ANNUAL REPORT AND ACCOUNTS 2012

BCH Banco Comercial do Huambo

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BCH

Caminhamos consigo

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[01] CORPORATE BODIES AND SHAREHOLDER STRUCTURE

[01] CORPORATE BODIES

[Board of Directors]

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

[Assembleia Geral]

President	Dr.ª Alexandra Teodora da Conceição Cruz Martins
Vice-President	Dr.ª Maria Helena Miguel
General Secretary	Dr.ª Regina Luísa Lagos Fernandes dos Santos Nulli

[Audit Committee]

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

[01] SHAREHOLDER STRUCTURE

	SHAREHOLDING
Natalino Lavrador	51,5%
Sebastião Lavrador	5,5%
Minoru Dondo	20%
António Mosquito	20%
Carlos Saturnino	3%
Total	100%

[02] DIRECTORS´ REPORT

[MACROECONOMIC BACKGROUND]

World economy

In 2012 the world economy continued on the downward trend set in the previous year, recording a growth of about 3,2%, as compared to 3,8% in 2011. This was mainly due to the performance of the emerging economies which witnessed a significant decline in their economic growth rates. On the other hand, the developed economies also shrank although at a lower rate as compared to 2011.

The performance of the referred economies was a result of several factors such as shift in private consumption in the U.S. and the sovereign debt crisis in the Euro zone. Both factors influenced significantly consumption patterns and investments worldwide which had greater impact on the developing countries as the expected investments from the economically developed countries decreased significantly mainly due to the current economic and financial crisis in the U.S. and Europe.

In 2012 the Euro zone fell into recession with a negative growth rate of about -0.4%, but with large variations in the growth rates of the individual countries. Germany registered a growth of 0,9%, while the majority of Southern European economies fell into recession. Besides the effects on the budgets of each one of the most affected countries, such as Greece, Ireland and Portugal, this crisis had huge negative impact on the banking activity, having given rise to significant restrictions in loan lending and consequently to restricted financing of the real economy.

The emerging economies had a better economic performance than the other economic blocs despite the decrease as compared to 2011, reaching a GDP growth of 5,3%, in particular the Middle East and North African countries which achieved a 5,3% growth, a percentage higher than in 2011.

In general, the fear that the sovereign debt crisis could spread to the other countries in the Euro zone and the impact this might have on the U.S., led to a greater aversion to risk taking, which in turn influenced the investment decisions made by the majority of economic agents in the more economically developed countries.

Economy of Sub-Saharan Africa

Besides the volatile economic environment in 2012, the economic growth in Sub-Saharan Africa remained considerably solid, reaching 5,1% in 2011 and 5,0% in 2012. In 2012, the oil-exporting economies grew by about 6,0%. In South Africa, one of the strongest economies of the region, the growth rate amounted to 2,6% during 2012 mainly due to the heavy exposure to the European market. The growth of these regions is remarkable despite the difficult external conditions.

The main reason for growth, as in recent years, proved to be the domestic demand (growing consumption, private and public investment in productive activities), also the external demand, supported by raw-material prices, gave a strong boost to the economy. The growth in trade has been sustained by the growing diversification of trade partners, mainly with China. Aware of the weight the raw-materials have in the exports, the majority of the countries in the region, namely, the oil exporting ones, benefited from the increase in prices in 2012.

It is expected that the factors which contributed to the region´s economic growth remain valid in the following years: growing investments, increase in consumption, more exports of new minerals. Those factors are crucial for economic growth, which according to the International Monetary Fund (IMF) estimates, shall be approximately 5,0% in 2012 and 5,7% in 2013.

Angolan Economy

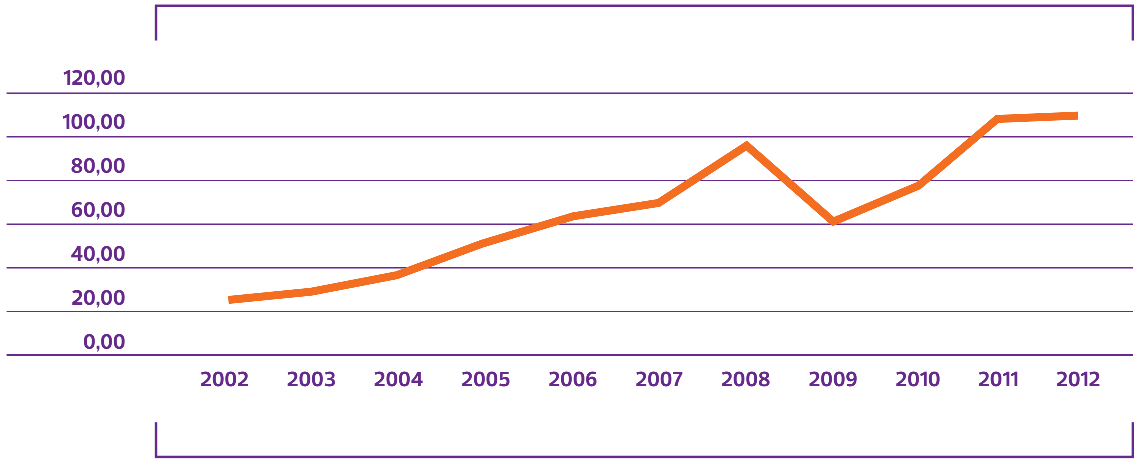
The year 2012 was positively marked by two fundamental points. The first one had to do with the successful holding of parliamentary elections which has opened the door to a new political cycle in the promotion of broad-base and sustained economic growth. The second one concerns the termination of the IMF Standby Arrangement which clearly revealed that the country had achieved a more stable macroeconomic position throughout the three years under the program. The beginning of a new stage of position consolidation was marked, and it calls for high technical capacity of the Angolan authorities to manage the progress of the economic cycle.

The latest IMF forecasts point a 6,8% GDP growth in 2012, below the previous estimate of 9,7%. This shrink is due to the drought which affected the agricultural production, the worsening of the Euro crisis and long-lasting weaker growth of the American economy.

The 2012 GDP growth of 6,8% has the contribution of 6,0% of the non-oil sector and 8,5% of the oil-sector.

With regard to oil, IMF forecasts for global demand are in line with those of the International Energy Agency. The estimates take into account that there will be no significant shift in the demand from last year, growing by 0,9% in 2012 and 2013, as a result of a poor global activity, high prices and increase in energy efficiency.

CHANGES IN OIL PRICES



SOURCE: OPEC | CURRENCY: USD

The oil prices – which in 2012 were slightly higher than in 2011– and the slight rise in oil export, permitted higher profit for this business sector which still contributes significantly to the financing of the economy.

The other sectors developed significantly in a sustained way, which was driven by public infra-structure projects in the water, electricity and transport segments . In the analysis by economic sectors, there are much better prospects in the Construction, Transport and Tourism sector.

For 2013, the domestic economy is expected to perform well and the government´s priorities are in line with the Public Investment Program (PIP) for 2012 which clearly shows the commitment to carry on with national reconstruction and to support the economic development. The development of physical infrastructures in the sector of Energy and Water is a priority for public investment.

