RELATÓRIO E CONTAS

/ ANNUAL REPORT

2016

15 Anos

BANCO SOL

O banco de todos nós

BANCO SOL

O banco de todos nós

CONTENT


Diversifying is the opposite of
applying all resources in a single
asset or investment.

1.

CEO MESSAGE

Dear shareholders,

As you know 2016 was a very challenging year, as the year before, depicted by the search for solutions in order to help the economy to recover from the crisis. The constancy of low prices on energetic raw-materials has led us to economic performance deterioration, mainly a continuing high rate of inflation, a budget deficit of almost 6% of GDP, foreign currency shortages, and according to the IMF, a contraction of GDP comparing to the previous year.

The use of credit, by the Treasury, has stood out as the main instrument to cover the oil revenues, placing a significant volume of securities in the primary market. The monthly average of Treasury Bills has reached its maximum value in 2016 since the beginning of the 2008 historical series.

For Banco Sol, 2016 was demanding but was simultaneously a reinforcement of our project. The Bank sought its structuring consolidation, distinguished by a strong relevance and responsibility in its contribution to the economic development, stability and solidity of the national financial system.

The activity of Banco Sol and the conduct of its Collaborators during 2016 were ruled by the discipline, expertise, technical skill and diligence, in terms of achieving higher levels of quality, economic and financial efficiency choosing the best banking and financial practices.

This way, the Bank was able to protect its financial health (solvency, liquidity and profitability) responding to the needs generated by the new economic and financial circumstances.

As you know, the Bank´s legal accounts for 2016 are in accordance with the recognition and measurement principles set in the IAS/IFRS, according to Notice nº 6/2016, 22th of June of the BNA. Despite the challenging scenario, the Bank has reached a Net Profit of USD 55.6 million, the highest ever. For the result achieved, we have to consider the growth of 27.9% of the Banking Gross Income, benefiting Financial Spread. Both Solvency (11.5%) and Profitability (2.5%, ROAA and 35.1% ROAE) ratios at the end of 2016 illustrate the sustainable Bank development decisions, the decisively reinforcement of its solidity, in order to maintain its position in Angolan financial market and also, the support to families and corporation.

The Total Net Asset has registered an increase of 21.4% comparing to 2015, while the Bank Loan Portfolio already accounts for 5.1% of the market share.

The Customer Funds were up by 4.8% in relation to the previous year.

The number of Customers increased around 574 thousand at the end of 2016 (487 thousand, in 2015), occuring also with a growth of the employees number 1.492 at the end of 2016 (1.476, in 2015) as well as the expansion of our Distribution Network, which had at the end of 2016 196 branches (184, in 2015).

As part of the internationalization of the Bank in Namibia (SOLBANK) and Portugal (BANK SOL EUROPA), some Bank staff members travelled in 2016 to those countries and established several contacts, mainly with local supervisory authorities aiming to prepare the opening of the mentioned financial institutions.

Concerning Social Responsability initiatives, the Bank continued to reinforce its commitment to society.

FUNDAÇÃO SOL working close to the communities, has developed and focused its intervention strategy in social, cultural and educational activities, a mission with a purpose based on sustainability and development actions.

On behalf of the Board of Directors, thanks for all the effort, dedication and trustworthiness of our Customers, Suppliers and Service Providers, Government and Supervisory Authorities (BNA), Shareholders and Employees. We'll continue to work in order to make Banco Sol more cautious on risk management, more solid, transparent, sustainable and a reference institution in the Angolan banking market.

Coutinho Nobre Miguel
Chairman of the Board of Directors

2.
SUMMARY OF RESULTS AND KEY INDICATORS
(Amounts expressed in thousands of Kwanzas)

	December 2016	December 2015
A. Balance Sheet		
Net Total Assets	396 782 595	326 838 289
Loans to Customers	189 006 233	99 732 496
Total Customers Deposits	298 769 981	285 126 654
Marketable Securities	75 729 482	127 748 844
Equity1	29 834 149	23 203 111
Shareholders1 Equity	29 652 689	22 828 270
B. Activity		
Net interest income	31 302 306	24 432 203
Results from Foreign Exchange Operations	107 768	(3 212 058)
Results from Financial Services	6 818 231	7 966 017
Net Operating Revenue	37 596 079	29 403 952
Net Operating Income	9 570 170	7 926 298
Net Income	9 223 207	7 331 213
Cash Flow	15 453 652	11 960 782
C. Profitability		
Return on average total assets (ROAA)	2,5%	2,5%
Return on Shareholders´ Equity (ROAE)	35,1%	36,3%
D. Solvency		
Solvency Ratio[2]	11,5%	17,4%

	December 2016	December 2015
E. Credit Quality		
Credit at Risk(+90 d)/Loans to customers (%)	2,0%	2,0%
Impartments cover of credit at risk	470,0%	419,0%
F. Distribution Net, Employees and Customers		
Number of branches	196	184
Number of employees	1 492	1 476
Number of customers	573 802	487 033
G. Productivity, Efficiency and Growth		
Cost-to-income[3]	63,5%	63,0%
Net operating revenue/number of employees	25 198	19 921
Number of employees/number of branches	8	8
Number of POS	9 460	6 767
Number of ATM	322	281
Number of debit cards	507 248	399 909
Number of VISA cards	62 228	57 695
Number of SOLNET adherents	38 742	34 443
Number of SOLSMS adherents	119 996	109 463
H. Stock and Unit Value per Share		
Number of Shares	3 550 000	3 550 000
Unit value	8 352,87	6 430,50

1) figured according to BNA/Banco Nacional de Angola) rules (instruction n° 04/2007)
2) Equity over total assets weighted by risk (instructions n° 05/2007 from BNA)
3) Overheads/Banking revenue


To invest in several economic sectors
is preventing major losses

3.
BANCO SOL
3.1. Shareholders Structure and Corporate Governance

Shareholder structure

On December 31, 2016 the Share Capital of Banco Sol, in the amount of 5.000.033 thousand Kwanzas was divided by the following personal and business:

Position of Shareholders in the Share Capital of Banco Sol

Governance Framework

Banco Sol governance framework is established in its Statutes in accordance with Notices n°1/2012 of 16th January (entrance and exit of national and foreign currency) and complies the Financial Institutions Law requirements (Law n° 12/2015 of 17th of June).

SHAREHOLDERS	NUMBER OF SHARES	% OF SHARE CAPITAL
Sansul	1.810.500,00	51,00%
Fundação Lwini	355.000,00	10,00%
Other Shareholders	390 145,00	10,99%
António Mosquito	224 715,00	6,33%
Sociedade Comercial Martal, Lda	192.410,00	5,42%
Azury	192.410,00	5,42%
Noé Baltazar	192 410,00	5,42%
A P Santos	192 410,00	5,42%
	3.550.000,00	**100%**
Capital Social	**5.000.033.000**	
Total	**1.408,46**	

Governing Bodies

On the 31 of December 2016, the governing body included the follow members:

Board of Directors	
Chairman	Coutinho Nobre Miguel
Directors (executive)	António Manuel Graça
	Carla Marina Van-Dúnem
	Gil Alves Benchimol
	Ana Edite Teles Carreira

Board of the General Assembly	
Chairman	Mário Sequeira de Carvalho
Deputy-Chariman	Manuel Pinheiro Fernandes
Secretary	Francisco Domingos Furtunato

Audit Committee	
Chairman	Júlio Marcelino Bessa
1st Member	Noé José Baltazar
2nd Member	Eduardo Jorge Santana

Started in April 2015, the Supervisory Monitoring Committee of the Board of Directors had on 31st December 2016 the following composition:

Supervisory and Monitoring Committee of the Board of Directions	
Chairman	Manuela de Ceita Carneiro
Members	Mariano bernadino Machado
	Manuel João Neto

The General Assembly is the highest entity of the society, wich represents all the shareholders, and the Assembly deliberations resolutions are binding and mandatory to all members taken in accordance with the law and statutes.

The Committee of Board of Directors provides, by law, a general oversight and bank management. The Board of Directors has a Supervisory and Monitoring Committee (information, consultancy and proposal), without decision ability.

The Audit Committee has a Chairman and two permanent members. The Committee meets every three months and the meeting is convened and presided over by the Chairman. The Bank works with an external audit firm, which performs an audit to the Bank's financial anual statements, elected by the Board of Directors every four years.

Executive Directors and Directors

Executive Directors

DPS- Division of Real Estate and Banking Services
DMK- Division of Marketing and Communication

DPC- Division of Credit Processing
DBI- Division of Investment Banking

Commercial and Fiscal Division

Dr. Coutinho Nobre Miguel
Chairman of the Board of Directors
DAI- Division of Internal Audit
DGE- Division of Corporate and Personal Banking
DPM- Division of SMEs and Personal Banking
DPB- Division of Private Banking

Division of Organizational and Legal

Dr. António Manuel Graça
Executive Director of the Board of Directors
GSE- Security Department
DJU- Division of Legal Affairs
DDI- Division of Institutional Development
DNI- Division of International Business Development

Finance Division

Dr. Gil Alves Benchimol
Executive Director of the board of Directors
DFI- Division of Finance
DBE- Division of Net- Banking
DOP- Division of Operations
DCO- Division of Accounting
DTI- Division of Information Systems

Administrative Division

Dra. Ana Edite Teles Carreira
Executive Director of the Board of Directors
DPE- Division of Personnel
DCP- Division of Compliance

Operational Division

Dra. Carla Marina Campos Van-Dúnem
Executive Director of the Board of Directors
DRC- Division of Risk
DMC- Division of Microcredit
DGR- Division of Management and Credit Recovery
DCE- Division of Credit

Divisions

LME and Personal Banking Customers
Miss Teresa Pitra

SMEs and Personal Banking Customers
Mr. Dário Alrosa

Credit
Miss Eliana Matondo

Accounting
Mr. Edson Costa

Finance
Miss Ana Dessai

Operations
Miss Irene Cussola

Real-Estate and Banking Services
Miss Idatina Brieffel

Personnel
Mr. Teófilo Cauxeiro

Microcredit
Mr. Esmeraldo Cerca

Information Systems
Mr. João Ribeiro

Marketing and Communication
Miss Alice Ebo

Management and Credit Recovery
Miss Maria Celeste Teixeira

Net-Banking
Miss Leticia Alfredo

Credit Processing
Miss Tatiana Gouveia Neves

Private Banking
Miss Albertina Cerca

Investment Banking
Mr. João Gonçalves

Legal
Miss Paula Tavares

International Business Development
Miss Mariana Fernandes

Internal Audit
Mr. Gerson Diniz

Compliance
Miss Glicínia de Castro Lelis

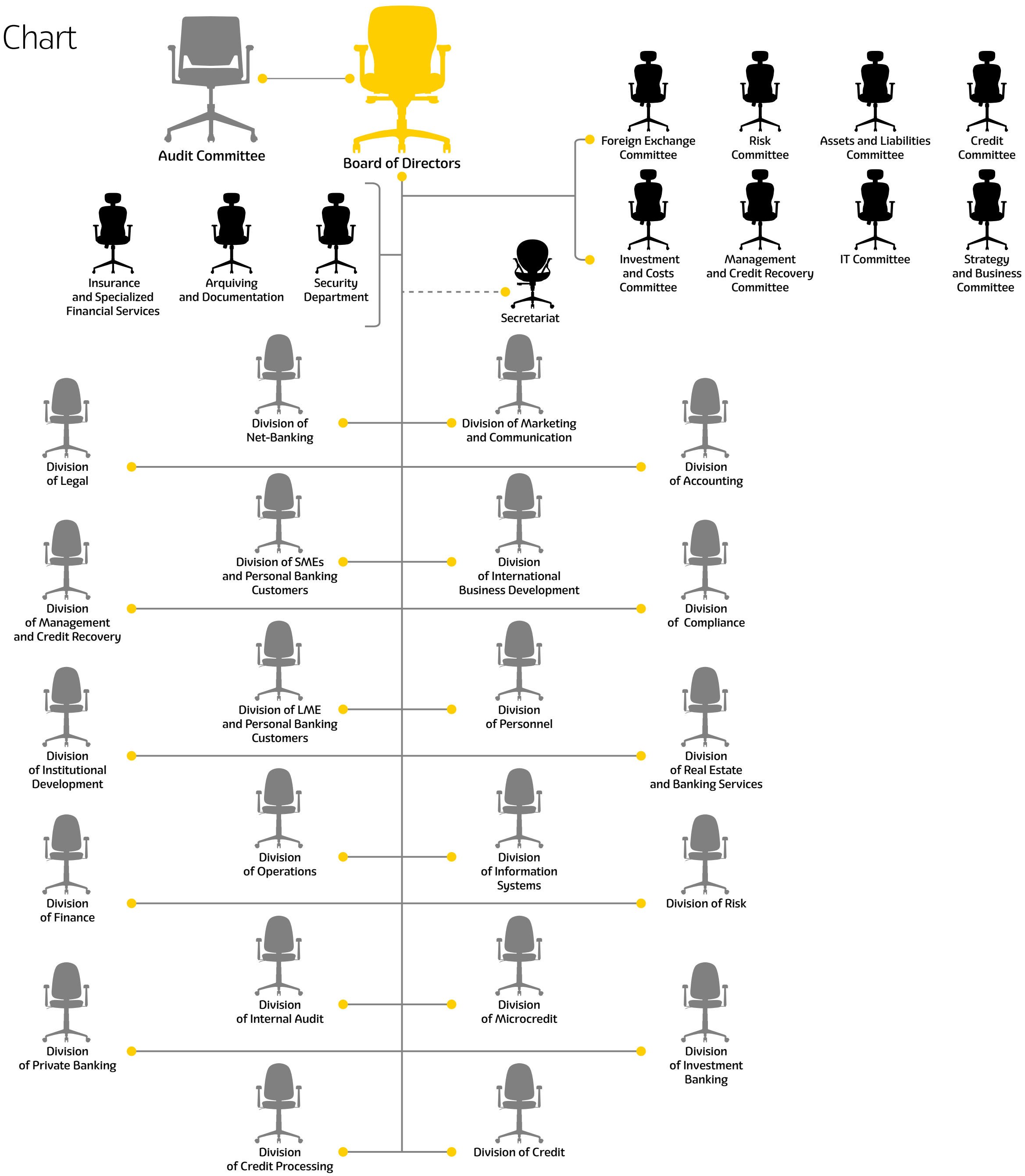
Risk
Mr. Yuri Dias

Arquiving and Documentation
Miss Graziela de Almeida

Insurance and Specialized Financial Services
Miss Núria Almeida Nascimento

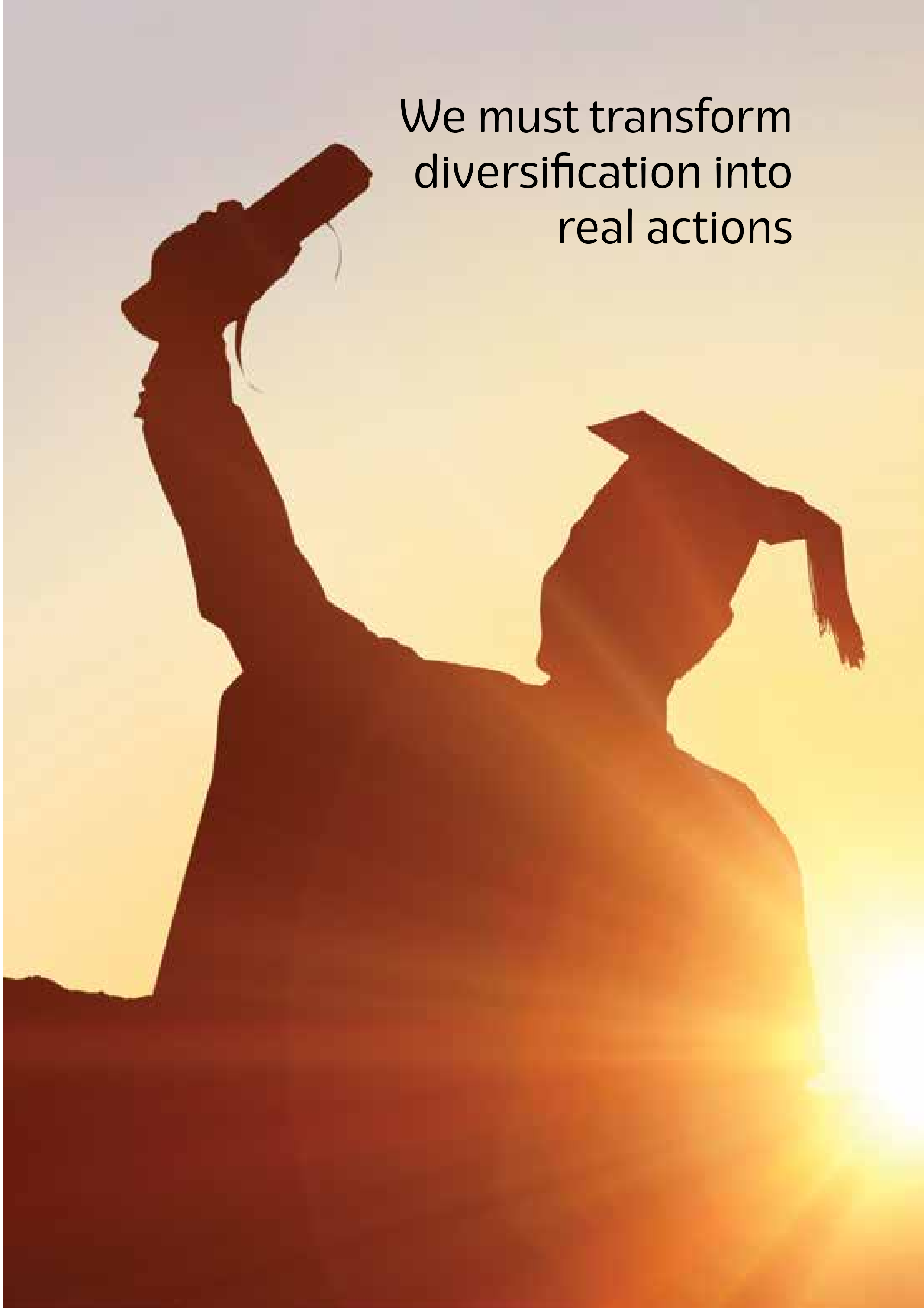
Security
Mr. Joaquim Kaxinga

Organizational Chart



Remuneration Policy

In accordance with n° 3, line d), point i) Article 22 of the Notice from National Bank of Angola n° 01/2013 from the 22nd of March, we disclose remunerations received by the Board of Directors and Audit Committee, during 2016 exceeded to 290 million Kwanzas.



