worse economic performance of the asset than expected.

3. Cash & Cash Equivalents

At 31 December 2014 and 2013, the item "Cash and Cash equivalents" is comprised of the following components:

Cash and Cash equivalents	2014	2013
Cash	560,719	477,054
Notes and coins in national currency	558,065	474,400
Notes and coins in foreign currency	2,654	2,654
Deposits with the Central Bank	2,866,555	285,724
Current accounts at the National Bank of Angola		
In national currency	2,660,346	90,028
In American dollars	206,209	195,696
Deposits at other banks abroad	301,233	518,961
Checks in the course of collection - national currency	875	1,481
Current accounts abroad	300,358	517,480
Total	3,728,507	1,281,740

The item "Deposits with the Central Bank" comprises non-interest bearing current accounts in national and foreign currencies, which purpose is to fulfil the requirements of minimum reserves set by the BNA and other effective liabilities.

On 4 June 2010, Regulation n° 3/2010 of BNA came into force, and determined that the mandatory reserves must be made in two currencies – AKZ for the accounts in AKZ which comprise the reserve base and USD for the accounts in foreign currency which comprise the reserve base.

In 2014, the BNA issued Regulation n°1/2014, of 12 February which establishes that the reserves in national currency must be 12,5%, except Local Government deposits which are subject to 50% and Central Government deposits subject to 100%. The coefficient of mandatory reserves in foreign currency is 15% for customer deposit balances and 100% for Local & Central Government deposit balances, as well as for Town Halls.

Deposits with financial institutions abroad (in foreign currency) include the account balances at the respective banks and those amounts are part of the management of the Bank's current operations.

4. Securities

As at 31 December 2014 the item "Securities" was comprised of the following:

Debt Securities	Risk Level	Country	Currency	Acquisition cost	Discounted	Interest rate yields	Balance sheet value	Average Interest Rate
Treasury bills	-	-	-	-	-	-	-	-
Government bonds in national currency								
Indexed to the US dollar exchange rate	A	Angola	AKZ	1,088,797	57,343	22,074	1,168,214	7.00%
Not indexed	-	-	-	-	-	-	-	-

As at 31 December 2013, the Bank had not invested in any debt securities.

At 31 December 2014, the securities in the Bank's portfolio were classified as held-to-maturity with original maturity of over 1 year.

The security investment policy, adopted by the Bank, is adjusted to the Angolan market, mainly by means of the following:

- i. focus on public debt securities and short-term government bonds;
- ii. profit-oriented criteria;
- iii. maintenance of liquidity and market risks associated controls.

5. Items in the course of collection from and due to other bank

As at 31 December 2014 and 31 December 2013, the items were structured as follows:

Items in the course of collection from and due to other banks	2014	2013
Branches	0	0
Counterparties		
Debtors Operations in the course of settlement	5,228	0
Check clearings	0	0
Other items in the course of collection from and due to other banks	4,681	0
Total	9,909	0

The amounts presented at 31 December 2014 refer mainly to clearing of interbank card transactions, cashier's check and check clearings, which amounts were settled in the beginning of 2015.

6. Loans and advances to Clients

As at 31 December 2014 and 31 December 2013 this item was broke down as follows:

Loans and advances to clients	2014	2013
Loans and advances within the country		
Short-term loans:		
National currency	186,770	321,609
Foreign currency	0	0
Overdrafts:	0	0
National currency	69	15
Foreign currency	0	0
Advances:	0	0
National currency	18,000	0
Foreign currency	0	0
Loans:	0	0
National currency	555,595	544,155
Foreign currency	69	823
Loans and advances to clients abroad	0	0
Total	760,503	866,601
Total performing loans	760,503	866,601
Total overdue loan and interest	27,279	20,091
Total loans and advances to clients	787,782	886,692
Income from loans	5,675	5,837
Provision for bad debt	-18,972	-3,328
Net loans and advances to clients	774,486	889,201

As at 31 December 2014 and 2013, the average annual interest on client loans was as follows:

Average annual interest on loans:	2014	2013
Loans and advances to clients in AKZ	15.98%	15.64%
Loans and advances to clients in USD	7.31%	7.31%