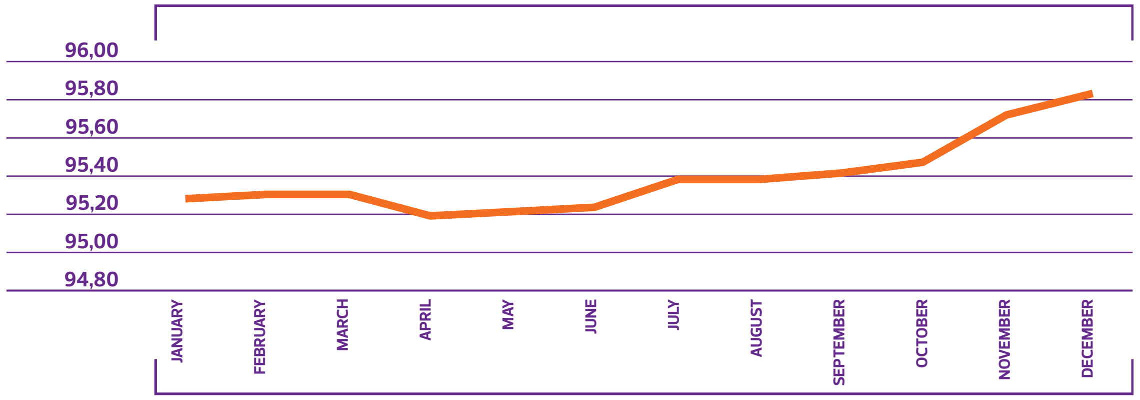
The credit rating agency Moody's raised (from stable to positive) the outlook on Angola´s public debt mainly due to three reasons:

1. Maintenance of positive prospects of growth;
2. The prospect of further accumulation of reserves, thus increasing the scope for intervention in the event of adverse shock;
3. The structural reforms implemented under the Standby arrangement.

The exchange policy conducted by Banco Nacional de Angola (BNA) [Angola´s National Bank] and the accumulation of reserves has permitted to anchor the expectations and current inflation.

The adoption of a more restrictive policy by BNA helped to stabilize the kwanza value during 2012 which in turn led to a generalized reduction of the interest rates.

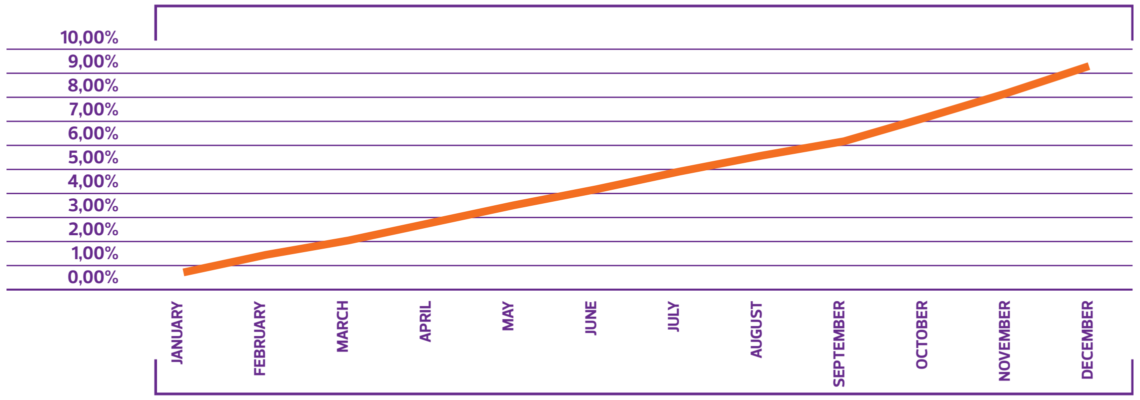
PROGRESS OF USD/AOA EXCHANGE RATE [2012]



SOURCE: BANCO NACIONAL DE ANGOLA

Inflation was also reduced in compliance with the goals set in the Arrangement signed with the IMF as well as the restrictive policy based on effective foreign currency reserve management, and was brought to under double digit number.

ANNUAL INFLATION RATE [2012]



SOURCE: BANCO NACIONAL DE ANGOLA

The accumulated sales of Treasury Bills (TB) and Government Bonds issued by the Central Bank (CBB) were used in large scale by the central bank, according to the level of deposit growth.

The Angolan authorities continue to work hard towards diminishing the use of American dollars in the economy in order to improve the transmission mechanism of the monetary policy. The dominant industry still uses dollars in its operations, however in terms of credit, the authorities managed to reduce the ratio of foreign currency loans as a percentage of the total credit to the economy. The increased restrictions in the lending of foreign currency to individuals, the development of a program for the reduction of foreign currency exposure of banks and the new foreign exchange law applicable to the oil sector are three measures which helped to diminish progressively the dollarization of the economy.

[O BANCO COMERCIAL DO HUAMBO (COMMERCIAL BANK OF HUAMBO)]

Introduction

The Commercial Bank of Huambo (BCH) is a regional bank, with head office in the city of Huambo. Its purpose is to support micro, small and medium-sized companies, by contributing significantly for the social and economic development of the region which is based on agro-industrial economic activity.

The Banco Comercial do Huambo, S.A. is a legal entity with share capital of 1.368 million kwanza, entirely denominated in national currency and all shareholders are Angolan citizens. The Bank was incorporated on 17 June 2009 and it started its commercial activity on 16 July 2010.

The Bank´s main activity is to engage in retail banking, as defined by law, in the country and abroad, and as an Angolan legal entity it is obliged to fulfill the legal requirements and other Supervision Regulations on Governing Principles.

We were successful in carrying out our project despite the difficulties and problems we faced, thanks to the perseverance and determination of our founding shareholders.

Mission

The Commercial Bank of Huambo was established with the mission to:

(i) Provide the Huambo region with a credit institution which has an in-depth perception of the Huambo province´s commercial and industrial structure;

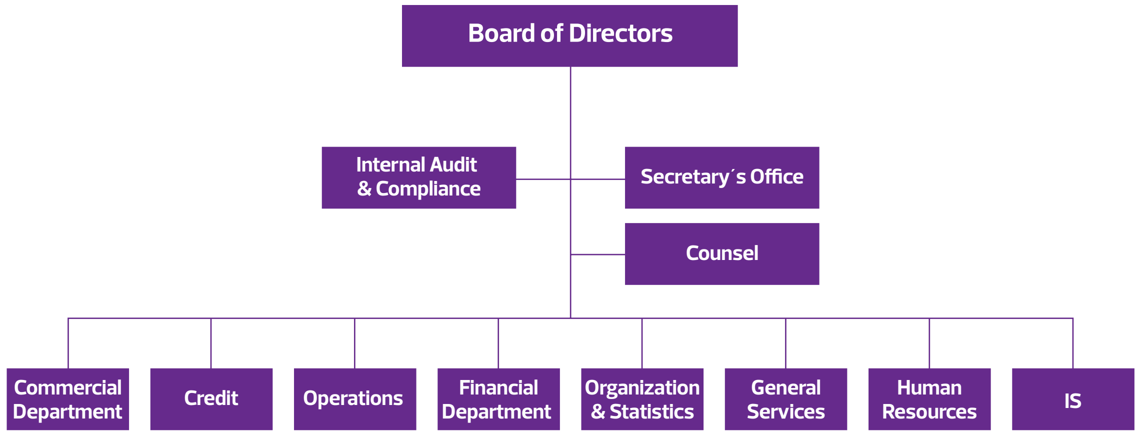
(ii) Permit rapid decision-making, as the Bank´s Board of Directors decides locally;

(iii) Invest in the economic and social development of the region, considering its potential;

(iv) Establish and develop a small/medium-sized credit institution able to achieve good profitability levels so that its financial stability can face the competition.

