



BANCO SOL

O banco de todos nós



2014

ANNUAL REPORT



BANCO SOL

O banco de todos nós

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01

MESSAGE FROM THE CHAIRMAN
OF THE BOARD OF DIRECTORS



BANCO SO



Dear Shareholders,

As you all know, the economic environment in which **Banco Sol** conducted its activity in 2014, can be characterized by two distinct realities: one, during the first half, in which the evolution of the oil barrel price remained stable as well as Kwanza, which remained very stable against US Dollar, and another, from September, with the drop in oil price, the devaluation of Kwanza and a decrease in foreign exchange earnings which caused some constraints on payments abroad.

Given the circumstances, the **Governmental** and **Supervisory** authorities (BNA) reacted and, among other measures, approved the review of 2015 State Budget, the increase in the basic interest rate and the increase in the coefficient of reserve in national currency, to mitigate the negative impacts of this "shock" on the economic activity.

Despite the economic environment described above **Banco Sol** adapted to it, ensuring a rigorous and prudential management of business variables and their main indicators as provided in the **Strategic Plan** (2012-2015), which allowed a positive evolution of results.

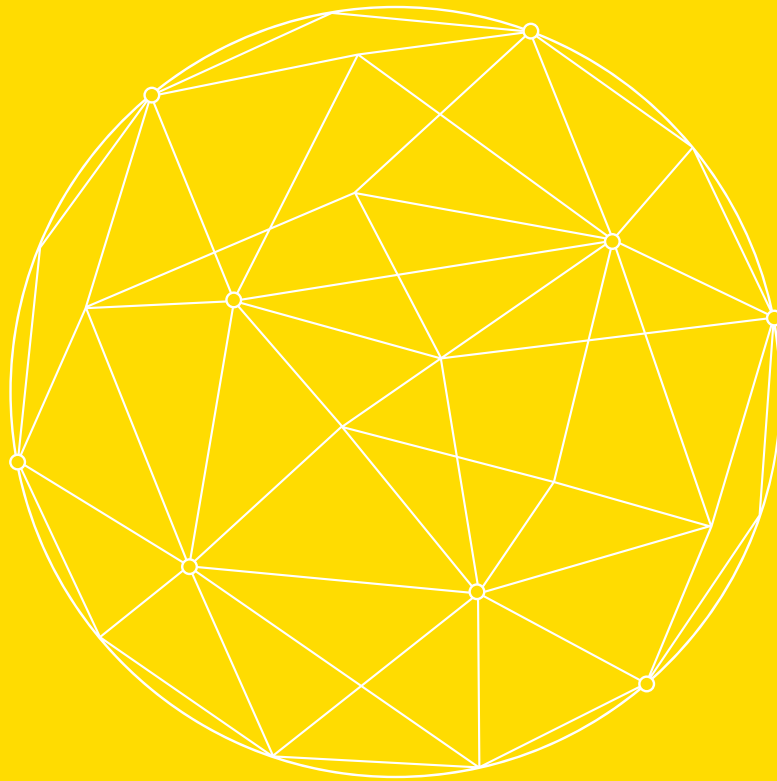
In fact, the growth in **Loan** portfolio (+ 13.7% over the previous year), **Deposits** (+ 29.5%, over 2013) and, especially, **Net Operating Income** (+ 54.8%, over 2013), allowed **Banco Sol** to record, in 2014, the best **Net Income** ever, 4,198 million Kwanza (equivalent to 40,8 million USD).

During 2014, the Bank was even closer to its **Customers**. With its increased commercial network in 2014 with the opening of 24 new branches, **Banco Sol** had, at the end of the year, 166 branches operating throughout the country, highlighting the strategic determination to respond effectively to the increasingly demanding needs of the market through the offer of differentiated financial solutions to its **Customers**.

This dynamic, along with the signing of new agreements with Organizations and Companies in order to ensure more beneficial terms in accessing credit and the development of new features and services in electronic channels, helped **Banco Sol** to maintain a relevant position in supporting economic agents.

Banco Sol continued to rely on strong institutional partners, academic and technological, such as Visa International, with which it shares strategic projects at national and international level.

A special thanks to our **Employees** who, with their commitment, perseverance and professionalism, played a key role in the performance of the Bank. These efforts reflected in the improvement of **cost-to-income** ratio, from 67.5% in 2013 to 55% in 2014.





Furthermore it is important to highlight, in 2014, the work of **FUNDAÇÃO SOL**, of which **Banco Sol** is an Institutor, in Social Responsibility initiatives, particularly in the areas of Health, Social and Community, Culture, Education and Sports. Despite the experienced domestic environment, **Banco Sol** has fulfilled its Social Responsibility program and the total financial contributions to targeted projects, among others, to improve the living conditions of senior citizens, children and women in rural areas.

The activity of banking services is going through major changes, a trend that necessarily entails the integration of new technologies and contact channels focused on mobility. This is a challenge for the coming years.

Aware of the reality and dynamics of the market and the necessary and undeniable need to adapt to changes, the **Board of Directors** prepared a **Modernisation and Development Plan**, approved by the shareholders, whose main beam is based on competitive differentiation, i.e. improving services, developing innovative financial solutions and ongoing training of the employees, in order to meet the growing market demands.

In 2015 the major challenges to face the current economic climate remain. The **Board of Directors** is aware of the difficulties and is fully committed in achieving the objectives defined in its Strategic Plan.

Thanks to the efforts of all, **Suppliers** and **Service Providers**, **Governmental** and **Supervisory Authorities** (BNA), **Shareholders** and **Employees**, we are building a **Banco Sol** unequivocally solid and more efficient to continue to serve its **Customers** with excellence, ensuring a position of reference in the Angolan banking market.

COUTINHO NOBRE MIGUEL

Chairman of the Board of Directors



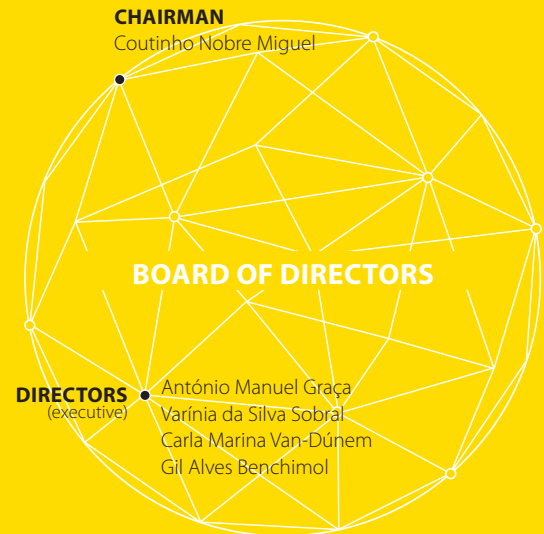
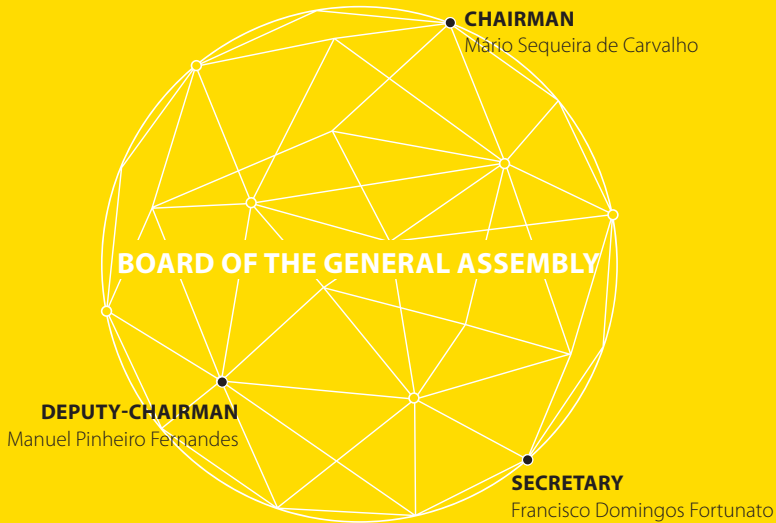
A stylized logo consisting of the numbers '0' and '2' in a bright yellow, hand-drawn, cursive font. The '0' is a simple oval with a vertical line through the center, and the '2' is a simple, angular shape with a horizontal base. The background is dark with faint, abstract shapes.

CORPORATE BOARD

02.

CORPORATE BOARD

On **December 31, 2014**, the composition of **Banco Sol Corporate Board** was as follows:





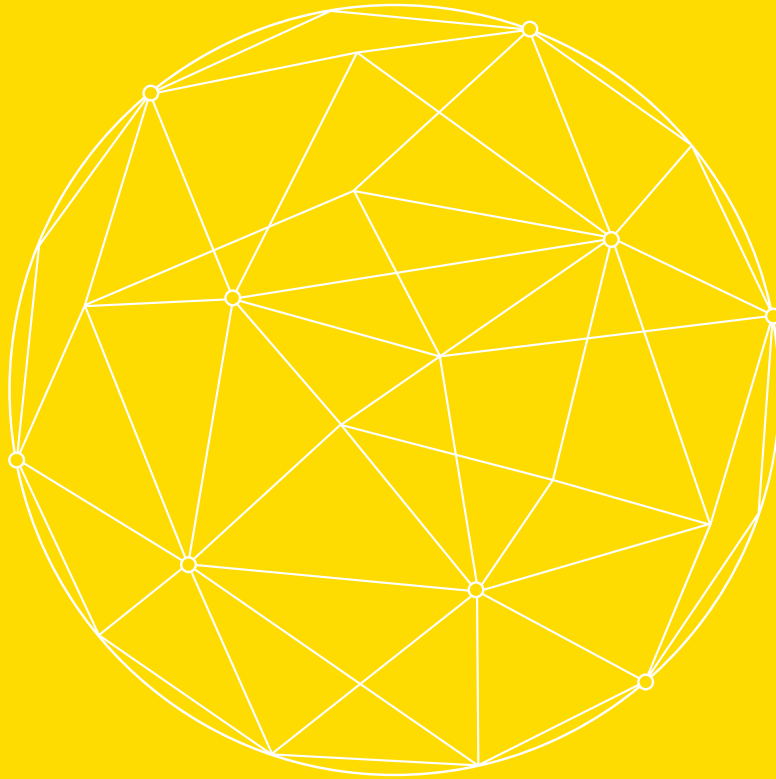
As part of the regulatory revolution and in order to ensure integrity, courtesy and transparency it was also decided at the 2013 Annual General Meeting of Shareholders, the creation of the **Supervisory and Monitoring Committee of the Board of Directors**, to ensure the effective and timely monitoring of enforcement procedures of the Bank. On December 31, 2014, the composition of this **Committee** was as follows:





03

SYNTHESIS OF KEY INDICATORS



03.

SYNTHESIS OF KEY INDICATORS

(Thousand Kwanzas)

	December 2014	December 2013	December 2012	December 2011
1 ○ Balance				
Total net assets	270,942,765	205,840,068	178,638,155	133,152,746
Loans to customers	86,273,361	75,902,172	51,597,197	32,813,659
Total customer funds	236,279,571	182,474,984	154,468,839	118,432,756
Securities	65,137,564	638,167	2,776,708	40,231,761
Equities ¹⁾	17,007,385	12,906,794	8,820,017	7,567,324
Capital	17,555,700	14,535,890	12,048,604	9,692,249
2 ○ Activity				
Financial Margin	8,282,709	9,386,353	6,700,077	5,760,490
Foreign exchange operations income	3,703,114	3,371,015	2,940,130	1,506,372
Financial services income	13,011,769	3,388,097	3,248,619	2,439,758
Net operating income	24,997,592	16,145,465	12,888,826	9,706,620
Operating income	4,958,474	5,406,937	3,775,879	1,406,852
Net income	4,198,004	3,465,274	2,876,433	2,363,995
Cash Flow	11,483,579	5,438,472	4,792,738	4,295,898
3 ○ Profitability				
Return on average assets (ROAA)	1.8%	1.8%	1.8%	1.9%
Return on average equity (ROAE)	26.2%	26.1%	26.5%	26.5%
4 ○ Solvency				
Capital adequacy ratio ²⁾	12.7%	12.2%	13.0%	14.6%
5 ○ Credit quality				
Overdue (+90 d)/Loans to customers (in %)	2.0%	2.0%	5.0%	10.0%
Coverage of overdue loans by provisions (in %)	466.0%	163.0%	117.0%	66.0%
6 ○ Distribution network employees and customers				
Number of branches	166	142	121	97
Number of employees	1,379	1,221	1,032	905
Number of customers	619,351	527,075	434,098	333,499
7 ○ Productivity, efficiency and growth				
Cost-to-income ³⁾	55,0%	67,0%	70,0%	82,0%
Net operating income/Nº, of employees	18,127	13,223	12,489	10,726
Nº, of employees/Nº, of branches	8	9	9	9
Number of POS	3,714	1,657	655	479
Number of ATM	234	184	149	111
Number of MULTICAIXA cards	333,765	231,455	173,531	73,546
Number of VISA cards	55,570	35,722	33,206	51,869
Number of SOLNET subscribers	29,748	26,097	22,065	8,682
Number of SOLSMS subscribers	99,718	94,081	87,151	23,628

1) Calculated in accordance with the rules of the BNA-National Bank of Angola (Notice 04/2007)

2) Equities on total risk-weighted assets (Notice 05/2007 of the BNA)

3) Operating costs/Net operating income



A large, stylized yellow logo consisting of the characters '044' is centered on a dark background. The background features a faint, high-contrast silhouette of a person's profile, possibly wearing a hat or a similar structure, which adds depth to the design.

044

BANCO SOL

- 4.1 ◦ Shareholder Structure
- 4.2 ◦ Mission, Strategy and Values
- 4.3 ◦ Social Responsibility and FUNDAÇÃO SOL
- 4.4 ◦ Main Events in 2014
- 4.5 ◦ Geographic Presence and Branches Network
- 4.5 ◦ Human Resources



SHAREHOLDER STRUCTURE

On April 11, 2014, by decision of the General Assembly, the Bank proceeded to the Share Capital increase of **3,622,460** thousand Kwanzas represented by **3,550,000** shares with a nominal value of **1408.46** Kwanzas each.

On **December 31, 2014**, the Share Capital of Banco Sol, in the amount of **5,000,033** thousand Kwanzas was held by **11** shareholders, divided among the following companies and individuals:

● SHAREHOLDER POSITIONS OF BANCO SOL SHARE CAPITAL

Shareholders	Nº of shares	% of Share Capital
Sansul, SA	1,597,500	45.00%
Fundação Lwini	355,000	10.00%
Sebastião Bastos Lavrador	334,410	9.42%
José Noé Baltazar	192,410	5.42%
Ana Paula dos Santos	192,410	5.42%
Soc. de Comércio Martal, Lda	192,410	5.42%
João Manuel Lourenço	192,410	5.42%
Júlio Marcelino Bessa	148,035	4.17%
Coutinho Nobre Miguel	138,805	3.91%
Maria Mambo Café	103,305	2.91%
António Morquito	103,305	2.91%
Total	3,550,000	100.00%



MISSION, STRATEGY AND VALUES

○ MISSION

To create value for its **Customers** through innovative and personalized financial services and products, designed to meet the overall needs and expectations of different financial market segments, however complying with rigorous conduct and responsibility standards, while growing with profitability, in order to provide an attractive return to **Shareholders**.

Although the corporate purpose of Banco Sol includes a universal range of classical and retail financial services, since the beginning of its activity, on October 2001, microcredit has been one of the strategic pillars that guided the activity of **Banco Sol**, always keeping in mind its contribution to the economic and social development of Angola. This is, and will be, without doubt, one of the aspects of our mission.

○ STRATEGY

Considering its mission the main strategic lines of the Bank focus on the following processes:

- › Committed contribution to the relaunch of banking in the Angolan economy;
- › Deepening of the focus on the core businesses (microcredit and retail), through an increasing geographic establishment in the Country;
- › Keeping of high levels of satisfaction, loyalty and **Customer** engagement;
- › Promotion of new initiatives in high growth potential areas;
- › Appreciation, motivation and reward of our **Employees**, creating attractive career development perspectives;
- › Exploitation of new business opportunities created by new technologies;
- › Sustained improvement of the levels of profitability and financial soundness of the Bank;
- › Consider our presence in international markets and finding new niches of activity;
- › Advance preparation of proper and timely responses to the future obstacles and challenges.

○ VALUES

In this context, the relationship between **Banco Sol** and its **Customers** is based on trust, i.e. any business or banking operation is guided by effective and responsible ethical standards, always keeping in mind **Customers'** needs and expectations.

Banco Sol is a universal Bank decided to create value in all market segments and, in this way, marking its presence by quality, excellence and innovation in the distribution of its products and financial services.

Moreover, the transparency and communication with **Customers**, so that they can make their decisions in a clear and simple way, support the relationship between them and our Bank.

Recognizing the importance of **Employees** for the Bank sustainability, the investment in training and development program, as a way to obtain new areas of excellence and performance, will always be a duty and a commitment of the Bank in order to keep them motivated and focused around a common vision of our institution.

The guiding lines of the culture of our Bank are independence of management, organizational flexibility, team work, rigorous risk management and the creation of safe value.



SOCIAL RESPONSIBILITY AND FUNDAÇÃO SOL

The commitment to **Social Responsibility** values is part of **Banco Sol** operating strategy in the market.

In 2014, the effect of this position reflected in the development of several initiatives of **FUNDAÇÃO SOL**, of which **Banco Sol** is a Founding Member. These initiatives involved Customers, Shareholders, Employees, Partners and Communities and were directed to the areas of Social and Community Support, Health, Culture, Sports and Education with the aim of creating value and satisfaction among the Communities.

Therefore, in the area of **Community and Social Support**, **FUNDAÇÃO SOL** gave his support to the following non-profit organizations and individuals:

- › BJC PROJECT for the construction of a nursing home;
- › KUDILONGA PROJECT for the reception and protection of street children, providing them the opportunity to study;
- › MOVANGOLA PROJECT designed to meet the basic needs of vulnerable populations and opportunities for social reintegration;
- › GESTALR – PROJECT FOR THE GROWING OF VEGETABLES AND FLOWERS, aimed at supporting rural communities in the management and advisory of agricultural and livestock projects.

In the **Health** sector, it deserves emphasis the support that **FUNDAÇÃO SOL** granted over 2014, contributing to a significant improvement in the effectiveness of the treatment of children and most vulnerable adults.

These are some of the institutions and organizations that benefited with this support:

- › LUCRÉCIA PAIM MATERNITY;
- › ACAPPODA-ONG;
- › BJC- HIV-positive children and mothers of the BETHEL EL CENTER.

In **Cultural and Sports** sector, the commitment of **FUNDAÇÃO SOL** is reflected in the many initiatives developed during 2014. It has been a privilege to support activities and institutions that promote the preservation of identity and cultural progress of the country encouraging the practice of sports. Among them we shall include:

- › Issue of 2,000 books "MOSQUITO PICÃO";
- › Literary work "WOMAN SOURCE OF LIFE";
- › ANGOLAN CHESS FEDERATION;
- › MINISTRY OF CULTURE - Annual Contest "Children's Book Garden";
- › UN LOGIC - Luanda Interactive Exhibition - Scientific creations and inventions.

This support proved fundamental in the implementation of projects and programs of these entities that are examples of tenacity and commitment in solving the social and health problems of its members and the community in general.

Social function has always been understood by **Banco Sol** as a key component of its mission. As part of its corporate social responsibility, **Banco Sol**, since its foundation, has implemented an action plan to significantly increase its impact on the neediest populations, with special emphasis on the young and disadvantaged, more sustained in time and geographically broader.

The social and environmental responsibility of **Banco Sol** is a matter of culture of the Bank and the Bank's interest in this accountability should be seen as a benefit in the medium and long term, as it can also contribute to achieve the much needed sustainable development.



MAIN EVENTS IN 2014

The expansion of the commercial network of the Bank with the opening of **24 new units** (business centers, agencies, branches and service points), the launch of **new products and financial solutions**, attracting approximately **93,000 new Customers**, as well as the organization of "**Microcredit and Entrepreneurship Forum**" during 2014, were, among others, important milestones for the current year.