At 31 December 2014 and 2013, outstanding loan balances, excluding income receivables, are as follows:

	2014	2013
Up to 1 year	217,676	344,350
From one to three years	153,111	169,002
From three to five years	64,038	40,010
Over five years	325,678	313,239
Total	760,503	866,601

As at 31 December 2014, the lending portfolio, excluding income receivables, presented the following structure, per type of borrower:

	Performing	Non-performing	Total
Companies			
Short-term loans	186,770	17,443	204,214
Overdrafts	68	752	820
Loans	296,454	8,102	304,556
Advances	18,000	0	18,000
Individuals			
Short-term loans	0	0	0
Overdrafts	1	95	96
Loans	259,210	886	260,096
Advances	0	0	0
Total	760,503	27,279	787,782

As at 31 December 2014 and 2013, the specification per currency of loans and advances without income receivables had the following structure:

	2014	2013
Kwanzas	787,708	885,869
American dollars	74	823
Total	787,782	886,692

As at 31 December 2014 and 2013, the lending portfolio, without income receivables had the following structure according to reference rates:

Year	Fixed rate	Variable rate – Reference rates			Total
		Lulbor 3M	Lulbor 6M	Lulbor 12M	
2014	32,570	18,000	0	737,212	787,782
2013	40,720	16,402	112,013	717,557	886,692

As at 31 December 2014 and 2013, the composition of lending portfolio per economic sector is as follows:

Economic sectors	2014	%	2013	%
Agriculture, Forestry and Fisheries	321,999	40.9%	281,881	31.8%
Wholesale and retail trade	171,306	21.7%	267,340	30.2%
Construction	0	0.0%	96,870	10.9%
Processing industry	4,853	0.6%	4,995	0.6%
Individuals	260,193	33.0%	226,445	25.5%
Services and real estate	24,418	3.1%	6,615	0.7%
Transports, Storage and Communications	5,000	0.6%	1,729	0.2%
Other	14	0.0%	818	0.1%
Total	787,782	100%	886,692	100%

The following table presents the distribution of loans per risk category and corresponding provisions as at 31 December 2014 and 2013:

Risk Category	2014			2013		
	Loans	Provisions	Average rate of provisions	Loans	Provisions	Average rate of provisions
A	13,133	0	0.0%	686,982	0	0.0%
B	491,475	4,759	1.0%	146,945	1,398	1.0%
C	251,022	7,531	3.0%	36,939	1,036	3.0%
D	20,330	2,033	10.0%	1	0	10.0%
E	8,966	1,793	20.0%	1,393	279	20.0%
F	0	0	0.0%	2,583	547	50.0%
G	2,857	2,857	100.0%	11,849	69	100.0%
Total	787,782	18,972	2.4%	886,692	3,328	0.4%

The movements occurred in the provisions throughout 2014 are presented below:

Balance at 31 December 2013	3,328
Provisions for the year net of additions and replenishments	0
Write-offs	-3,509
Balance at 31 December 2014	-181

7. Other assets

The balance of "Other Assets" as at 31 December 2014 and 31 December 2013 is shown below:

Other Assets	2014	2013
Tax assets		
Recoverable amount	7,817	109,834
Other		
Advances to suppliers	0	963
Exposures to third-parties	0	-274
Differences in cash and cash equivalents	43,522	46,144
Other general and administration assets		
Working capital	1,632	453
Advances to employees	4,493	363
Anticipated expenses	27,977	41,737
Office material	7,788	7,862
Other advance payments	87	-1
Total	93,316	207,082

The reduction in 2014 verified in the balance of Recoverable Tax is due to the deferred tax recorded under this item which was fully utilized to offset the profit in 2014. This deferred tax consisted of tax losses obtained during 2011 and 2012.

Other assets include mainly differences in cash and cash equivalents occurred in 2014 and a difference identified at the end of 2013, resulting from an update of the accounting software. As it was not possible to trace the origin of this difference during 2014, the Bank shall recognize this asset in its financial statements following 2015.