3.2. Mission, Strategy and Values

Mission

Banco Sol mission is to play an importante role to national economic development, with a balanced profitability, growth and financial solidity, supported by a cautious risk management. Creating value to customers by offering innovating and personalizing financial products and services, made in order to satisfy global needs and financial expectations from a varied market targets. All, complying with strict rigorous conduct and responsibility standards, working for profitability grow, in order to provide an attractive return to Shareholders. Although the corporate purpose of Banco Sol includes a universal range of classic and retail finance services, since the beginning of its activity, on October 2001, microcredit has been one of the strategic pillars that guiding , always keeping in mind its contribution to the economic and social development of Angola. This is, and will be, for sure, a scope of our mission. Although Banco Sol includes a wide range of retail and classic financial services, since the beginning of its activity on October 2001, microcredit has been one of the strategic pillars that has guided the activity of Banco Sol, always taking into regard its contribution to the social and economic development of Angola. It will continue to be, without a doubt, one of the aspects of our mission.

Strategy

Regarding its mission, the main strategic lines of the Bank goes on the following processes:
- fully committement to relaunch the banking sector in Angolan economy;
- focus in its core businesses (microcredit and retail), through the growing expansion around the country;
-keep high levels of satisfaction, loyalty and engagement with Customers;
-boost new initiatives in areas with high growth possibilities;
-value, motivate and reward employees, giving them the opportunity of an attractive career;
-search for new business opportunities on the technology sector;
-sustain the improvement on the Bank's profitability levels and financial strength;
-evaluate our presence into international markets and seeking new business segments;
- be previously prepared for timely and suitable answers to future challenges and barriers.

Values

In this context, the relationship of Banco Sol with its customers is sustained on trust, that is, any business or banking service is guided by efficient ethical standards and responsibility, always things on Customer needs and expectations.
Banco Sol is a universal bank decided to add value in all market segments, seeking to be remarkable through quality, greatness and innovation in the distribution of its financial products and services.

On the other hand, transparency and communication with Customers, give them the opportunity to take decisions clearly and strenghten the relationship between them and our Bank.

Recognizing the importance of Employees for the sustainability of the Bank, the investment on training and development programs, in order to obtain new skills and excellent performance, will always be a duty and commitment of the Bank to keep them motivated and focused sharing the institution vision.
Our Bank's culture guidelines are management independence, organizational flexibility, teamwork, demanding risk management and strong values development.

3.3. Social Responsibility and Fundação Sol

The strategy of Banco Sol is to promote Social Responsibility culture, developing actions to variety of social groups civil society groups, doing direct or indirectly contribution to the population development.

As before, 2016 is highlighted by several activities done by FUNDAÇÃO SOL, which Banco Sol is a Founder Member.

Attempting to get closer to the community, its Social Responsability policy covers social, cultural and educational activities.

Therefore, in Community and Social Support area, FUNDAÇÃO SOL strengthen its support to non-profit organizations and personal, as follows:

PROJECTO SOCIAL COACH PEMBA, integration of street children and adolescents;

APOIO CENTRO BJC, children and mothers HIV- positive (Zango);

PROJECTO "Canguimbu Ananaz",family counseling to drug addicts;

Festas de Natal 2016, charity institutions in Cacuso and Malange

Concerning Health area, it's important to highlight all support granted by FUNDAÇÃO SOL during 2016, for a better and efficient treatment for children and vulnerable adults.

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

HOSPITAL MUNICIPAL DE VIANA KAPALANGA, aquisition medical produts as well and other products;

ISABELLA NETO, surgery overseas (Bilateral hydrocephalus);

Financial support to António José Quipungo for hemodialysis treatment;

ROSA ROQUE DOS SANTOS, support for hemodialysis treatment.

Concerning Cultural and Sport, the committment of FUNDAÇÃO SOL can be described in several initiatives developed during the year 2016. It has been chosen to support activities and institutions who promote and preserve the identity and cultural progress of the country as well as the stimulation for sports practice. Among all we would like to mention the following:

GALA ANGOLA MUSIC AWARD 2016, Promoting the music made in Angola;

- Supporting a literary work – ILN -Instituto de Línguas Nacionais;

CARNAVAL DE LUANDA E MALANGE – 2016 edition.

The support granted, was essential for project and programs implementation of these institutions, which are role models of resistence, tenacity and commitment, embracing their community members in general social and health needs.

Social role has always been faced by Banco Sol as a primary responsability and as part of its mission. Since its foundation, Banco Sol has implemented an action plan to increase significantly its impact on the neediest populations, with particular emphasis on young and disadvantaged, throughout the time and geographically extensive.

3.4. Main Events in 2016

In 2016, following a strategy by shareholders and Board of Directors which take into account the position of the Bank in the domestic market as well as its internationalization, several activities have been developed nationally and abroad.

In this way, among several events that took place in 2016, it's worth it to empathized:

Expanding the Bank commercial network with twelve (12) new branches;

Taking into account the opening of SOLBANK in Namibia, during 2016, many delegations of Banco Sol took part in many meetings there. It´s important to mention the process is going well, which leads us to believe in 2017, SOLBANK will become a reality;

Regarding the Bank interniationalization a delegation of BANCO SOL, led by the Hon. Chairman of the Board of Directors Dr. Coutinho Nobre Miguel, went to Portugal and met several companies and Law firms to prepare negotiation about BANCO SOL EUROPA creation.

Month	Branch Opening
January	On the 04th, opening of Caixa Avançado at Brazilian Embassy in Luanda
	On the 18th, opening of Point Clese do Golf in Luanda
March	On the 11th, opening of Branch Fútil in Cabinda
May	On the 20th, opening of Point do Clese do Kilamba in Luanda
	On the 25th, opening of Branch do Projecto Morar in Luanda
	On the 27th, opening of Branch do Massango in Malange
June	On the 17th, opening of Posto da Aldeia de Kaxicane in Bengo
July	On the 01st, opening of Agency do Gamek in Luanda
September	On the 16th, Opening of Agency do Lar Patriota in Luanda
November	On the 15th, Opening of Point do Clese do Golf 1 in Luanda
	On the 18th, Opening of Agency of Condomínio Bela Vista in Luanda
December	On the 09th, Opening of Agency no Belas Business Park do Cacuaco in Luanda

With support from the Angolan Embassy in the United Arab Emirates, BANCO SOL sent some information searching for international partners with available funds for fostering and promoting enterpreneurship in Hospitality and Tourism;

Participation in the 1st Provincial Conference of Lunda Sul under the subject of "Female economic empowerment – reasons for poverty erradication and sustainable development";

Participation in the Agricultural Expo Big Iron in West Fargo, North Dakota (United States of America);

Celebration of the partnership protocol between BANCO SOL, Farming Cooperative KUZI and the NGO SOS-CEDIA with an investment from NEPAD (New Partnership for African Development);

Signature of Formal Agreement between BANCO SOL and SOL VIAGENS;

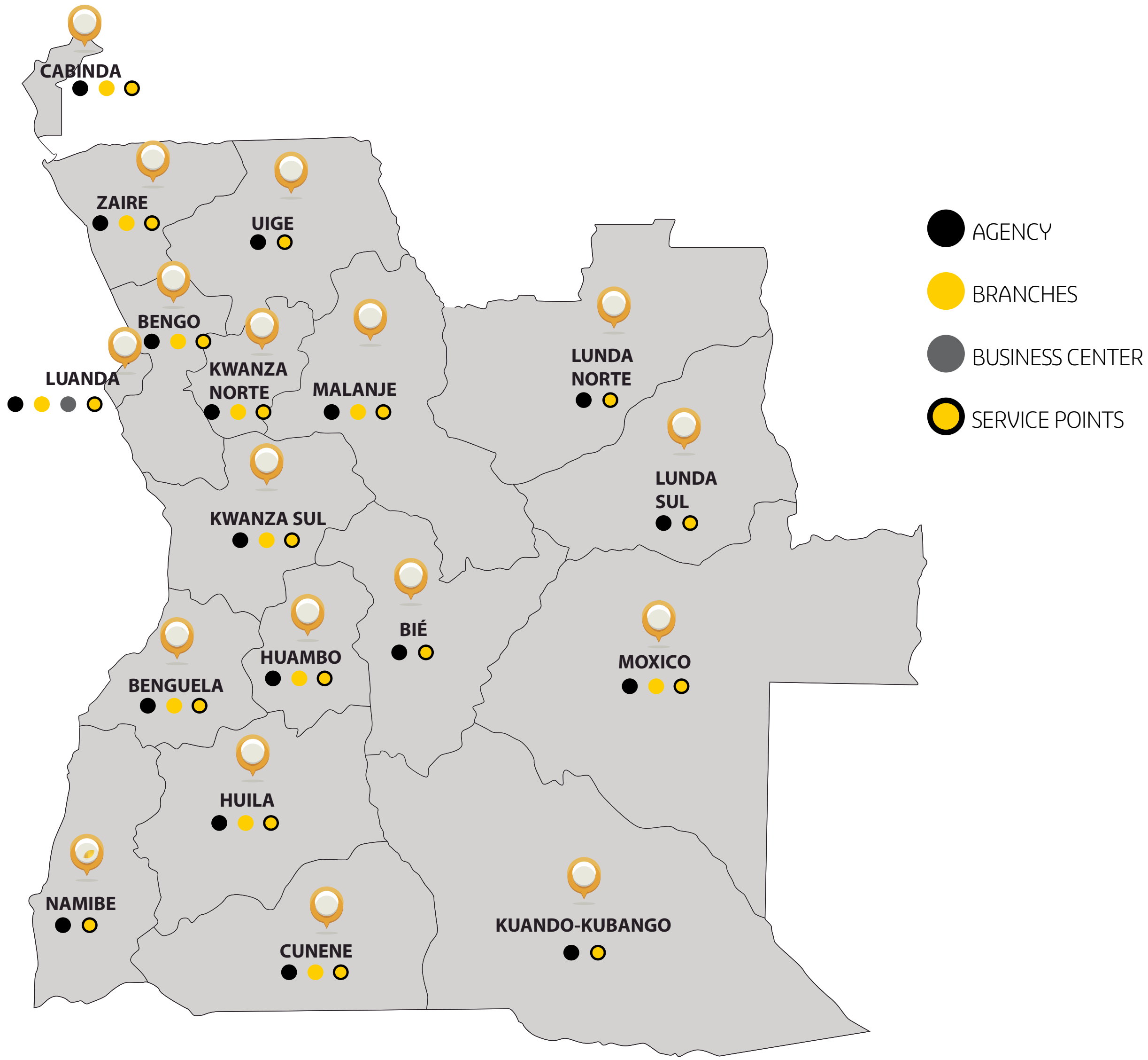
Signature of protocol between BANCO SOL and Caixa dos Professores.

3.5. Regulatory alterations

In 2016, as a regulator and supervisor of the financial system, BNA – National Bank of Angola, issued new Notices, Directives and Instructivess highlighting the following ones:

Month	Legislation	Content
April - 2016	Directive no. 01/DRO/DRC/2016, from 18th April	Statistical reporting from customer complaints
May - 2016	Directive no. 01/DSP/2016, from 11th May	Legal reserves
June - 2016	Notice no. 02/2016, from 15th June	Regulatory equities
	Notice no. 03/2016, from 16th June	Regulatory equity requirements for credit risk
	Notice no. 04/2016, from 22nd June	Regulatory equity requirements for market risk
	Notice no. 05/2016, from 22nd June	Regulatory own funds requirements for operational risk
	Notice no. 06/2016, from 22nd June	Full adoption of the International Accounting Standards/ International Financial Reporting Standards
	Notice no. 07/2016, from 22nd June	Risk Governance
	Notice no. 08/2016, from 22nd June	Interest rate risk in the banking book
	Notice no. 09/2016, from 22nd June	Prudent limits on large exposure
July - 2016	Instructive no. 16/2016, from 1st July	Calculation on Equity requirements regulations for operational risk
October - 2016	Instructive no. 20/2016, from 6th October	Full adoption of the International Financial Reporting Standards
November - 2016	Directive no. 04/DRO/DSC/DMA/2016	Commission charges on interest and securities custody

3.6. Geographic framework Branches network



3.7. Human Resources

Banco Sol offers all Employees fair treatment and equal opportunities while preserving a policy of merit recognition, potential and performance management, skills enhancement and balance between personal and professional life. The Bank promotes meritocracy in all steps of our employees professional careers, setting payments level according with the compliance of the established goals. On December 31st 2016, Banco Sol our workforce was one thousand, four hundred and ninety two Employees, an increase of sixteen (16) workers than in 2015. Despite this increase in workforce, due mainly to the expansion of the Bank's comercial network distribution, the ratio, "number of employees per branch", is the same of 2015, which is on average, 8 employees per branch. This, sustains the success of our commercial network expansion, maximizing the existing human resources.

	2016	2015
Employees	1.492	1.476
Men (%)	47,3	47,6
Women(%)	52,7	52,4

Employees are one of the building blocks of Banco Sol performance. Therefore, training is a priority differentiator for an excellency customer service. Banco Sol kept its investment on people, upgrading their skills through several training programs oriented to each employee specific professional needs.

Throughout 2016, an extensive intern training program was developed. It covered all Bank's functional áreas, transferring and sharing acquaitance all over the organization. Regarding the competency and quality of our work force, we have celebrated some protocols with consulting and training companies registering two thousand and seventy (2070) hours, comprehending two hundred and ninety eight (298) Employees. These staff costs were around 151.344 million Kwanzas (53.661 million Kwanzas in 2015).

Banco Sol offers a range of social benefits to its Employees, as health, car loans, consumer credit, mortgage for a primary residence under special conditions, considering always credit risk principle analysis established in the Bank.

Along 2016, Banco Sol granted five hundred and fifty (550) new credits to its Employees (596, in 2015), which four hundred and fifty three (453) of the total number of applications concern to Consumer Credit.

9% of the people who invest should extensively diversify and not trade.
(Warren Buffet)

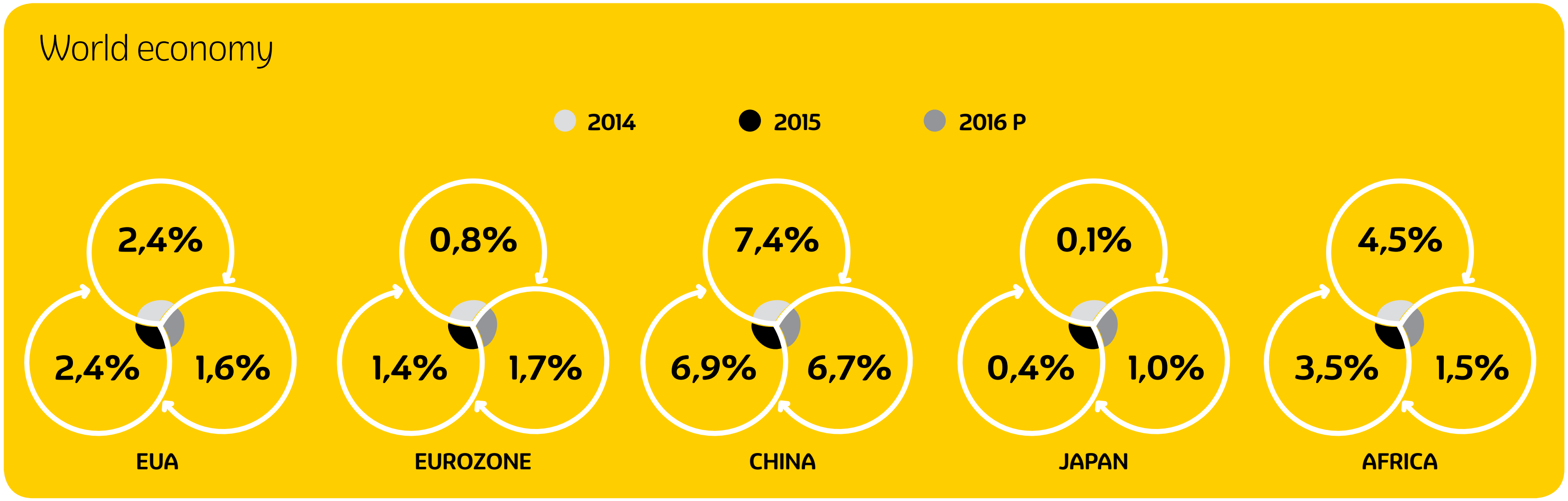
4.
ECONOMIC AND FINANCIAL CONTEXT
4.1. International Economic and Financial framework

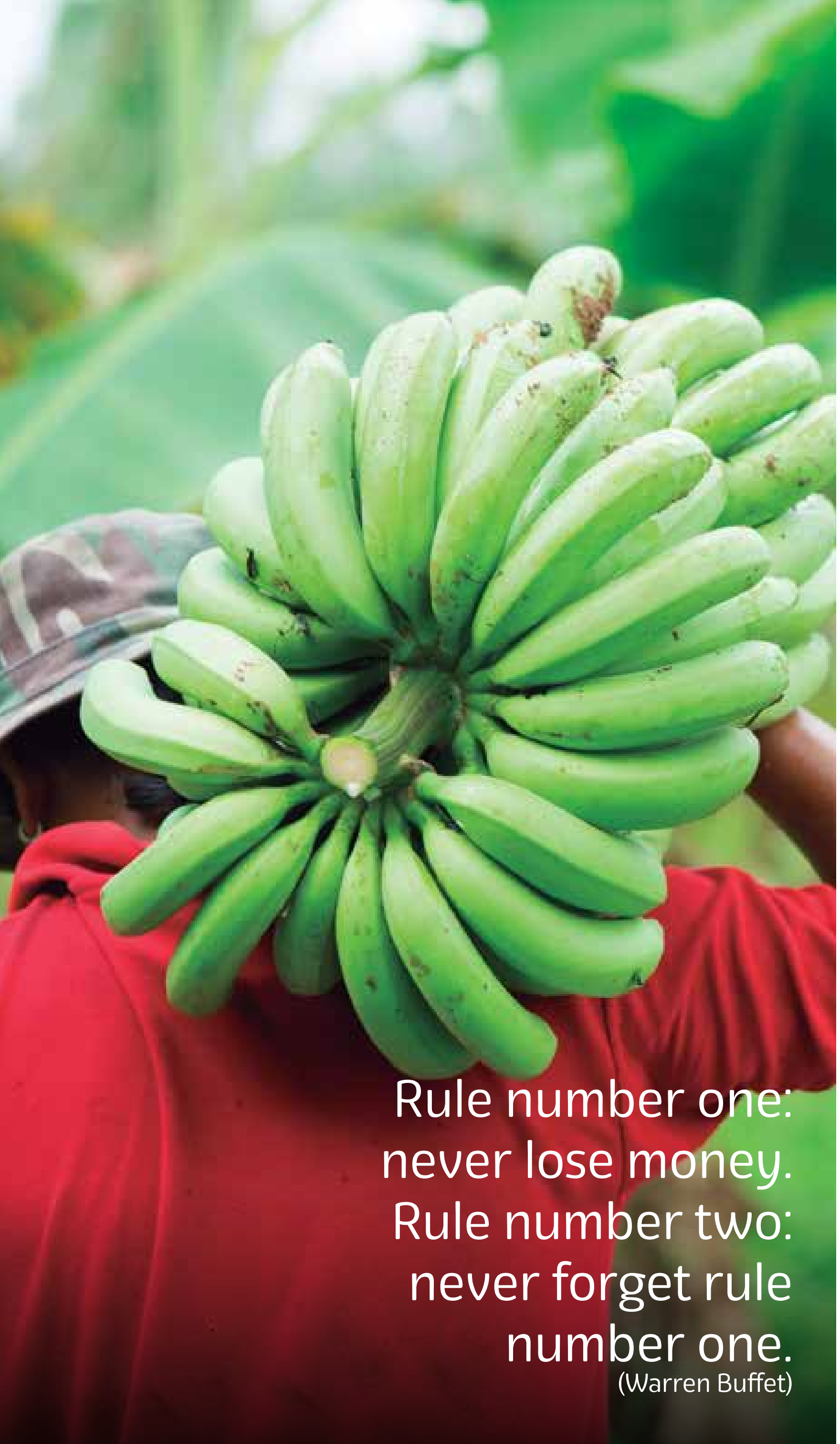
According to the IMF- International Monetary Fund -, the world economy decresead for a second consecutive year in 2016, with an estimating growth of 3,1%. The numbers are, partially, due to the lower dynamism of developed countries, since emerging markets kept their expansion rate.