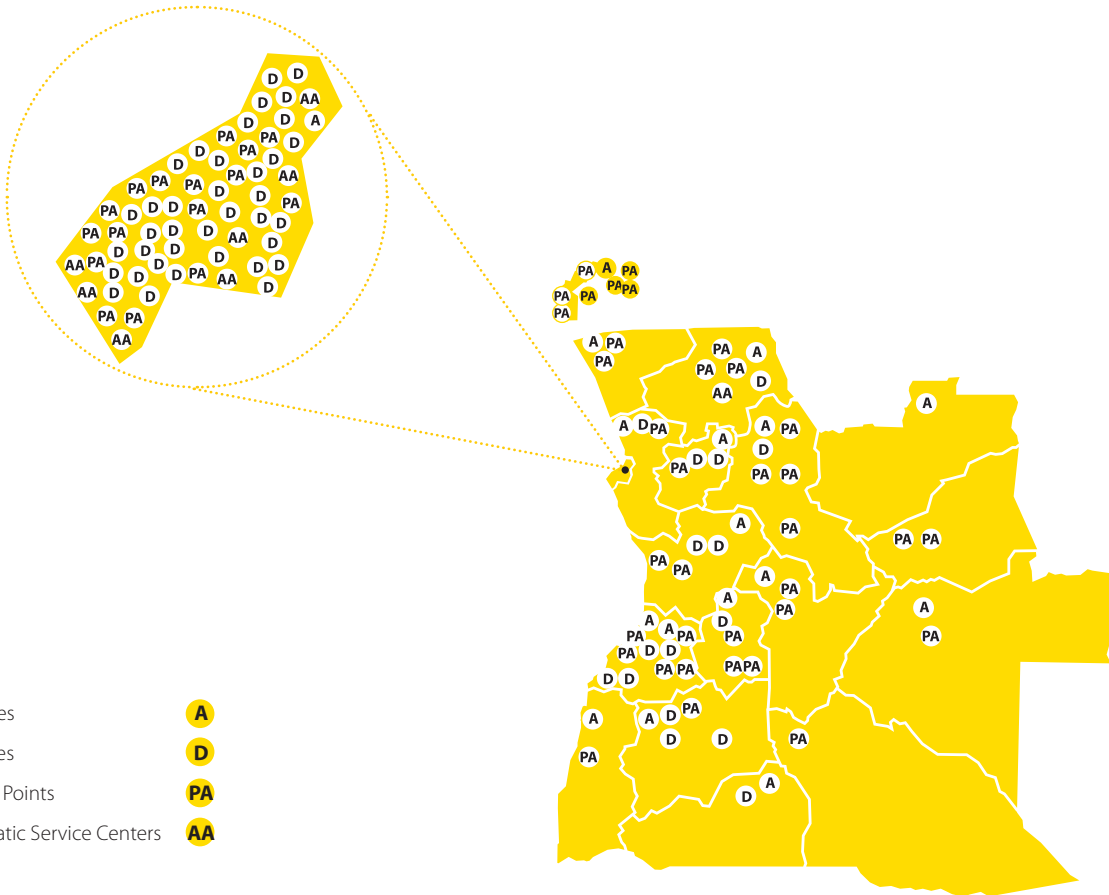
In terms of organization and internal management of the Bank, it should be underlined the creation of two new first level organizational units in 2014 - the **Credit Processing Management** and **Institutional and Corporate Relations Office**, respectively in March and May 2014 - as well as the launch of the **Plan for the Modernization and Development of the Bank**, for increasing operational efficiency of the organization, covering all functional units of the Bank.

CHRONOLOGICALLY:

Month	Main events
January	On the 24th the Port of Lobito Branch is opened.
February	On the 3rd the CLESE Point of Moxico is opened.
March	On the 10th the CLESE Point of Malange is opened. On the 17th, the Branch of Talatona building is opened. On the 24th the Business Centre of Viana is opened.
April	On the 3rd, the Point of Luanda Port Pier is opened.
May	On the 26th, the Point of Cacuo Registry Shop is opened.
June	On the 17th, the Catumbela Airport Point is opened. On the 20th, the Camabatela Branch is opened. On the 23rd, the Nova Vida Branch is opened. On the 23rd, the Nova Vida Automatic Service Point is opened.
July	On the 2nd, the Point of Viana Registry Shop is opened. On the 2nd, the Point of Camama Registry Shop is opened. On the 22nd, the North Kwanza CLESE Point (N'dalatando) is opened.
September	On the 22nd, Bancassurance was formally launched.
October	On the 2nd, the Saurimo Agency is opened. On the 3rd, the Microcredit and Entrepreneurship Forum took place. On the 21st, the SIAC Point of Caxito is opened. On the 31st, the ISCED Point of Uige is opened. On the 31st, the Palace of Justice Point of Uige is opened.
November	On the 20th and 21th the Bank participated with its own stand in the Expolndústria- Angolan Industry Show.
December	On the 12th, the Benfica II Business Centre is opened. On the 12th, the Benfica II Branch is opened. On the 12th, the Business Centre of Soba Capassa - Camama is opened. On the 12th, the Soba Capassa - Camama Branch is opened. On the 18th, the Ulengo SAPU Mall Branch is opened. On the 19th, the Golf II Branch is opened.

4^L
To 5

GEOGRAPHIC PRESENCE AND BRANCHES NETWORK





HUMAN RESOURCES

Banco Sol offers all **Employees** fair treatment and equal opportunities while maintaining its strategic lines of merit recognition, management of potential, skills development and balance between personal and professional life.

On December 31, 2014, **Banco Sol** had 1,379 **Employees**, representing an increase of 158 workers (+12.9%) compared to 2013.

Despite this increase, due to the expansion of the commercial network, the ratio “number of Employees per branch” slightly decreased in 2014, i.e. 8 employees, on average, by agency, confirming the successful implementation of the expansion plan of the commercial network and the consequent maximization of existing human resources.

● BANCO SOL EMPLOYEES

	2014	2013
Employees	1,379	1,221
Men (%)	48.9	49.4
Women (%)	54.1	50.6

At **Banco Sol**, training has always been a priority for the development of professional and personal skills of the **Employees**. The pursuit of excellence in the service provided to **Customers**, involves the identification of the most appropriate training to the specific needs of each **Employee**.

After the significant investment in external training in the previous year (2013), it was also developed during 2014 an extensive internal training plan, covering all functional areas of the Bank, as a way of knowledge transmission through the organization. In particular, in the context of protocols with Consulting and Training companies, the bank organized 35 training courses in which 218 **Employees** participated, in a total of 1,441 hours. The costs associated with these training activities totalled approximately 56.4 million Kwanzas.

Banco Sol offers a range of social benefits to its **Employees** particularly in the context of health, car loans, consumer credit and house purchase credit, under special conditions, however respecting the principles of analysis of credit risk established in the Bank. During 2014 **Banco Sol** granted 518 new credits to its **Employees**.



05

ECONOMIC AND FINANCIAL CONTEXT

- 5.1 ◦ International Economic and Financial Framework
- 5.2 ◦ National Economic and Financial Framework

5.1

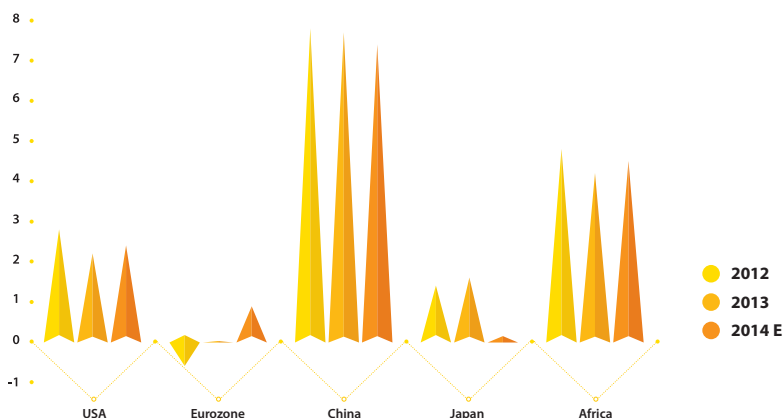
INTERNATIONAL ECONOMIC AND FINANCIAL FRAMEWORK

○ WORLD ECONOMY

Global economy expanded in 2014 as in the previous year (3.3%, according to estimates of the International Monetary Fund-IMF) in a context of growing inter and intraregional divergence. Indeed, changes in the dynamics of growth across regions started in late 2013, continued in 2014 with dynamism, although slight, consolidating itself in most advanced economies and losing force in the emerging economies market.

● GROSS DOMESTIC PRODUCT

(GDP real annual growth rate)



Advanced economies benefited, above all, from domestic demand (US and UK), improvement of labour markets, increasing confidence and accommodative policies. In contrast, in several emerging and developing market economies structural barriers persisted and restrictive conditions, including geopolitical issues (conflict between Ukraine and Russia) and the evolution of commodity prices.

In the **US**, the economic activity accelerated in 2014, with GDP growth at an average of 2.4% (2.2% in 2013). The economic growth was supported by strong domestic demand in line with the gradual improvement of economic fundamentals, in particular the accommodative monetary policy, the appreciation of the US dollar and the improvements in housing and labour markets. Inflation remained subdued during 2014 (1.4%, compared with 1.5% in 2013).

The activity in the **Eurozone** grew by 0.8% in annual terms (0.0% in 2013). Despite euro depreciation and the low interest rates observed in 2014, private consumption stagnated and unemployment, although with a slight decrease, maintained high levels.

In **Japan**, economic activity slowed sharply during most of 2014. From a growth of 1.6% recorded in 2013, GDP grew by 0.1% in 2014. The rise in consumption tax in 2014 led to an increase in inflation (2.7% in 2014 against 0.4% in 2013), something that did not happen since 2007 and 2008.

In **China**, GDP decelerated again in 2014 (7.4% in 2014, compared to 7.7% in 2013) due to a slower growth in public and private investment. Exports were robust as a result of the recovery in external environment, while import growth remained weak in line with investment and oil prices.

Available estimates suggest that **sub-Saharan Africa's** economy grew 4.5% in 2014 (4.2% in 2013). The fall in the price of various raw materials, particularly oil prices in the second half of 2014, had a negative impact on exporters of these goods. During 2014, oil prices declined 49%.

After a period of relative stability (around 100.00 USD per barrel in the first half of 2014) the price of Brent crude oil reached levels below 60.00 USD per barrel at the end of the year. On the supply side, OPEC production increased, which joined unconventional oil production in North America (shale oil and tar sands). At the same time, oil demand was weak, reflecting a modest global growth.

In South Africa, the economic growth slowed down significantly, conditioned by strikes in the mining sector, lack of electricity and low confidence among investors. The Ebola outbreak seriously disrupted economic activity in Liberia and Sierra Leone. In contrast, in Nigeria, the largest economy in sub-Saharan region, economic activity increased at a robust pace, supported by a dynamic non-oil sector.

○ **FINANCIAL, MONETARY AND FOREIGN EXCHANGE MARKET**

The monetary policies of developed countries were accommodative in 2014, although the **ECB-European Central Bank** and the **Bank of Japan** enhanced its expansionary monetary policy.

In the **US**, the Federal Reserve (Fed) gradually reduced asset purchases during the year, concluding them on October as planned.

As a way of encouraging the economic growth in the **Eurozone**, the European Central Bank reduced interest rates to unprecedented levels and announced new Refinancing Operations with extended deadline in order to encourage the availability of bank credit to non-financial companies and families.

Also in the **Eurozone**, sovereign debt risk premiums continued to decrease, in a context of trust of investors in the economic and financial recovery of the countries which benefited from financial assistance.

This evolution of monetary policy in the **Eurozone** led to a compression of the indices of the euro interest rates and contributed also to the depreciation of the euro, in particular against the US Dollar. In late 2014, the European currency (EUR) accumulated a depreciation of 15% since the beginning of the year against the US Dollar.

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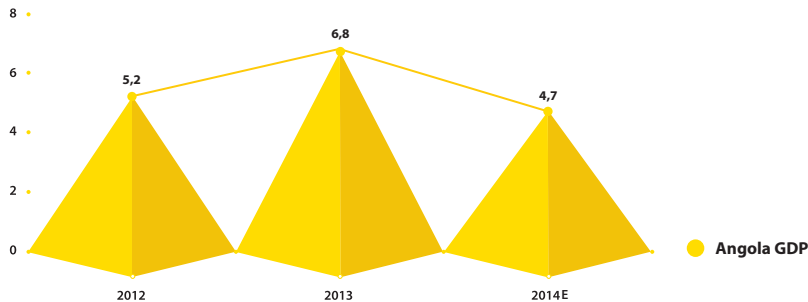
NATIONAL ECONOMIC AND FINANCIAL CONTEXT

○ **GDP**

According to the estimates published in the General State Budget Amendment for 2015, the growth of the Angolan economy in 2014 stood at 4.7% in 2013 after a growth of 6.8%.

To this performance contributed the strong decline in international oil prices in the last quarter of 2014 (approximately 50% of the price of the barrel recorded in June 2014) and technical problems resulting in the shutdown of production in some oil wells in the first quarter.

● GDP GROWTH RATE



To cope with this “external shock”, the new version of the General State Budget for 2015, approved in early 2015, revealed a cautious attitude in forecasting exports and tax revenues, while implementing key measures to sustained economic growth and limiting the damage of this “clash” in economic activity in a stability scenario.

The data provided by the Ministry of Finance indicate that the **oil sector** decreased by 2.6% in 2014 (0.9% in 2013) while the non-oil sector is expected to have grown 8.2% (10.9% in 2013), with the contribution of agriculture, manufacturing and construction industry and market services.

In this economic environment the Angolan Government and Supervisory Authorities (BNA) implemented some structural measures which are: (a) Tax Reform, (b) an increase in regulation and intervention by the BNA, (c) the incentive program to small and medium enterprises (“Angola Invests”), (d) the continued de-dollarization process of the economy and (e) several government programs aimed at encouraging the substitution of import with local production.

According to IMF estimates, the **budget deficit** in 2014 is expected to stand at 3.1% of GDP. Revenues from oil taxes which in 2013 accounted for 74.9% of Total Revenues, in 2014 reached a value of 28,800 million USD (37,200 million USD), representing 68.5% of total revenues in 2014.

State funding in 2014 continued to be represented by TB - Treasury bonds followed by the foreign credit lines.

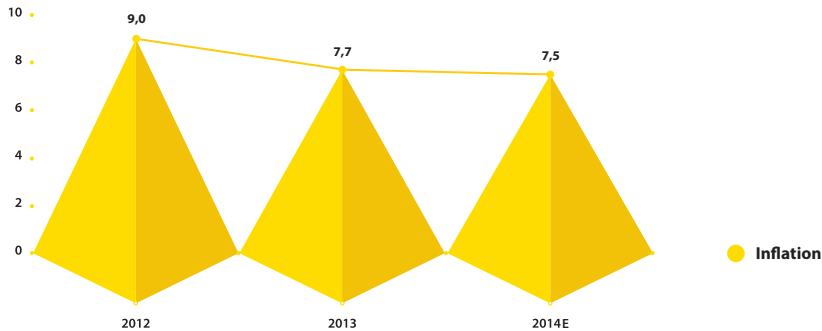
○ FINANCIAL, MONETARY AND FOREIGN EXCHANGE MARKET

The monetary policy of the National Bank of Angola (BNA), in 2014, remained cautious and reactive against the “external shock” of the last few months of 2014 by using all available instruments, fiscal and financial, monetary and foreign exchange in order to respond in advance to possible adverse impacts on the national economy.

During the 1st half of 2014, the **inflation rate** continued the slowdown started in 2013 and reached its historic low (6.9%) in June 2014. The stability of Kwanza against US Dollar during this period also had an impact on this reduction.

In December 2014, the annual **inflation rate** stood at 7.48% (7.7% in 2013). The rise in inflation is related to devaluation of the Kwanza against the US Dollar in the fourth quarter because Angola is a country that imports most of the goods, together with the increase in gasoline and diesel prices occurred in September 2014 and the revision of the customs tariff.

● INFLATION



To keep the inflation rate at single-digit levels, in October 2014, BNA increased its **interest rate** from 8.75% to 9.0%. In 2014, LUIBOR rates for all periods recorded positive fluctuations. The “Overnight” LUIBOR rate at the end of 2014 stood at 6.14% and recorded a variation of about 3% over the minimum value reached during 2014.

During 2014, Kwanza maintained the trend of depreciation against the US Dollar although the **exchange rate** remained stable during the 1st half of 2014. However, in the last quarter of 2014, Kwanza depreciated against the Dollar US with the exchange rate rising from 98.00 AKZ / USD at the beginning of the year to 107.00 AKZ / USD at the end of December 2014.

○ CREDIT AND DEPOSITS

Since 2011, there has been a growth in national currency **Credit** (NC) and a decrease in Foreign Currency **Credit** (FC). To this end the measures implemented by BNA for de-dollarization of the economy were important. **Credit** in NC represented at the end of 2014, 76.3% of **Total Credit**.

The growth of credit to the economy was affected in December 2014 by the restructuring of the balance of one of the most important banking institutions of Angola which led to the reduction of its loan portfolio by 37%. In 2014, **Total Credit** grew 9.6% compared to 2013.

In 2014, **NC Credit** grew 22.4% compared to 2013, while **FC Credit** represented 23.7% of Total Granted Credit, recording thereby a decrease of 18.1% over the previous year. Credit to the private sector increased by 16%, while the public sector decreased by 17%.

Deposits recorded also a 9.2% increase in December 2014 compared to the same period of the previous year. At the end of the year **NC Deposits** represented 68.6% (62.3% in 2013) of total deposits in commercial banks. **Deposits** in FC accounted for 31.4% (37.7% in 2013) of total deposits in commercial banks.

○ CAPITAL MARKETS

The Presidential Decree No. 97/14 of May 7, created the **Angola Debt and Securities Exchange (BODIVA)** with the purpose of managing regulated markets. Its public presentation took place on December 6, 2014 and its activity started on December 19 with public debt issue.

The creation of the stock exchange will allow the diversification of the investor base, as well as the emergence of new opportunities that may lead to a more equitable distribution of wealth. Companies can diversify their sources of funding and at the same time the risk.





06

SYNTHESIS OF THE ACTIVITY OF THE MAIN
BUSINESS AREAS

6.1 ◦ Commercial Activity and Business Areas

6.2 ◦ Risk Management and Policy



COMMERCIAL ACTIVITY AND BUSINESS AREAS

In 2014, the focus on the strategy defined by the Board of Directors, primarily based on proximity and strengthening of customers' relationships, focusing on increasing this linkage/relationship, continued to be the main guiding element of **Banco Sol** commercial activities.

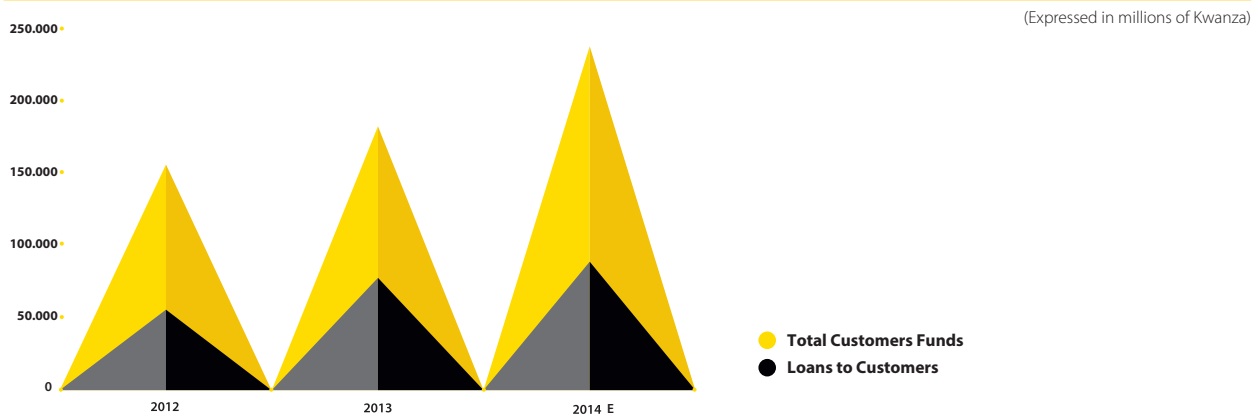
In a domestic context conditioned by increased competition, **Banco Sol** continued its Strategic Plan and, during the year, many actions took place, with particular emphasis on the following aspects:

- I . Availability of levels of service and personalized and expert counselling to **Customers**, through a highly qualified and flexible commercial team;
- II . Continuity of the implementation of an Agreements' policy with various public and private institutions;
- III . Continuity of the policy of expansion of the commercial network, through the opening of new branches and geographical expansion;
- IV . Disclosure of new products and services which correspond properly to the objectives of **Customers**, both individuals and companies;
- V . Expansion of Electronic Channels as alternative means facilitating the interaction of the **Customers** with the Bank.

○ CREDITS AND DEPOSITS

In 2014, there was a significant increase in the volume of **Customers funds** whose increase amounted to 29.5%, and a relatively moderate growth in net loan portfolio (13.7% compared to the previous year).

● CREDITS AND DEPOSITS

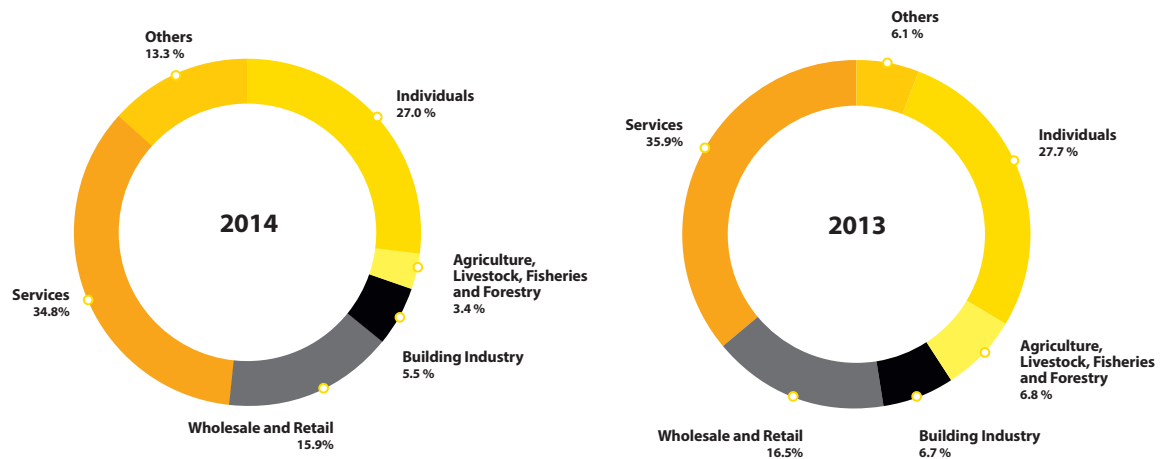


The significant growth in the **deposits portfolio** is the corollary of the commercial strategy of **Banco Sol** Management in order to enhance the capture of customers' funds, with direct effects on the positioning of **Banco Sol** as a reference institution in the national banking market.