8. Fixed Assets

As at 31 December 2014 and 31 December 2013, the item of fixed assets contains the following:

Fixed Assets	2014	2013
Tangible Fixed Assets		
Buildings	206,819	206,819
Vehicles	2,352	2,352
Office equipment	47,195	40,208
Computers and similar equipment	0	0
Banking equipment	29,773	23,242
Security equipment	1,604	1,207
Work in progress	15,864	41,783
Other tangible fixed assets	13,803	13,803
Gross value	317,409	329,414
Accumulated depreciation of Tangible Fixed Assets		
Buildings	-8,962	-4,826
Vehicles	-1,568	-784
Office equipment	-12,802	-8,121
Computers and similar equipment	0	0
Banking equipment	-7,860	-4,957
Security equipment	-263	-111
Work in progress	0	0
Other tangible fixed assets	-5,981	-4,601
Total Depreciation	-37,435	-23,399
Net value	279,974	306,015
Intangible fixed assets		
Software	93,756	66,719
Incorporation costs	129,936	129,936
Expenses with expansion	8,819	8,819
R&D	2,658	2,658
Other intangible fixed assets	8,411	8,411
Gross value	243,579	216,543
Accumulated amortization of Intangible Fixed Assets		
Software	-66,809	-47,427
Incorporation costs	-129,408	-126,653
Expenses with expansion	-8,819	-8,078
R&D	-2,238	-1,355
Other intangible fixed assets	-8,248	-8,041
Total Amortization	-215,521	-191,554
Net value	28,059	24,989
Financial assets		
Interests in other entities	43,842	41,569

In short version:

Total Fixed Assets	2014	2013
Fixed Assets – Gross value	604,830	587,525
Amortization and Depreciation	-252,956	-214,953
Net Value	351,874	372,572

In 2012, there was significant investment in system redundancy through the implementation of “data center” in Luanda. With this project BCH now has two sites, Huambo and Luanda, thereby enabling data replication between both sites which in turn contributed to a solution of “disaster recovery”.

The amount recognized in tangible and intangible fixed assets refers mainly to investments made during the period preceding and following the opening of the Bank. The intangible fixed assets correspond to start-up expenses, such as construction works in the head office, expenses with projects and consulting services.

BCH branch network as at 31 December 2014 is comprised of 4 branches. Situated in Huambo, Maculusso, Catholic University (UCAN) and Palanca.

The tangible fixed assets are recorded at acquisition cost.

The accumulated movement in fixed assets as at 31 December 2014, denominated in thousands of Kwanzas, is hereby shown:

Fixed Assets	Opening balance Dec-13	Acquisitions in 2014	Transfers in 2014	Write-offs 2014	Settlements in 2014	Gross assets Dec-14	Amortizations Dez-14	Closing balance Dez-14
Financial Assets	41,569	2,273	0	0	0	43,842	0	43,842
Interests in other Companies	41,569	2,273	0	0	0	43,842	0	43,842
Tangible Fixed Assets	329,414	12,008	-25,088	0	1,076	317,409	-37,435	279,974
Buildings	206,819	0	0	0	0	206,819	-8,962	197,857
Vehicles	2,352	0	0	0	0	2,352	-1,568	784
Office equipment	40,208	6,156	831	0	0	47,195	-12,802	34,393
Banking equipment	23,242	5,455	0	0	1,076	29,773	-7,860	21,913
Security equipment	1,207	397	0	0	0	1,604	-263	1,341
Other tangible fixed assets	13,803	0	0	0	0	13,803	-5,981	7,821
Works in progress	41,783	0	-25,919	0	0	15,864	0	15,864
Intangible fixed assets	216,543	1,948	25,088	0	0	243,579	-215,521	28,059
Software	66,719	1,948	25,088	0	0	93,756	-66,809	26,947
Incorporation costs	129,936	0	0	0	0	129,936	-129,408	529
Expenses with expansion	11,477	0	0	0	0	11,477	-11,056	420
Other intangible fixed assets	8,411	0	0	0	0	8,411	-8,248	163
Total Fixed Assets	587,525	16,229	0	0	1,076	604,830	-252,956	351,874

9. Client Deposits

As at 31 December 2014 and 31 December 2013, the breakdown of this item is presented below:

Current accounts	2014	2013
In national currency	1,853,424	1,402,398
In foreign currency	451,660	373,413
Total	2,305,084	1,775,811
Savings accounts		
In national currency	453,365	243,671
In foreign currency	571,373	487,849
Total	1,024,737	731,521
Total Clients Deposits	3,329,822	2,507,332

In comparison to 31 December 2013, client deposits went up 32,8%, as a result of the Bank's strategy to expand its commercial banking activity clearly through this type of funding.