In the USA; the GDP´s change rate was 1.6%, below the expansion rate of 2.6%, registered in 2015, corresponding to the weakest rhythm of the last seven years. Such development, according to analysts, was due to contraction of non-residential investment and the residential slowing down, within a greater political uncertainty.

In the EuroZone, most of its member countries continued to grow bellow their capacities, despite propitious performance in consumption which has been supported by an improvement in employment and low interest rates. According to FMI outlook, the GDP change rate in 2016, shouldn't have been over 1,9%. In 2016, Japanese economy grew 0,9%. In a medium term overview, according to FMI, public expenditure and monetary policy will be responsible for the biggest growth.

According to the FMI- International Monetary Fund, world economy will remain bounded by few challenges, mainly China's economic deceleration (6,7%, in 2016), reduced commodity prices, volatility of international financial markets and strains in some emerging countries.





It´s estimated that regional growth (sub-Saharan Africa) has slowed from 3,1% in 2015 to 1,5% in 2016, lowest rate in more than two decades. The commodity exporting countries are attempting to adjust to low prices , which threatens recent further progresses in poverty and and social indicators.

The international financial market developments, throughout 2016, was surprisingly smooth, regarding international political improvements, above all BREXIT and Donald Trump´s election in the USA, and also, an increase in US long term interest rates.

It was also visible the significant value improve of shareholder indicators in the New York Stock Exchange, compared with their European and Japanese counterparts as well and the american dólar appreciation and strengh against most developed countries currencies.

4.2. National Economic and Financial framework

In an extremely adverse international environment, Angola's 2016 was a challenge, searching the appropriate solutions to help kick-start the economy. Diversification became the key word during first half of the year and stability along second half .

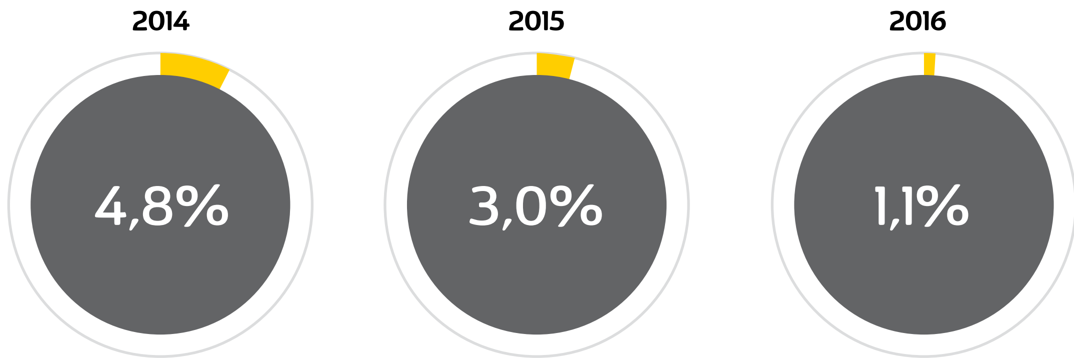
Some measures taken to solve crisis had some hard and unexpected economic impacts, such national currency depreciation and cuts on fuel subsidies.

FMI revised it´s forecasts for the country, expecting an expansion the economic activity of 1,3% in 2017, after stagnation in 2016. Angola will be one of the three countries (in addition with South Africa and Nigeria) that will boost economic growth to sub-Saharan Africa in 2017.

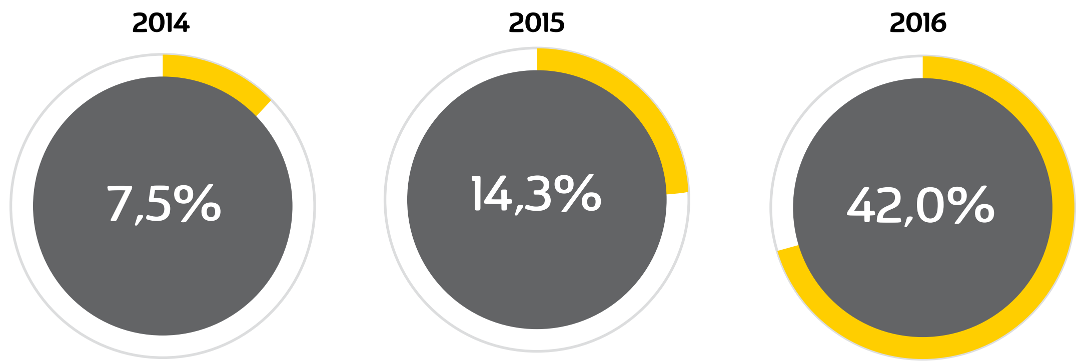
The Oil shock that started in 2014, once again has a deep impact in Angolan economy in 2016. FMI estimates that has been registered a contraction of 0.4% in the non-oil sector, with industry, services and construction sectors pressured by the foreign currency shortage as well as by the need to reduce imported goods. The oil sector registered an annual growth of 0,8%.

Inflation rate in Luanda, as a national reference, was 41,95% in 2016, almost three times the registered amount in 2015, with a FMI forecasting reduction to 20% in 2017.

Angola GDP



Inflation



Exchange rate stability, in the second half of 2016, was reached through greater stiffness of the exchange rate associated to a regular foreign currency sale policy by BNA- Nacional Bank of Angola.

However, the foreign Exchange sale decreased about 50% in 2016, compared to 2015, eventhough it was registered a notoriously predominant Euro sale as of first quarter of the year.

Since the second half of 2016 (16%) the Monetary Policy Committee of BNA has kept rates unchanged, intending to balance the evolution of the interest rate in the economy, considering the negative impact in financing cost increase over economic growth.

Angola continues, however, to safeguard a prudent amount of net international reserves, which may dissipate its eventually solvability worries. At the end of 2016, the total was approximately 21,4 billion USD.

The secret to investing is to figure
it out the value of something,
and then pay a lot less.
(Joel Greenblatt)

5.
SYNTHESYS OF THE ACTIVITY OF MAIN BUSINESS AREAS
5.1. Commercial Activity and Business Areas

2016, first year of multi-annual strategic plan (2016-2019) was prepared by the Board of Directors in time, supported and approved by the shareholder structure, the focused on the Board of Directors'strategy, based on Customer closeness, a Customer relationship strengthen and committment are the main guiding rules of commercial activities of Banco Sol.

Within a macroeconomic demanding Framework and facing an increasingly competitive and sophisticated market, the Bank's commercial activity has developed according the following main guidelines:

(i)) Excellence in the Customer service, regarding customer care and individual counselling and operational effectiveness, through a highly qualified and flexible commercial team;

(ii)) Keep the implementation policy to establish protocols with several public and private institutions;

(iii) Maintain the policy to expand commercial network, opening of new branches, reinforcing the Bank's presence nationwide ;

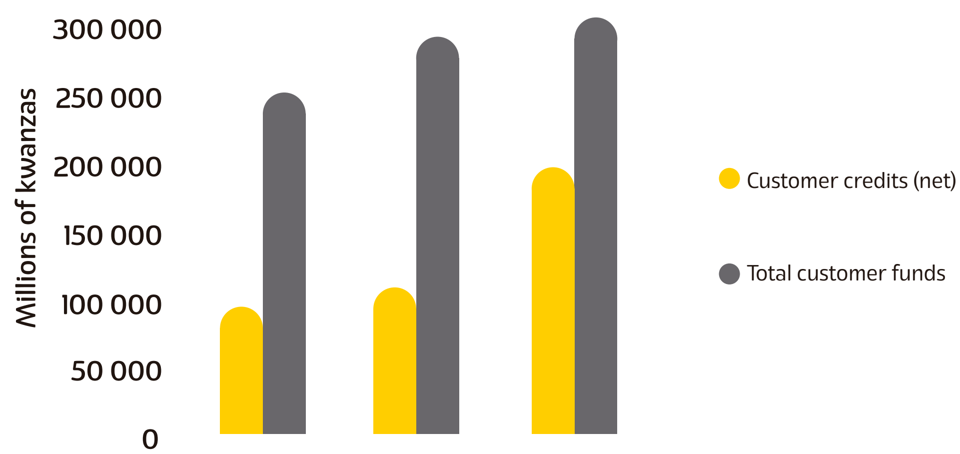
(iv) Launch new financial solutions and services, adequately responding to every customer needs and goals, both personal or corporate;

(v) Expansion of our electronic channels as an alternative way to foster interaction between the Bank and the its customers.

Credits and Customer Funds

2016, was distinguished by a positive evolution on the Customers Funds volume, under the Bank's management, which corresponded to a 4,8%, raise and to a significant growth in the net loan portfolio (89,5% comparatively with the previous year).

World economy

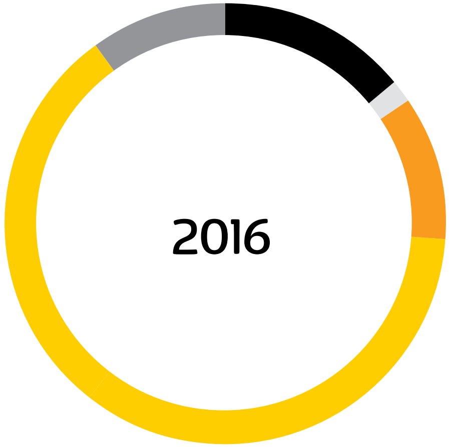


Since the registered growth on customer funds portfolio under management has been nearly moderate, compared to the previous year (mostly because of the economic situation the country has been facing), the representative growth of the loan portfolio, reflected the position and commercial strategy of Banco Sol (as an institution clearly focused and committed to society and domestic economy), supporting different areas of the domestic economy, regarding its financing needs during a critical and rough economic moment experienced.

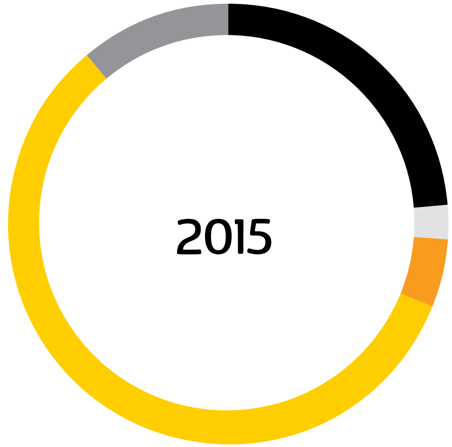
As a consequence of this double strategic evolution- moderated capture of resources and support for an effective and committed credit endorsement to the economy-, the ratio of customers funds transformation to net credit was at the end of 2016 of 63,3%, slightly higher than the one at the end of last year (35,0%).

On the other hand, on bank credit loans, Banco Sol considered carefully in 2016 not only the macroeconomy scenario, but also, the need to reinforce prudently the impairments stock, recognised in accounting terms for credit risk (which grew 30,3% compared to previous year), emphasizing safety and resilience of its balance sheet.

In terms of the sectorial distribution of credit portfolio, compared to the previous year, the situation was the following:
At the end of 2016, about 14,1% of the credit granted was given to Personal customers, registering this particular area, an expressive decrease compared to December of 2015 (23,8%).



- Personal **14,1%**
- Agriculture, Livestock, Fisheries and Forestry. **1,5%**
- Construction **10,7%**
- Trade (Wholesale and Retail) **34,4%**
- Services **29,5%**
- Others **9,8%**



- Personal **23,8%**
- Agriculture, Livestock, Fisheries and Forestry. **2,5%**
- Construction **4,9%**
- Trade (Wholesale and Retail) **23,2%**
- Services **34,6%**
- Others **11,0%**

However, the loan exposure within the Construction sector, grew in 2016 to 10,7% of the Bank's global credit portfolio (4,9% in 2015).
On the other hand, 2016 registered also, an increase in Wholesale and retail trade credit up to 34,4% of the total customer portfolio (23,2%, in 2015).

In 2016 Banco Sol approved 370 new credit contracts.

Concerning customer deposit portfolio, there was an annual growth of 4,3% , corresponding at the end of the year a global amount of 289.039 million kwanzas. At this subject, it has to be added the portfolio of Long-term Deposit Certificates ("Solidary Certificates"), around 9.731 million Kwanzas, reaching all the customer funds at Banco Sol, the amount of 298.770 million Kwanzas.

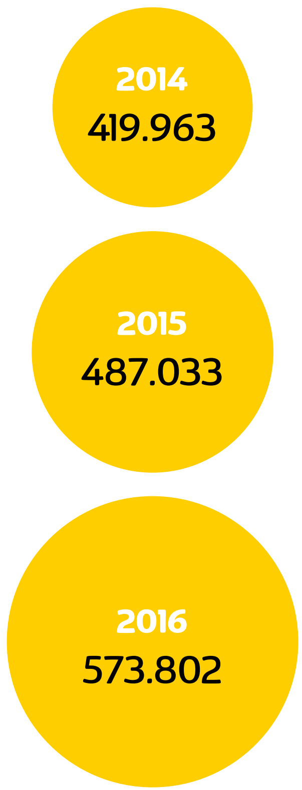
Customer Funds
(Millions of Kwanzas)

Business Area	2015	2016	Var. %
Checking accounts (deposits)	195.745	179.992	-8,0%
Other Deposits	81.307	109.047	34,1%
Deposits	**277.052**	**289.039**	**4,3%**
Deposit Certificates	8.075	9.731	20,5%
Total funds under management	**285.127**	**298.770**	**4,8%**

Customers and Networks Distribution

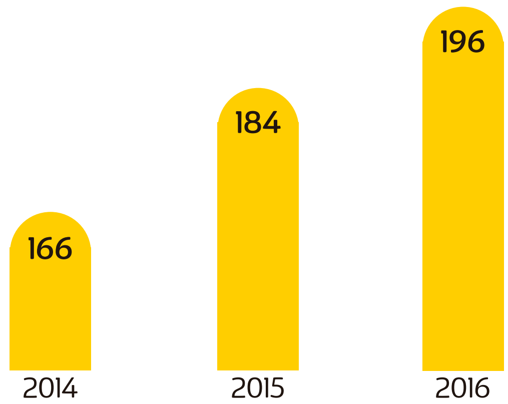
About Private and Corporate business, 2016 closed with 573.802 customers, a 17,8% increase over the same period last year (+ 86.769 new customers), expressing Banco Sol challenge by expanding its existing customer base.

Number of customers



Relating to Banco Sol network physical distribution, 2016 registered na increase of 12 units, and at the end of the year, could be found 196 working branches including agencies, branches, service points and business centers, b highlighting Banco Sol presence nationwide.

Number of branches



About Customers and non-Customers complementary networks (usually known as "electronic channels"), 2016 reinforced an improvement and better service of several channels of Banco Sol.
Thus, following the Bank's customer numbers increase and concerning to payment tools management, national debit cards (MULTICAIXA) there is, in fact, a relevant grow of 26,8% compared to the same period last year, meanwhile the VISA cards issuing had a reasonable increase, around 7,9% comparatevely to 2015.

In the process of expanding its commercial network, the number of installed ATM machines grew by 14,6% in throughout the country, keeping Banco Sol its policy of improvement in equipment and optimization profitability of all operative processes. At the end of 2016, the bank had 322 ATM machines (281, at the end of 2015).

The TPA network had also a growth of 39,8 %, compared to previous year, which consolidate the bank's reinforcement around such a variety of customers, ranging from businesses and suppliers to final customers.

The SOLNET, SOLSMS and CALL CENTER channels continued to grow, as previous years, emphasizing the growing of SOLSMS members.

Since SOLNET is a privileged channel to establish immediate and direct relationship with customers, the Bank, during 2016, attempted to enhance the range of products and services offered, extending the period of availability, as well as strengthening their respective security levels. Therefore, throughout the year the servisse grew 12,5%, an increase of more 4.299 customers, compared to the previous year.

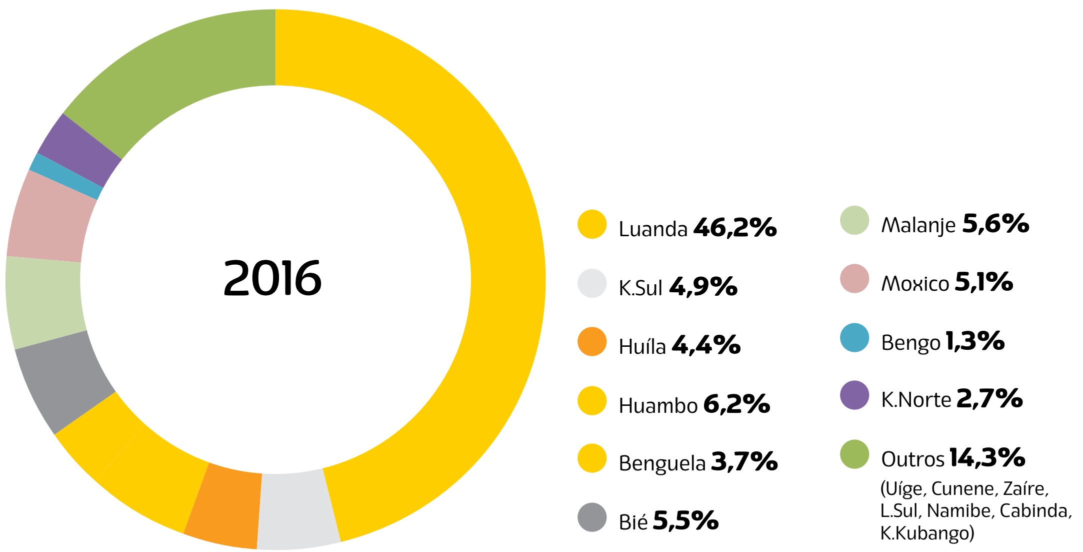
The CALL CENTER registered also a significant growth on incoming calls, increasing customer's convenience as well as more services functionalities through this channel. These platforms were responsible, in 2016, for a high number of operations, reaffirming customers assurance in Banco Sol services at any place and anytime.

Microcredit

Microcredit activity is a service which Banco Sol is a proud pioneer in Angola, and since then, its part of the institution's DNA and has na importante role in the Bank's activities.

In 2016, support was provided to 8.912 beneficiaries/ customers with viable projects throughout Angolan territory, having been conceded about 1.747,1 million Kwanzas.