On the other hand, in credit granting, **Banco Sol** took strategically into account not only the macro-economic environment, as well as the consequent need to strengthen prudential and substantial provisions for doubtful loans and guarantees, thus strengthening its balance.

As a result of this dual strategy - aggressive in fundraising and prudent in the management of credit portfolio - the transformation ratio of deposits in net loans stood at 36.5% at the end of the year (compared to 41.6 % of 2013).

In terms of sectorial distribution of the loan portfolio, compared to the previous year, the situation was as follows:



As we may observe in late 2014, about 27.0% of loans refers to **Individuals** having this segment slightly reduced its weight compared to December 2013 (27.7%). Although this segment still represents a considerable weight in the total loan portfolio, these exposures are mostly collateralized with real guarantees, which are monitored regularly.

Wholesale and Retail credit also reduced its share in total portfolio to 15.9% (16.5% in 2013).

Credit to the **Building Industry** also decreased in 2014, standing at 5.5% at the end of the year (6.7% in 2013).

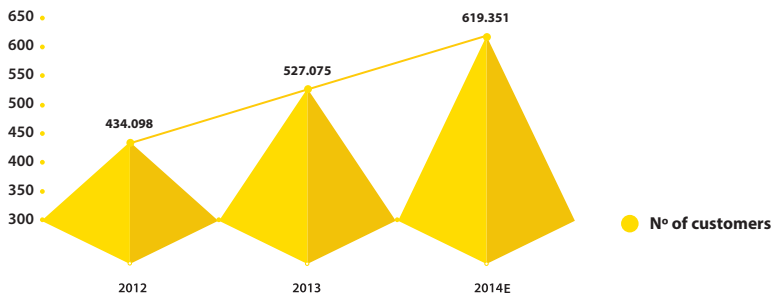
In 2014, **Banco Sol** received approximately 6,500 credit proposals (a similar number to the previous year) and celebrated about 690 new credit contracts.

In what refers to **Customer Deposits** portfolio, there was an annual increase of 29.5%, reaching the amount of approximately 236,280 million Kwanzas at the end of 2014. This category includes **Solidarity Certificates** portfolio (term deposits certificates) in the amount of 6,546 million Kwanzas, thus reaching 242,826 million Kwanzas in total customer funds.

○ CUSTOMERS AND DISTRIBUTION NETWORKS

In terms of **Individuals and Companies**, 2014 ended with 619,351 customers which meant an increase of 17.5% over the same period (+92,276 new customers) which reflects the commitment of **Banco Sol** in extending its customer base.

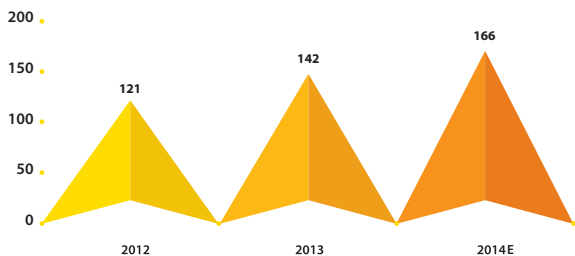
● N° OF CUSTOMERS



In terms of **distribution network Banco Sol** registered in 2014 an increase of 24 units, with 166 service points, including branches, service centers and business centers, which highlight in particular the strengthening of the presence of the Bank throughout the country.

In particular, became operational during 2014, 4 new Business Centers (Viana, South Region, Camama and Benfica) thus extending the total service to **Customers** points to 13 centers.

● N° DE BRANCHES



In terms of **complementary customers service networks** (commonly referred to as "electronic channels"), 2014 was also a year of consolidation and improvement of the service level of the various channels of **Banco Sol**.

Thus, following the growth in the number of **Customers**, debit cards (MULTICAIXA) recorded a significant growth of 44.2% compared to 2013, while VISA cards grew by 56% compared to the previous year.

Following the process of expansion of its commercial network, the ATM network grew 27.2% in the whole national territory, while maintaining its policy of improvement in profitability of the equipment and the optimization of its operating processes. In 2014 **Banco Sol** held 234 machines (184 in 2013).

The POS number doubled compared to the previous year (+ 124.1%) which illustrates the clear commitment of **Banco Sol** with its business customers and suppliers of goods and services to end customers.

SOLNET, **SOLSMS** and **CALL CENTER** channels continued the trend of evolution seen in previous years with emphasis on the growth of the number of individuals who joined **SOLSMS**.

Since **SOLNET** is a privileged channel to establish immediate and direct relationship with the **Customer**, the Bank, during 2014, attempted to enhance the range of products and services offered, extending the period of availability, as well as strengthening their respective security levels.

In **CALL CENTER** there was a significant increase in the volume of Customer support calls as well as in the largest number of features offered through this channel.

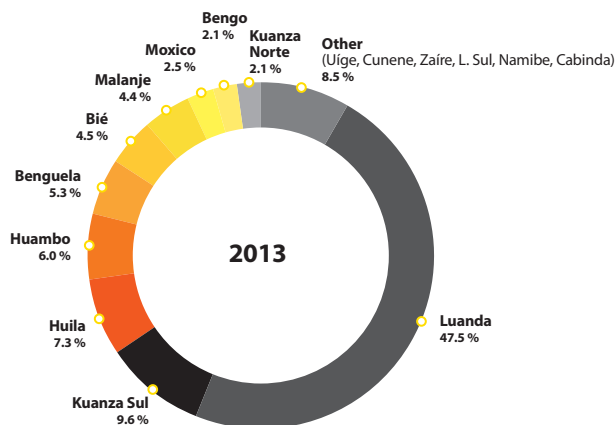
These platforms were responsible, in 2014, for a large number of operations, representing a clear vote of confidence of the **Customers**, which used them in different ways, according to their specific needs, location and time.

○ MICROCREDIT

Microcredit activity, of which **Banco Sol** is a proud pioneer in the Angolan market and that has always been a part of the DNA of the Bank, occupies a central place in the activities of the institution.

In 2014, the Bank supported 5,313 beneficiaries/customers with viable projects in different parts of Angola, having been granted a total funding of 1,246.9 million Kwanzas.

● GEOGRAPHICAL DISTRIBUTION OF MICROCREDIT ACTIVITY



The amount of credit granted in this business area at the end of 2014, totalled 15,913,873 thousand Kwanzas (14,080,630 thousand Kwanzas at the end of 2013), covering 104,245 beneficiaries (+ 4,971 compared to 2013), divided as follows:

● HISTORY BY PRODUCTS

(amounts in thousands AKZ)

Products	Nº. Of Beneficiaries	Granted Credit
Micro enterprises	12,104	6,635,015.3
Consumption	11,950	2,963,163.5
Commercial Group	7,755	371,712.4
OMA - Angolan Women Organization	356	130,137.9
INEFOP - National Institute of Employment and Professional Training	3,754	430,381.7
FMEA - Federation of Women Entrepreneurs in Angola	30	49,390.5
World Vision	10	1,049.8
MOSEL - Pharmaceutical products specialties	17	18,439.0
Rural Group	68,269	5,314,583.2
Total	104,245	15,913,873.4

○ OVERDUE CREDIT END CREDIT RECOVERY

In terms of credit recovery, during 2014, **Banco Sol** continued the activities of the previous years in order to control and reduce overdue loans in commercial and microcredit portfolio.

At the end of 2014, the portfolio of overdue loans was 1,845,965 thousand Kwanzas (**1,807,245 thousand Kwanzas** in 2013); this value corresponds to 2.1% of the loan portfolio of Banco Sol on that date (2.4% in 2013).

By type of credit and business area, the evolution of overdue loans in 2014 and 2013 was as follows:

● OVERDUE CREDIT

(amounts in thousands AKZ)

Business Area	2014	2013
Individuals and Companies	1,655,054	1,627,515
Microcredit	190,911	179,730.0
Total	1,845,965	1,807,245

To improve control over non-performing loans, the Management of **Banco Sol** developed a range of initiatives, including the promotion of a greater exchange between the various divisions involved in granting and monitoring credit, training, implementation of applications and tools to support the management of overdue loans and strengthening discipline, consistency and degree of systematization in the management of overdue loans.

○ BUSINESS SUPPORT UNITS

Customers are one of the most valuable assets of the Bank so, the constant evaluation of service levels provided by the institution as well as the monitoring and management of any manifestation of displeasure with their commercial relationship (represented by claims) are a constant concern for **Banco Sol**.

Therefore, **studies and evaluations of customer satisfaction levels** are regularly conducted by the Marketing Management of the Bank, integrated in a consistent and coordinated research plan whose results are analysed and monitored and, where justified, necessary mitigation actions are taken.

Furthermore, each and every claim received by the Bank, is routed and handled by the **Ombudsman Sector**, framed in the Marketing Management and it is also individually and immediately analysed and addressed accordingly.

In terms of **Information Systems and Technology**, **Banco Sol** continued to invest sustainably in technology and the most advanced systems supporting the business, while keeping focused on the implementation of a functional organizational structure, adequate to the need for response to the **Customers'** growing demand for more and better services improving, whenever possible, the levels of security.

From the point of view of technological infrastructure there was a strong investment in processing, storage and communications capacity in order to follow the increase in present and future volume of business.

Noteworthy are the following projects, some of them started in previous years, completed and launched in 2014 and others with completion scheduled for 2015:

● IT PROJECTS

IT PROJECT	Description
Check clearing subsystem	Application development to adapt the infrastructure of the Bank to the new Angola Payment System (SPA).
Ministry of Transportation - Executive support development program	Application development within the executive program to support the development of economic, agricultural, fishing, livestock and rural activities.
Tax payment - DLI	Implementation of an integration solution with the system for paying taxes of the Ministry of Finance.
Regulatory information	Implementation of reporting modules due to the discontinuation of MDR. Implementation of the provisions modules for ensuring compliance with the requirements of the Central Bank.
Service kiosks within branches	Implementation of self-service machines in branches for DSTV and prepaid services.

6.2

RISK MANAGEMENT AND POLICY

The function of risk management, understood as an integrated system of policies and procedures, with permanent and crosscutting character in the institution, ensuring the objectives of operational efficiency, control of inherent risks, reliable information management support and strictest compliance with legal and internal regulations, is constantly conducted by **Banco Sol** in accordance with the strategies and policies set by the Board of Directors, assuming a key role in ensuring the sustainability and profitability of the activity.

The process of risk management pursued by **Banco Sol** is therefore based on three strategic objectives;

- › clear identification, monitoring and control of risk exposure considered relevant to the Bank;
- › implementation of processes for monitoring risks, with appropriate quantitative support in order to chain the different risk exposures to their financial impacts on capital;

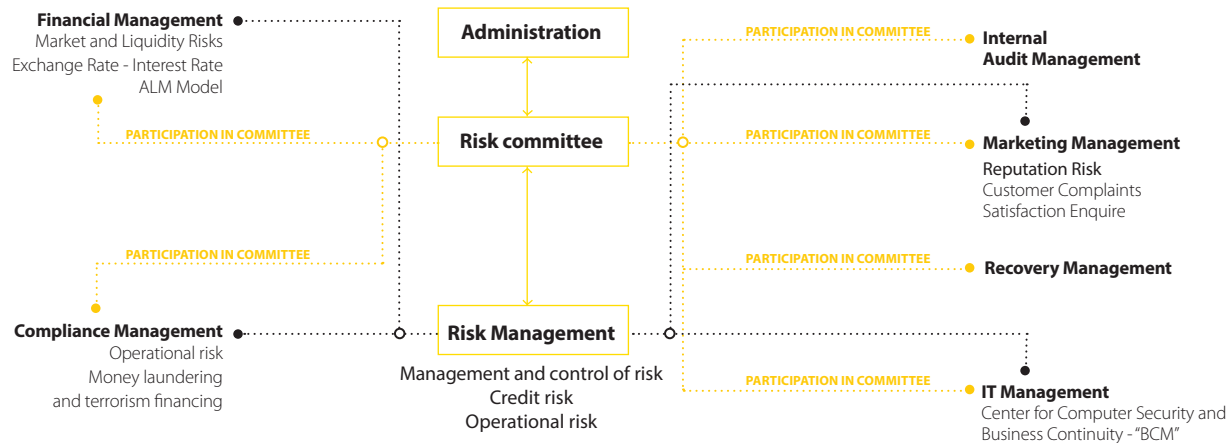
- › quantified definition of tolerance levels for different risks and risk factors and the consequent implementation of the respective mechanisms and mitigation actions, according to the defined alert levels.

On the other hand, in practical terms, the risk management system is structured in the following three areas:

- › implementation of management models and perfectly delineated and defined operational circuits (including their liability), monitored on a daily basis;
- › existence of an integrated and consistent system of internal control of business risks;
- › timely and effective internal audit process.

From a functional and organizational standpoint, the overall architecture of the Integrated Risk Management System implemented in **Banco Sol**, can be visually summarized as follows:

● INTEGRATED SYSTEM OF INTERNAL CONTROL



With the three main bodies of the Integrated System clearly identified:

- › **Management**, responsible for defining, implementing and periodically reviewing the internal control system, to ensure that the objectives are achieved on a permanent basis;
- › **Risk Committee**, with delegated powers of implementation and monitoring of the defined risk strategy, in its various aspects;
- › **Risk Division**, the first line organizational structure of the Bank, with adequate resources, occupying a centre stage in the Internal Control System and responsible for the overall risk management of the institution.

Additionally, it should be highlighted the role of the **Internal Audit Department** that, on an independent and permanent basis, performs the evaluation of the effectiveness, efficiency and adequacy of the internal control system of the Bank itself.

○ RISK STRATEGY

Risk strategy is characterized by the possibility of negative impacts on the net worth of the institution by the occurrence of adverse changes in the business environment and the potential inability to respond to these changes and or inadequate strategic management decisions.



The continuous assessment of the correctness of strategic options and possible risks is performed at Banco Sol in the Risk Committee headquarters.

○ LIQUIDITY RISK

The process of liquidity risk management includes key areas of business management, with inherent risk, such as assets and liabilities management, liquidity and treasury management. The continuous and rigorous management of balance, the management of liquid capital as well as operational management of “cash flow” are essential aspects of this process.

The assessment of the Bank’s liquidity risk is based on the calculation and analysis of regulatory indicators defined by the supervisory authorities (BNA), as well as other internal metrics which are defined as exposure limits.

The monitoring of the necessary current and structural liquidity, in accordance to the amounts and timing of commitments and the available funds, is done by identifying liquidity gaps and ratio and it is permanently monitored by the Assets and Liabilities Committee.

○ MARKET RISKS (including Interest Rate and Foreign Exchange risks)

The potential risks of interest rate and exchange rate are regularly assessed and monitored by the Assets and Liabilities Committee, supported by specific and relevant statistical information, including sensitivity analysis of the balance of the Bank and the slight variations that can potentially occur.

Foreign exchange risk and the respective regulatory limits are also monitored daily, based on information on the different positions (long and short) held by the Bank, as well as bi-weekly by the Currency Committee, operational forum whose duties include the prudential management of foreign exchange, to ensure the needs of the Bank.

Monthly, the Committee Risks of the Bank performs and evaluates these risks, taking the necessary structural guidelines.

○ OPERATIONAL RISK

Included in the concept of operational risk, defined as the potential for financial loss arising from inadequate or failed internal processes, people or systems, the possibility of internal or external fraud, as well as external events, are also compliance risks (derived from violations or non-compliance with laws, rules and other legal instruments valid or socially and commercially established ethical principles) and information systems, arising from the inadequacy of information technologies used in the business.

The monitoring and management of compliance risks are performed daily by the Compliance Division of **Banco Sol**, as the management of first level in the organizational structure of the Bank and with adequate technical and human resources.

Every month, at the Risk Committee headquarters, it is held an assessment of the situation in this area and the necessary structural guidelines are taken. Risks related to information technology systems are also monitored daily at first instance by the Information Technology Management and secondly by the Risk Division, being monthly reported and analysed by the Risk Committee.

The remaining operational risks relating to inadequate internal processes and people, fraud and possibility of external events, are continuously monitored and managed by the Risk Division and evaluated regularly at the headquarters of the Risk Committee of Banco Sol.

○ CREDIT RISK

The monitoring and management of credit risk, defined as the probability of negative impacts on income or capital of the Bank, derived from non-compliance with financial commitments contractually assumed by the respective counterparties, are continuously performed by the Credit Department of the Bank and regularly evaluated and monitored by the Credit Committee and the Risk Committee of **Banco Sol**.

Thus, the procedures implemented at **Banco Sol**, in credit risk management (ensuring compliance with the defined strategy, and also the rules established by the supervisor authority, BNA) are as follows:

- › The **Credit Department** ensures the performance of technical analysis for all the credit proposals received, taking into account not only the level of perceived risk of counterparties and transactions but also the potential impacts of each new operation, in terms of portfolio management and limits exposure (by counterparty, sector, etc.);
- › Weekly, the **Credit Committee** evaluates and monitors the credit portfolio of the Bank to ensure its continuous alignment with the established principles of prudence and limits, being eventually carried out the concrete actions that each specific exposure requires;
- › Every month, at the Risk Committee, the loan portfolio of the Bank and its respective indicators and prudential limits, are reviewed in a more structural way and with the support of consistent and relevant statistical information, taking the strategic measures that may be relevant to preserve the quality of the portfolio and prudential risk limits.

○ **REPUTATIONAL RISK**

Assessment activities, that is, analysis and monitoring of reputational risk, arising from adverse perception of the image of the Bank by customers, counterparties, shareholders, supervisors and the general public, are permanently conducted by the **Marketing Management** of **Banco Sol**, being monthly reported and monitored, in a systematic way, to the Risk Committee. The process of implementation of mitigating actions, if appropriate, is coordinated by the Risk Division of **Banco Sol**.





07

FINANCIAL ANALYSIS

- 7.1 ◦ Evolution of Net Incomes and Profitability (ROAE and ROAA) and Solvability
- 7.2 ◦ Total Assets
- 7.3 ◦ Loans to Customers
- 7.4 ◦ Total Customers Funds
- 7.5 ◦ Net Operating Income
- 7.6 ◦ Operating Costs
- 7.7 ◦ Provisions for Non-Performing Loans and Guarantees

7.1

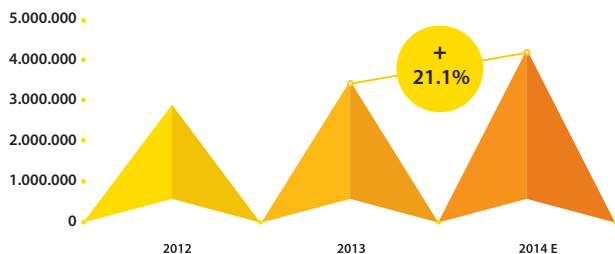
EVOLUTION OF NET INCOMES AND PROFITABILITY (ROE AND ROAA) AND SOLVABILITY

In 2014, **Banco Sol Net Income** totalled **4,198,004** thousand Kwanzas (**3,465,274** thousand Kwanzas in 2013), in agreement with the estimates of the Strategic Plan 2012-2015 of the Bank, thus representing a growth of **21.1%** over the previous year.

In 2014, the return on average equity of the Bank (**ROAE**) stood at **26.2%** (**26.1%** in 2013) and the return on average assets (**ROAA**) stood at **1.8%** (**1.8%** in 2013).

● NET INCOME

(Thousand Kwanzas)



This evolution of **Net Income** reflects the remarkable growth of **54.8%** of **Net Operating Income** in 2014, benefiting mainly from the performance of **Complementary Margin** (mainly composed of income from foreign exchange transactions and the provision of financial services) which grew **147.3%** compared to 2013.

The **capital** of **Banco Sol**, calculated in accordance with the rules of the National Bank of Angola in force on December 31, 2014 (Notice N.º 5/07 September 12) stood at **17,007,385** thousand Kwanzas on December 31, 2014, compared with **12,906,794** thousand Kwanzas calculated on December 31, 2013.

Capital adequacy ratio stood at **12.7%** by the end of 2014, thus ensuring full compliance with the ratios and capital required by the **National Bank of Angola-BNA** (according to the rules of **BNA**, this ratio is expected to be equal to or greater than **10%**).

7.2

TOTAL ASSETS

Total Assets stood at **270,942,765** thousand Kwanzas at the end of December 2014 (**205,840,068** thousand Kwanzas on December 31, 2013), representing an increase of **31.3%** over the previous year.

This growth in **Total Assets** is largely due to the contribution of the categories of “Cash”, “Securities” and “Assets”.