The breakdown of the savings accounts, according to the respective maturity and currency is as follows:

Savings accounts	2014	2013
National currency		
From 0 to 3 months	362,874	117,662
Over 3 months	85,347	126,009
Total National currency	448,221	243,671
Foreign currency		
From 0 to 3 months	561,118	417,596
Over 3 months	0	70,253
Total Foreign currency	561,118	487,849

As at 31 December 2014, the saving accounts offered an average interest rate of 4,12% per year for national currency and 3,31% per year for foreign currency. The current accounts opened with the Bank in national and foreign currency were not remunerated during 2014.

10. Other liabilities

As at 31 December 2014 and 2013, this item had the following structure:

Items in the course of collection due to other banks	2014	2013
Between Agencies	0	0
Between counterparties		
Checks payable by the Bank	-1,611	1,478
Certified checks	3,805	3,589
Other outstanding transactions	19,854	1,062
Total	22,048	6,128

The item other outstanding transactions refers mainly to settlement of card transactions.

11. Short-term wholesale funding

At 31 December 2014 and 2013 short-term funding comprised of the following:

Short-term wholesale banking	2014	2013
Borrowing from credit institutions in the country		
In foreign exchange	308,589	0
Costs – Interest rates	3,520	0
Total	308,589	0

As at 31 December 2014, the item short-term wholesale funding refers to a transaction carried out with a national credit institution with maturity of less than 6 months, at an interest rate of 2,15%.

12. Other Liabilities

At 31 December 2014 and 2013 this item had the following structure:

Other liabilities	2014	2013
Other Tax liabilities		
Corporation Tax	30,818	0
Tax payable		
Capital gains tax	373	380
Income tax	6,817	1,217
Other	2,346	1,335
Other general liabilities		
Creditors due to provision of services	33,729	191,622
General Creditors	1,234	34,461
Other administration and general liabilities		
Staff – Salaries and other remunerations	7,003	5,346
Social security contributions	2,886	918
Total	85,205	235,279

The balance of other tax liabilities consists primarily of state taxes.

13. Equity

As at 31 December 2014 and 2013, the Equity is broken down into:

Equity	2014	2013
Share capital	2,265,249	1,500,000
Reserves and funds	14,795	14,795
Retained earnings	-205,953	-290,040
Profit for the year	303,032	84,154
Total	2,377,123	1,308,909

The Banco Comercial do Huambo was incorporated in 2009 with share capital of 300 million AKZ. In 2011 the Bank increased its share capital to 1 billion AKZ and in 2012 there was paid-up increase of capital to 1.5 billion AKZ, divided into 1.500.000 shares, issued at par, with a nominal value of 1.000 AKZ each. And in 2014, the Bank increased its share capital to 2.265.249.000 AKZ, fully subscribed and paid up.

Despite the capital increase carried out, as at 31 December 2014 the Bank does not yet fulfill the minimum regulatory requirement for share capital and equity of 2.5 billion Kwanzas, imposed by BNA through Notice No. 14/2013. To regularize this situation our Bank has asked BNA for extension of the deadline for the required capital increase, which should take place by the end of the first half of 2015 through incorporation of reserves.

As at 31 December 2014, the share capital was distributed as follows:

Shareholders	Par value / share (in AKZ)	N° shares (in thousands)	Total (in thousands of AKZ)	Interests
Natalino Lavrador	1,000	1,167	1,166,603	51.50%
Minoru Dondo	1,000	453	453,050	20.00%
António Mosquito	1,000	453	453,050	20.00%
Sebastião Lavrador	1,000	125	124,589	5.50%
Carlos Oliveira	1,000	68	67,957	3.00%
Total	5,000	2,265	2,265,249	100.00%

Furthermore, please note that changes in equity are disclosed under the heading "Statement of changes in equity".