Organization

The Board of Directors is the Bank´s governing body and it is comprised of 2 executive directors and 1 non-executive member; the Chairman is one of the executive directors.



As at 31 December 2012, BCH has 21 employees occupying permanent positions, distributed as following:

Board of Directors	3
Trained staff	11
Office staff	7

Strategic Priorities

During this first period of activity, the Banco Comercial do Huambo began working on its strategy and outlined an action plan for the upcoming years.

We confirm the intention to establish a name on the market which spreads our culture and our standards of quality and loyalty and offer our clients competitive products which add value to their businesses and lives.

In order to back up its ambition for growth and to be close to its clients, BCH shall carry on with the expansion of its branch network in the province of Luanda, increase its presence in the Huambo Province and extend it to other provinces.

This reinforcement will be accompanied by recruiting and training programs, in order to streng-then the organization and prepare it for future challenges.

An investment in infrastructures is also planned as those will allow the bank to continue to deliver to its clients its customer-oriented and highly efficient services which are the Bank´s trademark.

[FINANCIAL ANALYSIS]

In 2012, the item "Fixed assets" is the smallest portion of the assets, considering the increase in cash and cash equivalents, in virtue of attracting more deposits and increase in capital:

Description	2012	2011	Variation
Cash & Cash Equivalents	1.562.265	824.372	89,51%
Securities	546.637	126.885	330,81%
Credits in the Payment System	30.124	28.522	5,62%
Loans & Advances to Clients	392.055	58.402	571,30%
Other Amounts	54.711	32.798	66,81%
Deferred Tax Assets	157.553	0	0,00%
Fixed Assets	412.316	377.080	9,34%
	3.155.660	**1.448.059**	**54,11%**

Amounts in thousands of Angolan kwanza

Our deposit portfolio is about 86% of the liabilities, which is a clear evidence of the significant growth as compared to the amount of deposits collected last year, which shows a growing customer trust. Our other liabilities result from mainly investment operations made with the aim to provide the institution with considerable operating capacity:

Description	2012	2011	Variation
Clients Deposits	1.772.177,41	599.993,03	195,37%
Liabilities in the Payment System	13.406,95	20.171,50	-33,54%
Other Liabilities	276.886,58	102.195,63	170,94%
	2.062.471	**722.360**	**64,98%**

Amounts in thousands of Angolan kwanza

AGiven the investment stage at which the bank is at the moment, the administrative costs which inlude mainly staff costs, depreciation of bank´s property and equipment and expenses with external services, represent tha larger part of the results.

Nevertheless, and although this is a very short period given the incorporation date and the start of banking operations, there is already an increase in the net interest income in 2012 due mainly to significant increase of income from loans which exceeds expensses with client deposits, despite of the fact that those have grown significantly:

Description	2012	2011	Variation
Net Interest Income	32.949,87	6.636,16	396,52%
Income from Financial Assets	46.067,53	15.703,03	193,37%
(-)Costs of Financial Liabilities	-13.117,66	-9.066,86	44,68%
Supplies provided by third parties	-90.027,95	-69.262,06	29,98%
Fornecimentos de Terceiros	-141.016,87	-69.203,71	103,77%

Amounts in thousands of Angolan kwanza

[PROFIT/LOSS AND ITS APPLICATION]

The net loss is 901.351 kwanza which we suggest to be recorded under Retained Earnings/ Losses.

[03] FINANCIAL STATEMENTS

[03] FINANCIAL STATEMENTS

[Balance sheet as at 31 December 2012 and 2011]

Amounts in thousands of Angolan kwanza

	NOTAS	2012	2011
ASSETS			
Cash & cash equivalents	3	1.562.265	824.372
Liquid investments		0	0
Securities	4	546.637	126.885
Credits in the payment system	5	30.124	28.522
Loans and advances to clients	6	392.055	58.402
Other amounts	7	54.711	32.798
Deferred tax assets	7	157.553	0
Commercial and industrial inventories and advances to suppliers		0	-10
Fixed assets	8	412.316	377.080
Total Assets		**3.155.660**	**1.448.049**
LIABILITIES			
Deposits	9	1.772.177	599.993
Liabilities in the payment system	5	13.407	20.172
Other liabilities	10	276.887	102.196
Total Liabilities		**2.062.471**	**722.360**
EQUITY			
Share capital	11	1.368.410	1.000.001
Reserves & funds	11	14.795	14.795
Retained earnings/losses	11	-289.114	-74.568
Operating loss	11	-2.583	-215.179
Non-operating profit	11	1.682	640
Total Equity		**1.093.189**	**725.689**
Total Liabilities & Equity		**3.155.660**	**1.448.049**

[Income Statement as at 31 December 2012 and 2011]

Amounts in thousands of Angolan kwanza

	NOTAS	2012	2011
NET INTEREST INCOME	12	32.950	6.636
Income from financial assets		**46.068**	**15.703**
Income from liquid investments		2.649	200
Income from securities		20.676	9.303
Income from derivative financial instruments		0	0
Income from loans and advances to clients		22.742	6.200
(-)Costs of Financial Liabilities	12	**-13.118**	**-9.067**
Interest expenses		-13.092	-9.067
Costs of liquidity funding		-26	0
Costs of funding through securities		0	0
Costs of financial derivatives		0	0
Costs of other borrowings		0	0
Profit from trading and changes in fair-value		**27**	**0**
Profit from Exchange operations	12	**63.743**	**-747**
Profit/loss from financial services rendered	12	**39.608**	**2.674**
(-) Provisions for bad debt and guarantees provided		**-826**	**-2.820**
Income from claims on insurance contracts		**0**	**0**
PROFITS FROM FINANCIAL INTERMEDIATION	12	**135.503**	**5.744**
PROFITS FROM STOCKS, PRODUCTS AND OTHER SERVICES		**0**	**0**
(-)Administrative and marketing costs		**-303.829**	**-222.055**
Staff	13	-90.028	-69.262
Supplies provided by third parties	14	-141.017	-69.204
Non-profit taxes and fees		-28	0
Fines imposed by Regulatory Authorities		-378	-15
Research & Development Costs		0	0
Specific provisions for losses on accounts receivable		0	0
Other administrative and marketing expenses		-1.045	-6.625
Specific provisions for losses on commercial and industrial inventories		0	0
Depreciations and Amortizations	8	-71.333	-76.950
Cost Recovery		0	0
(-)Provisions for other assets and probable liabilities		**0**	**0**
Profit form Financial Assets		**0**	**0**
Other operating income and expenses	16	**8.191**	**1.132**
OTHER OPERATING INCOME AND EXPENSES		**-295.638**	**-220.923**
PROFIT/LOSS FROM MONETARY UPDATE		**0**	**0**
OPERATING PROFIT		**-160.136**	**-215.179**
NON-OPERATING PROFIT		**1.682**	**640**
PROFIT BEFORE TAX		**-158.454**	**-214.539**
(-)CURRENT INCOME TAX EXPENSES	15	**157.553**	**0**
CURRENT NET PROFIT/LOSS		**-901**	**-214.539**
(-) MINORITY INTEREST		**0**	**0**
PROFIT/LOSS FOR THE YEAR		**-901**	**-214.539**