● ASSETS STRUCTURE

(Thousand Kwanzas)

	December 2014	December 2013
Deposits	88,100,327	50,707,848
Applications of liquidity	8,529,061	65,221,614
Securities	65,137,564	638,167
Receivables in the payment system	1,240,978	917,811
Foreign exchange operations	617,178	96,168
Loans	86,273,361	75,902,172
Other values	3,093,952	1,206,003
Business inventories	182,975	-
Fixed Assets	17,767,369	11,150,285
	270,942,765	205,840,068

The growth in “Fixed Assets” is largely due to the purchase of some fractions of Edificio Sol occurred at the end of 2014.

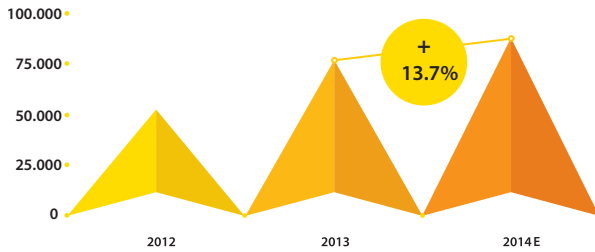
7.3

LOANS TO CUSTOMERS

The **Loan to Customers** portfolio, net of provisions, amounted to **86,273,361** thousand Kwanzas at the end of 2014, growing by **13.7%** compared to December 31, 2013 (**75,902,172** Kwanzas).

● LOANS TO CUSTOMERS

(Thousand Kwanzas)



In credit granting, **Banco Sol** took into account not only the macro-economic environment as well as the consequent need to strengthen prudential and substantial provisions for loan losses and provision of guarantees (this item grew by 191.5% compared to 2013).

● CREDIT

(Thousand Kwanzas)

	December 2014	December 2013
Balance		
Total funds	94,868,477	78,850,807
Provisions	8,595,116	2,948,635
Net credit	86,273,361	75,902,172

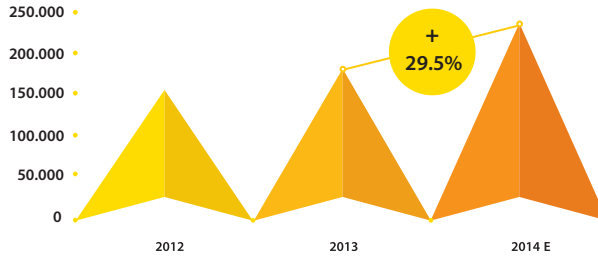


TOTAL CUSTOMERS FUNDS

Total Customers Funds amounted to **236,279,571** thousand Kwanzas on December 31, 2014, showing an increase of **29.5%** compared to the **182,474,984** thousand Kwanzas stated on December 31, 2013.

● TOTAL CUSTOMERS FUNDS

(Thousand Kwanzas)



Customer Funds financed credit portfolio and its expansion.

As a result of the remarkable growth of the deposit portfolio and prudent management of credit exposure of the Bank, the **transformation ratio of deposits** in net credit was reduced in 2014, standing at **36.5%** at the end of the year (41.6% in 2013).

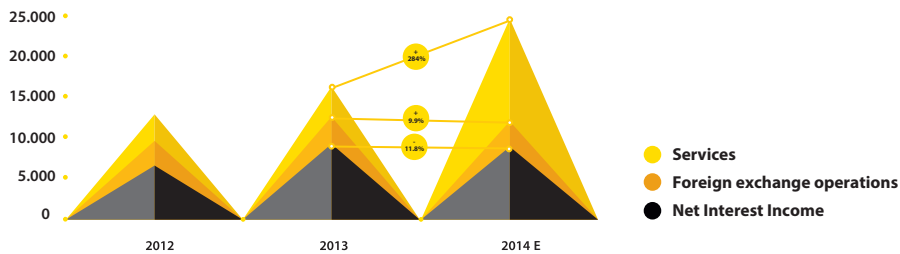
7.5

NET OPERATING INCOME

Net Operating Income amounted to **24,997,592** thousand Kwanzas (**16,145,465** thousand Kwanzas at the end of 2013) representing a growth of **54.8%** over the same period of the last year.

● OPERATING INCOME

(Thousand Kwanzas)



The remarkable growth in **Financial Services Income** (+ **284.0%**, compared to 2013) and the moderate but favourable evolution (+ **9.9%**) in **Foreign Exchange Income** outweighed a less positive evolution in **Net Interest Income**.

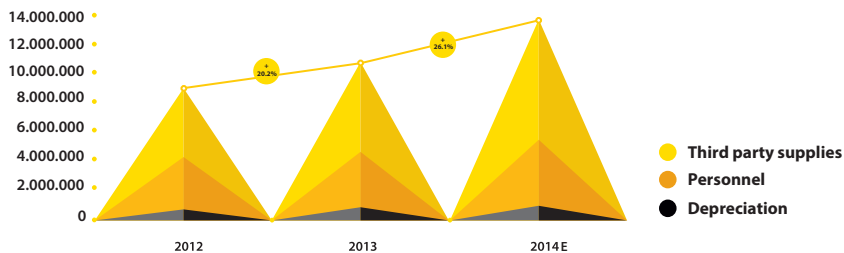
7.6

OPERATING COSTS

Operating Costs, including **personnel costs**, **supplies from third parties** and **depreciation**, totalled **13,740,605 thousand Kwanzas** in 2014, compared to the **10,899,908** thousand Kwanzas in 2013, showing an increase of **26.1%**.

● OPERATING COSTS

(Thousand Kwanzas)



As in the previous year, in 2014 the growth rate of **Operating Costs** was lower than the growth rate of **Operating Income**, providing a significant improvement in the **Efficiency Ratio ("Cost-to-Income")**: **55.0%** in 2014, against **67.5%** in 2013.

Personnel costs amounted to **4,443,068** thousand Kwanzas in 2014 (**3,801,047** thousand Kwanzas in 2013), representing an increase of **16.9%** compared to 2013.

Expenses with Third Party Supplies amounted to **8,270,175** thousand Kwanzas in 2014 (6.148.665 thousand Kwanzas in 2013) thus representing an increase of **34.5%** over the previous year.

The growth of the Bank, translated in expanding the presence of **Banco Sol** in the various provinces of the country (+24 distribution points as Business Centers, Branches, Agencies and Service Points than in 2014) has been the determining factor for the evolution of this item.

Depreciation totalled **984,546** thousand Kwanzas in 2014 (**922,836** thousand USD in 2013).

7.7

PROVISIONS FOR NON-PERFORMING LOANS AND GUARANTEES

The stock of **Provisions for Non-Performing Loans and Guarantees** in 2014 was significantly strengthened (as noted above) totalling at the end of the year, **8,595,116** thousand Kwanzas (**22,948,635** thousand Kwanzas in 2013). Its weight as a percentage of the total loan portfolio of the Bank thus grew from **3.7%** in 2013 to **9.1%** in late 2014.

The significant effort of **Banco Sol** in strengthening prudential provisions to cope with credit impairments, translated into a reinforcement of **5,646,481** thousand Kwanzas of **Provisions for Doubtful Loans and Guarantees**.

The **percentage coverage of overdue loans** by provisions was reinforced during the year, amounting in December 2014 to **466%** (**163%** in 2013), representing an added security for the future growth of the Bank.

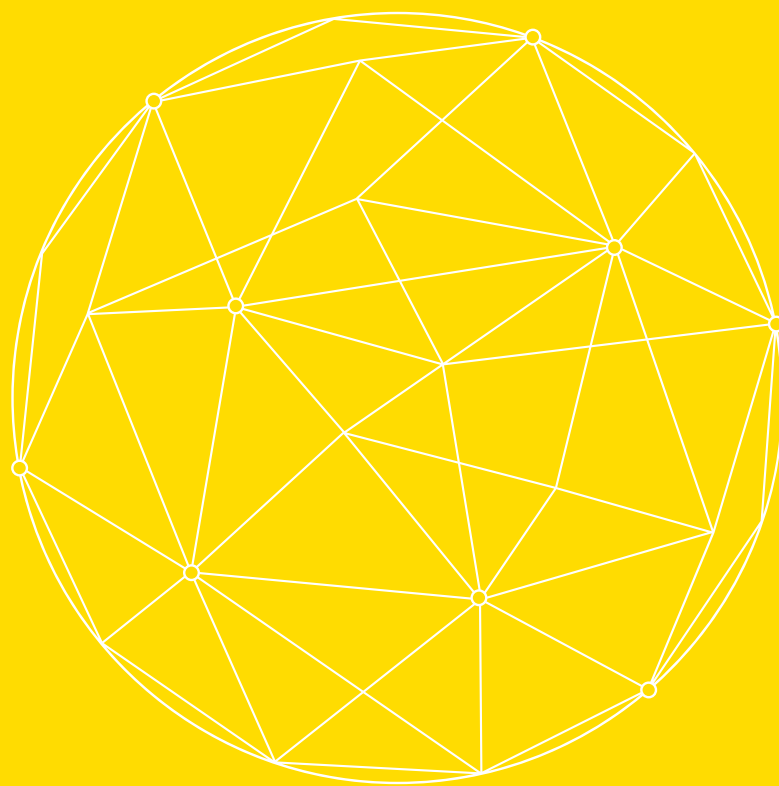




03

PROPOSAL FOR
THE APPLICATION OF NET INCOME

8.1 ◦ Proposal for the Application of Net Income



○ PROPOSAL FOR THE APPLICATION OF NET INCOME

Considering the statutory provisions of **Banco Sol** and in accordance with the Angolan law, in particular the Article N.º. 327 of the Companies Act and the Law No.13/05 of Financial Institutions, it is proposed that the **Net Income** for the year 2014, amounting to **4,198,004,188** thousand Kwanzas (equivalent to **40,812** tUSD) is applied as follows:

	%	Amounts in
Legal Reserve	10%	419,800
Dividends to Shareholders	32%	1,343,361
Retained Earnings	58%	2,434,843
Total	100%	4,198,004





09

FINANCIAL STATEMENTS

- 9.1 ◦ Balances at December 31, 2014 and 2013
- 9.2 ◦ Income Statement for the Years Ended December 31, 2014 and 2013
- 9.3 ◦ Statement of Changes in Equity for the Years Ended
December 31, 2014 and 2013
- 9.4 ◦ Statement of Cash Flows for the Years Ended
December 31, 2014 and 2013
- 9.5 ◦ Notes to the Financial Statements

9.1 • BALANCES AT DECEMBER 31, 2014 AND 2013

		(Amounts expressed in thousands of Angolan Kwanzas)	
ASSETS	Notes	2014	2013
Deposits	3	88,100,327	50,707,848
Applications of liquidity			
- Operations in the Interbank Money Market	4	8,529,061	65,221,614
Securities			
- Held-for-Trading	5	13,556,759	-
- Held-to-Maturity	5	51,580,805	638,167
		65,137,564	638,167
Receivables in the payment system	6	1,240,978	917,811
Foreign exchange operations	7	617,178	96,168
Loans			
- Loans	8	94,868,477	78,850,807
- Provision for doubtful debts	8	(8,595,116)	(2,948,635)
		86,273,361	75,902,172
Other values	9	3,093,952	1,206,003
Commercial and industrial inventories	10	182,975	-
Fixed Assets			
- Financial assets	11	22,602	22,602
- Tangible assets	11	17,369,647	10,906,974
- Intangible assets	11	375,120	220,709
		17,767,369	11,150,285
TOTAL ASSETS		270,942,765	205,840,068
LIABILITIES AND EQUITIES	Notas	2014	2013
Deposits			
- Demand deposits	12	159,803,644	108,387,361
- Term deposits	12	70,743,309	70,711,986
- Other deposits	12	5,732,618	3,375,637
		236,279,571	182,474,984
Funding with securities	13	6,546,252	1,789,146
Payables in the payment systems	14	3,205,529	1,748,512
Foreign exchange operations	15	1,913,248	463,996
Other funding	16	459,968	6,696
Other payables	17	3,615,428	4,040,054
Provisions for probable liabilities	18	1,367,069	780,790
TOTAL LIABILITIES		253,387,065	191,304,178
Capital	19	5,000,033	1,377,573
Reserves and funds	19	1,792,472	1,489,301
Potential incomes	19	301,233	301,233
Retained earnings	19	6,263,958	7,902,509
Income	19	4,198,004	3,465,274
TOTAL EQUITY		17,555,700	14,535,890
TOTAL LIABILITIES AND EQUITIES		270,942,765	205,840,068

The appendix is an integral part of these financial statements.

9.2 INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Amounts expressed in thousands of Angolan Kwanzas)

	Notes	2014	2013
Incomes from active financial instruments			
Incomes from applications of liquidity	20	2,559,486	4,981,793
Incomes from securities	20	2,036,322	56,000
Incomes from loans	20	7,434,021	7,558,664
Costs of passive financial instruments			
Costs of deposits	20	(3,626,474)	(3,164,845)
Funding for liquidity costs	20	(120,646)	(45,259)
NET INTEREST INCOME		8,282,709	9,386,353
Foreign exchange incomes	21	3,703,114	3,371,015
Financial services incomes	22	13,011,769	3,388,097
Provisions for doubtful debts	18	(5,726,406)	(651,609)
FINANCIAL INTERMEDIATION INCOME		19,271,186	15,493,856
INCOMES FROM GOODS, PRODUCTS AND OTHER SERVICES		2,516	-
Selling and administrative expenses			
Personnel	23	(4,443,068)	(3,801,047)
Supplies from third parties	24	(8,270,175)	(6,146,665)
Taxes and fees not levied on income	25	(38,060)	(21,045)
Penalties from regulatory authorities		(4,756)	(6,315)
Depreciation and amortization	11	(984,546)	(922,836)
Provisions for other values and probable liabilities	18	(574,623)	(398,753)
Other incomes and operating expenses	26	-	1,209,742
OPERATING INCOME AND EXPENSES		(14,312,712)	(10,086,919)
OPERATING INCOME		4,958,474	5,406,937
Non-operating income	27	215,957	(40,594)
INCOME BEFORE TAXES AND OTHER CHARGES		5,174,431	5,366,343
Charges on income			
Current	28	(1,275,920)	(1,992,522)
Deferred	28	299,493	91,453
NET INCOME		4,198,004	3,465,274

The appendix is an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(Amounts expressed in thousands of Angolan Kwanzas)

	Capital	Reserves and funds	Potential income	Retained earning	Income	Total
Balances at December 31, 2012	1,377,573	1,201,658	301,233	6,291,707	2,876,433	12,048,604
Transfer of 2012 Income	-	287,643	-	1,610,802	(1,898,445)	-
Distribution of dividends	-	-	-	-	(977,988)	(977,988)
Income for the year	-	-	-	-	3,465,274	3,465,274
Balances at December 31, 2013	1,377,573	1,489,301	301,233	7,902,509	3,465,274	14,535,890
Transfer of 2013 Income	-	346,527	-	1,940,553	(2,287,080)	-
Movements for the year	3,622,460	(43,356)	-	(3,579,104)	-	-
Distribution of dividends	-	-	-	-	(1,178,194)	(1,178,194)
Income for the year	-	-	-	-	4,198,004	4,198,004
Balances at December 31, 2014	5,000,033	1,792,472	301,233	6,263,958	4,198,004	17,555,700

The appendix is an integral part of these financial statements.

9.4 STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	(Amounts expressed in thousands of Angolan Kwanzas)	
	2014	2013
Cash from:		
Interest on applications of liquidity	4,602,039	4,601,566
Interest on securities	1,134,417	112,985
Interest on loans	8,686,804	5,448,289
Payments:		
Interest on deposits	(3,395,204)	(3,335,171)
Interest on funding for liquidity	(120,646)	(45,259)
NET INTEREST INCOME	10,907,410	6,782,410
Foreign exchange operations incomes	3,703,114	3,371,015
Financial services incomes	13,011,769	3,388,097
CASH FLOW FROM FINANCIAL INTERMEDIATION	27,622,293	13,541,522
Payment of selling and administrative expenses	(12,756,059)	(9,975,072)
Settlement of operation in the payment system	1,087,001	(2,257,753)
Other operating expenses and income	316,104	733,289
CASH FLOW FROM OPERATIONS	16,269,340	2,041,986
Investments in applications for liquidity	54,650,000	(5,054,085)
Investments in securities	(63,597,492)	2,081,556
Investments in foreign exchange operations	(521,010)	328,223
Investments in loans	(17,350,378)	(22,846,209)
Investments in other securities	(2,703,661)	880,385
Investments in fixed assets	(7,601,630)	(3,886,654)
Other non-operating gains and losses	215,957	(40,594)
CASH FLOWS FROM INVESTMENTS	(36,908,214)	(28,537,378)
Funding through deposits	53,844,511	28,043,880
Funding through liquidity and securities	4,485,912	(2,757,062)
Funding through foreign exchange operations	1,449,252	(517,705)
Other funding	24,837	3,443
Funding through other liabilities	(594,965)	293,312
Distribution of dividends	(1,178,194)	(977,988)
CASH FLOWS FROM FUNDING	58,031,354	24,087,880
CHANGES IN CASH	37,392,479	(2,407,512)
Cash at the beginning of the year	50,707,848	53,115,360
Cash at the end of the year	88,100,327	50,707,848

The appendix is an integral part of these financial statements.

○ NOTES TO THE FINANCIAL STATEMENTS ON DECEMBER 31, 2014 AND 2013

(Amounts expressed in thousands of Angolan Kwanzas - tAKZ, unless specified otherwise)

1 ● INTRODUCTION

Banco Sol S.A. (hereinafter referred to as “Banco Sol” or the “Bank”) was constituted with the public deed of October 1, 2000, following the communication of the National Bank of Angola of March 15, 2004 which authorized its constitution and has its headquarters at the corner of Rua Frederic Welwitchia No. 47 and Rua Lourenço Mendes da Conceição No. 7 in Luanda.

The Bank dedicates itself to obtain funding from third parties as deposits or other funds, which it applies, along with equities in loans and deposits at the National Bank of Angola, applications on credit institutions, acquisition of securities and other assets for which it is authorized. It also provides other banking services and carries out various transactions in foreign currency. To this end on December 31, 2014 it had a national network of 133 branches, 13 business centers, 12 advanced service points and 7 automatic service points (119 branches, 9 business centers, 10 advanced service points and 6 automatic service points on December 31, 2013).

2 ● PRESENTATION BASIS AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

The financial statements were prepared with concern for the continuity of operations, based on the books and records of the Bank and in accordance with the accounting principles established in the Account Plan for Financial Institutions (CONTIF), as defined in the Instruction No. 9/2007 of September 19 of the National Bank of Angola and subsequent updates. These principles may differ from the ones generally accepted in other countries.

CONTIF aims to standardize the accounting records and financial disclosures on the basis of an approach to international practices, through the convergence of accounting principles to International Financial Reporting Standards (IFRS - International Financial Reporting Standards).

The Bank’s financial statements for the year ended December 31, 2014 have not yet been approved by the General Assembly, having nevertheless been approved by the Board of Directors on March 31, 2015. However, the Board of Directors of the Bank acknowledges that they will be approved without significant changes.

The financial statements of the Bank on December 31, 2014 and 2013 are expressed in thousands of Angolan Kwanzas, with the assets and liabilities in other currencies converted to national currency using the average exchange rate indicators published by the National Bank of Angola on those dates. On December 31, 2014 and 2013, the rates of the Angolan Kwanza (AKZ) against U.S. Dollar (USD) and Euro (EUR) were as follows:

		31.12.2014	31.12.2013
1 USD	=	102,863	97,619
1 EUR	=	125,195	134,387

The most significant accounting policies used in preparing the financial statements were as follow:

a) Accruals

Income and expenses are recognized depending on the validity of operations, in accordance with the accounting principle of accruals, being recorded when they fall due, regardless of the date of receipt or payment.

b) Foreign currency transactions and derivatives

Transactions in foreign currencies are stated in accordance with the principles of the “multicurrency”, each transaction stated in the light of the

respective currencies. The assets and liabilities denominated in foreign currencies are converted to Angolan Kwanzas at the average exchange rate published by the National Bank of Angola, on the balance sheet date. Income and expenses relating to exchange differences, performed or potential, are stated in the income statement for the year in which they occur, in the category of income or expenses related to the accounts of assets and liabilities, all with the specification "Exchange Variation".

On December 31, 2014 and 2013, the bank did not use derivatives.

c) Pension Fund Liabilities

The employees of the Bank are enrolled in Social Security. However, the Bank undertook a voluntary commitment to provide its employees with cash benefits as a supplement to old-age pensions and death grants and, to do so it constituted a Pension Fund with defined benefit complementary to the compulsory Social Security System. The old-age pension will be granted to all employees who have rendered at least six years of continuous service from July 31, 2006, that is from the time in which the benefit is calculated. Thus, and as it is defined in the Fund Agreement, there were no past service liabilities.

According to the Law 2/2000 and the Articles 218 and 262 of the General Labour Law, the compensation payable by the Bank in case of termination of the employment contract by retirement of the employee is determined by multiplying 25% of the basic monthly salary, charged on the date the worker reaches the legal retirement age, by the number of years of seniority. In the year ended December 31, 2014, the Bank made a provision in the amount of 204,830 tAZK (Note 18) to cope with such liabilities.