14. Off-balance sheet items

As at 31 December 2014 the off-balance sheet accounts had the following balances:

Off-balance sheet accounts	2014	2013
Commitments by third parties		
Guarantees obtained & Revocable commitments	1,160,601	848,691
Commitments to third parties		
Guarantees granted	0	34,157
Total	1,160,601	814,535

15. Net Interest Income

The following is the breakdown of this item as at 31 December 2014 and 2013:

Net interest income	2014	2013
Gains from short-term interbank investments	35,191	27,147
Gains from securities	95,718	7,602
Interest income	83,371	64,344
Total Interest Income from financial instruments assets	214,280	99,093
Interest expenses	-36,517	-32,048
Short-term wholesale funding costs	-18	-33
Other funding costs	-7,542	0
Total Interest expense from financial instruments liabilities	-44,077	-32,081
Total	170,203	67,012

The Net Interest Income of the Bank at 31 December 2014 increased by 154% in comparison to the previous year. Such improvement results from the implementation of the strategy for 2014 by the Board of Directors oriented towards increase of investment in Public Debt Securities.

This investment in securities led to a 1.159% increase in gains from these assets recorded at December 31, 2014 when compared to 2013. These gains result not only from the yields on the securities but also from changes in the exchange rate of the dollar against the Kwana, which took place in 2014, as those are Government bonds indexed to the US dollar, as referred to in Note 4.

Income from customer loans also went up 154% when compared to 2013. Interest income from loans reflects the interest income from all loans granted and on which payment is due, as well as due interest paid by clients, arising from delayed payments of the instalments.

16. Results from Foreign Currency Transactions

At 31 December 2014 and 2013, this item comprised the following:

Results from foreign currency transactions	2014	2013
Profit from foreign currency transactions	5,924,587,665	2,591,025
Losses from foreign currency transactions	-5,924,148,865	-2,288,545
Total	438,801	302,480

The results from foreign currency transactions of the Bank can be further broken down into:

Results from foreign currency transactions	2014	2013
Exchange reevaluations in foreign exchange assets and liabilities	-50,133	-1,260
Purchase and Sale of foreign currencies	488,933	303,740
Total	438,801	302,480

The foreign exchange results of the Bank at 31 December 2014 increased 45,1% when compared to the previous year. This improvement is due mainly to 2 factors:

- i. Negatively due to the global short position of the Bank in foreign currency, mainly dollars, as liabilities in this currency were higher than assets, which meant that during the year 2014, the Bank recognized losses from foreign exchange rate revaluation Kwanza – foreign currency.
- ii. Positively due to the result from purchase and sale of foreign currency due to the increase in the number of such operations.

17. Results from provision of Financial Services

As at 31 December 2014 and 2013, the results from provision of financial services were as follows:

Results from provision of financial services	2014	2013
Income from provision of financial services		
Commissions on transfers	366,343	172,615
Commissions on guarantees and collateral granted	1,493	681
Account opening fees	4,920	15,421
Charges for provision of bank services	21,825	13,210
Other service charges	2,357	2,478
Total Income	396,938	204,405
Expenses with provision of financial services		
Fees for automated clearing	-3,818	-1,842
Other service charges applied by third parties	-12,617	-15,193
Total Expenses	-16,435	-17,035
Net Total	380,504	187,370

The results from financial services, provided by the Bank as at December 31, 2014 increased 103.1% compared to the result obtained for the same period last year. This increase was mainly due to commissions on money orders issued by customers as referred to in Note 16.

18. Staff Costs

As at 31 December 2014 and 2013 this item was comprised of the following:

Staff costs	2014	2013
Basic salaries	229,461	147,451
Extra pays	40,313	34,686
Other remunerations	1,800	1,063
Social Security costs	9,280	9,714
Insurance against accidents at work	4,527	2,697
Other	1,134	1,141
Total	286,515	196,751

We point out that the increase in comparison to the previous year is in line with the Bank's growth, reflecting staff increase in order to provide the Bank with trained staff.