[Statement of Changes in Equity as at 31 December 2012 and 2011]

Amounts in thousands of Angolan kwanza

	CAPITAL	RESERVES	PROBABLE PROFIT/LOSS	RETAINED PROFIT/LOSS	TOTALS
OPENING BALANCES	**1.000.001**	**14.795**	**-158.454**	**-74.575**	**781.766**
Proceeds from issue of shares	368.409				368.409
Effects of tax on probable profit/ loss			157.553		157.553
Appropriation of profit/loss for the year				-214.539	-214.539
CLOSING BALANCES	**1.368.410**	**14.795**	**-901**	**-289.114**	**1.093.189**

[Demonstração de fluxos de caixa em 31 de Dezembro de 2012 e 2011]

Amounts in thousands of Angolan kwanza

DESCRIPTION	NOTAS	2012	2011
Cash from Net Interest Income		32.950	2.691
Receipts from income from financial assets		46.068	11.411
Receipts from income from liquid investments		2.649	200
Receipts from income from securities		20.676	6.281
Receipts from income from derivatives		0	0
Receipts from income from loans and advances to clients		22.742	4.929
(-)Payment of Costs of Financial Assets		-13.118	-8.720
Payments of cost with client deposits		-13.092	-8.720
Payment of Costs of liquidity funding		-26	0
Payment of Costs of funding raised through securities		0	0
Payments of Costs of financial derivatives		0	0
Payment of costs of other borrowings		0	0
Cash flow from trading and changes in fair-value		0	0
Cash flow from foreign exchange operations		63.743	-747
Cash flow from income from financial services rendered		39.608	2.674
Cash flow from income from claims on insurance contracts		0	0
OPERATING CASH FLOW FROM FINANCIAL INTERMEDIATION		136.302	4.619
CASH FLOW FROM PROFIT/LOSS FROM STOCKS, PROD. AND OTHER SERV.		0	0
(-)Payment of administrative and marketing costs		-236.495	-306.980
(-)Payment of other taxes on profit/loss		0	0
Cash flow from settlement of operations in the Payment System		0	-8.351
Cash flow from other amounts and other liabilities		0	0
Proceeds from Income from Financial Assets		0	0
Cash flow from other operating income and costs		8.191	0
PROCEEDS AND PAYMENTS FROM/OF OTHER OPER. INCOME AND COSTS		-228.304	-315.331
CASH FLOW FROM OPERATIONS		-92.003	-310.712
Cash flow from liquidity investments		0	0
Cash flow from investments in securities		-419.752	-64.803
Cash flow from investment in derivatives		0	0
Cash flow from investments in exchange operations		0	0
Cash flow from investment in Loans/advances		-333.733	-55.641
CASH FLOW FROM FINANCIAL INVESTMENTS		-753.485	-120.444
CASH FLOW FROM INVESTMENTS IN OTHER ASSETS		0	0
Cash flow from investments in fixed assets		-137.400	-127.167
Cash flow from sale of fixed assets		235.281	429
Cash flow from other non-operating income and loss		0	0
CASH FLOW FROM FIXED ASSETS		97.881	-126.738
CASH FLOW FROM INVESTMENTS		-655.604	-247.181
Cash flow from financing through deposits		1.117.091	360.184
Cash flow from financing through borrowing (for liquidity purposes)		0	0
Cash flow from financing through securities		0	0
Cash flow from financing through derivatives		0	0
Cash flow from financing through exchange operations		0	0
Cash flow from financing through other borrowings		0	0
CASH FLOW FROM FINANCING THROUGH FINANCIAL INTERMEDIATION		1.117.091	360.184
CASH FLOW FROM FINANCING THROUGH MINORITY INTERESTS		0	0
Proceeds from increase of capital		368.409	700.001
(-)Payments of reduction of capital		0	0
(-)Payment of dividends		0	0
Proceeds from sale of ordinary shares and stakes		0	0
(-)Payments of purchase of ordinary shares and stakes		0	0
CASH FLOW FROM FINANCING THROUGH EQUITY		368.409	700.001
CASH FLOW FROM FINANCING THROUGH OTHER LIABILITIES			
CASH FLOW FROM FINANCING ACTIVITIES		1.485.500	1.060.185
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3	824.372	322.080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	1.562.265	824.372
CHANGES IN CASH AND CASH EQUIVALENTS		737.893	502.292

[04] NOTES TO THE FINANCIAL STATEMENTS

[04] NOTES TO THE FINANCIAL STATEMENTS

[NOTES TO THE FINANCIAL STATEMENTS]

Year ended 31 December 2012 and 2011

[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, starting at 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 shareholder structure and as referred in Note 12, the Bank is owned by Angolan shareholders, and significant balances with shareholders are set out in Notes 10 and 12.

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 in the Financial Statements relate to the period of 31 December 2011 to 31 de December 2012.

[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, prudency, accrual basis, substance over form, consistency, monetary update and uniformity, and in accordance with the Accounting Plan (Contif) for the banking sector, established by BNA. They further comply with Instruction nº 09/07 of 19 September of BNA which came into force on 1 January 2010 and Regulation 04/DSI/2011, which rules that International Accounting Standards must by applied for all accounting procedures and criteria not set in CONTIF.

[2.3] Presentation Currency

The Bank´s financial statements as at 31 December 2012 are presented in Angolan Kwanza (m. AKZ), as provided in art. 5 of Notice nº 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.

On 31 December 2011, the exchange rates of the currencies to which the Bank is more exposed in relation to AKZ, were:

CURRENCY	2012	2011
USD	95,83	95,28
EUR	126,38	123,14

[2.4] Accounting Policies

The significant 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] Accruals Concept

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

Income is considered realized when: a) in the transactions with third parties, the payment has been made or there is a serious commitment to payment; b) 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; c) 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: a) an asset is written-off due to a transfer of its ownership to a third party; b)an asset devaluates partially or completely; or c) a liability occurs without a corresponding asset.