On the other hand, the Law No. 07/04 of October 15, which revoked the Law No. 18/90 of October 27, regulating the Angolan Social Security system, provides for the granting of pensions to all Angolan workers enrolled in Social Security. The value of these pensions is calculated on the basis of a table that is proportional to the number of years of work, applied to the average gross monthly salary received in the period immediately preceding the date in which the employee ceases to operate. According to the Decree No. 7/99, of May 28, the contribution rates for this system are 8% for the employer and 3% for the employees.

d) Loans

Loans are financial assets stated by the contract values, when originated by the Bank, or by the amounts paid, when purchased to other entities.

Interest associated with credit transactions are accrued over the life of the transactions against the category of Income, regardless of when they are received or paid.

Liabilities for guarantees and sureties are stated in the off-balance sheet category by the risk value, while interest flows, fees or other incomes are stated in the income categories over the life of operations.

The Bank carries out the cancellation of accrued interest for more than 60 days and does not recognize interest from that date.

Subsequently, the operations of loans to customers, including provided guarantees and sureties, are subject to provisioning, in accordance with the Notice of the National Bank of Angola No. 4/2011 of June 8, published in the Official Gazette and Notice No. 3/2012, of March 28, which revoked the Notice No. 4/2009 of May 20, on the same subject, and other instructions and regulations.

The operations of loans and guarantees are ranked in an increasing order of risk, according to the following levels:

Level	Risk
A	Null
B	Very Low
C	Low
D	Moderate
E	High
F	Very High
G	Loss

Provision for doubtful debts

Provisions for doubtful debts are reviewed monthly, depending on the time elapsed since the default of operations, and the minimum provisioning levels are calculated according to the following table:

Risk level	A	B	C	D	E	F	G
% minimum provision	0%	1%	3%	10%	20%	50%	100%
Time elapsed since default	up to 15 days	15 to 30 days	1 to 2 months	2 to 3 months	3 to 5 months	5 to 6 months	more than 6 months

Loans to the same customer are ranked in the main risk category.

Operations of the same customer, with less than 1,000 tAKZ liabilities, on the time of credit granting, are ranked as risk class B.

For loans granted to customers with maturities of two years, the time elapsed since the entry into default is found to double over the time period indicated above.

Six months after the classification of an operation into Class G, the Bank writes-off this credit from the assets and uses the respective provision. Additionally, these claims remain stated in an off-balance sheet item for a minimum period of ten years.

Provisions for loan losses are classified as an asset on credit, under "Provision for doubtful accounts" (Note 8) and provisions for guarantees, sureties and unsecured import documentary credits are presented as a liability, in "Provisions for probable liabilities" (Note 18).

In situations in which recoveries of loans previously written-off by the assets, with the use of provisions, are made, the amounts received are stated under the "Non-operating income" category

e) Revaluation reserve of share capital

Pursuant to Notice No. 2/2009 of May 8, of the National Bank of Angola on currency revaluation, financial institutions should, in case of inflation, consider, on a monthly basis, the effects of changes in the purchasing power of the national currency, based on the application of the Consumer Price Index to the balances of capital, reserves and retained earnings. The financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be expressed in terms of the current measuring unit at the balance sheet date. Hyperinflation is indicated by characteristics of the economic environment of a country which include, without limitation, the following:

- I . General population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency are immediately invested to maintain purchasing power;
- II . General population regards monetary amounts in terms of relatively stable foreign currency. Prices may be quoted in that currency;
- III . Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
- IV. Interest rates, wages and prices are linked to a price index;
- V . The cumulative inflation rate over three years approaches, or exceeds 100%.

The resulting value of currency revaluation should be reflected monthly, on the "Currency Revaluation Income" account of the income statement, against the increased balances of equities, except for the category "Capital", which should be classified under a specific category ("Revaluation reserve of share capital") and used only for subsequent capital increase.

In 2014 and 2013, the Bank did not proceed to the currency revaluation of its capital, because the inflation and the evolution of exchange rate occurred over the period, did not foresee that Angola could be considered a hyperinflationary economy, according to the rules in force.

During 2009, the Bank proceeded to a currency revaluation of its assets amounting to 73,932 tAKZ in accordance with the evolution of the Consumer Price Index, as recommended in the previous Plan of Accounts for Financial Institutions (PCIF).

f) Financial fixed assets

Financial fixed assets are stated at cost. When denominated in foreign currency they are subject to exchange rate adjustment. Whenever permanent losses at realizable value are estimated, related provisions are made.

g) Tangible and intangible assets

Intangible assets correspond primarily to goodwill, organization and expansion expenses and software. These expenses are stated at cost and depreciated over a period of three years (six years from December 31, 2011 for software).

During 2013 the Bank reclassified the balances of the category "Improvements to third party property" of intangible assets to "Premises and equipment" under the tangible assets category.

Tangible assets are stated at cost. Depreciation is calculated using the straight-line basis to the maximum tax rates accepted as a cost, according to the Industrial Tax Code, which corresponds to the following years of estimated lifespan:

	Years of life expectancy
Buildings	10 a 50
Equipment:	
. Furniture and equipment	10
. Machines and tools	7
. Computer equipment	6
. Indoor facilities	10
. Transport equipment	3
. Other equipment	10

h) Securities Portfolio

The Board of Directors of the Bank determines the classification of its investments at initial recognition. Given the characteristics of the securities and the intention at the moment of acquisition, they are classified under the following categories: held-for-trading and held-to-maturity.

Securities held-for-trading

Securities acquired in order to be actively and frequently traded are considered securities held-for-trading. Securities held-for-trading are initially stated at cost, including costs directly attributable to the acquisition of the asset. Later, they are valued at a fair value, with their income or charge stated in the income statement.

Central Bank Securities and Treasury Bills are issued at a discount value and stated at their acquisition cost. The difference between this value and the nominal one, which is the Bank's remuneration, is recognized for accounting purposes as an income during the period between the purchase date and the maturity date of the securities, in its own account with the specification "Accrued income".

Securities held-to-maturity

Securities held-to-maturity are those acquired for the purpose of keeping them in the portfolio until maturity, provided that there is the Bank's financial capacity to do so.

Securities held-to-maturity are stated at cost, plus the income over the life of the security (accrued interest), recognizing any gains or losses calculated in arrears by the difference between the paid price and its accounting value.

Treasury Bonds purchased at a discount value are recorded at their acquisition cost. The difference between the acquisition cost and nominal value of these securities, which corresponds to the discount at the time of purchase, is recognized, over the life of the title, in the item "Accrued income".

Treasury bonds issued in national currency indexed to the U.S. dollar exchange rate are subject to exchange rate updates. Thus, the result of this exchange rate updates on the nominal value of the security, discount and interest are reflected in the income statement, under the item "Income securities".

Non-resettable Treasury Bonds issued in domestic currency with predefined interest rates by maturity are recorded at their acquisition cost. Accrued interest on these securities is reflected in the income statement for the year they occur, in the "Income from securities" category.

Market value

The methodology used by the Bank for calculating the market value (fair value) of securities is as follows:

- I** . Average trading price on the day of calculation or, when not available, the average trading price on the previous business day;
- II** . Net realizable value obtained by adopting technical or internal model of evaluation;
- III** . Price of similar financial instrument, taking into account at least the payment and maturity terms, credit risk and currency or index;
- IV** . Price set by the National Bank of Angola.

In case of securities for which there is no active market quotation with regular transactions and reduced maturities, they are valued at acquisition cost because it is understood that this reflects better its market value.

Classification into risk classes

The Bank classifies securities into the following levels, observing the same criteria defined by CONTIF for the loan portfolio:

- Level A:** No risk
- Level B:** Very low risk
- Level C:** Low risk
- Level D:** Moderate risk
- Level E:** High risk
- Level F:** Very high risk
- Level G:** Loss risk

The Bank classifies as level A the debt securities of the Angolan government and the National Bank of Angola.

Securities sold to Customers

Securities sold to customers under repurchase agreements are stated in the securities portfolio of the Bank and the amount of repurchase is stated under the category "Operations of Sales of Securities under repurchase agreements." The difference between the repurchase price and its sales value is stated under the previously referred category, with the specification "Accrued expenses".

i) Provisions and contingencies

A provision is made when there is a present obligation (legal or constructive) arising from past events for which it is probable a future outflow of resources and they can be reliably determined. The amount of the provision corresponds to the best estimate of the amount to be paid to settle the liability on the balance sheet date.

If the future expenditure of resources is not probable, it is considered as a contingent liability. Contingent liabilities are just disclosed, unless the possibility of its payment is remote.

j) Industrial Tax

The Bank is subject to Industrial Tax, and it is considered a contributor of the A Group. Taxation of its incomes is made in accordance with paragraphs 1 of the Article 4 of the Law No. 19/14 of October 22, and the tax rate is 30% for 2014 and 35% for 2013 (Note 28).

Industrial Tax is subject to provisional liquidation in three equal instalments in January, February and March, based on 75% of the taxable income of the previous year. Angolan tax legislation allows that tax losses can be used for up to three years.

k) Tax on the Application of Capital (TAC)

The Presidential Decree Law No. 5/11 of December 30 introduced several legislative changes to the TAC Code and was amended by Presidential Decree Nº 2/14.

TAC is generically levied on income from financial investments of the Bank, in particular income derived from investments and securities interest.

The general rate is 10%, but a reduced rate of 5% can be applied (in the case of government securities with a maturity equal or higher than three years) or a rate of 15%. Given the current version of the Industrial Tax Code this tax has the nature of advance payment, with compensation via tax deduction that may be determined in accordance with paragraph a) of number 81 of the Industrial Tax Code.

k) Current tax

Current tax is calculated on taxable income for the year, which differs from the accounting income due to adjustments to the tax base, resulting from costs or income not relevant for tax purposes, or that are considered only in other accounting periods.

l) Deferred Tax

Total income taxes recorded in income include current taxes and deferred taxes. Deferred taxes represent the impact on recoverable/payable tax in future periods resulting from deductible or taxable temporary differences between the value of assets and liabilities and their tax basis used in the determination of taxable income.

Deferred tax liabilities are generally stated for all taxable temporary differences, while deferred tax assets are only stated to the extent of the probable existence of future taxable profit that allow the use of the corresponding deductible tax differences or losses. Additionally, no deferred tax assets are recognized where their recoverability may be questionable due to other situations, including questions of interpretation of tax legislation.

m) Risk management policies and defined limits of authority

The risk management policy of Banco Sol is based on the strategic objectives and expectations of the Board of Directors on the adequacy of its risk management system. In this context, the Board of Directors is responsible for:

- › Define the prerequisites and processes of quantitative and/or qualitative analysis to identify/follow/monitor and control the risks' exposure that is relevant to the Bank;
- › Implement a process for monitoring risk, with appropriate quantitative support, with the aim of linking exposure to risks and respective impact on the capital;
- › Define tolerance levels for various risks/risk factors, as well as its linkage with the implementation of mechanisms and initiatives to mitigate and/or transfer risk, according to defined alert levels.

The Bank's risk management is formalized by the "Risk Committee" which ensures that the guidelines are transversally communicated, using institutional power, being fully reflected in the granting and acceptance of risks, as well as in the measurement, monitoring and control of the various exposures. The Bank's risk management is formalized by the "Risk Committee" which ensures that the guidelines are transversally communicated, using institutional power, being fully reflected in the granting and acceptance of risks, as well as in the measurement, monitoring and control of the various exposures. A high level of processes control and risk management functions are provided by this advisory body, established by the Board of Directors to support in making decisions about risk.

Foreign exchange risk

The Bank incurs this risk, resulting from the maintenance of a particular open position in foreign currency, because any adverse changes in exchange rates may lead to actual and potential losses. In this case, the Bank considers open position any situation in which the global outstanding liabilities of the Bank in a particular currency are not equal to the total amount that the Bank has to receive in that currency.

Interest rate risk

The Bank incurs this risk resulting from adverse changes in interest rates and, simultaneously, in bonus or discount of term exchange of currencies. This risk results from the mismatch of maturities of receipts and payments in a currency, increasing the growing "gap" - the difference between total receipts and total payments, maturing in the respective period.

Liquidity risk

In terms of liquidity risk management (including management of assets and liabilities, interest rate and exchange rate), the aim is to ensure that Banco Sol has enough liquid capital to meet its financial obligations, and that this is carried out in accordance with the business objectives.

The process of liquidity risk management integrates key areas of business management, with inherent risk, such as asset and liability management, liquidity management and cash management. These areas deal with all liquidity risks of the institution, when considering respectively the overall management of the balance structure, the management of liquid capital and the operational management of "cash flows" implicit in the business.

From a functional point of view, the objective of liquidity risk management involves the production of management information, which enables a more comprehensive analysis of the expected behaviour of financial assets and liabilities of the balance of Banco Sol.

Operational risk

The grounds for operational risk are closely related to internal control in a joint approach in which the Bank develops procedures and controls to assess:

- › Customers, products and business practices (including flaws in conformity with internal and external requirements);
- › Execution, delivery and management of processes;

- › Damage to physical assets;
- › Interruption of business and system failures;
- › Employment practices and safety at work;
- › Internal fraud;
- › External fraud

Credit Risk

It corresponds to the risk that the Bank incurs due to the breach of obligations of counterparty, being one of the most important risks in the Bank's activities. Thus, credit is subject to strict procedures to ensure compliance with the defined strategy and also with the rules established by the National Bank of Angola.

In order to enhance the effects of mitigation, especially in reducing losses from credit risk, the Board of Directors has been focusing on strengthening the control environment.

Additional information on the policy of granting and management of credit risk is provided in Note 8.

3 • DEPOSITS

The composition of this category on December 31, 2014 and 2013 was as follows:

	2014	2013
Cash:		
National banknotes and coins	10,066,579	11,820,185
Foreign banknotes and coins		
. US Dollars	338,169	5,197,409
. Other currencies	43,577	157,365
	10,448,325	17,174,959
Demand Deposits at the National Bank of Angola		
. National currency	17,060,697	20,029,930
. Foreign currency	8,280,472	7,838,806
	25,341,169	27,868,736
Deposits with other credit institutions:		
. Commerzbank	43,069,395	305,783
. VISA Settlement	5,005,733	2,175,523
. Banco Privado Atlântico Europa, S.A.	1,614,190	1,514,328
. BPN - Cayman	670,946	477,681
. Millennium BCP	620,756	181,971
. Banco BPI	445,705	400,978
. First National Bank, S.A.	352,083	129,252
. Banco BIC Português	329,320	315,444
. Byblos Bank Europe, S.A.	202,705	163,193
	52,310,833	5,664,153
	88,100,327	50,707,848

Until the above mentioned date, the amounts of mandatory reserves were updated weekly in accordance with the provisions of the Instructive Nº. 03/2010 and Nº. 02/2011, by applying a percentage of 100% on Central Government deposits, 50% on Local Government deposits, 20% on the remaining eligible deposits in national currency and 15% on the remaining eligible liabilities in foreign currency, which can be achieved only through demand deposits held at BNA. According to the Instruction Nº. 03/2013 the daily closing balances of the demand deposits account in national currency, opened at the National Bank of Angola (BNA) on behalf of each banking financial institution, are eligible to meet mandatory reserves in national currency.

The daily closing balances of the deposits account in foreign currency at the National Bank of Angola for each banking financial institution are eligible for mandatory reserve in foreign currency.

On December 31, 2014 and 2013, the category "Deposits with other credit institutions - Visa" includes the amounts of 1,759,779 tAKZ and 1,671,644 tAKZ, respectively, related to collateral deposits made by the Bank under the "Kumbu Visa card" product.

On December 31, 2014 and 2013, demand deposits in other credit institutions were not paid.

4 ● APPLICATIONS OF LIQUIDITY

This category corresponds to short-term investments in the money market and on December 31, 2014 and 2013 it was as follows:

	2014	2013
Short-term investments on Central Bank:		
. Banco Nacional de Angola	7,500,000	-
Short-term investments on national credit institutions:		
. Banco de Poupança e Crédito, S.A.	-	17,500,000
Investments on national credit institutions:		
. Banco Espírito Santo Angola	-	44,650,000
Investments on credit institutions abroad:		
. Banco Privado Atlântico Europa, S.A.	1,028,630	976,190
. First National Bank, S.A.	-	195,238
	8,528,630	63,321,428
Interest receivable	431	1,900,186
	8,529,061	65,221,614

December 31, 2014 and 2013 the applications of liquidity, excluding interest receivable, presented the following structure by currency and average interest rate:

	Average Interest Rate	2014 Amount in currency	Amount in in tAKZ	Taxa de juro média	2013 Amount in currency	Amount in in tAKZ
. Angolan Kwanza	1.2%	7,500,000,000	7,500,000	8,03%	62,150,000,000	62,150,000
. US Dollar	1.75%	10,000,000	1,028,630	1,85%	12,000,000	1,171,428
			8,528,630			63,321,428

On December 31, 2014 and 2013, the structure of applications of liquidity, interest receivables excluded, according to residual maturity was as follows:

	2014	2013
Up to three months	7,500,000	47,995,238
Three to six months	1,028,630	7,826,190
Six months to one year	-	7,500,000
	8,528,630	63,321,428

5 • SECURITIES

Securities held-for-trading

On December 31, 2014 the composition of securities held-for-trading was as follows

	Average Interest rate	2014 Acquisition cost	Accrued income	Balance value
Securities held-for-trading				
Treasury bills	6.71%	13,461,105	95,654	13.556.759

On December 31, 2014, securities were issued in Kwanzas by the National Bank of Angola and classified as zero risk (level A). On December 31, 2014, no impairment losses were recognized for the securities in the portfolio.

On December 31, 2014, securities held-for-trading had the following structure, according to residual maturity:

	2014
Six months to one year	13,556,759
	13,556,759

On December 31, 2014, the securities in portfolio bore interest at a fixed rate.

Treasury Bills are stated at acquisition cost, plus the premium or discount to their nominal value, because it is understood that this reflects the best approach to their market value, since there is no quotation in the active market with regular transactions and the maturities of these securities are short (less than one year).

Securities held-to-maturity

On December 31, 2014 and 2013, the composition of this category was as follows:

				2014						
Risk	Country	Currency	Nominal value	Acquisition cost	Accrued income	Accrued interest	Balance value	Average interest rate		
Treasury bonds in nacional currency:										
. Indexed to US dollar	A	Angola	AKZ	10,010,565	10,007,134	-	108,516	10,115,650	6.99%	
. Non-resetable	A	Angola	AKZ	40,341,500	40,209,975	32,836	667,967	40,910,778	7.18%	
Treasury Bonds in foreign currency (USD)										
	A	Angola	USD	541,059	541,059	4,696	8,621	554,377	3.07%	
				50,893,124	50,758,169	37,532	785,104	51,580,805		

				2013						
Risk	Country	Currency	Nominal value	Acquisition cost	Accrued income	Accrued interest	Balance value	Average interest rate		
Treasury bonds in nacional:										
. Indexed to US dollar	A	Angola	AKZ	108,305	108,305	-	4,614	112,919	2.38%	
Treasury Bonds in forein currency										
	A	Angola	USD	513,476	513,476	3,340	8,432	525,248	3.13%	
				621,781	621,781	3,340	13,046	638,167		

On December 31, 2014 and 2013, the distribution of debt securities was indexed as follows:

			2014			2013		
			BALANCE VALUES			BALANCE VALUES		
			Fixed rate	Libor 6 month	Total	Libor 6 month	Total	
Treasury bonds in nacional currency:								
. Indexed to US dollar			10,091,792	23,858	10,115,650	112,919	112,919	
. Non-resetable			40,910,778	-	40,910,778			
Treasury Bonds in foreign currency (USD)								
			-	554,377	554,377	525,248	525,248	
			51,002,570	578,235	51,580,805	638,167	638,167	

On December 31, 2014 and 2013, securities held-to-maturity presented the following structure, according to residual maturity:

		2014	2013
Current assets:			
Up to three months		11,953	29,288
Three to six months		11,906	29,279
Six months to one year		133,739	29,383
Noncurrent assets			
One to three years		51,136,309	286,782
Three to five years		286,898	133,218
More than five years		-	130,217
		51,580,805	638,167

6 ● RECEIVABLES IN THE PAYMENT SYSTEM

On December 31, 2014 and 2013, this category was as follows:

	2014	2013
Remittances	362,332	608,754
Checks payable	313,956	68,160
ATM	191,916	117,937
Moneygram clearing	174,838	100,529
Others	197,936	22,431
	1,240,978	917,811

On December 31, 2014 and 2013, the "Remittances" category referred mainly to the remittances of checks carried out by the Bank's branches to headquarters, which were pending settlement.

On December 31, 2014 and 2013, the balance of the category "Checks payable" corresponded to checks presented for clearing, which were settled in early 2015 and 2014 respectively.

7 ● FOREIGN EXCHANGE OPERATIONS

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Foreign exchange operations		
Accrued income by buying and selling of foreign currencies	617,178	96,168

On December 31, 2014 and 2013, the balance of this category corresponded to transactions whose settlement only occurred during the first days of 2015 and 2014 respectively (Note 15).