As at 31 December 2014 and 2013 the Bank had the following operational structure:

	2014	2013
Board of Directors	3	3
Management	3	2
Experts	15	17
Office staff	16	7
Total	37	29

19. Utilities and Contracted Services

As at 31 December 2014 and 2013 this item was broken down into:

Utilities and contracted services	2014	2013
Communications	25,233	15,909
Water and Energy	883	1,141
Transports, travel & accommodation	6,999	4,999
Publications, Advertising & Publicity	4,388	3,516
Security, Conservation and Repair	24,821	20,707
Expert services	106,511	68,789
Insurances	20	164
Leasing & Rentals	43,568	57,618
Materials	6,222	7,669
Other utilities	200	100
Total	218,845	180,610

The amount in expert services represents the audit and consulting costs incurred throughout the year. The item "leasing and rentals" contains the costs related to buildings rented by BCH.

20. Other operating Income and Expenses

As at 31 December 2014 and 31 December 2013 this item had the following components:

Other operating income and expenses	2014	2013
Income from different bank services	3,807	3,104
Interest income on Off-balance sheet operations	0	351
Expenses with the issue of Special Money Order	14,976	12,686
Other	370	-113
Total	19,153	16,027

21. Corporation Tax

As at 31 December 2014 and 2013, the taxable profit in Income Statement, as well as the effective tax rate can be summed up as follows:

	2014	2013
Profit before tax	438,081	132,093
Tax fines and other non-deductible expenses	17,663	6,810
Tax benefits	59,545	1,935
Taxable profit	396,198	136,968
Tax rate	30%	35%
Tax at nominal rate	118,859	47,939
Effects of change in the tax rate for the year	15,350	0
Tax for the year	134,209	47,939

As referred in Note 2 above, the bank is subject to Corporation Tax and is considered Group A taxpayer. The Corporation tax is 30%, as long as the Bank presents profit.

The difference between the applicable tax rate (30%) and the effective tax rate in the financial year of 2014 is primarily explained by gains on public debt securities, resulting from Government Bonds and Treasury Bills which the Bank holds in its portfolio and which pursuant to section 1 of Article 23, Corporation Tax Code, are tax exempt, and thus are deducted from taxable income.

At 31 December 2014, the Bank fully used the deferred tax asset which was recorded under "Other amounts" (Note 7) to offset the profit for the year. This deferred tax was comprised of tax losses occurred in 2011 and 2012.

22. Associates

At 31 December 2014 the Bank's balances with associates were as follows:

Associate	Current account AOA	Current account USD	Current account USD Import	Current Account EUR	Current account JPY	Current account JPY Import	Current account ZAR	Savings account AKZ
Auto Zuid	88,239,920	573,154	28,000	75	2,572,946	1,342,023	432,910	200,000,000
Natalino Lavrador	5,067,543	48,475	0	13,288	0	0	0	100,000,000
Exacta Engenharia LDA	0	0	0	0	0	0	0	0
Consortio Mayaca/Sol Mayor	2,629,805	49,796	2,583	467	0	0	0	0
Amosmid Lda	505,530	0	0	0	0	0	0	2,500,000
Sol Maior Emp. Part. Lda	0	0	0	0	0	0	0	0
Bobs Comércio geral Lda	0	0	0	0	0	0	0	0
Taiping Lda	0	0	0	0	0	0	0	0
Parige Lda	0	0	0	0	0	0	0	0
Esplanada Grill Lda	0	0	0	0	0	0	0	0
Valdomiro Minoru Dondo	17,351,655	441,517	0	0	0	0	0	0
Bacatral, sociedade de transp. LDA	13,365,131	0	0	0	0	0	0	0
M bakassy & Filhos	521,706	0	0	0	0	0	0	0
António Mosquito	63,698,303	109,127	0	0	0	0	0	0
Sebastião Lavrador	99,522,262	3,550	0	0	0	0	0	0
	290,901,855	1,225,619	30,583	13,830	2,572,946	1,342,023	432,910	302,500,000

As at 31 December 2014, the Bank did not lend financial resources to any of the above mentioned entities.