Geographic distribution of microcredit activity



Historically, the total amount of the credit granted in this particular business area until the end of 2016, reached 30.337.740 million kwanzas, comprehending all 123.449 beneficiaries, distributed by the following products:

(Monetary values expressed in thousands of Kwanzas)

Products	Nº of Beneficiaries	Conceded Credit
Micro-companies	15.640	14.346.658
Consumption	11.950	4.779.150
Commercial group	7.755	599.514
OMA – Organização da Mulher Angolana	503	286.267
INEFOP- Instituto Nacional de Emprego e Formação Profissional	4.982	1.148.888
FMEA- Federação de Mulheres Empreendedoras de Angola	**30**	**79.660**
World Vision	**158**	**28.537**
MOSEL- Produtos e Especialidades Farmaceuticos	**22**	**38.748**
Mulher Feliz	**120**	**31.356**
Grupo Rural	**32.289**	**8.999.051**
TOTAL	**123.449**	**30.337.740**

Overdue Credit and Credit Recovery

Regarding credit recovery, during 2016, Banco Sol continued the procedures developed during previous years, aiming to control and reduce overdue credit from commercial portfolio and microcredit.

At the end of 2016, the overdue credit portfolio was 2.891.199 thousands of Kwanzas (2.441.995 thousands of kwanzas, at the end of 2015), corresponding this amount to 1,4% of Banco Sol credit portfolio at the time.

Distributed by the type of costumers, the development of the overdue credit in 2016 and 2015 was as follows:

(Monetary amount expressed in thousands of kwanzas)

Business Areas	2015	2016
Personal customers	1.901.838	2.251.980
Corporate	540.157	639.219
Total	**2.441.995**	**2.891.199**

In order to improve the control over overdue credit, Banco Sol Direction has been developing a range of initiatives of greater exchange among all different Bank divisions involved on credit granting and monitoring, training, application and support tools implementation, to monitor and manage the overdue credit, reinforcing discipline, and consistency to manage overdue credit.

Business Support Units

Since Clients are one of most valuable assets to the Bank, the persistent service quality evaluation given by the institution, as well as monitoring and management of all customer discontent in the commercial relationship (more specifically formal complaints) are always under Banco Sol attention.

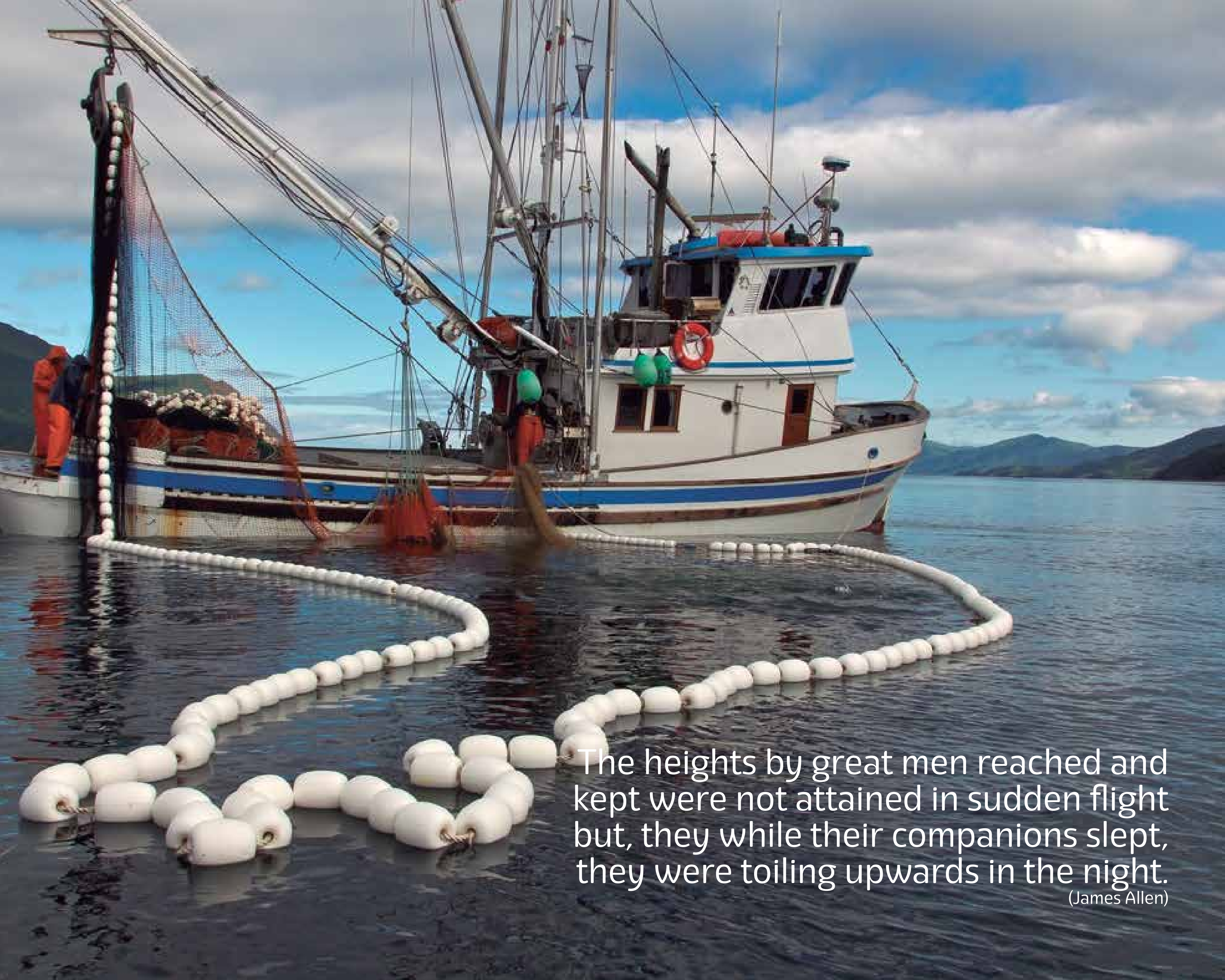
Thus, the Bank's Divison of Marketing leads research and assessments to Customers satisfaction, based on a solid plan, which results are monitored, observed and analysed, inducing mitigating measures, whenever applied.

All received complaints are patched through and treated in the Client Provision Sector, organically built into the Marketing Board of the Bank, where they are individualy and immediately analyzed and treated with conformity.

With regards to the Technology and Information Systems, Banco Sol continues investing in a sustained manner in technologies and more advanced business support systems having simultaneously maintained the push towards the implementation of a functional structural organization, adequate to the necessity of providing, whenever possible, security levels.
On the other hand, any complaints will be led to Customer Ombudsman area and will be immediately and full analysed.

Banco Sol keeps the investment on Information Systems and Technology, in order to get more advanced and supportive systems to business and at the same time, to respond the growing customers demanding for more and better services.

Products	Nº of Beneficiaries
Risk Management – Impairment Calculation	Implementation of improvements in calculation models and evaluation of impairment, and the subsequent determination of provisions
Institutional site of Banco Sol	Creation of a corporate web portal of Banco SOL, with the capacity of managing contents through functionalities available in backoffice
Bodiva	Application development in order to ensure transactional communications between Banco Sol and the Bodiva platform
SOL Insurante	Development and Implementation of the support infrastructure to launch of SOL insurance
Electronic Channels Net Banking (personal and corporate) Mobile Banking	Application development and implementation of multichannel solutions, in order to enable the accomplishment of banking operations
AGT – Payment of taxes by GateWay	Application Development in order to allow tax payments in Banco Sol branches, by GateWay System


The heights by great men reached and
kept were not attained in sudden flight
but, they while their companions slept,
they were toiling upwards in the night.
(James Allen)

5.2. Risk Management

Risk is a central element and has to be understood through an integrated system of policies and procedures, with permanent and cross-sector character in the institution, ensures the goals of an operational efficiency, controls risks inherent to the business, reliable information supporting management and full legal compliance is constantly carried out continuously by Banco Sol in accordance with the strategies and policies set by the Board of Directors, playing a leading role assuring the business sustainability and profitability.

The risk management process pursued by Banco Sol is therefore based on three crucial goals:

- Clear identification, monitoring and control of most relevant risks to which Bank's activity is subject;
- Implementation of processes for monitoring risks, with adequate quantitative support in order to link the different risk exposures with their financial impact on capital;
- quantified definition of acceptance levels for different risks and risk elements, and consequent implementation of its mechanisms and mitigation actions, in accordance with the defined alert levels.

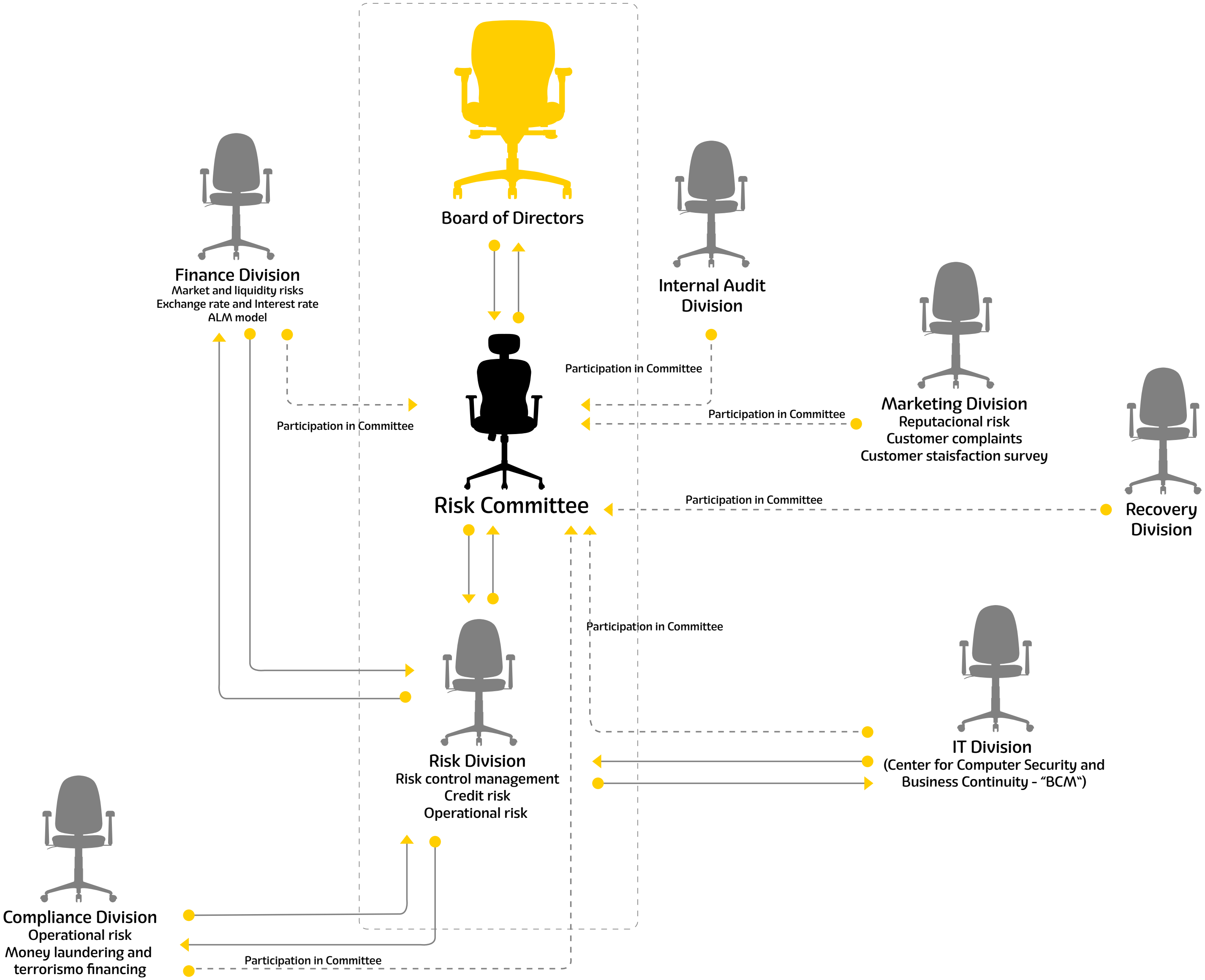
Moreover, the risk management system is structured in the following three areas:

- implementation of management models and perfectly defined operational circuits (including their liability) monitored on a daily basis;
- an integrated and reliable system of internal control of the business risks;
- timely and efficient internal audit process.

Integrated system of internal control

Observed by the functional and organic perspective, the Risk Integrated Management System, implemented in Banco Sol, can be visually summarized in the following chart:

BANCO SOL
O banco de todos nós



These are the three main bodies of bank's Integrated System:
- Board of Directors, responsible for defining, implementing and periodically reviewing the Internal Control System in order to ensure on a continuing basis, that the objectives are achieved;

- Risk Committee, responsible for assessing the efficacy of the risk management system has delegated responsibility to implement and control the defined risk strategy, in its various aspects;

- Risk Division, organizational structure at first line of the Bank and with suitable resources, having a central role in the Internal Control System and it's also encharge by the general risk management of the institution.

In addition, it should be highlighted the role of the Internal Audit Department, which independently and constantly, assumes the assessment of effectiveness, efficiency and appropriateness of the Bank's Internal Control System.

Risk Strategy

The risk strategy is characterized by the possibility of negative impact in the institution net income by unexpected or unfavourable changes in the business and the possible unresponsiveness to these changes and or inadequate strategic management decisions.

The regular assessment for the rigor of the strategic choices made and any risks that the business environment will put is held at Banco Sol headquarters by the Risk Committee.

Liquidity Risk

The management process of liquidity risk integrates the key areas of business management, with inherent risk, such as the management of assets and liabilities, liquidity management and treasury management. They are essential aspects of this process continuous and strict management of the balance sheet structure, the management of net capital and the operational management of "cash flow" implicit in activity.

The assessment of the Bank's liquidity, supported by the production of appropriate management information, is based on the calculation and analysis of regulatory indicators defined by the supervisory authority (BNA), as well as other internal metrics for which are set exposure limits.

Monitoring of current levels and structural liquidity, necessary depending on the amounts and terms of commitments and portfolio resources, is made by identifying the gaps and liquidity ratios and continuous monitoring at the headquarters, of the Assets and Liabilities Committee of Bank.

Market Risk (including Interest Rate Risk and Foreign Exchange Risk)

The potential risks of interest rate and exchange rate are regularly evaluated and monitored by the Asset and Liability Committee, supported on specific and relevant statistical information, including the sensitivity analysis of the Bank's balance sheet exposures to slight variations that could potentially come when verified.

Regarding to foreign exchange risk and their regulatory limits, these are also monitored on a daily basis, based on information of the different positions (long and short) held each time by the Bank, as well as bi-weekly in the Currency Committee, operational forum whose duties include prudential management of foreign exchange, in order to ensure the needs of the Bank are in this particular subject.

Monthly, the Bank's Risk Committee does the assessment and monitoring of these risks, and whenever needed, new structural guidelines are taken.

Operational Risk

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

The monitoring and management of compliance risks are performed on a daily basis by the Compliance Division of Banco Sol, as the direction of the first level in organic structure of the Bank and provided with the adequate resources, both technical and human.

Every month, in Risk Committee, is evaluated the Bank's situation in this particular area and then, possibly taken structural guidelines needed for each moment. Risks related to information systems are also monitored daily by the Information Technology Division and in second place by the Risk Division. This is monthly reported and analyzed by the Risk Committee.

The remaining operational risks related to the inadequacy of internal processes and people, frauds and possibility of external events, are monitored continuously and managed by the Risk Division and assessed regularly by Banco Sol Risk Committee.

Credit Risk

The monitoring and management of credit risk, defined as the probability of negative impact on bank´s capital, derived from non-compliance with financial commitments contractually assumed by the respective counterparties, are continuously carried out by the Bank Credit Division and regularly evaluated and monitored by the Credit Committee and the Banco Sol Risks Committee .

Therefore, the implemented procedures in Banco Sol, at the level of credit risk management (allowing to ensure compliance with the defined strategy, and also the normative established by the supervisor, BNA) are as follows

- The Credit Division ensures the technic credit analysis related to all easy credit proposals received, considering not only the level of perceived risk of counterparties and transactions themselves, but also the potential impacts of each new operation, specially if defined in terms of the portfolio's profitability and the prudential exposure limits (by counterparty, sector, etc.) established;

- Weekly, the Credit Committee shall reviews and monitors the Bank's loan portfolio, to ensure continuous alignment with the principles and prudential limits established, being triggered actions that each specific exposure will require;

- Monthly, the Risk Committee, the Bank's loan portfolio, as well as their indicators and the set prudential limits, are revisited in a more structural way and supported by relevant and consistent statistical information. In this moment, strategic measures eventually relevant are taken, to keep the portfolio's quality and prudential risk limits.

Reputation risk

The evaluation measures, that is, the analysis and monitoring of reputational risks, understood as arising from adverse perception of the Bank's image by customers, counterparties, shareholders, supervisors and the general public, are conducted continuously by the Marketing Division of Banco Sol, being reported and monitored on a monthly basis, and in a systematic manner, in the headquarters of the Risk Committee.

The process of implementation of mitigation actions as may be decided by its usually crosscutting the entire Bank, is coordinated by the Directorate of Banco Sol risks.

6.
FINANCIAL REVIEW
6.1. Evolution of Net Incomes and Profitability (ROAE and ROAA)

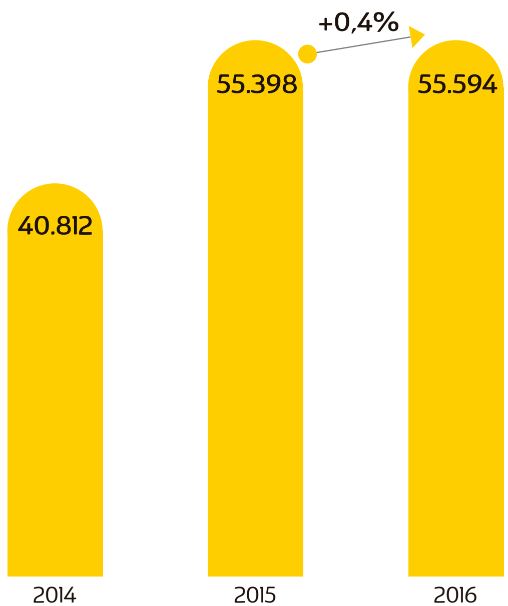
In 2016, the total Net Income of Banco Sol has reached 55.594 thousand USD (in 2015, 55.398 thousand USD), compared to 9,223,208 thousand Kwanzas (in 2015, 7,496,216 thousand Kwanzas), which is above the amount estimated on the Strategic Plan for the Quadrennium 2016-2019, representing an increase of 35,7% over the previous year, when we compare its value in US Dollars.

In 2016 the return on average equity of the Bank (ROAE) stood at 35.1% (36.3% in 2015) and the return on average assets (ROAA) by 2.5% (2.5%,in 2015).

This evolution of the Net Profit (Profit) reflects the growth of 27.9% of the Banking Product in 2016, mainly benefiting from the performance of the Financial Margin, influenced by income from securities (Tickets and Treasury Bonds indexed to US dollar).