8 ● LOANS

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
No Risk (level A):		
. National currency		
- Advances to depositors:		
. Companies	2,073	1,888
- Escrow Accounts:		
. Companies	2,001,510	1,780,887
- Loans:		
. Companies	118,567	391,557
Total level A	2,122,150	2,174,332

Very low risk (level B):

. National currency		
- Advances to depositors:		
. Companies	1,910,165	960,292
. Individuals	91,951	21,390
- Escrow accounts:		
. Companies	5,365,654	3,958,316
- Loans:		
. Companies	16,052,022	10,174,893
. Individuals	21,074,869	17,627,134
. Foreign currency		
- Advances to depositors:		
. Companies	1,722	54
. Individuals	36	35
- Loans:		
. Companies	2,035,629	29,502,013
. Individuals	745,273	1,563,968

Total level B	47,277,321	63,808,095
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Low risk (level C):

. National currency		
- Advances to depositors:		
. Companies	1,748,154	2,442
. Individuals	7,545	3,591
- Escrow accounts:		
. Escrow accounts	58,296	130,165
- Loans:		
. Companies	11,785,399	1,619,515
. Individuals	1,114,165	763,022
. Foreign currency		
- Advances to depositors:		
. Companies	70	-
. Individuals	17	48
- Loans:		
. Companies	3,311,222	3,833,021
. Individuals	36,760	155

Total level C	18,061,628	6,351,959
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Moderate risk (level D):

. National currency		
- Advances to depositors:		
. Companies	1,267,200	52
. Individuals	2,953	2,654
- Escrow accounts:		
. Companies	707,160	-
- Loans:		
. Companies	7,857,085	314,524
. Individuals	137,383	39,084

. Foreign currency		
- Advances to depositors:		
. Companies	-	13
. Individuals	13	5
- Loans:		
. Companies	411,454	826,738
. Individuals	10,875	-
Total level D	10,394,123	1,183,070
High risk (level E):		
. National currency		
- Advances to depositors:		
. Companies	29,504	4,719
. Individuals	89,748	9,518
- Escrow accounts:		
. Companies	71,552	-
- Loans:		
. Companies	8,202,155	13,791
. Individuals	963,190	247,756
. Foreign currency		
- Advances to depositors:		
. Companies	11	34
. Individuals	45	1,051
Total level E	9,356,205	276,869
Very high risk (level F):		
. National currency		
- Advances to depositors:		
. Companies	4,427	164
. Individuals	13,499	204
- Escrow accounts:		
. Companies	33,037	-
- Loans:		
. Companies	3,555,224	2,223
. Individuals	115,142	46,722
. Foreign currency		
- Advances to depositors:		
. Individuals	421	2
- Business:		
. Companies	-	86,491
. Individuals	195,130	182,316
Total level F	3,916,880	318,122
Loss (level G):		
. National currency		
- Advances to depositors:		
. Companies	298,033	221,213
. Individuals	224,813	135,996

- Escrow accounts:		
. Companies	105,813	169,858
- Loans:		
. Companies	47,265	14,076
. Individuals	273,873	268,531
. Foreign currency		
- Advances to depositors:		
. Companies	8,267	7,719
. Individuals	30,725	29,107
- Escrow accounts:		
. Companies	1,321	-
- Loans:		
. Companies	795,807	683,337
. Individuals	668	2,155
Total level G	1,786,585	1,531,992
Total loans - capital	92,914,892	75,644,439
Interest receivables	1,953,585	3,206,368
Total loans and interest	94,868,477	78,850,807
Provisions for doubtful debts (Note 18)	(8,595,116)	(2,948,635)
	86,273,361	75,902,172

On December 31, 2014 and 2013, the Bank's largest customer represented 4.52% and 4.81% of the total loan portfolio, respectively. Additionally, all the twenty largest customers of the Bank represented, on those dates, approximately 47.57% and 49.98% of the loan portfolio, respectively.

On December 31, 2014 and 2013, loans to customers, excluding advances to depositors, bore interest at an annual average rate of 12.35% and 12.24%, respectively, for credit in national currency and 10.82% and 10.95%, respectively, for credit in foreign currency.

On December 31, 2014 and 2013, loans to entities that are related with the Bank amounted to 14,952,025 tAKZ and 16,713,031 tAKZ respectively (Note 29).

On December 31, 2014 and 2013, the composition of the loan portfolio by type of operations, interest receivable excluded, presented the following structure:

	2014	2013
Loans	78,839,157	68,203,019
Escrow accounts	8,344,343	6,039,229
Advances to depositors	5,731,392	1,402,191
	92,914,892	75,644,439

On December 31, 2014 and 2013, the detailed structure of overdue loans was as follows:

	2014	2013
Risk class:		
A	95,848	-
B	1,018,306	1,059,193
C	260,303	53,480
D	135,276	35,130
E	94,105	184,005
F	32,432	105,829
G	209,695	369,608
	1,845,965	1,807,245

On December 31, 2014 and 2013, the structure of residual maturity of loans, interest receivable excluded, was as follows:

	2014	2013
Up to three months	8,943,443	4,051,310
Three to six months	3,796,838	545,741
Six months to one year	7,920,330	8,183,831
One to three years	10,754,815	11,890,992
Three to five years	19,570,739	16,814,839
More than five years	41,928,727	34,157,726
	92,914,892	75,644,439

On December 31, 2014 and 2013, the composition of the loan portfolio by sector of activity, interest receivable excluded, was as follows:

	2014	2013
Services	32,336,106	27,315,041
individuals	25,129,094	20,944,445
Wholesale and retail trade	14,814,637	12,576,033
Mining and processing industry	7,545,708	2,896,398
Building industry	5,071,470	5,055,026
Agriculture, livestock, fisheries and forestry	3,204,008	5,150,850
Public Administration, Defence and Social Security Administration	2,337,917	10,902
Transport and communications	1,573,652	1,056,190
Real estate activities	659,462	488,098
Education	131,222	38,217
Health and Social Welfare	111,616	113,239
	92,914,892	75,644,439

On December 31, 2014 and 2013, the amounts of 997,341 tAKZ and 2,078,668 tAKZ, respectively, refer to microcredit operations loans (Notes 12 and 16).

On December 31, 2014 and 2013, the composition of the loan portfolio by currency, interest receivable excluded, was as follows:

	2014	2013
Angolan Kwanzas	85,329,426	38,926,161
US Dollars	7,585,139	36,718,186
Euros	327	92
	92,914,892	75,644,439

The methodology for the verification of the provision for doubtful debts is presented below

	2014				
	Capital	Interest receivables	Total	Provision rate	Provision
Loans					
Classe A	2,122,150	106,002	2,228,152	0%	-
Classe B	47,277,321	957,647	48,234,968	1%	482,349
Classe C	18,061,628	282,086	18,343,714	3%	550,313
Classe D	10,394,123	129,341	10,523,464	10%	1,052,346
Classe E	9,356,205	338,918	9,695,123	20%	1,939,024
Classe F	3,916,880	100,190	4,017,070	68%	2,745,098
Classe G	1,786,585	39,401	1,825,986	100%	1825,986
	92,914,892	1,953,585	94,868,477		8,595,116

	2013				
	Capital	Interest receivables	Total	Provision rate	Provision
Loans:					
Classe A	2,174,332	14,261	2,188,593	0%	-
Classe B	63,808,095	2,846,566	66,654,661	1%	666,547
Classe C	6,351,959	174,265	6,526,224	3%	195,787
Classe D	1,183,070	52,928	1,235,998	10%	123,600
Classe E	276,869	1,640	278,509	20%	55,702
Classe F	318,122	322	318,444	50%	159,222
Classe G	1,531,992	116,386	1,648,378	100%	1,648,378
	75,644,439	3,206,368	78,850,807		2,849,236

Lines of Credit to be:

Classe A	509,123	-	509,123	0%	-
Classe B	2,589,921	-	2,589,921	1%	25,899
Classe C	9,836	-	9,836	3%	295
Classe G	73,205	-	73,205	100%	73,205
	3,182,085	-	3,182,085		99,399
	78,826,524	3,206,368	82,032,892		2,948,635

From December 31, 2013 to December 31, 2014, the risk migration of credit borrowers had the following structure:

Risk	DEC. 14								PORTFOLIO		
	A	B	C	D	E	F	G Reductions	Total	Dec. 13		
Dec.12	A	76.75%	0.00%	0.00%	19.72%	0.00%	0.00%	0.00%	3.53%	2.78%	2,188,593
	B	0.00%	39.18%	13.47%	0.99%	1.29%	0.16%	0.51%	44.40%	84.53%	66,654,661
	C	0.00%	0.55%	0.59%	23.93%	1.26%	0.04%	0.14%	73.49%	8.28%	6,526,224
	D	0.00%	0.72%	6.85%	37.95%	0.28%	23.12%	0.59%	30.49%	1.57%	1,235,998
	E	0.00%	37.01%	0.24%	0.00%	0.13%	0.00%	18.49%	44.13%	0.35%	278,509
	F	0.00%	15.31%	0.00%	0.00%	0.00%	61.69%	0.10%	22.90%	0.40%	318,444
	G	0.00%	7.34%	0.00%	0.00%	0.02%	2.06%	81.03%	9.55%	2.09%	1,648,378
	Total	2.13%	33.52%	11.54%	3.96%	1.20%	0.79%	2.22%	44.64%	100.00%	
Portfolio Dec. 13		1,679,847	26,432,815	9,101,270	3,125,356	943,224	622,348	1,746,683	35,199,264		78,850,807

During the years-ended December 31, 2014 and 2013 claims that were classified as risk level G in the amounts of 79,925 tAKZ and 394,565 tAKZ respectively, were written off the Asset by the use of provisions (Note 18).

The basic principles of the policy of granting credit and provisioning of losses on doubtful debts adopted by the Bank can be summarized as follows:

- › Credit is subject to strict procedures that ensure compliance with the defined strategy and also the rules established by the Supervisory Board, the National Bank of Angola;
- › In the process of assessing the risks associated with credit, the considered aspects intend to analyse the various components of Credit Risk, by identifying the marginal impact of each loan by sector (exposure to the sector and/or country) and customer (economic and financial stability and collateralization);
- › In order to enhance the effects of mitigation, in particular with regard to the reduction of losses from Credit Risk, the Board of Directors has been focusing on strengthening the control environment in accordance with its prudent risk profile.

When considering Credit Risk, the main aspects to assess are:

a) In terms of default/counterparty

- I . Level and trend of non-performing loans;
- II . Default of counterparties in the financial system;
- III . Degree of coverage of loans by accounting and economic provisions, according to Notice No. 4/2011 of June, 8 of the National Bank of Angola.

b) In terms of concentration:

- I . Concentration in a limited number of counterparties, or excessive exposure to sectors of activity and/or countries;
- II . Large number of borrowers for which the Institution is the largest creditor;
- III . Concentration of exposure in certain maturities.

Credit assets have a strong focus in terms of monitoring. The size and type of its operations provide the existence of significant levels of concentration that deserve special attention regarding collateral risk management.

So, the defined tolerance levels:

- Create extraordinary action plans (following/monitoring/recovery) for overdue loans that record an increase higher than 5% over the previous year;
- Prevent credit for rewards of risk (type/amount) that are below the interest rate equivalent to the Luibor rate a with a maturity of 90 days;
- Prevent credit when exposure to a particular entity exceeds 25% of capital

9 • OTHER ASSETS

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Tax credits for tax losses (Note 28)	390,946	91,453
Debtors:		
. Other applications – General Government		
. Road tax	106,936	8,512
. Others	1,136,132	90,886
. Advances to suppliers	1,347	8,619
. Other applications – Private sector	781	267
	1,245,196	108,284
Advances to suppliers:		
. Reimbursement to employees– Solarium Vereda das Flores	680,142	800,573
. Rents and leases	473,256	141,720
. Insurances	33,971	35,676
. Others	10,389	22,050
	1,197,758	1,000,019
Other accounts of accrued income:		
. Outstanding costs	219,236	4,554
. Cash failures	40,816	1,693
	260,052	6,247
	3,093,952	1,206,003

On December 31, 2014 and 2013, the balance of “Debtors - Other applications - General Government - Road tax” refers to the circulation tax stamps issued by the Angolan Government which are sold by the Bank. These stamps are purchased at a discount value, being recorded at the sale value. The difference between this value and the cost of acquisition is recorded as deferred income regardless of the sales that the Bank is going to make.

On December 31, 2014 and 2013 the balance of the category “Debtors - Other applications - General Government - Others” includes the amounts of 671,757 tAKZ and 60,921 tAKZ, respectively, which refer to the fees charged to the Customs of the Port of Luanda, for services provided by the Bank in terms of revenue collection. On December 31, 2014, this balance includes also 425,234 tAKZ, which refer to fees charged for the revenue collection services provided to customs by other branches of the Bank.

On December 31, 2014 and 2013, the category “Deferred costs - Reimbursement to Employees - Solarium Vereda das Flores” refers to the reimbursement made by the Bank to some of its employees for the purchase of private housing in the Solarium Vereda das Flores condominium. The contribution of the Bank accounted for 50% of the purchase price of the property, and it was stated in the category “Personnel costs - Other costs - Contributions to employees” over the period of

minimum 10 years during which the employee will be contractually bound to the Bank (Note 23). Additionally, during the year 2012, the Bank also decided to support 100% of the air conditioning equipment and kitchen in the houses referred above totalling 237,402 tAKZ. These charges will be amortized over a period of 10 years. If the employee terminates service before the minimum period mentioned above, he will be liable to the Bank of the assigned reimbursement.

10 • COMMERCIAL AND INDUSTRIAL INVENTORIES

On December 31, 2014, this category corresponds to payment terminals (POS) that the Bank keeps in inventory with sale purpose. These terminals are stated at their acquisition cost.

11 • FIXED ASSETS

Financial assets

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Investments in other companies :		
In the Country	138,886	138,886
Abroad	59,416	63,778
	198,302	202,664
Other investments:		
In the Country	1,598	1,599
	199,900	204,263
Provision to reduce Recoverable amount	(177,298)	(181,661)
	22,602	22,602

On December 31, 2014 and 2013, the Bank held the following investments stated at acquisition cost:

Investee	Headquarters	Activity	Currency	Capital (in thousands)	% share	2014	2013
Shares in other companies in the country							
EMIS - Empresa Interbancária de Serviços, S.A.	Luanda	Bank services	AKZ	1,167,536	3.08%	124,631	124,631
BVDA - Angola Stock Exchange and Derivative	Luanda	Financial services	AKZ	1,343,000	0.95%	14,255	14,255
						138,886	138,886
Shares in other companies abroad							
Galilei, SGPS, S.A.	Lisboa	Financial services	EUR	470,925,000	0.07%	59,416	63,778
						198,302	202,664
Other investments in the country							
EMIS - Empresa Interbancária de Serviços, S.A.						390	390
Sodecom, S.A.						800	800
Suninvest, S.A.						408	409
						1,598	1,599
						199,900	204,263

EMIS was established in Angola for the management of electronic and payments, as well as complementary services. On December 31, 2014 and 2013, the Bank held 3.08% of its capital.

In 2007, the Bank acquired a sharing corresponding to 1,419 shares of the capital of the BVDA, Angola Stock Exchange and Derivatives, S.A. in the amount of 14,255 tAKZ.

Galilei, SGPS, SA is a holding company shares, constituted by public deed on September 11, 1998 under the name "SLN - Sociedade Lusa de Negócios, S.A.", focusing on the management of shareholdings in other companies. This change of name took place on July 20, 2010.

The latest available financial information of shareholdings was as follows (amounts in tAKZ converted to the year-end exchange rate):

Invest	Currency	Net assets	Equities	Income	Balance
Galilei, SGPS, S.A. (*)	mEUR	624,062	258,720	(1,619)	-
EMIS - Empresa Interbancária de Serviços, S.A. (*)	mAKZ	4,744,157	1,377,815	111,290	7,139
BVDA - Angola Stock Exchange and Derivatives	mAKZ	n,a,	n,a,	n,a,	14,255
Sodecom, S.A.	mAKZ	n,a,	n,a,	n,a,	800
Suninvest, S.A.	mAKZ	n,a,	n,a,	n,a,	408
					22,602

n.a. - not applicable

(*) - values on December 31 2013

On December 31, 2014 and 2013, there were no receivables and payables between the Bank and Emis - Empresa Interbancária de Serviços S.A., BVDA - Angola Stock Exchange and Derivatives and Galilei SGPS, S.A.

Intangible, tangible and current assets

The movements in the categories of intangible, tangible and current assets during the years 2014 and 2013 were as follows:

	Balances at 31-12-2013					2014			Balances at 31-12-2014		
	Gross value	Accumulated depreciations	Net value	Increases	Transfers	Gross value	Alienations Deprec...	For the year	Gross value	Accumulated depreciations	Net value
Tangible assets											
Properties in use	5,701,687	(224,479)	5,477,208	4,437,574	767,490	-	-	(256,120)	10,906,751	(480,599)	10,426,152
Furniture, fixture facilities and equipments	4,907,844	(1,692,302)	3,215,542	1,292,758	745,355	-	-	(646,702)	6,945,957	(2,339,004)	4,606,953
Current assets	2,214,224	-	2,214,224	1,766,389	(1,623,528)	-	-	-	2,336,542	-	2,336,542
	12,823,755	(1,916,781)	10,906,974	7,496,721	(110,683)	-	-	(902,822)	20,189,250	(2,819,603)	17,369,647
Intangible assets											
System of automatic data processing	591,765	(371,135)	220,630	125,452	110,683	-	-	(81,645)	827,900	(452,780)	375,120
Expansion and operating costs	23,619	(23,619)	-	-	-	-	-	-	23,619	(23,619)	-
Conveyance	519,780	(519,701)	79	-	-	-	-	(79)	519,780	(519,780)	-
	1,135,164	(914,455)	220,709	125,452	110,683	-	-	(81,724)	1,371,299	(996,179)	375,120
	13,958,919	(2,831,236)	11,127,683	7,622,173	-	-	-	(984,546)	21,560,549	(3,815,782)	17,744,767

	2013										
	Balances at 31-12-2012					Alienations			Balances at 31-12-2013		
	Gross value	Accumulated depreciations	Net value	Increases	Transfers	Gross value	Deprec...	For the year	Gross value	Accumulated depreciations	Net value
Tangible assets											
Properties in use	1,259,879	(140,490)	1,119,389	4,293,767	209,948	(61,907)	805	(84,794)	5,701,687	(224,479)	5,477,208
Furniture, fixture facilities and equipments	3,681,840	(1,221,750)	2,460,090	526,096	699,908	-	-	(470,552)	4,907,844	(1,692,302)	3,215,542
Current assets	1,529,062	-	1,529,062	1,621,712	(909,856)	(26,694)	-	-	2,214,224	-	2,214,224
	6,470,781	(1,362,240)	5,108,541	6,441,575	-	(88,601)	805	(555,346)	12,823,755	(1,916,781)	10,906,974
Intangible assets											
System of automatic data processing	559,536	(313,705)	245,831	32,229	-	-	-	(57,430)	591,765	(371,135)	220,630
Expansion and operating costs	23,619	(23,619)	-	-	-	-	-	-	23,619	(23,619)	-
Conveyance	519,780	(509,099)	10,681	-	-	-	-	(10,602)	519,780	(519,701)	79
Improvement to third parties properties	3,603,875	(803,854)	2,800,021	393,841	-	(3,997,716)	1,103,312	(299,458)	-	-	-
	4,706,810	(1,650,277)	3,056,533	426,070	-	(3,997,716)	1,103,312	(367,490)	1,135,164	(914,455)	220,709
	11,177,591	(3,012,517)	8,165,074	6,867,645	-	(4,086,317)	1,104,117	(922,836)	13,958,919	(2,831,236)	11,127,683

During 2013, the Bank reclassified the "Improvements to third parties properties" to "Properties in use."

During 2012, the Bank revised the service life of its equipment and computer software stated under "Furniture, fixtures, facilities and equipment" and "System of automatic data processing".

Following both processes, and in order to operate those changes, the Bank proceeded with the cancellation of the gross value and accumulated depreciation of the property and subsequently recorded those assets at their net value.

On December 31, 2014 and 2013, the composition of the category "Current assets" was as follows:

	2014	2013
Furniture	466,704	546,729
IT equipment	36,809	416,853
Expenditures on new branches opening:		
Hoji Ya Henda Branch	396,056	-
Porto Amboim Facilities	103,848	-
Camama I Branch	93,331	-
Kaope Park (Cacuaco) Facilities	90,245	-
Cacuaco Facilities	79,700	-
Morar Viana Project Agency	70,141	-
Ganda Branch	65,490	-
Business Park (Cacuaco) Facilities	55,967	-
Menongue Branch	48,292	-

Fútila – Cabinda New Branch	39,300	-
Mbanza Congo/ Zaire New Branch	37,074	-
Forças Armadas do Lobito/ Cabinda Facilities	35,787	-
Patriota Branch	35,767	-
Liro/ Lobito Facilities	35,095	-
Kikuxi Viana Branch	-	244,428
Saurimo (Luanda Sul) Branch	-	93,905
Camabatela Branch	-	83,182
Camama branch	-	103,827
Lobito's Port Point	-	77,031
Benfica Branch	-	31,645
Nova Vida Branch	-	17,427
Talatona Branch	-	66,459
Other branches	189,005	83,687
Other current assets	457,931	449,051
	2,336,542	2,214,224

On December 31 2014 and 2013, the balance of the category "Furniture" and "IT Equipment" refers to the purchase of furniture and IT equipment for allocation to future branches of the Bank, whose inaugurations are expected during the coming years.