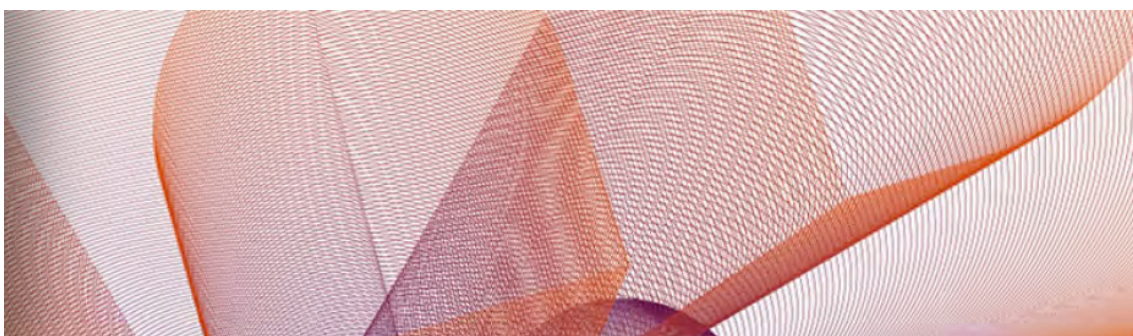
23. Balance sheet as per currency

At 31 December 2014, the Balance sheet as per currency had the following structure:

	National currency	Foreign currency	Total
ASSETS			
Cash & cash equivalents	3,205,482	523,025	3,728,507
Short-term bank investments	0	0	0
Securities	1,168,214	0	1,168,214
Items in the course of collection from other Banks	9,909	0	9,909
Loans and advances	772,368	2,118	774,486
Other assets	95,960	-2,644	93,317
Fixed assets	351,874	0	351,874
TOTAL ASSETS	5,603,808	522,499	6,126,307
LIABILITIES			
Deposits	2,309,232	1,020,589	3,329,822
Items in the course of collection due to other Banks	22,049	-1	22,048
Short-term wholesale funding	0	312,109	312,109
Other liabilities	74,373	10,833	85,205
TOTAL LIABILITIES	2,405,654	1,343,531	3,749,185
EQUITY			
Share capital	2,265,249	0	2,265,249
Reserves and Funds	14,795	0	14,795
Retained earnings/losses	-204,600	-1,352	-205,953
Operating profit	443,524	0	443,524
Profit tax	-5,443	0	-5,443
Non-operating loss	-135,048	0	-135,048
TOTAL EQUITY	2,378,476	-1,352	2,377,123
TOTAL LIABILITIES + EQUITY	4,784,130	1,342,178	6,126,308

24. Events occurred after the reporting period

As at 31 December 2014 and as at approval date of the financial statements, there were not any facts worth adjustments or disclosure in the Notes to the annual accounts for the period ended that have distorted or are likely to distort the financial situation of the Bank and its results.



External Auditor's Report

Logo of Pricewaterhouse Coopers (Angola, Luanda)

Independent Auditor's Report

To the shareholders of
Banco Comercial do Huambo, SA

Report on the Financial Statements

We have audited the attached financial statements of Banco Comercial do Huambo, S.A., which comprise Balance Sheet as at 31 December 2014 showing total assets of 6.128.164.000 Kwanza and equity of 2.377.123.000 Kwanza, including a profit of 303.032.000 Kwanza; Income Statement; Statement of Changes in equity and Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the adequate preparation and presentation of these financial statements in accordance with accounting principles and policies generally applied for the banking sector in Angola and for the maintenance of an appropriate system for internal control in order to permit that the financial statements are prepared free of material misstatements due to fraud or error.

Responsibility of the Auditor

Our responsibility consists in expressing an opinion about these financial statements, on the basis of the audit which we conducted according to the International Standards on Auditing. Those Standards require that we comply with ethic requirements and plan and conduct such examination as to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves procedures as to obtaining evidence about the amounts and disclosures in the financial statements. The selected procedures depend on the auditor's judgment, including the assessment of risk of material misstatements in the financial statements due to fraud or error. By conducting those risk assessments, the auditor considers the internal control relevant for the adequate preparation and presentation of the financial statements by the Bank in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the efficiency of the Bank's internal control. An audit also includes assessment of the adequacy of the applied accounting policies and their disclosure, reasonableness of significant accounting estimates made by the Board of Directors and assessment of the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of Banco Comercial do Huambo S.A as of 31 December 2014, the result of its operations and cash flows for the year then ended, in conformity with the generally accepted accounting policies and best practices for the banking sector in Angola.