[b] Provision for most credit risks

The method used for calculating the provisions for losses on Client loans, has followed in 2010 and early 2011 the requirements of Notice nº4/2009 of 18 July. On 8 June, the BNA published Notice nº 4/2011 which repealed Notice nº 4/2009. Although this Notice has kept the rules regarding provisions, it imposed restrictions on granting loans in foreign currency.

In that way, the method used for calculating the provisions for losses on Client loans remains the same as in the previous year and is set out below.

[c] Provision for loans and interests

The Bank classifies the credit operations in ascending order of the risk involved, 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 4/2011.

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.

The credit is classified in the risk categories according to the extent of time from the event of default , pursuant to Notice nº4/2011 which sets the following minimum levels of provision:

RISK LEVELS	A	B	C	D	E	F	G
% of Provision	0%	1%	3%	10%	20%	50%	100%
Extend of time from the event of default	até 15 days	15 a 30 days	1 a 2 months	2 a 3 months	3 a 5 months	5 a 6 months	>6 months

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, may be counted in double.

[d] Financial Assets

Investments 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 financial assets are recorded under 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 associate company.

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. As of 31 December 2012, BCH had recorded under this item interests of 49.299 thousand AKZ.

[e] 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 market value, and the respective gains or losses due to changes in market value are recognised:

I In profit/loss, 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 when sold.

The adjustment of securities´ fair value follows the criteria of defined price set 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. These losses shall not 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.

[f] Loans and advances

Loans and advances are financial assets and are recorded at their contracted amounts when lent by the Bank and at their disbursed amounts when acquired from other entities. 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 4/2011, 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.

[g] Transactions in foreign currency

The transactions of purchase and sale of foreign currency, when settled on the trade date, are recorded in the balance-sheet accounts of the Bank. If settlement takes place after trade date, those are additionally registered 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] Monetary Update

The financial statements shall consider the effects of changes in purchasing power of the national currency, on the basis of the Consumer Price Index (IPC) issued by the National Statistics Institute (INE) if an inflation of 100% has been verified in the last three years by correcting the accounting value of the assets and equity accounts.

[I] 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 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:

DESCRIPTION	Nº OF YEARS
Intangible fixed assets	
Softwares	3
Tangible fixed assetes	
Works in rented buildings	10
Equipment	
Office equipment	10
Machinery and tools	6 e 7
Computers and similar equipment	3
Fittings	10
Transport	
Cars	3

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.

[j] 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.

[k] Corporate Tax

The Bank is subject to Corporate Tax rate of 35% pursuant to Law nº 5/99 of 6 August, and it is considered a Group A taxpayer.

The corporate 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 amount corresponds to the tax amount payable or receivable in future years. The deferred taxes and liabilities are measured on the basis of the tax rates expected to apply to the period when the asset is realised or the liability is settled.

[I] 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;

VII Indication of worse economic performance of the asset than expected.

[3] Cash & Cash equivalents

The item "Cash and Cash equivalents" is comprised of the following components:

CASH & CASH	31.12.2012	31.12.2011
Cash	183.264	41.132
Cash deposited with the Central Bank	565.444	466.093
Cash deposited with Finantial Institutions	813.556	317.147
Total	**1.562.265**	**824.372**

The item "Cash deposited 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.

The Regulation further sets that the reserve in national currency must be 25%, not including the Local Government deposits which are subject to a rate of 50% and Central Government which are subject to a rate of 100%.

The reserves in foreign currency are 15%, excluding the Local Government deposits which are subject to a 0% rate and Central Government which are subject to a rate of 100%.

Assets, representing the amounts of future loans in national and foreign currency to be granted under specific programs for Agriculture, Industry and Housing, may also be used towards the fulfilment of the reserve requirements up to 5% of the reserve base.

The cash deposits with foreign credit institutions (in foreign currency) include the account balances at the respective banks and those amounts are included in the management of the Bank´s current operations.

[4] Government Securities

As at 31 December 2012 and 2011, this item has the following structure:

	2012									
Debt Securities	**Risk Level**	**Country**	**Currency**	**Nominal Value**	**Acquisition Cost**	**Accrued Premium/ Discount**	**Accrued Interest**	**Carrying Amount**	**Impairment**	**Average Rate**
Government Bonds	A	Angola	Akz	550.000	541.629	5.007	–	546.637	0	5,06%
Treasury Bills	–	–	–	–	–	–	–	–	–	–
Total				**550.000**	**541.629**	**5.007**	**–**	**546.637**	**0**	

	2012									
Debt Securities	**Risk Level**	**Country**	**Currency**	**Nominal Value**	**Acquisition Cost**	**Accrued Premium/ Discount**	**Accrued Interest**	**Carrying Amount**	**Impairment**	**Average Rate**
Government Bonds	–	–	–	–	–	–	–	–	–	–
Treasury Bills	A	Angola	Akz	125.000	123.763	3.122	–	126.885		7,35%
Total				**125.000**	**123.763**	**3.122**	**0**	**126.885**	**0**	

OThe balance of the item "Securities held-to-maturity" is entirely comprised of short-term government bonds called "Títulos do Banco Central", purchased by the Bank during 2012.

As at 31 December 2012 and 2011, the securities-held-to-maturity presented the following structure, according to the period remaining to maturity:

DEBT SECURITIES-HELD-TO	31.12.2012	31.12.2011
????????????? Bonds		
3 month	296.739	0
6 month	249.898	0
Treasury Bills		
3 month	0	101.621
6 month	0	25.264
Total	**546.637**	**126.885**

As at 31 December 2012 and 2011, the distribution of debt securities according to reference rates is as follows:

	CARRYING AMMOUNT	
	2012	2011
Debt Securitues	Fixed Rate	Fixed Rate
Government Bonds	546.637	0
Treasury Bills	0	126.885
Total	**546.637**	**126.885**

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

a) focus on public debt securities and short-term government bonds;

b) profit-oriented criteria;

c) maintenance of liquidity and market risks associated controls.

[5] Credits and Liabilities in the System of payments

These items are divided as follows:

CREDITS AND LIABILITIES IN THE SYSTEM OF PAYMENTS	31.12.2012	31.12.2011
Credits on the System of Payments	30.124	28.522
Liabilities in the System of Payments	13.407	20.172

The amounts presented on 31 December 2012 refer to bank guaranteed cheques, bank cheques and cheques payable, which will be settled in 2013.