During 2014 the main investments of the Bank in terms of tangible and intangible assets essentially refer to branches' improvements and the purchase of IT equipment

12 ● DEPOSITS

On December 31, 2014 and 2013, the composition of these categories was as follows

	2014	2013
Demand deposits of residents:		
- National currency		
. Public sector	13,850,810	8,108,689
. Companies	64,857,871	36,693,959
. Individuals	30,029,531	23,611,177
	108,738,212	68,413,825
- Foreign currency		
. Public sector	552,331	2,348,095
. Companies	43,171,328	30,352,435
. Individuals	5,947,033	7,117,876
	49,670,692	39,818,406
Demand deposits of non-residents		
- National currency	1,228,166	33,376
- Foreign currency	166,574	121,754
	1,394,740	155,130
TOTAL DEMAND DEPOSITS	159,803,644	108,387,361

Term deposits of residents:

- National currency		
. Public sector	20,701,958	10,585,573
. Companies	25,323,196	40,032,985
. Individuals	5,619,319	3,781,423
	51,644,473	54,399,981
- Foreign currency		
. Public sector	3,544,527	1,111,222
. Companies	8,888,091	12,225,053
. Individuals	1,960,338	2,520,148
	14,392,956	15,856,423

Term deposits of non-residents

- National currency	4,292,160	
- Foreign currency	3,806	5,746

TOTAL TERM DEPOSITS – CAPITAL **70,333,395** **70,262,150**

Interest payable 409,914 449,836

TOTAL TERM DEPOSITS **70,743,309** **70,711,986**

Other deposits

VISA Kumbu	4,441,480	2,084,501
BDA Protocol	935,401	935,400
Agricultural campaign protocol	355,737	355,736

TOTAL OTHER DEPOSITS **5,732,618** **3,375,637**

TOTAL DEPOSITS OF CUSTOMERS **236,279,571** **182,474,984**

On December 31, 2014 and 2013, the category "Other deposits - VISA Kumbu" included the amounts deposited by customers under the charging of Kumbu VISA cards.

On December 31, 2014 and 2013, the category "Other deposits - BDA Protocol" refers to the guarantee fund deposited with the Bank under the protocol signed with the Development Bank of Angola ("BDA") to carry out microcredit operations to support small and medium agricultural livestock producers.

In the context of the financial agreement between the Ministry of Finance and the Bank, of July 28, 2005, regarding the availability of financial resources to ensure the implementation of a microcredit program, the interest rate for the funding of that program amounted to 21% (16% directly supported by the Ministry of Finance and 5% by the customers). On December 31, 2014 and 2013, the category "Other deposits - Agricultural campaign Protocol" refers to deposits by the Ministry of Finance to meet the subsidization of the interest rate mentioned above

On December 31, 2014 and 2013, customers' term deposits, interest excluded, had the following structure by currency and average interest rate:

	Interest rate	2014 Amount in currency	Amount in tAKZ	Amount in currency	2013 Amount in tAKZ	Interest rate
Thousands of Angolan Kwanza	4.66%	-	55,936,633	4.69%	-	54,399,981
US Dollar	3.75%	101,087,488	10,398,162	4.44%	160,235,991	15,642,077
Indexed Kwanza	0.15%	38,419,999	3,951,996		-	-
Euro	2.69%	372,252	46,604	2.25%	1,637,746	220,092
			70,333,395			70,262,150

On December 31, 2014 and 2013, customers' term deposits, interest payable excluded, had the following structure, according to residual maturity:

	2014	2013
Up to three months	10,007,831	33,601,991
Three to six months	19,382,959	25,125,195
Six months to one year	23,556,294	11,382,593
More than one year	17,386,311	152,371
	70,333,395	70,262,150

On December 31, 2014 and 2013, most of the customers' demand deposits were not remunerated, except for specific situations, defined in accordance with the guidelines of the Board of Directors.

13 • FUNDING WITH SECURITIES

On December 31, 2014 and 2013, the composition of this category was as follows

	2014	2013
Debt securities		
Certificates of deposits		
US dollars	6,220,969	1,735,056
Interest payable	325,283	54,090
Total certificates of depositso	6,546,252	1,789,146

On December 31, 2014 and 2013, certificates of deposit, interest payable excluded, had the following structure, according to currency and average interest rate:

	Interest rate	2014 Amount in currency	Amount in tAKZ	Interest rate	2013 Amount in currency	Amount in tAKZ
US Dollar	6.27%	60,478,196	6,220,969	5.52%	17,773,755	1,735,056
			6,220,969			1,735,056

On December 31, 2014 and 2013, certificates of deposit, interest payable excluded, had the following structure, according to residual maturity:

	2014	2013
Up to three months	534,141	115,483
Three to six months	214,730	40,369
Six months to one year	4,209,284	866,559
More than one year	1,262,814	712,645
	6,220,969	1,735,056

The remuneration of these securities is made in accordance with the agreed interest rate depending on the subscription amount and the repayment term. The full maturity of these bonds is 540 days, and they are repaid at one time not being allowed the early repayment by initiative of the customers..

14 • PAYABLES IN THE PAYMENT SYSTEM

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Relations between institutions:		
Checks clearing and others		
Certified checks	453,451	727,312
Checks payable	37,063	35,600
Other operations pending settlement		
Clearing with EMIS and VISA	1,461,884	173,245
Expired VISA	543,029	537,176
Cancelled VISA	129,894	122,127
Urban property tax	99,928	53,079
STC Clearing	43,387	56,239
Prepaid VISA charging	28,700	25,548
Other operations	408,193	18,186
	3,205,529	1,748,512

On December 31, 2014 and 2013, the category "Relations between institutions - Checks clearing and others - Certified checks" refers to certified checks pending clearing, part of which was settled during the first quarter of 2015 and 2014 respectively.

On December 31, 2014 and 2013, the balance of the category "Other operations pending settlement - Clearing with EMIS and VISA" refers to transactions with VISA "Kumbu" by customers of the Bank on the last day of the year and that were pending settlement

On December 31, 2014 and 2013, the balance of the category "Relations between institutions - Other operations pending settlement - VISA expired and VISA cancelled" corresponds to the amounts charged on VISA "Kumbu" whose term expired or that were cancelled by the Bank, respectively.

On December 31, 2014, the balance of "Relations between institutions - Other pending settlement operations - Other operations" includes 369,195 tAKZ which refers to the payment of transactions in the country pending settlement, part of which were settled during the first quarter of 2015.

15 • FOREIGN EXCHANGE OPERATIONS

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Funds linked to foreign exchange transactions:		
Funds in cash	1,295,668	367,541
Accrued expenses by purchase and sale of foreign currency (Note 7)	617,580	96,455
	1,913,248	463,996

On December 31, 2014 and 2013, the category "Funds linked to foreign exchange transactions – Funds in cash" includes values of customer deposits in foreign currency for the granting of documentary credits for import and payment orders in foreign currency.

16 • OTHER FUNDING

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Guarantee fund	454,974	3,314
Others	4,993	3,382
	459,968	6,696

On December 31, 2014 and 2013, the balance of the item "Guarantee Fund" corresponded to the financial agreement of July 28, 2005 between Banco Sol SA, Banco de Poupança e Crédito ("BPC") and its promoter. The convention aims to the provision of financial resources to ensure the implementation of a microcredit program to small farmers and equivalents and consumer credit to teachers, nurses and other professionals located in the rural and sub-urban areas, by the referred Banks. The value was released by the promoter in cooperation with BPC and Banco Sol, amounting to 10.000.000 USD, of which 8.000.000 USD are for credit, 1.000.000 USD for microcredit and consumer credit and the remainder to form a guarantee fund to cover irrecoverable debt. The banks charge an interest rate up to 8% with a grace period never inferior to one year or more than two years, depending on the nature of the projects. The value for the credit must be repaid by the banks without interest. The refund will be made in ten equal and consecutive semi-annual instalments with the first taking place until 24 months from the date of their disbursement. On December 31, 2010, due to high levels of uncollectible amounts, the Bank used the majority of the Guarantee Fund (418.193 tAKZ) in the settlement of overdue liabilities of the various debtors, which was restored during the year 2014. Additionally, the Bank is waiting the assent to such transaction by the promoter.

17 • OTHER LIABILITIES

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Tax on profit for the year (Note 28)	1,278,118	1,992,522
Tax on banking transactions:		
Stamp duty	90,356	39,863
Others	29,683	61,940
Employment income tax	34,442	26,741
Dividends		
Suppliers	1,015,802	768,162
Sundry creditors	635,854	563,234
Salaries and other compensations payable:		
Management		
Employees	480,611	428,676
Contributions to social security:		
Employer	19,542	15,818
Employees	7,328	5,932
Contributions	2,421	1,949

Other administrative costs:

Office supplies		
Guarantee premium	17,639	5,504
Others	3,632	129,713
	3,615,427	4,040,054

On December 31, 2014 and 2013, the category “Creditors for the provision of services” accounted for services rendered to the Bank by various entities for which the settlement of outstanding amounts occurred in accordance with the previously scheduled dates.

On December 31, 2014 and 2013, the balance of the category “Sundry creditors” included the amount of 199,851 tAKZ and 215,158 tAKZ, which refer to the remittances of funds from Banco Sol agencies located in other provinces, resulting from deposits by customers of the Bank for tax clearance at the National Directorate of Treasury. These amounts were repaid to the National Bank of Angola in early 2015 and 2014, respectively.

On December 31, 2014 and 2013, the balance of the category “Salaries and other compensations payable – Employees” corresponds to the vacations pay of the employees whose rights were acquired in the respective years, and that will be settled in 2015 and 2014, respectively.

18 • PROVISIONS FOR PROBABLE LIABILITIES

On December 31, 2014 and 2013, the composition of this category was as follows

	2014	2013
Provision for Pension Fund	811,821	276,345
Provision for guarantees	28,654	28,654
Provision for tax contingencies	25,708	25,708
Other provisions	500,886	450,083
	1,367,069	780,790

The movement in provisions for the years-ended December 31, 2014 and 2013 was as follows

	Balances at 31-12-2013		2014			Balances at 31-12-2014
			Reinforcements	Uses	Foreign exchange revaluations	
Provisions for doubtful debts (Note 8)	2,948,635	19,251,385	(79,925)	-	(13,524,979)	8,595,116
Provisions for financial assets (Note 11)	181,661	-	-	(4,362)	-	177,299
Provisions for Pension fund liabilities	276,345	606,991	-	-	(71,515)	811,821
Provisions for litigation cases (Note 9)	-	-	-	-	-	-
Provisions for guarantees	28,654	-	-	-	-	28,654
Provision for tax contingencies	25,708	-	-	-	-	25,708
Other provisions	450,083	39,147	-	11,656	-	500,886
	780,790	646,138	-	11,656	(71,515)	1,367,069
	3,911,086	19,897,523	(79,925)	7,294	(13,596,494)	10,139,484

	2013					Balances at 31-12-2013
	Balances at 31-12-2012	Reinforcements	Uses	Foreign exchange revaluations	Reversals	
Provisions for doubtful debts (Note 8)	2,694,341	12,694,051	(394,563)	-	(12,045,194)	2,948,635
Provisions for financial assets (Note 11)	146,620	35,041	-	-	-	181,661
Provisions for Pension fund liabilities	341,530	87,965	(153,150)	-	-	276,345
Provisions for litigation cases (Note 9)	175,605	381	(175,986)	-	-	-
Provisions for guarantees	25,902	2,752	-	-	-	28,654
Provision for tax contingencies	25,708	-	-	-	-	25,708
Other provisions	289,745	328,339	(150,069)	-	(17,932)	450,083
	858,490	419,437	(479,205)	-	(17,932)	780,790
	3,699,451	13,148,529	(873,768)	-	(12,063,126)	3,911,086

On December 31, 2014 and 2013, provisions for guarantees were stated per contra entry of "Provisions for doubtful debts".

On December 31, 2014 and 2013, the category "Provision for pension fund liability" includes the amounts of 204,830 tAKZ and 276,345 tAKZ which refer to the estimate of the Bank on the liabilities for retirement compensation of its employees (Note 2-c).

On December 31, 2014 the balance of this category included also the amount of 606,990 tAZK, referring to the estimated liabilities of Banco Sol pension fund.

On December 31, 2014 and 2013, the category "Other provisions" included the amount of 187.617 tAKZ referring to various items that had to be regularized in demand deposit accounts held by the Bank within the National Bank of Angola and other credit institutions. This balance also included on December 31, 2014 and 2013 the amounts of 204,632 tAKZ e 194,200 tAKZ respectively to cover items to be regularized under "Other assets". On December 31, 2013 this category included a provision for cash failures in the amount of 1.697 tAKZ, which was reinforced during 2014, totalling 40,844 tAKZ at the end of the year.

In 2014, the Bank requested an external consultant to carry out an actuarial study on retirement compensation benefit as established in the General Labour Law, in order to establish the level of the Bank's liabilities associated with this compensation. For the purpose of this actuarial study, since there was no other available information, the actuary used the official mortality table of Angola (ANGV-2020P). As a result of this study, the Bank recorded a provision of 204,830 tAKZ corresponding to the contribution for the Fund that the Bank will have to accomplish, in order to comply with the accounting policy described in Note 2.c).

The assumptions and technical bases used for the preparation of this study, on December 31, 2014 were as follows:

2014	
Actuarial method	Unit Credit Project
Mortality table	ANGV – 2020P
Salary growth rate	3.5%
Discount rate	4%
Retirement age	60 years
Number of employees	1,383

Additionally, in 2014, the Bank asked Atuas – Atuários Associados S/C, Ltda an actuarial study on the pension plan for the employees of Banco Sol with reference to December 31, 2014, in order to calculate its liabilities and level of contribution for the year. For the purposes of this actuarial study, since there was no other available information, the actuary used the official mortality table of Angola (ANGV-2020P). As a result of that study, the Bank recorded a provision of 606,990 tAKZ to comply with accounting policy described in Note 2-c).

On December 31, 2014 the liability for past services associated with the Pension Fund of Banco Sol amounted to 1,281,243 tAKZ, for which the Bank had a Pension Fund of 674,253 tAKZ, and a provision of 606,990 tAZK.

The assumptions and technical bases used for the preparation of this study, on December 31, 2012 were as follows:

	2012
Actuarial method	Unit Credit Project
Mortality table	ANGV – 2020P
Disability table	Not used
Salary growth rate in USD	1%
Interest rate in USD	4%
Number of employees	802

The currency of reference and calculation of liabilities for the Pension Fund of Banco Sol was U.S. Dollar. Additionally, in accordance with the contract of the Pension Fund, the decision of upgrading pensions is an exclusive competence of the Bank. On December 31, 2014 the Bank was not considering any update of pensions.

On August 12, 2011, the Bank established a new contract for its Pension Fund. The main changes in this contract were:

- a) Change the defined benefit pension plan into a pension plan with defined contribution;
- b) Monthly contributions of the participants will be made with a percentage of the monthly pensionable salary, which, in accordance with the “table of contributions” of the mentioned contract, will match the level of contribution to be made by the Bank;
- c) The Bank must perform, at the beginning of the new pension plan, an extraordinary contribution to the Fund, in favour of active participants on June 30, 2011, corresponding to 80% of “pensionable salary” of the participant multiplied by the number of years of past service divided by thirty;
- d) That the beginning of the new contributory plan would occur on the last of the following dates:
 - (I) on January 1, 2012,
 - (II) on the date of publication, in the Official Gazette, of the approval of the new contract,
 - (III) on the date of celebration of the new contract by both parties.

However, on the date of approval of the financial statements, the signing of the new contract was not formalized yet, as well as the approval by the Ministry of Finance and its publication in the Official Gazette.

19 • EQUITIES

Capital

The Bank was established with a capital of 49,400 tAKZ (equivalent to 4,000,000 USD on the date of incorporation), represented by 4,000,000 nominal shares of one U.S. dollar each, having been fully subscribed and paid in cash.

During the years 2005 and 2007, the Bank increased its capital by 89,204 tAKZ and 80,264 tAKZ, respectively (equivalent to 1,000,000 USD, respectively) fully paid in cash, being represented by 6,000,000 nominal shares of one U.S. Dollar each.

Additionally, at the General Assembly of March 27, 2008, shareholders approved a capital increase of the Bank from 6,000,000 USD to 14,811,070 USD (equivalent to 1,111,171 tAKZ).

By the order of November 24, 2010, of the Governor of the National Bank of Angola, it was allowed the regularization a posteriori of the capital increase of Banco Sol occurred in 2008. However, the value of the capital increase registered in the Certificate of the First National Registry of the Judicial District of Luanda, dated March 15, 2011, was not consistent with the resolution of the Minutes of the Annual General Assembly of the Bank or with the ratification of the Governor of the National Bank of Angola. Thus, on April 13, 2011, the National Bank of Angola certified again the total capital increase approved at the General Assembly of March 27, 2008, being the capital of the Bank 1,377,573 tAKZ (equivalent to USD 18,362,013), after the increase.

In the General Assembly of December 12, 2011, the nominal value of each share was defined in 400.6 AKZ, so that the Bank's capital is represented by 3,438,775 shares. The registration of the capital increase took place on March 23, 2012 at the First National Registry of the Judicial District of Luanda.

In order to comply with the new instructive regulation of BNA, which requires commercial banks a capital in Kwanza equivalent to 25 million USD, the Bank decided at the General Meeting of April 11, 2014 a capital increase of 3,622,460 tAKZ, represented by 3,550,000 shares with a nominal value of 1,408.46 AKZ. The registration of this operation was carried out on December 9, 2014 at the First National Registry of Luanda; the capital of the Bank is now 5,000,033 tAKZ.

Thus, on December 31, 2014 and 2013 the Bank's shareholder structure was as follows:

	Number of shares	Percentage
Sansul, S.A.	1,597,500	45
Fundação Lwini	355,000	10
Sebastião Bastos Lavrador	334,410	9.42
Noé José Baltazar	192,410	5.42
Ana Paula dos Santos	192,410	5.42
Sociedade de Comércio Martal	192,410	5.42
João Manuel Lourenço	192,410	5.42
Júlio Marcelino Bessa	148,035	4.17
Coutinho Nobre Miguel	138,805	3.91
Maria Mambo Café	103,305	2.91
António Mosquito	103,305	2.91
	3,550,000	100

On December 31, 2014 and 2013, there were no shares with different rights.

In compliance with the paragraph 3 of the Article 446 of the Law No. 1/2004 of February 13, that frames the Company Law, which required that members of the board and supervision of public companies disclose the number of shares and bonds they hold, we present the shareholdings held by the members of the board:

Shareholders	Position	Acquisition cost	Number of shares	%
Coutinho Nobre Miguel	Chairman of the Board of Directors	Nominal value	138,805	3.91

According to the existing shareholder structure on December 31, 2014, earnings per share for the years 2014 and 2013 were 1,180.54 AKZ and 1,011.73 AKZ respectively.

By unanimous vote of the General Assembly of April 11, 2014, it was decided to distribute dividends to shareholders in the amount of 34% of the net profit of the previous year (1,178,194 tAKZ) with the remaining amount applied under "Retained earnings" and "Reserves and Funds".

Legal reserve

Under the current law, the Bank shall constitute a legal reserve fund equivalent to its capital. To do so it annually transfers to this reserve a minimum of 10% of the net income of the previous year. This reserve can only be used to cover accumulated losses, when other reserves are exhausted.

Potential incomes

Potential incomes correspond to the revaluation reserves of fixed assets pending settlement, under the provisions of the Decree-Law N^o. 6/96, of January 26, to reflect the effect of depreciation of the national currency.

Revaluation reserves may be used only to cover accumulated losses or capital increase.

20 • NET INTEREST INCOME

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Incomes from active financial instruments		
Bonds and other securities:		
. Held-for-trading	1,940,668	28,286
. Held-to-maturity	95,654	27,714
Interbank money market operations	2,559,486	4,981,793
Loans	7,434,021	7,558,664
	12,029,829	12,596,457
Costs of passive financial instruments		
Customer deposits	3,626,474	3,164,845
Interbank money market operations	120,646	45,259
	3,747,120	3,210,104
Net interest income	8,282,709	9,386,353

On December 31, 2014 and 2013, the category "Income from financial instruments assets - From loans" includes the amount of 156,985 tAKZ and 168,157 tAKZ which refers to a commission charged to a related entity for the management of a real estate project.

21 • INCOMES FROM FOREIGN EXCHANGE OPERATIONS

During the years ended December 31, 2014 and 2013, these categories correspond to the profits and losses on exchange differences, realized or potential, arising from transactions in foreign currency

22 • INCOMES FROM FINANCIAL SERVICES

On the years-ended December 31, 2014 and 2013, the composition of these categories was as follows:

	2014	2013
Financial services costs		
Fees payable:		
. For electronic clearing	230,742	180,566
. For foreign exchange operations	65,397	94,623
. Other services	1,332,233	739,357
	1,628,372	1,014,546
Profits from financial services		
Fees receivable:		
. For foreign exchange operations	6,636,956	1,302,963
. For electronic clearing (VISA cards)	4,660,850	1,841,365
. For the collection of values	1,362,870	797,959
. Deposit maintenance fees	909,659	-
. For commitments with third parties	559,178	420,309
. Payroll	156,203	-
. For guarantees and sureties	67,193	40,047
. Other costs	287,232	-
	14,640,141	4,402,643
Incomes from financial services	13,011,769	3,388,097

On December 31, 2014 and 2013, the balance of the category "Fees payable - Other services" refers to the fees incurred by Banco Sol in the process of Visa transactions offsetting.