In 2016 the income obtained from these bonds was, approximately USD 181 million (USD 153 million in 2015).

Net Income (thousands usd)



6.2. Total Asset

The Total Asset (net) stood at 396.782.595 thousand Kwanzas, compared to 2.391.654 thousand USD at the end of December 2016 (326 th.838.289 thousand Kwanzas at the end of 2015), representing an increase of 21,4% over the previous year.

The growth of the Total Asset is due, mainly, to the contribution of items like “Credit to Customers” and “Cash and Cash”

ASSET SCTRUCTURE

(values in thousands of kwanzas)

	December 2016	**December 2015**
Available funds	94.717.255	70.901.904
Aplication of funds in central banks and other institutions	-	814.160
Financial assets at fair value	153.958	-
Held-to-maturity investments	75.729.482	127.748.844
Loan to customers	189.006.233	99.732.496
Other tangible assets	28.330.429	23.338.542
Intangible assets	332.076	354.436
Current tax assets	-	39.140
Deferred income tax assets	883.864	690.464
Other assets	7.629.298	3.218.302
	396.782.595	**326.838.289**

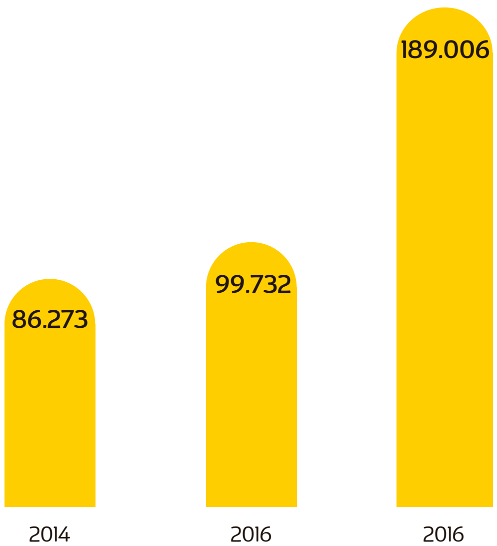
6.3. Credit to Customers

The Customer Loan Portfolio, net impaiments, ascended to 189.006.233 thousand Kwanzas, compared to USD 1.139.257 thousand (99.732.496 thousand of dollar at the end of 2015), registering an increase of 89.5% compared to 31st December 2015

A significant proportion of the credits granted in 2016 are covered by Long-term deposits and/or captive securities
by the Bank.

The market share of Banco Sol, concerning Credit portfolio, stood at 5.1% at the end of 2016 (in 2015, 3.2%).

Credit to customers
(Expressed in AKZ'000)



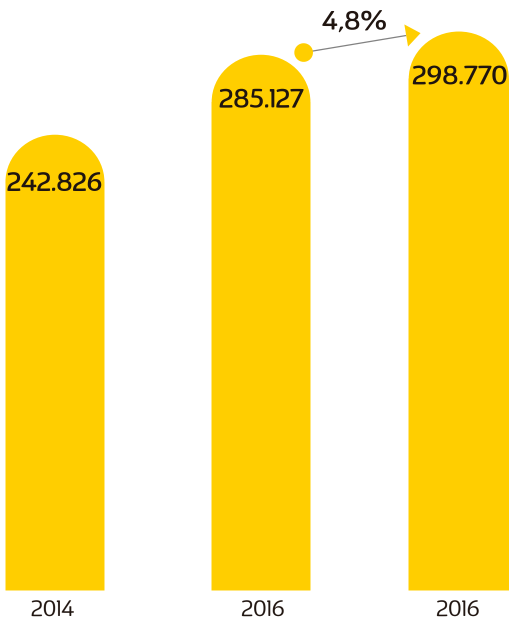
6.4. Total Customer Funds

The Total Customer Funds have reached the amount of 298.769.981 thousand Kwanzas, compared to 1.800.871 thousand USD at the end of 2016, reflecting a growth of 4,8% when compared to 285.126.654 on 31st of December 2015.

The Customer Funds have been naturally, the main funding and expansion source of the credit portfolio.

As a result of the growth in the credit portfolio mentioned above, the deposit transformation ratio in net credit stood at 67.1% at the end of the year (in 2015, 40%).

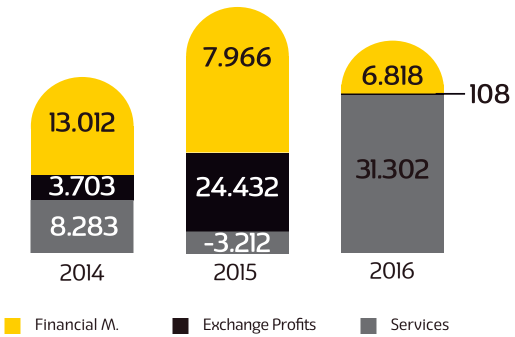
Total Customer Funds



6.5. Net Operating Income

The Net Operating Income ascended during 2016 to AKZ'000 37.596.079., registering a growth of 30,5% compared to AKZ'000 29.403.952 from 31st December 2015.

Banking Product



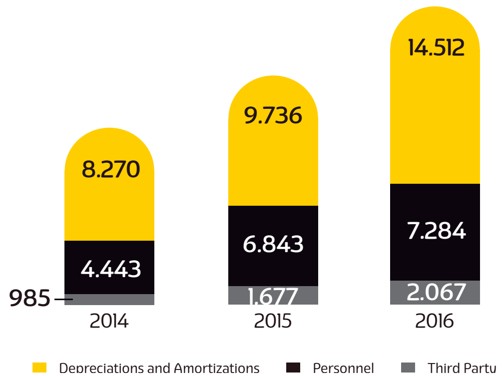
The remarkable growth of the Financial Margin (+ 26,4%, compared to 2015) offset in a very advantageous way with the negative evolution of the financial services income (-14.4%) in 2016.

The growth of the Financial Margin is due from a large income got with theTreasury Bills and Bonds indexed to the United States dollar.

6.6. Operating costs

Operating Costs, including personnel costs, supplies from third parties and depreciation, totalled 23.862.539 thousand Kwanzas in 2016, compared to the 18.256.596 thousand Kwanzas in 2015, showing an increase of 33.5% according with the previous year.

Operating costs



The Operating Costs growth rate during 2016 have registered an increase above the Operating Income and thus a slight loss on the Efficiecy Rate (Cost-to-income): 63,5% in 2016 from 63,0% in 2015.

The personnel costs totalized to AKZ'000 7.283.630 in 2016 (AKZ'000 6.843.253 2015), representing an increase of 6.40% compared to 2015.

On the other hand, the expenses with the Third Party Supplies, ascended to AZZ'000 14.511.834 in 2016 (AKZ'000 10.004.832 in 2015), representing a 45,0% increase, compared with the previous year. The organic growth of Banco Sol has been expressed along all Provinces (+12 distribution points as Business
Centers, Branches, Agencies and Service Points than in 2016) and this is part of the reason for this category evolution.

Depreciation and Amortization totalized AKZ'000 2.067.075 in 2016 (AKZ'000 1.677.458 in 2015).

6.7. Customer Impairment Loans

The Stock of Impairments for Customer Loans and the Provision of Guarantees totalized in 2016, AKZ'000 13.662.676 (in 2015, AKZ'000 10.272.896). Their percentage significancy in the Bank's loan portfolio, decreased from 9.3% in 2015 to 6.7% by the end of 2016.

The significant effort of Banco Sol in strengthening prudential provisions to cope with credit impairments, translated into a reinforcement of AKZ'000 3.404.642 of the total impairments stock for Doubtful Loans and Provision of Bank Guarantees.

The percentage coverage of overdue loans by provisions was in December 2016 to 470% (419% in 2015).

6.8. Solvency ratio

Banco Sol, shareholders equity calculated in accordance with the policy and regulations in December 2016 of the National Bank of Angola (Notice no. 5/07, of 12 September), were AKZ'000 29.834.149 on 31st December 2016, compared to the AKZ'000 23.203.111 recorded on 31st December 2015.

The solvency ratio stood at 11,5% at the end of the 2016, guaranteeing full compliance with the capital ratios, required by the National Bank of Angola (BNA) (according to BNA regulations, this should be equal or greater than 10%).

6.9. Distribution network, number of collaborators, automatic and virtual

Banco Sol Distribution Network increased over 2015 and during 2016, 12 new business units, including Agencies, BrachesDependencies, Service Points and Business Centers.

The number of Employees of Banco Sol grew sixteen compared to the previous year and reached on 31st December 2016, a total of 1.492 Employees (1.476 on 31st December 2015).

2016 registered also an increase using the electronic banking as well as an improvement on Automatic Payment Terminals. At the end of 2016, Banco Sol had 38.742 adherents to SOLNET (34.443 in 2015) and 119.996 adherents to SOLSMS (109.463 in 2015).

Concerning Automatic Payment Terminals, at the end of 2016 Banco Sol had 322 ATM (281 in 2015) and 9.460 TPA (6.767 in 2015).

7.
PROPOSAL FOR APPLICATION OF RESULTS

Taking into account the statutory provisions of Banco Sol and the Angolan terms of legislation being applied, namely article n° 327 of Comercial Societies and Law n° 13/05 of Financial Institutions, I propose that the net results for the year of 2016 should amount to 9.223.207 thousand Kwanzas (equivalent to 55.593 thousands USD), should be given the following application:

	%	Thousands of AKZ
Legal Reserve	10%	922.321
Dividends to Shareholders	32%	2.951.426
Retained Earning	58%	5.349.460
TOTAL	**100%**	**9.223.207**

8.
BALANCE SHEETS
8.1. Balance sheets as at 31 December 2016 and 2015
(Amounts expressed in thousands of Angolan Kwanzas)

		2016			2015 Proforma	01.01.2015 Proforma
ASSETS	**Notes**	**Gross assets**	**Impairment and amortisations**	**Net assets**	**Net assets**	**Net assets**
Cash and deposits at central banks	4	57 141 490	-	57 141 490	49 852 628	35 789 494
Deposits in other credit institutions	5	37 575 765	-	37 575 765	21 049 276	53 551 811
Investments at central banks and other institutions	6	-	-	-	814 160	8 529 061
Financial assets at fair value through profit and loss	7	153 958	-	153 958	-	13 556 759
Held-to-maturity investments	8	75 729 482	-	75 729 482	127 748 844	51 580 805
Loan to clients	9	202 668 909	(13 662 676)	189 006 233	99 732 496	85 558 079
Other tangible assets	10	34 535 064	(6 204 635)	28 330 429	23 338 542	17 369 647
Intangible assets	10	1 715 348	(1 383 271)	332 077	354 437	375 120
Investments in associates, affiliates and joint ventures	11	422 563	(422 563)	-	-	22 211
Current tax assets	-	-	-	-	39 140	-
Deferred tax assets	12	883 864	-	883 864	690 464	430 086
Other assets	13	7 629 297	-	7 629 297	3 218 302	3 464 410
Total Assets		418 455 740	(21 673 145)	396 782 595	326 838 289	270 227 483

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	2016	2015 Proforma	01.01.2015 Proforma
Resources from central banks and other credit institutions	14	60 519 868	12 056 514	3 205 529
Resources from customers and other loans	15	289 038 513	277 051 757	236 279 571
Liabilities represented by securities	16	9 731 468	8 074 897	6 546 252
Reserves	17	3 124 197	2 365 469	1 367 069
Current tax liabilities	-	590 385	863 219	1 278 118
Subordinated liabilities	18	741 034	604 791	459 968
Other liabilities	19	3 384 441	2 993 371	4 250 558
Total liabilities		367 129 906	304 010 018	253 387 065
Equity capital	20	5 000 033	5 000 033	5 000 033
Revaluation reserves	20	301 233	301 233	301 233
Other reserves and retained earnings	20	15 128 216	10 195 792	7 341 148
Individual net profits for the financial year		9 223 207	7 331 213	4 198 004
Total Equity		29 652 689	22 828 271	16 840 418
Liabilities and Equity		396 782 595	326 838 289	270 227 483

8.2. Income statements for the years ended

(Amounts expressed in thousands of Angolan Kwanzas)

		Notes	2016	2015 Proforma
	Interest and similar earnings	21	44 954 519	30 621 990
	Interest and similar charges	21	(13 652 213)	(6 189 787)
INTEREST INCOME			**31 302 306**	**24 432 203**
	Transaction/Settlement fees	22	7 542 568	8 999 887
	Charges for services and commissions	23	(724 337)	(1 033 870)
	Foreign exchange incomes	24	107 768	(3 212 058)
	Income from disposal of other assets		-	2 751
	Other operating income	25	(632 226)	215 039
OPERATING EXPENDITURE			**37 596 079**	**29 403 952**
	Personnel costs	26	(7 283 630)	(6 843 253)
	Third-party supplies and services	27	(14 511 834)	(10 004 832)
	Depreciation and amortization	10	(2 067 075)	(1 677 458)
	Provisions net of write-offs	17	(758 728)	(941 116)
	Customers loan impairment, net of reversals and recoveries	9	(3 404 642)	(1 794 294)
	Impairment of other assets, net of reversal and recovery	11	-	(216 701)
PROFIT BEFORE TAX ON CONTINUING OPERATIONS			**9 570 170**	**7 926 298**
Charges on income				
	Current	28	(423 651)	(894 604)
	Deferred	28	76 688	299 519
PROFITS AFTER TAX ON CONTINUING OPERATIONS			**9 223 207**	**7 331 213**
	Revenue with discontinued and/or discontinuing operations		-	-
NET RESULTS OF THE FINANCIAL YEAR			**9 223 207**	**7 331 213**
	Number of shares		3 550 000	3 550 000
	Basic earnings per share		**2,598**	**2,065**

8.3. Statement of changes in shareholders equity

(Amounts expressed in thousands of Angolan Kwanzas)

	Notes	Share Capital	Revaluation Reserve	Other reserves and retained earnings: General Reserve	Retained Earnings	Total	Income	Total
Balance as on 1st January 2015		5 000 033	301 233	1 792 472	6 263 958	8 056 430	4 198 004	**17 555 700**
First adoption of the new accounting framework	3	-	-	-	(715 282)	(715 282)	-	(715 282)
Balance as on 1st January 2015		5 000 033	301 233	1 792 472	5 548 676	7 341 148	4 198 004	**16 840 418**
Retained earnings during the year		-	-	419 801	2 434 843	2 854 644	(2 854 644)	-
Dividend for the year 2014		-	-	-	-	-	(1 343 360)	(1 343 360)
Total comprehensive income for the period		-	-	-	-	-	7 331 213	7 331 213
Balance as on 31 December 2015 (Proforma)		5 000 033	301 233	2 212 273	7 983 519	10 195 792	7 331 213	**22 828 271**
Retained earnings during the year		-	-	749 622	4 182 802	4 932 424	(4 932 424)	-
Dividend for the year 2015		-	-	-	-	-	(2 398 789)	(2 398 789)
Total comprehensive income for the period		-	-	-	-	-	9 223 207	9 223 207
Balance as on 31 December 2016	20	5 000 033	301 233	2 961 895	12 166 321	15 128 216	9 223 207	**29 652 689**

8.4 Income statement and other comprehensive income for the years ended

(Amounts expressed in thousands of Angolan Kwanzas)

	Notas	2016	2015 Proforma
Interest income		9 223 207	7 331 213
Other comprehensive income for the period			
Exchange differences			
Asset revaluation reserves			
Other increases / decreases			
Total comprehensive income for the period		**9 223 207**	**7 331 213**

8.5. Cash-flow statement

(Amounts expressed in thousands of Angolan Kwanzas)

	Notes	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
Interests, commissions and other similar receivable income		40 157 752	27 219 830
Interests, commissions and other similar receivable charges		(12 192 194)	(6 085 202)
Payment to suppliers and employees		(22 514 172)	(16 892 786)
Other results		6 293 773	3 827 386
Cash flow before operational assets and liabilities changes		11 745 159	8 069 228
(Increases)/Reductions of operating assets			
Investments on central banks and other credit institutions		811 890	7 500 000
Financial assets at fair value through profit and loss		(150 000)	13 461 105
Held-to-maturity investments		52 671 317	(74 954 173)
Loan to customers		(88 535 255)	(13 469 862)
Other assets		(4 488 567)	754 401
Net cash flow from operating assets		(39 690 615)	(66 708 529)
(Increases)/Reductions of operating liabilities			
Resources from central banks and other credit institutions		(47 911 666)	(10 000 000)
Customers resources and other loans		(11 497 973)	(40 558 231)
Other liabilities		(1 109 778)	798 568
Net cash flow from operating liabilities		(60 519 417)	(49 759 663)
Net cash flow from operating activities before income taxes		32 573 961	(8 879 638)
Income Taxes Paid		(696 485)	(1 009 984)
Net cash flow from operating activities		31 877 476	(9 889 622)

8.5 Cash-flow statement (cont.)

(Amounts expressed in thousands of Angolan Kwanzas)

CASH FLOW FROM INVESTING ACTIVITIES	Notes	2016	2015
Purchase of net tangible assets		(6 849 027)	(7 476 177)
Purchase of net intangible assets		(187 575)	(149 492)
Purchase of assets in subsidiary undertakings		-	22 212
Net cash flow from investment activities		(7 036 602)	(7 603 457)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(2 398 789)	(1 343 360)
Issue of debt securities, net of redemptions		1 237 023	-
Issue of subordinated liabilities, net of redemptions		136 243	1 638 016
Net cash flow from financing activities		(1 025 523)	294 656
Net increase in cash and cash equivalents		23 815 351	(17 198 423)
Opening cash and cash equivalents		70 901 904	88 100 327
Closing cash and cash equivalents	4 e 5	94 717 255	70 901 904


With discipline and patience it is
impossible to lose an investment.

8.6 Notes to the financial statements on December 31, 2016

(Amounts expressed in thousands of Angolan Kwanzas - AKZ, 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, 2016 it had a national network of 161 branches, 13 business centres, 14 advanced service points and 8 automatic service points (150 branches, 13 business centres, 13 advanced service points and 8 automatic service points on December 31, 2015).

2. Presentation basis and summary of the main accounting policies

The Bank's financial statements for the year ended December 31, 2016 have not yet been approved by the General Assembly, having nevertheless been approved by the Board of Directors on March 28, 2017. However, the Board of Directors of the Bank acknowledges that they will be approved without significant changes.

On December 31, 2016 and 2015, the rates of the Angolan Kwanza (AKZ) against U.S. Dollar (USD) and Euro (EUR) were as follows:

	31.12.2015	**31.12.2016**
1 USD =	165,903	135,315
1 EUR =	185,379	147,832

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

2.1. Basis of presentation

Banco Sol's financial statements have been drawn up on a going concern basis, in accordance with the books and accounting records kept by the Bank in accordance with the accounting principles established by the International Accounting Rules / International Financial Reporting Standards (NIC / IFRS) as issued by the IASB – International Accounting Standards Board.