[6] Loans and Advances to Clients

The following is a breakdown of this item::

LOANS AND ADVANCES TO CLIENTS	2012	2011
INTERNAL LOANS AND ADVANCES		
Current		
National Currency	249.362	41.782
Foreign Currency	0	0
Deposit Advances		
National Currency	3.167	2.602
Foreign Currency	0	0
Loans		
National Currency	140.420	14.636
Foreign Currency	1.961	2.158
Gross Total	**394.911**	**61.177**
Provision for loan losses	**-2.856**	**-2.775**
Net loans and advances to clients	**392.055**	**58.402**

As at 31 December 2012 the average annual interest rate on client loans in national currency was 18,83% and 12,21% on loans in foreign currency:

	2012	2011
Annual average interest rate on client loans in AKZ	18,83%	17,38%
Annual average interest rate on client loans in USD	12,21%	7,00%

As at 31 December 2012 and 2011, outstanding loan balances, excluding income receivables, are as follows:

	2012	2011
Up to one year	4.152	36.049
From one to three years	262.118	4.539
From three to five years	23.481	14.159
Over five years	87.890	0
Total	**377.640**	**54.747**

As at 31 December 2012 and 2011, the credit portfolio, excluding income receivables, presented the following structure, per type of borrower:

	2012	%	2011	%
Companies	276.627	73%	48.754	89%
Individuals	101.014	27%	5.993	11%
Total	**377.640**	**100%**	**54.747**	**100%**

As at 31 December 2012 and 2011, the specification of loans and advances, excluding income receivables, according to currency had the following structure:

	2012	2011
Kwanzas	375.681	49.831
American dollars	1.960	4.916
Total	**377.640**	**54.747**

As at 31 December 2012 and 2011, the loans and advances portfolio had the following structure according to reference rates:

YEAR	FIXED RATE	VARIABLE TAX – REFERENCE RATES			TOTAL
		Luibor 3M	Luibor 6M	Luibor 12M	
2012	215.879	–	–	161.761	377.640
2011	54.747	–	–	–	54.747

As at 31 December 2012 and 2011, the composition of loans & advances and guarantees provided per business sectors is as follows:

	2012				2011		
	Loans & Advance	Guarantees Provided	Total	%	Loans & Advance	Guarantees Provided	%
Agriculture, Forestry and Fisheries	2.183	–	2.183	0,53%	0	–	0,00%
Retail Trade	18.027	32.900	50.927	12,40%	0	–	0,00%
Wholesale trade	17.732	–	17.732	4,32%	0	–	0,00%
Manufacturing	2.309	–	2.309	0,56%	0	–	0,00%
Other services	239.242	–	239.242	58,27%	48.653	–	11,85%
Individuals	98.148	–	98.148	23,91%	6.094	–	1,48%
Total	**377.640**	**32.900**	**410.540**	**100,00%**	**54.747**	**0**	**13,34%**

The following table presents loans and advances per risk category and corresponding provisions for bad debt as at 31 December 2012 and 2011:

	2012			2011		
	Loans & Advance	Average Rate of Provision	Provision	Loans & Advance	Average Rate of Provision	Provision
Category A	298.486	0%	0	0	0%	0
Category B	53.092	1%	528	0	1%	0
Category C	22.820	3%	841	41.941	3%	747
Category D	12	10%	0	5.104	10%	188
Category E	1.971	20%	596	7.702	20%	0
Category F	1.231	50%	862	0	50%	1840
Category G	29	100%	29	0	100%	0
Total	**377.640**		**2.856**	**54.747**		**2.775**

The movement in the risk migration chart of borrowers between December 31, 2011 and 2012 in nominal value and percentage, is presented as follows:

RISK LEVEL		DECEMBER 2012 A	B	C	D	E	F	G	Paid off	Depreciations	Written-off	Total 2012	Portfolio in 2011
NOMINAL LEVEL 2011	A	–	–	–	–	–	–	–	–	–	–	–	–
	B	–	–	–	–	–	–	–	–	–	–	–	–
	C	–	–	2.336	–	722	1.231	5	35.882	4.400	2.493	47.068	47.068
	D	–	–	–	–	–	–	–	2.540	–	–	2.540	2.540
	E	–	–	–	–	–	–	–	–	–	–	–	–
	F	–	–	–	–	–	–	–	5.138	–	–	5.138	5.138
	G	–	–	–	–	–	–	–	–	–	–	–	–
		–	**–**	**2.336**	**–**	**722**	**1.231**	**5**	**43.560**	**4.400**	**2.493**	**54.747**	**54.747**
PERCENTAGE 2011	A	–	–	–	–	–	–	–	–	–	–	–	–
	B	–	–	–	–	–	–	–	–	–	–	–	–
	C	–	–	4,96%	0,00%	1,53%	2,61%	0,01%	76,23%	9,35%	5,30%	100%	47.068
	D	–	–	–	–	–	–	–	100,0%	–	–	100%	2.540
	E	–	–	–	–	–	–	–	–	–	–	–	–
	F	–	–	–	–	–	–	–	100,0%	–	–	100%	5.138
	G	–	–	–	–	–	–	–	–	–	–	–	–
		–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**54.747**	**54.747**

As it can be observed, 80% of the total loans and advances on the balance sheet as of 31.12.2011 were paid off. We point out that about 4% of the loans and advances were transferred to higher risk categories and about 4,5% were written-off.

Kept in the same level			Transferred to other			Total
Past due	Depreciations	Paid off	More Risky	Less Risky	Written-off	
4,27%	76,23%	9,35%	4,16%	0,00%	5,30%	99,31%

As at 31 December 2012 and 2011, the distribution of past due loans and advances had the following structure:

2012				
Risk category	Without delay	Past due up to 60 days	Past due 60 days and over	Total
A	298.486	-	-	298.486
B	29.957	3.900	-	33.857
C	37.739	998	452	39.189
D	-	3	9	12
E	-	-	4.837	4.837
F	-	-	1.231	1.231
G	-	2	27	29
	366.181	**4.904**	**6.555**	**377.640**
	96,97%	**1,30%**	**1,74%**	**100,00%**

2011				
Risk category	Without delay	Past due up to 60 days	Past due 60 days and over	Total
A	-	-	-	-
B	-	-	-	-
C	41.941	-	-	41.941
D	-	-	5.104	5.104
E	-	-	7.702	7.702
F	-	-	-	-
G	-	-	-	-
	41.941	**-**	**12.805**	**54.747**
	76,61%	**0,00%**	**23,39%**	**100,00%**

We acknowledge the improvement in terms of loans without delay which increased from 76,61% to 96,97% in 2012.

The loans and advances written-off by the bank in 2012 amounted to a total of 2.493 thousand AKZ and as of today there is no recovery of amounts referring to principal or interest.

The movement occurred in the provisions for bad debt was as follows:

2011	Dotações	Reposições/ anulações	Utilizações	2012
2.775	2.109	2.028	0	2.856

Loan-loss provision as of 31 December 2012, estimated pursuant to Notice n°4/2011, of 8 June and representing about 1% of the total amount of loan and due interests, is about 2.856 thousand AKZ.

[7] Other amounts

This item is broken down as follows:

OTHER	31.12.2012	31.12.2011
Other general amounts	177.709	17.630
Other amounts of administrative and commercial natural	34.554	15.167
	212.263	**32.798**

The balance in "Other general amounts"refers mainly to deferred tax asset recognized in profit/loss for the year ended on 31 December 2012:

	Profit/loss for the year	Corporate tax 35%
2010	77.320	27.062
2011	214.539	75.089
2012	158.291	55.402
Total tax recognized in profit and		**157.553**

This recognition took place as a result of the losses in the last three years, and it is based on the expectation that profit will be achieved in the following years.