On December 31, 2014 and 2013, the balance of "Fees receivable - electronic clearing (VISA)" refers essentially to the fees for the charge of VISA "Kumbu".

On December 31, 2014 and 2013, the category "Fees receivable - Foreign exchange operations" refers essentially to the fees charged to Customers in the purchase and sale of foreign currency and payment orders abroad.

On December 31, 2014 and 2013, the balance of "Fees receivables - collection of values" corresponds to the amount equivalent to 1% of the total value of monthly revenue collected under the contract for services concluded with the Ministry of Finance. The Agreement, dated August 1, 2003 and lasting for an indefinite time, stipulated that Banco Sol has an obligation to provide services for the collection and delivery of state revenue under the terms and conditions of the Regulation of the State Revenue Collection System, approved by the Executive Decree No. 49/02 of October 25, of the Ministry of Finance (Note 17).

On December 31, 2014 and 2013, the balance of "Fees receivables - commitments with third parties" refers essentially to the fees charged on the opening of loans.

On December 31, 2014, the Bank proceeded with the reparameterization of its application, reclassifying the income stated under "Income from various services" (Note 26) in the category "Income from financial services."

23 ● PERSONNEL COSTS

On December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Wages and salaries:		
. Compensation to employees	3,508,954	2,979,917
. Compensation to management and supervision	184,556	168,970
	3,693,510	3,148,887
Compulsory social charges:		
. Employees	261,177	223,042
Non-compulsory social charges:		
. Employees	226,143	202,008
	487,320	425,050
Other costs		
. Contributions to employees	118,323	128,568
. Others	143,915	98,542
	262,238	227,110
	4,443,068	3,801,047

On December 31, 2014 and 2013 the category "Non-compulsory social charges – Employees" includes the amount of 3,000 tAKZ and 19,542 tAKZ referring to the liabilities associated with Banco Sol pension fund (Note 18).

On December 31, 2014 and 2013, the item "Other charges - Contributions to Employees" refers to the contribution of the Bank to its employees for the home ownership in the Solarium Vereda Flores condominium (Note 9).

On December 31, 2014 and 2013, the number of employees of the Bank corresponds to 1,383 and 1,220, respectively.

24 ● SUPPLIES FROM THIRD PARTIES

On the years-ended December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Specialized services		
. Security and surveillance	1,257,660	923,810
. Auditing and consulting	1,739,255	1,526,333
. Information system services	461,738	298,229
. VISA services	451,745	173,205
. ATM Maintenance services	266,614	211,276
. Communication services	177,055	138,144
. Other specialized technical services	1,036,449	710,544
Rentals	998,314	891,177

Several materials	924,700	461,032
Transport, travel and accommodation	394,540	311,514
Communications	119,367	159,201
Working capital	88,759	77,270
Publications publicity and advertising	85,649	36,393
Water and energy	45,096	30,901
Insurance	44,925	28,142
Other third party supplies	178,309	169,494
	8,270,175	6,146,665

On December 31, 2014 and 2013, the category "Specialized services - Auditing and consulting" includes 937,762 tAKZ and 785,177 tAKZ respectively, mainly related to consulting services and partnership with a supplier within the new business strategy of the Bank.

On December 31, 2014 and 2013, the category "Specialized Services - Information system services" refers essentially to the cost of computer equipment leasing and its maintenance.

On December 31, 2014 and 2013, the category "Rentals" includes the amount of 488,060 tAKZ and 482,438 tAKZ for the lease of seven floors of the building "Luanda Inn", located in Luanda, in the neighbourhood of Maculusso started on January 1, 2011 (Note 9).

On December 31, 2014 and 2013, the category "Working capital" corresponds to the current costs incurred by the Bank's branches by using a plafond allocated for that purpose.

25 ● TAXES AND FEES NOT LEVIED ON THE INCOME

On the years-ended December 31, 2014 and 2013, the composition of this category was as follows:

	2014	2013
Taxes:		
. Stamp duty	38,060	21,045

26 ● OTHER INCOMES AND OPERATING COSTS

On December 31, 2014 and 2013, the composition of these categories was as follows

	2014	2013
Profits from various services:		
. Fees with VISA	-	219,439
. Payroll	-	173,216
. Fees with maintenance of deposits	-	610,496
. Issuance of checks	-	41,435
. Others	-	158,131
Reimbursement of expenses:		
. Payment orders	-	7,025
	-	1,209,742

During 2014 the Bank proceeded with the reparameterization of its application, and the above mentioned fees stated under the category of "Income from Financial Services Fee" (Note 22).

On December 31, 2014 and 2013, the item "Profit from various services - Fees with VISA" refers to the fees charged by the bank for each customer's transaction with VISA cards "Kumbu."

27 ● NON-OPERATING INCOME

On the years-ended December 31, 2014 and 2013, the composition of this category was as follows

	2014	2013
Non-operating costs and losses		
Financial assets:		
. Provisions for reduction in recoverable	439,400	35,041
Other extraordinary losses	(7,417)	399,931
	431,982	434,972
Non-operating income or gains		
Gains relating to the previous years	625,511	389,252
Other extraordinary gains	22,428	5,126
	647,939	394,378
Other extraordinary gains	215,957	(40,594)

During 2013 the Bank requested the assistance of a computer consultant for the settlement of differences between its operating application and the accounting application. With the conclusion of the work, it was necessary to make adjustments to the Balance Sheet of the Bank. These adjustments are recorded under the category "Other extraordinary losses" and "Other extraordinary gains" in the amount of 200,851 tAKZ and 4,360 tAKZ, respectively, and the net value of these adjustments is 196,491 tAKZ.

On December 31, 2014 and 2013, the balance of "Gains relating to previous years" includes, among others, interest of loans transferred to losses in previous years, which, after the restructuring of the associated credits, were stated again during the years 2014 and 2013, respectively.

28 ● TAXES ON CURRENT INCOME

The Bank is subject to the Industrial Tax, in accordance with the Angolan tax law and it is considered a taxpayer of the A Group. The applicable tax rate is 30% on December 31, 2014, in accordance with the amendments of the Law No. 19/14 of October 22, and 35% on December 31, 2013.

On December 31, 2014 and 2013, the reconciliation between accounting profit and the profit for purposes of calculating the Industrial Tax was as follows:

	2014	2013
Income before taxes and other chargess	5,174,431	5,366,343
Tax penalties (article 40º)	4,756	966
Other increases	1,036,304	381,612
Adjustments:		
Tax benefits of incomes from		
Government securities (Note 20)	(1,962,423)	(56,000)

Taxable income	4,253,068	5,692,921
Nominal tax rate	30%	35%
Normal tax rate	1,275,920	1,992,522
Provisional liquidations	-	-
Tax payable	1,275,920	1,992,522
Deferred taxes	(299,493)	(91,453)
Total taxes on income	976,427	1,901,069

Additionally, in accordance with subparagraph c) of paragraph 1 of Article 23 of the Industrial Tax Code, incomes from any Angolan public debt securities are not considered as income for purposes of determining the Industrial Tax payable.

For the year ended December 31, 2014 and 2013, the Bank recorded deferred tax assets in the amount of 390.946 tAKZ and 91.453 tAKZ, referring to reinforcements made in the provision for retirement compensation and other provisions.

Tax authorities have the right to review the fiscal situation of the Bank for a period of five years and, due to different interpretations of the tax law, any adjustments to the taxable income may result. Given the tax amnesty in Industrial Tax, TAC, Tax on Labour Income, Stamp Duty and Real Estate Tax, tax authorities may review the tax position of the Bank for the 2013 and 2014. The Board of Directors of the Bank believes that any additional assessments that may result from these reviews will not be significant to the financial statements.

29 ● BALANCES AND TRANSACTIONS WITH RELATED ENTITIES

On December 31, 2014 and 2013, the main balances and transactions with related entities were as follows:

	2014				Total
	Shareholders or common	Board members	Subsidiaries	Other related entities	
Assets					
Financial assets	-	-	22,602	-	22,602
Loans	9,856,771	1,586,646	-	3,508,608	14,952,025
	9,856,771	1,586,646	22,602	3,508,608	14,974,627
Liabilities					
Deposits	1,394,698	868,656	-	14,043	2,277,397

	2013				Total
	Shareholders or common	Board members	Subsidiaries	Other related entities	
Assets					
Financial assets	-	-	22,602	-	22,602
Loans	9,514,959	954,536	-	6,243,536	16,713,031
	9,514,959	954,536	22,602	6,243,536	16,735,633
Liabilities					
Deposits	398,905	554,406	-	42,249	995,560

On December 31, 2014 and 2013, the main related entities were:

○ **Shareholders or common shareholders:**

Consultoria e Participações, S.A.
Falcon Oil Holding Angola, S.A.
Imosol Comércio Geral, Prestação de Serviços e Imobiliária, S.A.
N-Gestão e Participações Financeiras, Lda.
On Shore – Serviços, Lda.
Sebastião Bastos Lavrador e familiares
Sansul, S.A.
Fundação Lwini
Noé José Baltazar
Ana Paula dos Santos
Sociedade de Comércio Martal
João Manuel Lourenço
Júlio Marcelino Bessa
Maria Mambo Café
António Mosquito

○ **Board members:**

António Graça
Coutinho Nobre Miguel
Varínia Sobral

○ **Subsidiaries:**

Angola Stock Exchange and Derivatives
EMIS – Empresa Interbancária de Serviços, S.A.R.L.
Galilei, SGPS, S.A.
Sodecom, S.A.
Suninvest, S.A.

Other related entities:

M B B C Gestão de Participações Financeiras, Lda.
N J A, Lda.
Suzana da Mata Guimarães
Sandra Filomena Lourenço Ribeiro

On December 31, 2014 and 2013, loans to related entities, excluding advances to depositors, bore interest at an annual average rate of 6.76% and 4.09%, respectively, for operations in national currency and 11.03% e 11.45%, respectively, for transactions in foreign currency (USD).

Additionally, during 2014 and 2013, about 10,300,000 tAZK and 11,500,000 tAZK of loans granted to related entities were subject to changes in contractual conditions.

Moreover, during the year ended December 31, 2014 and 2013, the Bank supported a rent of approximately 488,060 tAKZ and 482,000 tAKZ (Note 24) for its headquarters, charged by a related entity.

On December 31, 2014 and 2013, loans granted to related entities presented the following guarantees:

	2014	2013
Mortgage on property	6,355,642	-
Promissory	3,466,294	2,931,980
Promissory and irrevocable proxy for the establishment of mortgages	1,836,792	10,761,210
Pledge of Bank shares	2,850,301	2,782,500
Others	442,995	237,341
	14,952,024	16,713,031

On January 18, 2013, in order to overcome a dispute existing with a supplier, the Bank agreed the termination of the maintenance and provision of services contract established in the past and agreed to pay a compensation of approximately 285,000 tAKZ to that supplier. That charge was paid and accepted entirely by one of the entities above mentioned.

30 ● BALANCE BY CURRENCY

On December 31, 2014 and 2013, the structure of the Bank's balance by currency was as follows:

	National currency	2014 Foreign currency	Total
Deposits	27,127,237	60,973,090	88,100,327
Applications of liquidity	7,500,000	1,029,061	8,529,061
Securities	64,583,187	554,377	65,137,564
Receivables in the payment system	1,058,636	182,342	1,240,978
Foreign exchange operations	-	617,178	617,178
Loans	79,370,660	6,902,701	86,273,361
Other values	2,867,356	226,596	3,093,952
Business and industrial inventories	182,975	-	182,975
Financial assets	22,602	-	22,602
Tangible assets	17,369,647	-	17,369,647
Intangible assets	375,120	-	375,120
Total Assets	200,457,420	70,485,345	270,942,765
Deposits	167,474,240	68,805,331	236,279,571
Funding with securities	-	6,546,252	6,546,252
Payables in the payment system	1,356,772	1,848,757	3,205,529
Foreign exchange operations	617,580	1,295,668	1,913,248
Other funding	4,994	454,974	459,968
Other payables	3,295,698	319,730	3,615,428
Provisions for probable liabilities	1,138,436	228,633	1,367,069
Total Liabilities	173,887,720	79,499,345	253,387,065
(ASSETS - LIABILITIES)			17,555,700

	National currency	2013 Foreign currency	Total
Deposits	31,850,115	18,857,733	50,707,848
Applications of liquidity	64,048,947	1,172,667	65,221,614
Securities	112,919	525,248	638,167
Receivables in the payment system	716,224	201,587	917,811
Foreign exchange operations	-	96,168	96,168
Loans	38,460,491	37,441,681	75,902,172
Other values	1,190,452	15,551	1,206,003
Financial assets	22,602	-	22,602
Tangible assets	10,906,974	-	10,906,974
Intangible assets	220,709	-	220,709
Total Assets	147,529,433	58,310,635	205,840,068
Depósitos	124,501,969	57,973,015	182,474,984
Deposits	124,501,969	57,973,015	182,474,984
Funding with securities	-	1,789,146	1,789,146
Payables in the payment system	1,057,450	691,062	1,748,512
Foreign exchange operations	96,455	367,541	463,996
Other funding	3,382	3,314	6,696
Other payables	3,770,604	269,450	4,040,054
Provisions for probable liabilities	758,013	22,777	780,790
Total Liabilities	130,187,873	61,116,305	191,304,178
(ASSETS - LIABILITIES)			14,535,890

31 ● OFF -BALANCE SHEET ITEMS

On December 31, 2014 and 2013, the structure of these categories was as follows:

	2014	2013
Guarantees and other contingent liabilities:		
. Open documentary credits	955,663	648,220
. Guarantees	1,529,352	1,053,554
	2,485,015	1,701,774
Secured current accounts limits	4,903,932	3,182,085
Receivables transferred to losses	1,749,322	1,523,390
Received Guarantees	37,971,782	27,380,891
Liabilities for services:		
. Custody of securities	15,862,333	16,435,944
. Collection of values	5,831	2,739
	15,868,164	16,438,683

Provided guarantees are banking operations not represented by the mobilisation of Bank's funds, but related to the guarantees given to support import operations and performance of contracts by the customers of the Bank. Guarantees given and commitments taken represent amounts that may be payable in the future.

Open documentary credits are irrevocable commitments by the Bank, on behalf of its customers, to pay/order to pay a fixed amount to a supplier of goods or services within a specified time period, upon the presentation of documents for the dispatch of goods or delivery of services. The irrevocable condition means that the cancellation or change is not feasible without an agreement between all parties involved. Despite of these contingent liabilities and commitments, the assessment of these operations follows the same basic principles as any other business operation, including the solvency of the customer and business behind them, as the Bank requires that these operations are collateralized when necessary. Since it is expected that most of them expire without being used, these amounts do not necessarily represent future cash requirements.

32 ● SUBSEQUENT EVENTS

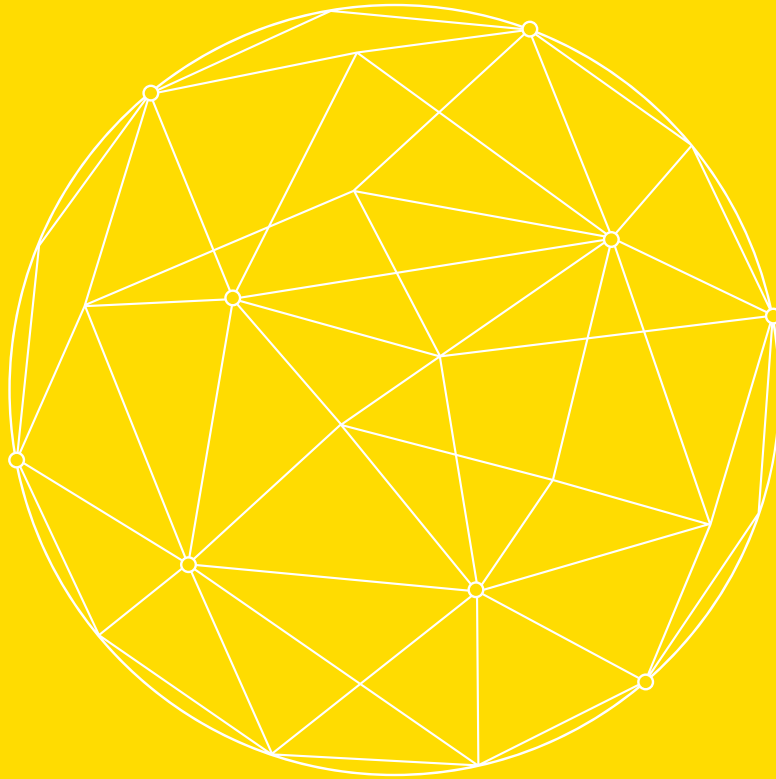
Between December 31, 2014 and the date of approval of the financial statements, there were no material events that influenced the financial position and incomes of the Bank.





10C

REPORT AND STATEMENT
OF THE AUDIT COMMITTEE



● REPORT AND STATEMENT OF THE AUDIT COMMITTEE

Dear Shareholders;

1. According to the laws and regulations in force, we present the Report on our supervisory activity and give our opinion on the Financial Statements presented by the Board of Directors of Banco Sol for the year ended December 31, 2014.
2. We continuously monitored the progress of the activity of the Bank and verified the correctness of the accounting records, as well as its compliance with legal and statutory provisions. We also counted on the collaboration of the Board of Directors and the various services of the Bank in providing the information deemed necessary for the performance of our duties.
3. We analysed and agree with the content of the Auditors' Report issued by PKF Auditors & Consultants S.A., which we consider integrally reproduced.
4. As part of our duties, we examined the Balance at December 31, 2014, the Statements of Income, changes in equities and cash flows for the year, including the accounting policies and the valuation criteria.
5. In addition, we examined the Management report for the year 2014, prepared by the Board of Directors and the proposal for the application of results.
6. Considering these aspects and taking into account the work done, we propose the most worthy Assembly that:
 - a) Approve the Report for the year ended December 31, 2014;
 - b) Approve the accounts for the year;
 - c) Approve the Proposal for the Application of Net Income;
 - d) Approve a vote of praise to the Board of Directors and Employees for their efficiency and effectiveness, reflected in the unequivocal financial soundness of the Bank in 2014.

Luanda, April 10, 2015

AUDIT COMMITTEE



Chairman

(Guiomar Dias)



1st Member

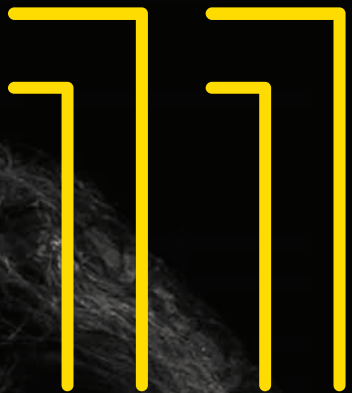
(Engº Noé José Baltazar)



2nd Member

(Dr. Fiel Constantino)





AUDIT REPORT

● AUDIT REPORT



INTRODUCTION

1. We have audited the financial statements of Banco Sol, SA which include the balance sheet at December 31, 2014 showing a total of 270,942,765 tAKZ and equity of 17,555,700 tAKZ, including an income of 4,198,004 tAKZ, statements of income, changes in equity and cash flows for the year then ended and the corresponding Notes.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

2. The Board of Directors is responsible for preparing and presenting appropriately these financial statements in accordance with the accounting principles generally accepted in Angola for the banking sector and for the necessary internal control to enable the preparation of financial statements free of material misstatement due to fraud or error.

AUDITOR'S RESPONSIBILITIES

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with the International Auditing Standards. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

4. An audit involves the performance of procedures to obtain evidence about the amounts and disclosures expressed in the financial statements. The selected procedures depend on the auditor's judgment, including the risk assessments of material misstatement due to fraud or error. In making those risk assessments the auditor considers the relevant internal control to the preparation and presentation of financial statements by the entity, in order to conceive the appropriate audit procedures but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the used accounting policies and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

OPINION

6. In our opinion, the financial statements present fairly, in all material respects, the financial position of Banco Sol, SA at December 31, 2014 and its financial performance and cash flows for the year then ended, in conformity with the accounting principles generally accepted in Angola for the Banking Sector (Note 2).

EMPHASES

7. Our Audit Report on December 31, 2013 had a reserve of limitation in quantifying the provisions for doubtful accounts because loans covered by contractual changes/restructuring were not properly identified, as well as the inadequate risk analysis and classification of the Bank's customers and operations.

During 2014, the Bank's services proceeded to the development of a comprehensive work on the loan portfolio that allowed the proper clearance of mandatory provisions in accordance with the National Bank of Angola Notices, with an increase in provisions for doubtful accounts from 2,948,635 tAKZ to 8,595,116 tAKZ resulting in a reinforcement of 5,646,481 tAKZ. Thus, the reserve no longer applies to the financial statements of December 31, 2014.

Luanda, April 9, 2015



PKF Angola – Auditores e Consultores, S.A.
 Represented by
 Henrique Manuel Camões Serra (Accounting Expert n.º 20130167)