The Bank adopted the IFRS standards for which application is mandatory for the accounting periods beginning on or after 1 January 2015 as follows:

IFRS 1. First-time adoption of International Financial Reporting Standards

IFRS 7. Financial Instruments: Disclosures

IFRS 13. Fair Value Measurements

IAS 1. Presentation of Financial Statements

IAS 2. Inventories

IAS 7. Statement of Cash Flows

IAS 8. Accounting Policies, Changes in Accounting Estimates and Errors

IAS 10. Events After the Reporting Period

IAS 12. Income Taxes

IAS 16. Property, Plant and Equipment

IAS 19. Employee benefits

IAS 21. The Effects of Changes in Foreign Exchange Rates

IAS 23. Borrowing Costs

IAS 24. Related Party Disclosures

IAS 26. Accounting and Reporting by Retirement Benefit Plans

IAS 32. Financial Instruments: Presentation

IAS 33. Earnings Per Share

IAS 36. Impairment of Assets

IAS 37. Provisions, Contingent Liabilities and Contingent Assets

IAS 38. Intangible Assets

IAS 39. Financial Instruments: Recognition and Measurement

IFRIC 14

IAS 19. Limit on a defined benefit asset, minimum funding requirements and their interaction.
Being relevant for the financial reporting of the Bank, have not yet been applied the IRFS 9 – Financial Instruments – measurements, which application is mandatory after 1 January 2018. Furthermore, regarding the nature and structure of financial instruments portfolio, both financial assets and liabilities of the Bank, we believe that the possible early application would not generate materially relevant impacts.

2.2. Conversion of foreign currency balances and transactions

The Bank accounts are prepared in accordance with the national currency of the primary economic environment in which the Bank operates (denominated functional currency), which corresponds to the Angolan Kuanza (AKZ).

2.3. Financial assets and liabilities (IAS 32, IAS 39, IFRS 7 and IFRS 13)

The financial assets and liabilities are recognized in the balance sheet on the date of their payment or collection, unless otherwise stipulated by contract or legal and statutory provisions defining that the rights and obligations inherent to traded values should be transferred on a different date, being the relevant date.
The financial assets and liabilities are initially recognised at fair value, plus transaction costs directly associated, except for those obtained from transaction costs immediately recognised in the results.
According to IFRS 13, fair value is understood as the amount for which the asset could be exchanged or paid in an orderly transaction between market participants on the measurement date. Usually on the contract date or start date of operation the fair value is the transaction value.

Fair value is determined based on:
• Prices of an active market, evaluation methods and techniques (when there is no active market) in terms of underlying;
• Mathematical calculation based on financial theories;
• Prices calculated according to similar assets and liabilities of others active markets or statistical estimates or other quantitative methods.

At the acquisition or origination moment the financial assets are classified into one of the four categories established in IAS 39:
• Financial assets held for trading designated at fair value through profit or loss;
• Financial assets held-to-maturity;
• Financial assets available-for-sale;
• Credits and other amounts receivable (Securities).

2.3.1. Financial assets held for trading designated at fair value through profit or loss

These captions include fixed-income and variable-yield securities that the Bank decided to record and assess at the fair value through profit or loss category, classified either in positions held to trade or at fair value through profit or loss.

The valuation of assets and liabilities is carried out on a regular basis at fair value, considering the own credit risk and operation's counterparties.

Referring to bonds and other fixed-income securities, the balance sheet value includes accrued and uncollected interest. Gains and losses arising from a change in fair value are recognised in the income statement.

2.3.2. Held-to-maturity

This category includes the securities with fixed or determinable payments and fixed maturities which the banks both intends and has the capacity to hold until their maturity date. These investments are valued at amortised cost, using the effective rate method and impairment losses are deducted. Impairment losses recognised in financial investments held-to-maturity are registered in the income statement. The decrease in value of such investments is booked to equity. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the income statement.

2.3.3. Credit and other amounts receivable

This item includes loans granted to customers and credit institutions and syndicated loans not traded in an active market and which are not intended to be sold.

Receivable accounts are initially registered at fair value. Fair value, in general, corresponds to the value of the transaction and includes commissions, fees or other costs and income related with credit operations.

Subsequently, loans and receivables are valued at amortized cost, based on the effective interest rate method and subject to impairment.

Interest, commissions and other expenses and income associated with credit operations are accrued throughout the life of the operations, irrespective of the time they are charged or paid. Commissions received from credit commitments are recognized in a deferred and linear manner during liabilities life. The Bank, in each credit operation, classifies as overdue the full amount due as soon as there is a default on one of the capital or interest payments, which occurs 30 days after due date. In litigation claims shall also be considered as due the capital benefits (due and past due).

The Bank proceeds to write-off receivables (Write-offs) on the operations considered unrecoverable and whose impairments are constituted by the total value of the credit in the month prior to the writing off. Gains and losses obtained with the sale of customer's credits are definitively recorded in profit or loss in financial operations under the caption gains and losses on the sale of loans to customers. These gains or losses correspond to the difference between the fixed sales value and the book value of these assets, net of impairment losses.

Guarantees provided and irrevocable commitments

Liabilities for guarantees and commitments are recorded in off-balance-sheet accounts value at risk, with interest, commissions or other income recorded in accounts over the life of the operations. These transactions are subject to impairment tests.

Impairment

On a monthly basis, receivables and receivables and guarantees are subject to impairment tests. The impairment losses should be recognised as impairment losses against results. If, in future periods, there is an estimated loss reduction, the impairment initially recorded is reversed through the income statements.

According to IAS 39, a financial asset is impaired when there is evidence of one or more events
(Loss events) after the initial recognition of the asset, and these events do have impact on the estimated recoverable value of the future cash flows of the financial asset under consideration.

IAS 39 defines some events that may be indicators of objective evidence of impairment (non-compliance, such as late payment of capital or interest; probability of the borrower going bankrupt, etc.), but in some circumstances, the determination of the value of impairment losses implies the use of professional judgment.

The existence of any objective evidence of impairment shall be assessed by reference to the date of financial statements. The assessment of impairment is made on an individual basis
for the credits of a significant amount, and in individual or collective basis for the operations that are not of significant amount.

For the purpose of determining impairment, credit portfolio is segmented as following:

- Business sector:

Advances to customers
Pledge accounts
Loans

- Individuals

Advances to customers
Consumer loans
Housing loan
Microcredit
Other loans

Individual analysis

For assets for which there is objective evidence of impairment on an individual basis, the calculation of impairment is carried out from operation to operation, based on the information contained in the Bank's credit risk analysis models which consider, among other things, the following factors:

- The Client's global exposure and the nature of the liabilities contracted with the Bank: financial or non-financial transactions (namely, commercial responsibilities or performance guarantees);

- Credit rating determined by a calculation system implemented by the Bank. This risk rating incorporates, among others, the following characteristics:

This risk rating incorporates, among others, the following characteristics:
o economic and financial situation of the Customer;
o the risk of the sector of activity in which it operates
o customer's quality of management, measured by experience in the relationship with the Bank and by the existence of incidents
o Quality of the accounting information presented;
o the nature and amount of the guarantees associated with the liabilities contracted with the Bank;
o credit overdue for more than 30 days.

In these situations, the amount of identified losses is calculated based on the difference between the accounting value and the estimated recovery value of the claim, after recovery costs, updated at the effective interest rate for a period corresponding to the difference between the date calculation of impairment and the expected date for recovery.

It should be noted that, the expected recovery value of the loan reflects the cash flows that may result from the execution of the guarantees or other collateral associated with the loans, less the costs inherent to the respective recovery process.

Assets individually valued and for which no impairment losses have been determined are included in a group of assets with similar credit risk characteristics, and impairment is assessed collectively.

Determining impairment loses for these groups of assets is carried out as described in the following section - Collective analysis.
Assets for which impairment losses are determined in the individual analysis are not subject to impairment losses in the collective analysis

Collective analysis

The future cash flows of credit groups subject to collective impairment are estimated based on the historical experience of losses for assets with similar credit risk characteristics. Collective analysis involves estimating the following risk factors:

- Possibility of an operation or customer in a regular situation to show evidence of impairment manifested through delays during the emergency period (period between the occurrence of the loss event and the identification of the same event by the Bank).

- As set forth in IAS 39, these situations correspond to losses incurred but not yet observed, that is, cases where, for part of the loan portfolio, the loss event has already occurred but the Bank has not yet identified it;

- Possibility of an operation or Customer that has already registered delays to default (litigation situation) during the residual term of the operation;

- Economic loss of operations in case of default.

To determine the percentage of loss estimated for the operations or Clients in a default situation, payments made by Clients after the default and recoveries through the execution of guarantees, deducted from direct costs of the recovery process, are considered. The flows considered are discounted at the interest rate of the operations and compares
Exposure at the time of default. The inputs for calculating collective impairment are determined based on statistical models for credit groups and are regularly reviewed to approximate estimated values to actual values.

For exposures with objective evidence of impairment, the amount of the loss results from the comparison between the balance sheet value and the present value of estimated future cash flows. To update future cash flows, it is considered the interest rate of the transactions at the date of each analysis.

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

2.3.4. Deposits and other funds

After initial recognition, the deposits and financial resources of Clients and credit institutions are valued at amortized cost, based on the effective interest rate method. Resources that are current accounts are measured at fair value and are not subject to amortized cost.

2.3.5. Assets and liabilities in foreign currency

Financial assets and liabilities denominated in foreign currency are recorded under the multi-currency system, i.e. denomination currencies.

The conversion to AKZ of the assets and liabilities denominated in foreign currency is made based on the official foreign exchange rate, published by the National Bank of Angola.

Income and expenses calculated in the different currencies are converted into AKZ at the exchange rate on the day they are recognized.

2.4. Fixed assets (ias 16)

Fixed assets are stated at cost (including directly attributable costs) less accumulated depreciation and impairment losses.

Depreciation of tangible assets is recorded on a systematic basis over the estimated useful life of the asset, corresponding to the period in which the asset is expected to be available for use:

	Years of Useful Life
Property for own use (Buildings)	10 a 50
Equipment:	
Furniture and fixtures	10
Machinery and tools	7
Computer equipment	6
Indoor facilities	10
Vehicles and transport equipment	3
Other equipment	10

Investment expenditures on non-recoverable works carried out in buildings not owned by the Bank, are depreciated over a period compatible with their expected usefulness or the lease agreement.

The fixed assets of the bank were subject until 2009 to monetary updating factors, associated with the hyperinflationary environment (see note 2.9.). For assets that still have a useful life it is assumed that the depreciated historical cost, including the effect of the monetary correction, corresponds to the cost considered at the date of transition to the adoption of IFRS.

2.5. Intangible assets (IAS 38)

The Bank records in this item the expenses of the development phase of projects implemented and to be implemented, as well as the cost of software acquired, in any case when the expected impact is passed on beyond the year in which they are carried out.

Intangible assets are amortized using the straight-line method and per duodecimals over the estimated useful life of the asset, which generally corresponds to a period of three years.

To date, the Bank has not recognized any internally generated intangible assets.

2.6. Retirement and survivor's pensions (IAS 19)

The Bank's employees are enrolled in Social Security. However, the Bank made a voluntary commitment to provide its employees with cash benefits in addition to old-age and death benefit pensions, with a defined benefit Pension Fund, complementary to the compulsory Social Security System. The old-age pension will be awarded to all employees who have provided at least 6 years of continuous service as of 31 July 2006, at which point the benefit is calculated. In this way, and as defined in the Fund's Constitution Agreement, at the time of the constitution of the Fund there were no liabilities for past services.

With the entry into force of Law No. 7/2015, of June 15, Law 2/2000 was repealed, namely, as defined in Articles 218 and 262 of the General Labour Law, which defined the compensation to be paid by the Bank in the event of the expiration of the employment contract due to the employee's retirement, determined by the multiplication of 25% of the monthly base salary practiced on the date when the worker reaches the legal retirement age by the number of years of seniority. For the year ended December 31, 2014, the Bank had recorded a provision in the amount of mAKZ 204,830 (Note 18) to cover such liabilities, a provision reversed in 2015.

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

In accordance with Decree No. 7/99, of May 28, the contribution rates for this provision is annually adjusted, at the date of the annual report, by a sum corresponding to the difference between the total liabilities and the value existing in the Fund of Pensions.

27. Provisions for other risks and liabilities (IAS 37)

This caption includes provisions established to cover other specific risks, namely tax contingencies, legal proceedings and other losses arising from the Bank's activity.

2.8. Income Taxes (IAS 12)

Presidential Legislative Decree No. 5/11, of December 30, introduced various legislative changes to the IAC Code, and was amended by Presidential Legislative Decree No. 2/14. IAC is generally concerned with income from the Bank's financial investments, namely revenue from investments and interest on securities.

The general rate is 10%, but a reduced rate of 5% (in the case of yields of public debt securities with a maturity of 3 years or more) or a rate of 15% may be applied. This tax has, in view of the current wording of the Industrial Tax Code, the nature of payment on account, this compensation operating by means of the deduction to the collection that will be determined in accordance with paragraph a) of number 81 of the Industrial Tax Code.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment in respect of previous years. It differs from the accounting result due to adjustments to the taxable income resulting from costs or income not relevant to tax purposes or that will only be considered in other accounting periods.

Deferred tax

The total of taxes on profits recorded in the income statement includes current and deferred taxes. Deferred taxes correspond to the impact on the tax recoverable / payable in future periods resulting from deductible or taxable temporary differences between the balance sheet value of the assets and liabilities and their tax base used in determining the taxable profit.

Deferred tax liabilities are normally recorded for all taxable temporary differences, whereas deferred tax assets are only recognized up to the amount in which future taxable profits are likely to allow the use of the corresponding deductible tax differences or tax losses. In addition, no deferred tax assets are recorded in cases where their recoverability may be questionable due to other situations, including questions of interpretation of the tax legislation in force.

2.9. Reserves for monetary revaluation of share capital

According to Bank of Angola Notice No. 2/2009, of May 8, on monetary updating, financial institutions should, in the event of inflation, consider every month, the effects of the change in the purchasing power of the currency, based on the application of the Consumer Price Index, to capital balances, 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 measurement unit current at the balance sheet date. Hyperinflation is indicated by the characteristics of the country's economic environment, including but not limited to the following situations:

i. People usually prefer to keep their wealth in non-monetary assets or in relatively stable foreign currency. The amounts of local currency held are immediately invested to maintain purchasing power;

ii. People in general see the monetary amounts in terms of stable foreign currency. Prices can be quoted in this currency;

iii. Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the crediting period, even in a short period of time;

iv. Interest rates, wages and prices are linked to a price index; and

v. The cumulative inflation rate over 3 years is close to, or exceeds, 100%.

The amount resulting from the monetary revaluation shall be reflected monthly in the "Income from monetary revaluation" account in the income statement, in consideration of the increase in own funds balances, with the exception of "Capital", which must be classified ("Reserve for monetary revaluation of Capital") which can only be used for a subsequent capital increase. In the 2016 and 2015 financial years, the Bank did not update its own funds, due to the inflation, as well as the exchange rate developments that occurred during the period, not to consider that Angola could be considered a hyperinflationary economy, under the terms of the existing legal framework. During 2009, the Bank updated its tangible assets by mAKZ 73,932, in accordance with the evolution of the Consumer Price Index, as recommended in the previous Plan of Accounts for Financial Institutions (PCIF).

2.10. Main estimates and uncertainties associated with the application of accounting policies

In the preparation of the Bank's financial statements, estimates and expected future values are used, namely in the following areas:

Retirement and survivors benefits

Pension and retirement pension liabilities are estimated based on actuarial tables, pension and wages growth assumptions, and discount rates. These assumptions are based on the Bank's expectations for the period over which the liabilities will be settled.

Loan portfolio impairment

The amount of credit impairment is determined based on expected cash flows and estimated recoverable amount. These estimates are made based on assumptions determined from the available historical information and the evaluation of the situation of the Customers. Any differences between the assumptions used and the future behavior of the credits, or changes in the assumptions adopted by the Bank, have an impact on the estimates made previously.

Provisions for liabilities and charges

A provision is constituted whenever there is a present obligation (legal or constructive) resulting from past events for which the future disbursement of funds is probable and these can be reliably determined. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

If it is not probable the future expenditure of resources, it is a passive contingency. Passive contingencies are only disclosed, unless the possibility of their realization is remote.

Non-Listed Capital Instruments

The fair value of unquoted financial assets was estimated based on valuation methods and financial theories, results of which depend on the assumptions used. The cyclical situation of financial markets, in particular in terms of liquidity, may influence the realization value of these financial instruments in some specific situations, including disposal before maturity.

This includes Treasury Bills, which are recorded at their acquisition cost, plus their respective premium or nominal value, since this reflects the best approximation to its market value, since there is no active market quotation with regular transactions and the maturities of these securities are short (less than one year).

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Income taxes

Current and deferred taxes have been determined under the terms of the existing tax legislation or legislation already published for future application. Different interpretations of tax legislation may influence the value of taxes on profits. The recognition of deferred tax assets assumes the existence of results and future taxable income.

The Bank is subject to taxation in Industrial Tax, being considered a taxpayer of Group A. The taxation of its income is made under the terms of number 1 of Article 4 of Law 19/14 of 22 October, with the applicable tax rate being 30% for the years 2015 and 2014 (Note 29).

Angolan tax legislation allows tax losses to be used for up to 3 years.

3. First-time adoption of international financial reporting standards / international financial reporting standards

The adoption of IFRS for the first time has led to changes in the classification and presentation of financial reporting items and, above all, to significant changes in the valuation of assets, results and, of course, in the bank's own funds.

Under IFRS 1, the first IFRS financial statements should include comparative information constructed in accordance with this benchmark, which implied changes in the financial information for the period ended December 31, 2015, as compared to the financial report approved for that year.

The detail of the adjustments made to Equity, reported as of January 1, 2015, for the purposes of transition from the old reference framework (CONTIF) to IFRS, as well as the reconciliation of the amounts of Own Funds and Income Integral (net result), either on the transition date (January 1, 2015) or for the period ended on December 31, 2015, the last reporting year in CONTIF. In addition, the reconciliation between the comprehensive income for the year 2015, calculated in accordance with CONTIF and that obtained under IFRS, is as follows:

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

Description	01.01.2015 (transition date)	31.12.2015 (last update in CONTIF)
Own Funds in accordance with the previous accounting reference (CONTIF)	17.555.700	23.708.556
Adjustments to the transition:		
Application of the effective interest rate on the income	(682.466)	
Impairment on the loan portfolio	(32.816)	
Total adjustments at the transition date	(715.282)	(715.282)
Adjustments to comprehensive income (net income) for the comparative period (2015)		(165.002)
Equity in accordance with the new accounting standard (IFRS)	16.840.418	22.828.272

Reconciliation of comprehensive income for the period	2015 (Comparative / pro-forma year)
Comprehensive income (net income) in accordance with the previous accounting reference (CONTIF)	7.496.216
Application of the effective interest rate method to credit portfolio yields	11.488
Impairment in the loan portfolio	(176.491)
Total adjustment to comprehensive income (results) for 2015 (comparative period)	(165.002)
Comprehensive income (net income in accordance with the new accounting standard (IFRS)	7.331.214

These are the reasons why the above quantified adjustments and impacts occurred due to the adoption of IFRS:

(a) Application of the effective interest rate method to the income of the credit

The full adoption of IAS 39, relative to the measurement of Financial Instruments, determined the application of the amortized cost to the loan portfolio, which to the use of the effective interest rate, either in the measurement of the value of the asset at the reporting date, or to a time linearization of the recognition of the yields obtained with credit granted, which call for the consideration, on the same methodological basis, of the contractual interest rate established with the clients, as well as the commissions and other income associated with the loan portfolio. In this way, the linearization of income from the loan portfolio implied a reduction in the results of past periods, where a higher concentration of income occurred in the initial phases of the crediting period.