[8] Fixed Assets

This item is comprised of the following:

Tangible Fixed Assets	31.12.2012	31.12.2011
Tangible Fixed Assets		
Buildings	206.819	0
Basic Equipment	0	5.423
Vehicles	0	5.302
Office equipment	34.955	17.264
Computers and similar equipment	0	48.211
Banking equipment	19.869	6.681
Security equipment	0	12.222
Work in progress	27.806	37.615
Other tangible fixed assets	14.918	14.918
Gross Value	**304.366**	**147.636**
Depreciation of Tangible Fixed Assets		
Buildings	(689)	-
Basic Equipment	-	(317)
Vehicles	-	(2.584)
Office equipment	(4.064)	(1.763)
Computers and similar equipment	-	(7.915)
Banking equipment	(2.811)	(945)
Security equipment	-	(1.770)
Work in progress	-	-
Other tangible fixed assets	(3.500)	(2.278)
Total Depreciations	**(11.064)**	**(17.572)**
Net amount	**293.302**	**130.064**

Intangible fixed assets	31.12.2012	31.12.2011
Intangible fixed assets		
Ind. Property and other contracts	59.787	40.713
Incorporation Costs	129.936	125.178
Expenses with organization & expansion	11.477	8.819
Improvements in leased properties	0	118.418
Other intangible fixed assets	8.411	7.873
Gross amount	**209.611**	**301.000**
Amortization of intangible Fixed Assets		
Ind. Property and other contracts	(27.361)	(11.162)
Incorporation Costs	(100.711)	(56.285)
Expenses with organization & expansion	(5.679)	(2.195)
Improvements in leased properties	-	(17.166)
Other intangible fixed assets	(6.146)	(3.360)
Total Amortizations	**-139.896**	**-90.168**
Net amount	**69.715**	**210.832**

Financial Assets	31.12.2012	31.12.2011
Interests in other entities - EMIS	49.299	36.048
Total Fix Assets	**31.12.2012**	**31.12.2011**
Depreciation and amortization	(150.961)	(107.740)
Fixed assets (Gross amount)	563.276	484.684
Fixed assets (Net amount)	412.316	376.944

During 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.

The tangible fixed assets are designated at acquisition cost.

The accumulated movement in fixed assets as of 31 December 2012, denominated in thousands of Kwanza, is set out in Attachment A.

[9] Client Deposits

The breakdown of this item is presented below:

Client Deposits	31.12.2012	31.12.2011
Current Accounts		
In National Currency	659.769	444.062
In foreign Currency	247.760	119.295
Total Current Accounts	**907.529**	**563.357**
Savings Accounts		
In National Currency	312.614	30.931
In foreign Currency	552.035	5.705
Total Savings Deposits	**864.648**	**36.636**
Total	**1.772.177**	**599.993**

Total deposits made by shareholders and their first degree relatives amount to 320 691 thousand AKZ.

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

Savings Account	31.12.2012	31.12.2011
Nacional Currency		
0 to 3 months	215.374	33.756
> 3 months	100.239	175
Total Nacional Currency	**315.614**	**33.931**
Nacional Currency		
0 to 3 months	109.426	1.276
> 3 months	439.609	1.429
Total Foreign Currency	**549.035**	**2.705**
Total	**864.649**	**36.636**

[10] Other Liabilities

This item is comprised of the following:

Other liabilities	31.12.2012	31.12.2011
Other tax liabilities	-4.173	-2.325
Other general liabilities	-270.809	-89.717
Other commercial and administrative liabilities	-1.904	-10.154
Total	**-276.887**	**-102.196**

The balance of "Tax liabilities" relates to state tax, namely employee income tax and contracted works tax.

The balance in "Other general liabilities" refers to amounts due to creditors for the provision of services as shown below:

Other general	31.12.2012	31.12.2011
Shareholder	-24.500	-8.828
Suppliers - Construction	-20.432	-9.772
Suppliers - Expert services	-28.373	-11.094
Suppliers - Software	-62.560	-23.818
Suppliers - Telecommunications	-8.078	-79
Suppliers - Transport	0	-136
Other Suppliers	-126.867	-35.990
Total	**-270.809**	**-89.717**

At last, the other commercial and administrative amounts are staff related amounts.

[11] Share Capital

This item is comprised of the following components:

Capital	31.12.2012	31.12.2011
Capital	1.368.410	1.000.001
Other Reserves	14.795	14.795
Retained earnings/loss	(289.114)	(74.568)
Profit/loss for the year	(901)	(214.539)
Total	**1.093.189**	**725.689**

During 2012 BNA endorsed and subscribed an increase in capital to 1.500.000 thousand AKZ, divided in 1.500.000 nominal shares of 1.000 Kwanza par value each, as follows:

Shareholder	Par value/share (in Kwanzas)	N° of shares (in thousands)	Total (in thousand kwanzas)	Shareholding
Natalino Lavrador	1000	705	704.731	51,50%
Sebastião Lavrador	1000	274	273.682	20%
Minoru Dondo	1000	274	273.682	20%
António Mosquito	1000	75	75.263	5,50%
Carlos Oliveira	1000	41	41.052	3%
		1.368	**1.368.410**	**100%**

As at 31 December 2012 the amount paid in was 1.368.410 thousand AKZ.

The item "Retained earnings" presents as of 31 December 2012 a balance of 289.114 thousand AKZ (as compared to 74.568 thousand AKZ in 2011).

The amount in "Other reserves" results from investing the paid in capital in short-term government bonds before the start of banking operations and it is recorded under a capital item as it is not an income resulting from Bank´s activities.

Furthermore, the changes in equity are disclosed in this report under the heading "Statement of changes in equity".

[12] Net Interest Income

The following is the breakdown of this item:

Interest Income	31.12.2012	31.12.2011
Income from liquid Investments	2.649	200
Income from securities	20.676	9.303
Interest income from loans	22.742	6.200
Total Interest Income	**46.068**	**15.703**
Interest expenses	-13.092	-9.067
Expenses with borrowings for liquidity purposes	-26	0
Total interest expenses	**-13.118**	**-9.067**
Net Interest income	**32.950**	**6.636**
Profit/loss from foreign exchange operations	63.743	(747)
Profit from financial services rendered	39.608	2.674
Profit from trade and changes in fair-value	27	-
(-) Provisions for bad debt and guarantees provided	(826)	(2.820)
Profit from financial Intermediation	**135.503**	**5.744**

The income from securities results from investment in securities throughout the year.

The 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.

The interest expenses (client resources) show an increase as a result of increase in client deposits.

Profit from financial services rendered includes amounts from commissions for loan granting, commission for electronic clearing, commissions for service provision to third parties for electronic clearing and commissions for other services.