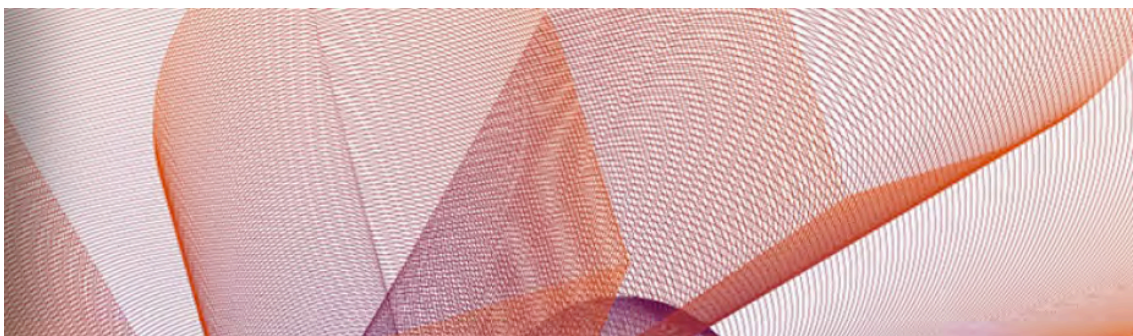
Emphasis of Matter

Without changing the opinion expressed in the preceding paragraph, we point out that as mentioned in Note 13 of the Notes to the Financial Statements, as at 31 December 2014 the Bank does not comply with the minimum regulatory requirement for share capital and equity (of 2.5 billion kwanzas), imposed by BNA through Notice No. 14/2013. According to the letter sent by the Board of Directors of the Bank it intends to increase the share capital to the regulatory level during 2015 by means of incorporating reserves.

For Pricewaterhouse Coopers(Angola), LLP. – address: *Edifício Presidente – Largo 17 de Setembro, nº 3, 1º andar – sala 137, Luanda, Angola* – Tel: +244 222 311166, F: +244 222 311 213, www.pwc.com/ao

Ricardo Santos , [signature illegible]
Partner

Luanda, 14 April 2015



Audit Committee's Report & Opinion

Audit Committee's Report and Opinion

To the shareholders of
BANCO COMERCIAL DO HUAMBO, S. A. [COMMERCIAL BANK OF HUAMBO]
Luanda

Pursuant to the Angolan legal provisions and the power vested in us, we hereby submit to your attention our Report and Opinion which contains information on the work we performed and on the financial statements of BANCO COMERCIAL DO HUAMBO, S.A. (later referred to as Bank), for the year ended 31 December 2014, which preparation and presentation is a responsibility of the Board of Directors. The Balance Sheet shows total assets of 6.128.164.000 Kwanza and equity of 2.377.123.000 Kwanza including a net profit of 303.032.000 Kwanza.

We followed regularly the Bank's activity throughout the year and checked to the extent considered adequate – the asset values, accounting records and respective supporting documents which comply with legal provisions and with the Articles of Association.

The Bank's management and departments provided on time the explanations and information we needed.

The Directors' Report explains with sufficient clarity the activity performed by the Bank throughout 2014 and we entirely stand by the proposed appropriation of the results made by the Board of Directors.

We consider that the Balance Sheet, the Income Statement, Statement of changes in equity, Statement of cash flows and respective Attachments are in accordance with the legal and company requirements, and give a true and fair view, in all material respects, of

the financial position of the Bank, which is stated in the Reports of the External and Independent Auditors and the opinion of whom we share.

The valuation criteria used for the preparation of the accounts correspond to the correct evaluation of the assets.

The legal formalities and those in the Memorandum of association for disclosure of information and monitoring were met.

In the light of the foregoing, in the Audit Committee's opinion the referred Financial Statements and Directors' Report as well as the proposal for appropriation of results made by the Board of Directors comply with applicable accounting and company law requirements for the purpose of approval by the General Meeting of Shareholders.

We would also like to express our thanks to the Board of Directors and the Bank's departments for their collaboration.

Luanda, 24 April 2014

The AUDIT COMMITTEE

Signed: Mr. Armando Nunes Paredes – President

Signed: Mr. Mário Castelo Branco – Deputy-chairman

Signed: Mr. Miguel Luis Manuel – Deputy-chairman