Conversely, this linearization, in the determination of IFRS results in the year 2015, after the previous transition adjustment, and assuming full application of the effective interest rate method, generated in IFRS portfolio income with a comparatively greater expression than that reported in CONTIF.

In accounting terms, the impacts in question are reflected in net interest income and in assets related to loans granted to customers. Impacts to the transition date were projected in retained earnings.

(b) Impairment in the loan portfolio

The full adoption of IAS 39, related to the measurement of financial instruments, also led to the application to the Bank of a model for determining impairment in the loan portfolio, which, compared with the standard approach previously used, introduced new factors for the evaluation of the impairment risk associated with the loan portfolio, increasing the prudential estimates for calculating this impairment.

As a result, the new approach to impairment would have been reflected in a decrease in the recoverable value of the loan, in view of the cumulative impairment test, or in the light of the annual net increase in the impairment, against its book value. In accounting terms, the impacts described are reflected in the results, in the item of impairment of loans granted, net of reversals, as a counterpart of a decrease in assets related to loans granted. At the date of transition, the impact attributable to the results of past periods was reflected in retained earnings.

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

4. Cash and cash equivalents at central banks

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Cash and cash equivalents:		
Notes and coins in local currency	5.840.192	10.274.259
Notes and coins in foreign currency:		
In United States Dolars	86.299	1.417.394
In Euros	873.774	93.327
In other currencies	30.445	42.446
	-----------	-----------
	6.830.710	11.827.426
Demand deposits at Banco Nacional de Angola (BNA)		
In local currency	48.532.300	35.884.519
In United States Dolars	1.778.480	2.140.683
	--------------	--------------
	50.310.780	38.025.202
	--------------	--------------
Total	**57.141.490**	**49.852.628**

Demand deposits in the BNA in local currency are intended to comply with the existing mandatory reserve maintenance provisions and are not remunerated. The mandatory reserves are constituted in national currency and should be kept for the entire period they refer to. In accordance with Instruction 16/2015, mandatory cash reserves are updated weekly by applying a 15% coefficient on the arithmetic average of the eligible liabilities in local and foreign currency, and are realizable through demand deposits held In BNA and up to 10% in Treasury Bonds, weighting their respective maturities, as long as they are issued as of January 2015.

5. Cash and cash equivalents at other credit institutions

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Cash and deposits in other banks:		
Commerzbank	11.514.048	13.201.809
Byblos Bank Europe, SA	11.019.781	476.322
Visa Settlement	5.250.326	1.747.708
Banco BPI	4.426.634	258.214
Banco BIC Português	1.962.735	495.278
Visa Mastercard	834.926	
Millennium BCP	737.536	179.546
Banco Privado Atlântico Europa, S.A.	678.261	3.534.578
First National Bank, SA	11.446	36.914
	----------	----------
	36.435.693	19.930.369
Credits in the payment system		
ATM´s	236.186	304.207
Remittances	269.130	297.628
Regularization of Expired Visa Kumbu Cards	210.267	-
Compensation MONEYGRAM	80.374	96.664
Receivable cheques	73.390	331.695
Other	270.725	88.713
	-------------	-------------
	1.140.072	1.118.907
	-------------	-------------
Total	**37.575.765**	**21.049.276**

As at 31 December 2016 and 2015, the balance of the caption "Cash and cash equivalents in other credit institutions - Visa Settlement" includes the amounts of mAKZ 2,836,589 and mAKZ 2,313,258, respectively, relating to the collateral deposits made by the Bank under the Called product "Kumbu Visa Card".

At 31 December 2016 and 2015, demand deposits held with other credit institutions were not remunerated.

6. Investments at central banks and other credit institutions

This item did not record any amount in 2016, and at the end of 2015 the outstanding amount was as follows:

	2015
Investments in foreign credit institutions Commerzbank	811.890

	811.890
	======
Interest receivable	2.270
	814.160

As at 31 December 2015, liquidity investments, excluding interest receivable, have the following structure by currency and average interest rate:

	2015		
	Average interest rate	**Amount In currency**	**Amount In tAKZ**
In kwanzas	0,00%	-	-
In United States Dolars	0,28%	6.000.000	811.890

			811.890
			========

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

7. Financial assets at fair value through profit and loss

At 31 December 2016 (in 2015, the Bank did not own any assets of this nature), the composition of financial assets at fair value through profit or loss is presented as follows:

	2016				
	Level 1	**Level 2**	**Level 3**	**Financial instruments at cost**	**Total**
Securities held for trading					
Treasury bills	-	-	-	153.958	153.958
	========	========	========	================	========

The remuneration of the securities was as follows:

	2016			
	Average Interest rate	Acquisition cost	Premium/run Discount	Balance sheet value
Securities for negotiation				
Treasury bills	13,19%	150.000	3.958	153.958
	========	========	========	========

As at 31 December 2016, financial assets at fair value through profit or loss have the following structure, in accordance with the residual maturity dates:

	2016
Up to three months	153.958
From three to six months	-
From six months to one year	-

	153.958
	==========

8. Held-to-maturity investments

As at 31 December 2016 and 2015, this caption is made up as follows:

2016	Country	Currency	Nominal Value	Acquisition Cost	Premium/run Discount	Run interest	Balance sheet value	Impairment	Average rate
Treasury bonds in Angolan currency									
Indexed to the United States dollar	Angola	AKZ	66.793.450	66.124.407	168.368	989.895	67.282.670	-	7,27%
Treasury bonds in foreign currency (USD)	Angola	USD	8.223.812	8.220.527	2.763	223.522	8.446.812	-	4,89%
			75.017.262	**74.344.934**	**171.131**	**1.213.417**	**75.729.482**	**-**	

2015	Country	Currency	Nominal Value	Acquisition Cost	Premium/run Discount	Run Interest	Balance sheet value	Impairment	Average rate
Treasury bonds in Angolan currency									
Indexed to the United States dollar	Angola	AKZ	57.625.720	78.621.548	67.342	1.180.280	79.869.170	-	7,07%
Kwanzas	Angola	AKZ	40.341.500	40.209.975	98.508	664.530	40.973.013	-	7,18%
Treasury bonds in foreign currency (USD)	Angola	USD	6.880.818	6.880.818	3.209	22.635	6.906.662	-	4,84%
			104.848.038	**125.712.341**	**169.058**	**1.867.445**	**127.748.844**	**-**	

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

As at 31 December 2016 and 2015, the distribution of debt securities by index is as follows:

	2016			2015		
	Book value			Book value		
	Fixed rate	**Libor 6 months**	**Total**	**Fixed rate**	**Libor 6 months**	**Total**
Treasury bonds in Angolan currency						
Indexed to the United States dollar	67.282.670		67.282.670	79.869.169	-	79.869.169
Not-adjustable	-	-	-	40.973.013	-	40.973.013
Treasury bonds in foreign currency (USD)	8.004.984	441.828	8.446.812	6.368.855	537.807	6.906.662
	75.287.654	**441.828**	**75.729.482**	**127.211.037**	**537.807**	**127.748.844**

As at 31 December 2016 and 2015, held-to-maturity securities have the following structure, in accordance with the residual maturity dates:

	2016	**2015**
Current Assets:		
Up to three months	10.819.008	6.248.949
From three to six months	2.670.784	17.945.962
From six months to one year	7.720.363	30.833.804
Non-current Assets:		
Up to three months	14.261.042	56.702.361
From three to six months	31.230.743	9.648.913
From six months to one year	9.027.542	6.368.855
	------------------	------------------
	75.729.482	**127.748.844**
	==========	==========

9. Loans to clients

The structure of the loan portfolio granted to clients in 2016 and 2015 is as follows:

	2016	2015
Companies in foreign currency		
Loans	8.819.342	7.513.453
Advances to depositors	13.858	11.376
	8.833.200	**7.524.829**
Local currency		
Loans	136.155.763	62.539.249
Bonded current accounts	24.442.146	10.641.404
Advances to depositors	2.530.688	1.044.700
Microcredit	155.417	98.431
	163.284.014	**74.323.784**
Total loans to companies	172.117.214	81.848.613
Individuals		
Foreign currency		
Housing loan	255.965	241.493
Advances to depositors	55.890	44.949
Other loans	526.646	646.526
	838.501	**932.968**
Local currency		
Housing	19.230.666	17.147.696
Consumer credit	2.228.438	2.090.172
Microcredit	1.488.594	930.444
Advances to depositors	732.051	468.468
Other loans	6.033.445	6.796.337
	29.713.194	**27.433.117**
Total loans to individuals	30.551.695	28.366.085
Total credit to clients	202.668.909	110.214.698
Impairment to credit losses	(13.662.676)	(10.482.202)
	189.006.233	**99.732.496**

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

The movement in customer's loan portfolio impairment, occurring in 2016 and 2015, was as follows:

	2016	2015
Balance as at 1 January	10.449.386	8.595.116
Allocation for the financial year	32.395.122	18.082.782
Reinstatement and write-offs	(28.990.480)	(16.288.488)
Impairment utilization	(14.861)	(491.226)
Exchange rate differences	-	551.202
Balance as at 31 December	**13.839.167**	**10.449.386**

At 31 December 2016 and 2015, the Bank's largest credit customer accounted for 3.79% and 7.95% of the total credit portfolio, respectively. In addition, the Bank's twenty largest customers accounted for approximately 59.84% and 47.39% of the loan portfolio, respectively.

At 31 December 2016 and 2015, loans granted to customers, excluding advances to depositors, bear interest at the average annual rate of 20.47% and 10.55%, respectively, for credit in local currency and 10.84% % and 10.84%, respectively, for the foreign currency credit.

As at 31 December 2016 and 2015, loans granted to related entities of the Bank amounted to mAKZ 22,087,684 and mAKZ 15,942,739, respectively (Note 30).

As of December 31, 2016, there are loans secured by financial instruments, namely Debt Instruments issued by the Angolan State, which amount to approximately 71.7 billion Kwanzas.

During the 2016 and 2015 financial years, no real assets associated with customer credit default were received.

The breakdown of loans and advances to customers and the impairment attributed in accordance with the individual and collective analysis as of December 31, 2016 and 2015 was as follows:

	2016					
	Class of default					
	Overdue credit	Overdue credit more than 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Overdue credit more than 180 days	Total
Impairment on an individual basis						
Loans to customers	191.735.588	307.600	46.480	209.318	743.602	193.042.588
Impairment	(12.141.882)	(2.379)	(6.809)	(105.799)	(446.028)	(12.702.897)
	179.593.706	**305.221**	**39.671**	**103.519**	**297.574**	**180.339.691**
Impairment on a collective basis						
Loans to customers	8.042.122	245.115	170.981	237.357	930.746	9.626.321
Impairment	(499.917)	(426)	(7.254)	(45.381)	(406.801)	(959.779)
	7.542.205	**244.689**	**163.727**	**191.976**	**523.945**	**8.666.542**
	187.135.911	**549.910**	**203.398**	**295.495**	**821.519**	**189.006.233**

	2015					
	Class of default					
	Overdue credit	Overdue credit more than 30 days	Overdue credit between 30 and 90 days	Overdue credit between 90 and 180 days	Overdue credit more than 180 days	Total
Impairment on an individual basis						
Loans to customers	81.254.728	14.596	4.873	136.877	383.809	81.794.883
Impairment	(8.692.853)	(348)	(592)	(79.575)	(270.254)	(9.043.622)
	72.561.875	**14.248**	**4.281**	**57.302**	**113.555**	**72.751.261**
Impairment on a collective basis						
Loans to customers	26.517.975	894.702	361.639	175.722	469.777	28.419.815
Impairment	(1.289.565)	(679)	(24.481)	(27.797)	(96.058)	(1.438.580)
	25.228.410	**894.023**	**337.158**	**147.925**	**373.719**	**26.981.235**
	97.790.285	**908.271**	**341.439**	**205.227**	**487.274**	**99.732.496**

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

It should be noted that, according to the Bank's policy, a credit is considered to be in total default, either in the overdue part or in the losing part, when there is a default by the client in the payment of any capital or interest installment, as soon as 30 days have elapsed.

On December 31, 2016 and 2015, credit granted to customers, broken down by rating levels practiced by the Bank, in accordance with Notice no. 11/2014, of December 17, related to the specific requirements for credit operations, have the following composition:

			2016	
Rating origin	**Rating level**	**Gross Exposure**	**Impairment**	**Net Exposure**
Loans to customers				
Internal rating	Minimum	1.767.632	(28.255)	1.739.377
	Very low	99.371.902	(5.509.303)	93.862.599
	Low	40.519.994	(1.263.612)	39.256.382
	Moderate	9.953.828	(711.918)	9.241.910
	High	28.564.347	(2.238.656)	26.325.691
	Very high	8.519.508	(564.968)	7.954.540
	Maximum	13.971.698	(3.345.964)	10.625.734
		202.668.909	**(13.662.676)**	**189.006.233**

			2015	
Rating origin	**Rating level**	**Gross Exposure**	**Impairment**	**Net Exposure**
Loans to customers				
Internal rating	Minimum	12.823	(343)	12.480
	Very low	57.339.899	(2.017.911)	55.321.988
	Low	21.724.451	(2.135.973)	19.588.478
	Moderate	10.651.410	(1.605.436)	9.045.974
	High	16.125.553	(3.410.224)	12.715.329
	Very high	1.181.229	(161.174)	1.020.055
	Maximum	3.179.333	(1.151.141)	2.028.192
		110.214.698	**(10.482.202)**	**99.732.496**

As at December 31, 2016 and 2015, the concentration of customers by credit, guarantees and impairment was as follows:

	2016						
	Loans to customers					Impairment	
	Due credit	Overdue	Guarantees	Total exposure	Relative weight	Value	Impairment / Total exposure
Companies							
Services	56.403.840	336.468	7.266.416	64.006.724	29,5%	(5.033.177)	7,9%
Public Administration, Defense and Compulsory Social Security	2.094.036	-	-	2.094.036	1,0%	(62.789)	3,0%
Wholesale and Retail Trade	68.497.481	206.281	5.928.737	74.632.499	34,4%	(3.149.637)	4,2%
Education	7.294.713	13.451	-	7.308.164	3,4%	(445.367)	6,1%
Building Services	22.519.040	28.047	758.854	23.305.941	10,7%	(1.535.327)	6,6%
Extractive and Manufacturing Industries	6.674.294	52.476	42.407	6.769.177	3,1%	(344.324)	5,1%
Transport and Communications	4.005.129	-	386.190	4.391.319	2,0%	(963.068)	21,9%
Agriculture, Animal Production, Fishing and Forestry	3.245.194	2.096	15.310	3.262.600	1,5%	(34.458)	1,1%
Health and Social Work	43.509	400	-	43.909	0,0%	(4.923)	11,2%
Real Estate Activity	700.759	-	42.429	743.188	0,3%	(79.139)	10,6%
	171.477.995	**639.219**	**14.440.343**	**186.557.557**	**85,9%**	**(11.652.209)**	**6,2%**
Individuals							
Housing	18.318.329	1.168.302	-	19.486.631	9,0%	(578.888)	3,0%
Private Consumption	2.055.336	173.102	-	2.228.438	1,0%	(69.328)	3,1%
Other Purposes	7.926.050	910.576	63.698	8.900.324	4,1%	(1.904.008)	21,4%
	28.299.715	2.251.980	63.698	30.615.393	14,1%	(2.552.224)	8,3%
	199.777.710	**2.891.199**	**14.504.041**	**217.172.950**	**100,0%**	**(14.204.433)**	**6,5%**

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

	2015						
	Loans to customers					Impairment	
	Due credit	Overdue	Guarantees	Total exposure	Relative weight	Value	Impairment / Total exposure
Companies							
Services	39.845.511	11.646	1.496.125	41.353.282	19,0%	(5.070.347)	12,3%
Public Administration, Defense and Compulsory Social Security	2.246.457	-	-	2.246.457	1,0%	(55.344)	2,5%
Wholesale and Retail Trade	21.513.188	452.290	5.843.371	27.808.849	12,8%	(2.372.372)	8,5%
Education	103.384	21.363	-	124.747	0,1%	(27.832)	22,3%
Building Services	5.344.445	7.962	497.787	5.850.194	2,7%	(693.967)	11,9%
Extractive and Manufacturing Industries	5.284.121	46.896	444.950	5.775.967	2,7%	(229.308)	4,0%
Transport and Communications	3.270.652	-	1.021.658	4.292.310	2,0%	(255.220)	5,9%
Agriculture, Animal Production, Fishing and Forestry	2.924.621	-	40.863	2.965.484	1,4%	(144.548)	4,9%
Health and Social Work	108.616	-	-	108.616	0,1%	(32.993)	30,4%
Real Estate Activity	667.461	-	34.484	701.945	0,3%	(190.189)	27,1%
	81.308.456	**540.157**	**9.379.238**	**91.227.851**	**42,0%**	**(9.072.120)**	**9,9%**
Individuals							
Housing	16.577.266	811.923	-	17.389.189	8,0%	(215.987)	1,2%
Private Consumption	1.813.914	276.258	-	2.090.172	1,0%	(42.617)	2,0%
Other Purposes	8.073.067	813.657	51.161	8.937.885	4,1%	(1.180.132)	13,2%
	26.464.247	1.901.838	51.161	28.417.246	13,1%	(1.438.736)	5,1%
	107.772.703	**2.441.995**	**9.430.399**	**119.645.097**	**55,1%**	**(10.510.856)**	**8,8%**

At 31 December 2016 and 2015, the amounts related to credit and impairment by companies and individuals were as follows:

	2016			
	Credit			Impairment
	Due	Overdue	Total	
Companies	36.862.890	128.836	36.991.726	(3.580.011)
Individuals				
Private Consumption	160.717	1.456	162.173	(2.955)
Housing	1.783.956	621.816	2.405.772	(563.824)
Other Purposes	1.039.204	21.293	1.060.497	(275.846)
	2.983.877	**644.565**	**3.628.442**	**(842.625)**
	39.846.767	**773.401**	**40.620.168**	**(4.422.636)**

	2015			
	Credit			Impairment
	Due	Overdue	Total	
Companies	38.017.671	90.640	38.108.311	(4.915.185)
Individuals				
Private Consumption	187.004	5.404	192.408	(6.439)
Housing	2.318.061	70.455	2.388.516	(102.187)
Other Purposes	1.090.071	88.170	1.178.241	(174.142)
	3.595.136	**164.029**	**3.759.165**	**(282.768)**
	41.612.807	**254.669**	**41.867.476**	**(5.197.953)**

The basic principles of the policy of granting credit and impairment with credits can be summarized as follows:

1. The granting of credit is subject to strict procedures that ensure compliance with the defined strategy and also the standards established by the Supervision, the National Bank of Angola;

2. In the process of evaluating the risks associated with the granting of credit, the aspects considered are intended to analyze the various components of Credit Risk, by identifying the marginal impact of each credit, namely by sector (exposure to the sector and / or country) and customer (Economic and financial stability and collateralization);

3. With a view to enhancing the mitigation effects, in particular with regard to the reduction of losses arising from Credit Risk, the Board of Directors has been committed to consolidating the control environment, in accordance with its prudent risk profile.