[13] Staff Costs

This item is comprised of the following:

Staff costs	31.12.2012	31.12.2011
Salaries	65.571	50.916
Extra pays	14.803	12.605
Social security costs	7.066	4.245
Insurance against accidents at work	2.226	1.496
Other expenses	363	0
Total	**90.028**	**69.262**

The increase in comparison to the previous year is in line with the Bank´s growth, reflecting staff increase due to the opening of a new branch in Luanda.

As of 31 December 2012, the Bank had the following governance structure:

	31.12.2012	31.12.2011
Administration	3	3
Management	3	1
Trained staff	11	8
Office staff	7	1
Total	**24**	**13**

[14] Contracted external services

This item is comprised of the following components:

Contracted external	31.12.2012	31.12.2011
Communications	16.635	14.143
Water and energy	1.529	1.118
Transport, travel and accommodation	2.821	2.884
Publications, advertising and publicity	2.747	1.317
Security, conservation and repair	11.143	9.038
Expert services	68.417	17.847
Insurances	47	236
Leasing and rentals	18.704	13.826
Materials	6.137	1.669
Other third-party supplies	12.737	7.126
Total	**141.017**	**69.204**

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 spaces rented by BCH..

[15] Corporate Income Tax

The Bank is subject to corporate tax, and is considered a Group A taxpayer. The tax on its profits is applied pursuant to art.72, items 1 & 2 of Law 18/92 of 3 July, and the tax rate is 35% according to Law n°5/99 of 6 August, once it obtains profits.

Because of the Bank´s financial losses in the last three years as a result of the start-up, as at 31 December 2012 there was no place for tax payment.

[16] Other operating income and costs

The balance in "Other operating income" reflects cheques issued to clients over the period of the Bank´s business growth.

Other Operating Income and Costs	31.12.2012	31.12.2011
Other Operating Income	-8.191	-1.132

[17] Off-balance sheet

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

Off-balance sheet	31.12.2012	31.12.2011
Guarantees obtaind	371.787	40.356
Irrevocable commitments	32.900	31.122
Total	**404.687**	**71.477**

[18] Events occurred after the reporting period

The part of capital increase subscribed and not paid in (2012) at the amount of 132 000 thousand AKZ was paid in the beginning of 2013. We are not aware of any facts or events after 31 December 2012 worth adjustments or disclosure in the Notes to the annual accounts for the period ended, which significantly distort the disclosed amounts and/or information, and despite of not distorting the presented statements, have distorted or are likely to distort the financial situation of the Bank, its results and/or its activities.

[Attachment A | Fixed Assets Chart]

Descripuion	Opening balance	Acquired in 2012	Transf. in 2012	Disposals in 2012	Gross Fixed Assets	Depreciation	Net Fixed Assets
	31.12.2011				31.12.2012		31.12.2012
Financial Assets							
Interests in other companies – EMIS	36.048	13.251	–	–	49.299	–	49.299
Total Tangible Fixed Assets	**36.048**	**13.251**	**–**	**–**	**49.299**	**–**	**49.299**
Tangible Fixed Assets							
Buildings	–	206.819	–	–	206.819	(689)	206.130
Basic Equipment	5.423	–	–	5.423	0	–	–
Vehicles	5.302	–	–	5.302	–	–	–
Office Equipment	17.264	17.690	–	–	34.955	(4.064)	30.890
Computers and similar equipment	48.211	–	–	48.211	–	–	–
Banking equipment	6.681	13.188	–		19.869	(2.811)	17.057
Security equipment	12.222	–	–	12.222	–	–	–
Works in progress	37.615	–	–	9.810	27.806	–	27.806
Other tangible fixed assets	14.918	–	–	–	14.918	(3.500)	11.419
Total Tangible Fixed Assets	**147.636**	**237.697**	**–**	**80.967**	**304.366**	**(11.064)**	**293.302**
Intangible Fixed Assets							
Ind. Property and the other contracts	40.713	19.075	–	–	59.787	(27.361)	32.427
Incorporation costs	125.178	4.759	–	–	129.936	(100.711)	29.226
Expenses with org. and expantion	8.819	2.658	–	–	11.477	(5.679)	5.798
Improvements in leased properties	118.418	1.161	–	119.578	–	–	–
Other intangible fixed assets	7.873	537	–	–	8.411	(6.146)	2.264
Total Intangible Fixed Assets	**301.000**	**28.190**	**–**	**119.578**	**209.611**	**(139.896)**	**69.715**
Totals	**484.684**	**279.138**	**–**	**200.545**	**536.276**	**(150.961)**	**412.316**

[05] EXTERNAL AUDITORS´ REPORT

[05] EXTERNAL AUDITORS´ REPORT

[EXTERNAL AUDITORS´ REPORT]

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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.[Commercial Bank of Huambo] , which comprise Balance Sheet as at 31 December 2012 showing total assets of 3.155.660 thousand Kwanza and equity of 1.093.189 thousand Kwanza, including a loss of 901 thousand Kwanza; Income Statement; Statement of Changes in equity; 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 considered the internal control relevant for the adequate preparation and presentation of the financial statements by the Bank in order to determine 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 included 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.

PricewaterhouseCoopers (Angola), Limitada
Edifício Presidente - Largo 17 de Setembro, n.º 3, 1º andar – sala 137, Luanda- República de Angola
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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 [Commercial Bank of Huambo] as of 31 December 2012, 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.

For PricewaterhouseCoopers(Angola), LLP.

Ricardo Santos

Ricardo Santos

Luanda, 3 April 2013

REPORT & OPINION OF THE AUDIT COMMITTEE

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 2012, which preparation and presentation is a responsibility of the Board of Directors. The Balance Sheet shows total assets of 3.155.660 thousand Kwanza and equity of 1.093.189 thousand Kwanza including a loss of 901 thousand Kwanza.

Following our appointment, we followed regularly the Bank´s activity and verified 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 2012 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.

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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, 5 April 2013

The AUDIT COMMITTEE

Dr. Armando Nunes Paredes - **President**

Dr. Mário Castelo Branco - **Deputy-chairman**

Dr. Miguel Luís Manuel - **Deputy-chairman**

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[05]

[NOTA FINAL]

After two years of effective commercial activity, we are pleased to observe the effect of the solid growth of the structures of the Commercial Bank of Huambo and the organizational model of the institution and acknowledge its impact on the financial data of the bank.

Today, the Commercial Bank of Huambo , through its sustained presence in Huambo and Luanda, is better equipped to meet the ongoing challenges of an emerging, steadily growing economy, as is the Angolan one, and deal in the best way with the difficulties that exposure to foreign markets raises.

We express once again our commitment to be a reference institution in the Angolan financial system, respected for excellence in customer service, judicious management of financial products and services and creating value for our shareholders.

We intend to continue to innovate, learn and manage accurately. We will work intensively with our customers to help them meet their needs, in order to earn as always, their trust and loyalty.

Driven by excellence, our team of qualified professionals ensures our conviction that we have the resources and the right people to meet the increasing demands of our market and to match the trust placed by our shareholders, customers, employees and authorities.

Huambo, 30 de Abril de 2013

Chairman of the Board of Directors

BCH Banco Comercial do Huambo

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