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

a) In terms of default / counterparties

i. Level and trend of non-performing credit;

ii. Non-compliance by counterparties with the financial system; and

iii. Degree of accounting recognition of accumulated impairment.

b) In terms of concentration:

i. Concentration on a limited number of counterparties, or excessive exposure to sectors of activity and / or countries;

ii. Large number of borrowers for whom the Bank is the largest creditor; and

iii. Concentration of exposure in certain maturities.

Credit assets have a strong focus on monitoring. The size and typology of its operations give rise to expressive levels of concentration, which deserve special attention at the level of risk management in a transversal way.

In this way, the defined tolerance levels go through:

a) Create extraordinary action plans (monitoring / monitoring / recovery) for overdue loans with an increase of more than 5% over the previous year;

b) Prevent credit concession for risk remunerations (by type / amount) lower than the interest rate equivalent to the Luibor rate with maturity of 90 days; and

c) Prohibit credit when exposure to a given entity exceeds 25% of own funds.

10. Other tangible and intangible assets

The changes in other tangible assets, intangible assets and current assets during the years 2016 and 2015 were as follows:

2016

	Balance as at 31 December 2015					Write-Offs and Other			Balance as at 31 December 2015		
	Gross Value	Accumulated Amortization/ Depreciation	Net Value	Increases	Transfers	Gross Value	Amortization	Accumulated Amortization/ Depreciation	Gross Value	Accumulated Amortization/ Depreciation	Net Value
Other tangible assets											
Properties in use	16.047.372	(1.020.138)	15.027.234	1.276.284	1.996.755	(15.840)	(17.818)	(650.903)	19.304.571	(1.688.859)	17.615.712
Furniture and facilities, utensils and equipment	8.805.020	(3.306.747)	5.498.273	1.034.945	709.142	(20.156)	(2.792)	(1.206.237)	10.528.951	(4.515.776)	6.013.175
Fixed Assets under construction	2.813.035	-	2.813.035	4.594.404	(2.705.897)	-	-	-	4.701.542	-	4.701.542
	27.665.427	**(4.326.885)**	**23.338.542**	**6.905.633**	**-**	**(35.996)**	**(20.610)**	**(1.857.140)**	**34.535.064**	**(6.204.635)**	**28.330.428**
Intangible assets											
Automatic data processing system	977.415	(622.978)	354.437	187.575				(209.935)	1.164.990	(832.013)	332.077
Property-lease	519.780	(519.780)	-	-	-	30.578	30.578	-	550.358	(550.358)	-
	1.497.195	**(1.142.758)**	**354.437**	**187.575**	**-**	**30.578**	**(30.578)**	**(209.935)**	**1.715.348**	**(1.383.271)**	**332.077**
	29.162.622	**(5.469.643)**	**23.692.979**	**7.093.208**	-	**(51.188)**	**(51.188)**	**(2.067.075)**	**36.250.412**	**(7.587.906)**	**28.662.506**

2015

	Balance as at 31 December 2014					Write-Offs and Other			Balance as at 31 December 2014		
	Gross Value	Accumulated Amortization/ Depreciation	Net Value	Increases	Transfers	Gross Value	Amortization	Accumulated Amortization/ Depreciation	Gross Value	Accumulated Amortization/ Depreciation	Net Value
Other tangible assets											
Properties in use	10.906.751	(480.599)	10.426.152	3.827.607	1.313.014	-	-	(539.539)	16.047.372	(1.020.138)	15.027.234
Furniture and facilities, utensils and equipment	6.945.957	(2.339.004)	4.606.953	1.166.940	692.123	-	-	(967.743)	8.805.020	(3.306.747)	5.498.273
Fixed Assets under construction	2.336.542	-	2.336.542	2.534.373	(2.037.337)	-	-	-	2.813.035	-	2.813.035
	20.189.250	**(2.819.603)**	**17.369.647**	**7.528.920**	**(32.200)**	-	-	**(1.507.282)**	**27.665.427**	**(4.326.885)**	**23.338.542**
Intangible assets											
Automatic data processing system	827.900	(452.780)	375.120	117.315	32.200	-	-	(170.176)	977.415	(622.978)	354.437
Property-lease	519.780	(519.780)	-	-	-	-	-	-	519.780	(519.780)	-
	1.347.680	**(972.560)**	**375.120**	**117.315**	**32.200**	**-**	**-**	**(170.176)**	**1.497.195**	**(1.142.758)**	**354.437**
	21.536.930	**(3.792.163)**	**17.744.767**	**7.646.235**	**-**	**-**	**-**	**(1.677.458)**	**29.469.643**	**(5.469.643)**	**23.692.979**

8.6 Notes to the financial statements on December 31, 2016

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

As of December 31, 2016 and 2015, there were no revalued properties for own use. There is a revaluation reserve of mAKZ301.233 (equal in 2015) in Own Funds, due to the monetary update made in the past referred to in notes 2.4 and 2.9. The depreciated cost of the bank's fixed assets incorporates this valuation, which was assumed as a cost considered as of January 1, 2015.

At 31 December 2016 and 2015, the subheading "Assets in progress" was made up as follows:

	2016	2015
Furniture	956.932	573.714
Hardware	255.643	362.192
Expenditure incurred with new branches		
Alvalade facilities	774.200	-
Private Bank facilities	433.507	-
Ganda Branche	318.305	65.490
Kikuxi Branche	317.451	-
Moxico branche	292.001	-
Benguela facilities	249.060	-
Liro / Lobito facilities	186.343	108.107
Hoji Ya Henda branche	175.841	10.034
Ingombotas facilities	135.000	-
Micro-Credit Golf II facilities	114.871	-
Urban District of Rangel facilities	106.916	-
Business Center in Cabinda	86.425	-
Municipality of Cazenga	82.586	-
Clese Kilamba facilities	34.444	47.890
Patriota branche	-	252.396
Projecto Morar Viana	-	163.938
Fútila – Cabinda branche	-	149.048
Ondjiva facilities	-	144.977
Kaope Park (Cacuaco)	-	134.388
Massango facilities	-	99.473
Santa Clara facilities	-	48.292
Other branches	172.322	138.599
Other assets in construction	9.695	514.497
	4.701.542	**2.813.035**

On December 31, 2016 and 2015, the balance of "Miscellaneous furniture" and "IT equipment" refers to the acquisition of furniture and computer equipment, respectively, for allocation to future Bank branches, which are expected to be inaugurated in the coming years.

During the 2016 and 2015 financial years, the main investments made by the Bank in terms of other tangible assets and intangible assets corresponded mainly to works carried out at branches owned by third parties and to the acquisition of computer equipment.

11. Investments in branches, associates and joint ventures

As at 31 December 2016 and 2015 this heading comprises the following:

	2016	2015
Holdings in other companies		
In Angola	333.376	333.376
Abroad	87.978	70.159
	-------------	-------------
	421.354	**403.535**
Other investments		
In Angola	1.209	1.209
	-------------	-------------
	422.563	**404.744**
Impairment		
	(422.563)	**(404.744)**
	-------------	-------------
	-	-
	========	========

At 31 December 2016 and 2015, the Bank held the following financial investments at cost:

		Loans to costumers				Impairments	
Affiliates	**Head Office**	**Activity**	**Currency**	**Share Capital (in thousands)**	**Affiliates Ratio**	**2016**	**2015**
Holdings in other companies in Angola							
EMIS- Empresa Interbanária de Serviços, S.A.	Luanda	Banking services	AKZ	1.116.812	3,08%	124.631	124.631
BVDA- Bolsa de Valores e Derivados de Angola	Luanda	Financial services	AKZ	1.343.000	0,95%	14.255	14.255
SOPRO´S- Sociedade Angolana de Promoção de Shoppings, S.A.	Luanda	Shoping management and Operation	AKZ		8,0%	194.490	194.490
						333.376	**333.376**
Holdings in other companies abroad							
Gallei, SGPS, S.A.	Lisboa	Financial services	EUR	470.925.000	0,07%	87.978	70.159
						421.354	**403.535**
Other investments in Angola							
Sodecom, S.A.						800	800
Suninvest, S.A.						409	409
						1.209	**1.209**
						422.563	**404.744**

EMIS was constituted in Angola with the function of management of the electronic means and of payments, as well as the provision of complementary services. As of December 31, 2016 and 2015, the Bank holds a 3.08% interest in this company.

SOPRO'S was constituted in Angola with the function of management and operation of malls. At 31 December 2016 and 2015, the Bank holds an 8% interest in the capital of this company.

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

Galilei, SGPS, SA is a holding company, constituted by a public deed of 11 September 1998 under the name "SLN - Sociedade Lusa de Negócios, SA", with the purpose of managing holdings in other companies as a form of economic activities. The mentioned change of the company name occurred on July 20, 2010. According to information obtained, this subsidiary was put into liquidation in August 2016.

The variation that occurred in the current year is the result of an exchange rate adjustment (see note 17).

Impairment movements in subsidiaries, associates and joint ventures in 2016 and 2015 were as follows:

	2016	2015
Balance as at 1 January	404.744	177.299
Allocation for the financial year	-	216.701
Loans charged-off	-	-
Exchange differences	17.819	10.744
Balance as at 31 December	422.563	404.744

The latest available financial information of the subsidiaries is as follows:

Subsidiaries	Currency	Net asset	Equity	Net profit	Balance sheet value
Galilei, SGPS, S.A. (**)	mEUR	434.838	51.416	(947)	
EMIS- Empresa Interbanária de Serviços, S.A. (*)	mAKZ	5.595.471	1.551.051	32.813	-
SOPRO´S- Sociedade Angolana de Promoção de	mAKZ	n.a.	n.a.	n.a.	-
Shoppings, S.A. (**)	mAKZ	n.a.	n.a.	n.a.	-
BVDA- Bolsa de Valores e Derivados de Angola (**)	mAKZ	n.a.	n.a.	n.a.	-
Sodecom, S.A. (**)	mAKZ	n.a.	n.a.	n.a.	-
Suninvest, S.A. (**)					-

n.a. – not applicable

(*) – Reported values on 31 December 2015

(**) - Reported values on 31 December 2014

(***) – No information available

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

As of December 31, 2016 and 2015, there were no credits and obligations between the Bank in relation to the subsidiaries EMIS - Empresa Interbancária de Serviços S.A., BVDA - Stock Exchange and Derivatives of Angola and Galilei SGPS, S.A.

12. Deferred tax assets

Deferred tax assets at the end of 31 December 2016 and 2015 in the amount of mAKZ 883,864 and mAKZ 690,464 are relate to costs with provisions that are not taxed and constitute temporary deductible differences.

13. Other assets

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Debtors:		
Other applications – Administrative Public Sector		
Circulation fee	44.853	102.578
Others	2.461.751	1.705.740
Other applications – Private Sector		
Advances to suppliers	260.646	1.971
	2.767.250	**1.810.289**
Expenditure with deferred cost		
Provision for assets acquired for sale to employees	329.856	427.231
Rentals	210.444	207.385
Others	10.430	12.208
	550.730	**646.824**
Prepayments and accrued income		
Cash shortages	45.045	56.715
Cost in suspension	4.232.578	349.864
Others	33.305	25.669
	4.310.928	**432.248**
Commercial Inventories	-	328.551
Others	390	390
	390	328.941
	7.629.298	**3.218.302**

On December 31, 2016 and 2015, the balance of the item “Debtors - Other applications - Administrative public sector – Circulation fee” refers to motor vehicle stamps issued by the Angolan State, which are marketed by the Bank. These stamps are purchased at a discount and are recorded at their sale value. The difference is recorded as deferred income and is recognized over the period between the date of acquisition and the deadline for the sale of such stamps to the public, regardless of the sales that the Bank may make.

On December 31, 2016 and 2015, the balance of “Debtors - Other investments - General Government - Other” includes the amount of mAKZ 1,173,390 and mAKZ 896,188, respectively, relating to commissions charged to the customs of the Port of Luanda in the Services provided by the Bank to the level of revenue collection. As at 31 December 2016, this caption also includes mAKZ 632,311 and mAKZ 225,483, respectively, relating to commissions collected with customs services provided at the level of revenue collection from other Bank branches.

On December 31, 2015 and 2014, the item “Deferred cost expenses - Collaboration with employees - Solarium Vereda das Flores” corresponds to the contribution made by the Bank to some of its employees for the acquisition of own housing in the so-called Solarium Vereda das Flores . The contribution made by the Bank corresponded to 50% of the acquisition value of the properties, being recognized in a linear manner, in the income statement item “Personnel costs - Other costs - Employee benefits” over the minimum period (10 years) during which the employee must be contractually bound to the Bank (Note 26). In addition, during 2012, the Bank also decided to share 100% of air conditioning and kitchen equipment in the abovementioned dwellings in the total amount of mAKZ 237,402. These additional expenses are being amortized over a period of 10 years. In the event that the employee terminates his duties before the minimum period referred above, he shall be liable to the Bank for the reimbursement.

On December 31, 2016, the caption “Other asset deferral accounts - Costs in suspension” includes the amount of mAKZ 2,488,255 related to payments made by Banco Sol on behalf of third parties, which are expected to be settled during the 2017 financial year.

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

14. Central bank and other credit institutions

As at 31 December 2016 and 2015, this caption is made up as follows::

	2016	2015
Resources of Central Banks and ICO	57.591.907	10.000.000
Liabilities in the payment system	2.927.961	2.056.514
	--------------	--------------
	60.519.868	**12.056.514**

The above amounts are broken down as follows:

	2016	2015
Resources of national credit institutions		
Banco de Desenvolvimento de Angola	34.000.000	10.000.000
Banco Prestígio	2.000.000	-
Banco de Crédito do Sul	9.700.000	-
Banco Nacional de Angola	2.453.703	-
	48.153.703	**10.000.000**
Interest income	**551.688**	-
	48.705.391	**10.000.000**
Resources of national credit institutions abroad		
Banco Privado Atlântico Europa	6.966.436	-
Banco BPI	1.261.425	-
Visa Settlement	645.198	-
Banco BIC Português	13.146	-
Commerzbank	311	-
	8.886.516	**-**
Relations between institutions:		
Clearing of cheques and other papers		
Certified cheques	336.062	322.241
Payable cheques	24.685	24.564
Other operations pending settlement		
Expired VISA cards	786.146	655.659
VISA cards charging	408.172	366.508
EMIS and VISA clearance	404.806	199.345
Mastercard clearance	118.458	-
VISA cards cancelled	116.775	95.700
Property taxes	99.724	76.751
STC clearance	39.266	37.310
Moneygram clearance	6.950	132.588
Other operations	586.917	145.848
	2.927.961	2.056.514
	60.519.868	**12.056.514**

15. Total customers resources

As at 31 December 2016 and 2015, these items are broken down as follows:

	2016	2015
Sight deposits	179.991.901	195.745.251
Term and savings	106.966.924	77.621.032
Other deposits	967.033	3.061.602
Interest payable	1.112.655	623.872
	----------------	----------------
	289.038.513	**277.051.757**
	===========	===========

That is detailed by currency and by sector as follows:

	2016	2015
Residents sight deposits		
Local currency		
Public sector	1.913.157	7.744.044
Corporate banking	112.516.505	120.886.237
Individuals	37.371.099	32.781.220
	151.800.761	**161.411.501**
Foreign currency		
Public sector	105.918	689.083
Corporate banking	19.119.586	23.424.981
Individuals	8.762.358	7.686.098
	27.987.862	**31.800.162**
Non-Residents sight deposits		
Local currency	893	2.419.094
Foreign	202.385	114.494
	203.278	**2.533.588**
Total sight deposits	179.991.901	195.745.251
Residents deposits		
Local currency		
Public sector	-	18.244.072
Corporate banking	45.155.842	33.632.107
Individuals	3.949.207	8.567.297
	49.105.049	**60.443.476**
Foreign currency		
Public sector	652.350	1.907.373
Corporate banking	48.608.773	12.261.077
Individuals	8.600.752	2.723.484
	57.861.875	**16.891.934**

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

That is detailed by currency and by sector as follows:
(cont.)

	2016	2015
Non-Residents term deposits		
Local currency	-	283.336
Foreign	-	2.286
	-	**285.622**
Total term deposits - capital	106.966.924	77.621.032
Interest payable	1.112.655	623.872
Total term deposits	108.079.579	78.244.904
Other deposits		
VISA Kumbu cards	767.716	2.245.687
Agricultural campaign Protocol	167.610	167.610
BDA Protocol	31.707	648.305
Other deposits	967.033	3.061.602
Total customers deposits	**289.038.513**	**277.051.757**

"Other deposits - Kumbu Visa Cards" includes the amounts deposited by the Bank's customers in the context of Kumbu VISA card charging.

On December 31, 2016 and 2015, the caption "Other deposits - BDA Protocol" refers to the guarantee fund deposited with the Bank under the protocol entered into with the Development Bank of Angola ("BDA") for the realization of Micro-credit operations to support small and medium-scale agro-livestock producers.

Under the financial agreement between the Ministry of Finance and the Bank dated 28 July 2005 on the provision of financial resources to ensure the implementation of a micro-credit grant program, the 21% (with 16% being directly supported by the Ministry of Finance and 5% by the respective clients).

As at 31 December 2016 and 2015, the item "Other deposits - Agricultural campaign protocol" refers to the deposits made by the Ministry of Finance to cover the subsidy of the interest rate mentioned above.

As of December 31, 2016 and 2015, the customer deposits, excluding interest payable, have the following structure by currency and average interest rate:

	2016			2015		
	Interest rate	Foreign currency value	Local currency value	Interest rate	Foreign currency value	Local currency value
In thousands of Angolan kwanzas	8,88%	-	57.861.875	7,20%	-	60.726.812
In United State Dollars	4,78%	114.648.886	19.020.594	1,12%	124.833.721	16.891.876
In Dollar-indexed Angolan kwanzas	0,00001%	181.121.388	30.048.582	-	-	-
In Euros	2,18%	193.514	35.873	4,33%	15.857	2.344
		295.963.789	**106.966.924**		**124.849.578**	**77.621.032**

At 31 December 2016 and 2015, the customer deposits, excluding interest payable, were as follows, in accordance with the residual maturity dates:

	2016	2015
Up to three months	71.624.375	33.362.108
From three to six months	19.894.831	32.602.264
From six months to one year	15.138.359	11.378.008
More than one year	309.359	278.652
	--------------	--------------
	106.966.924	**77.621.032**
	========	========

At 31 December 2016 and 2015, most customer deposits are unpaid, except for specific situations, defined in accordance with the guidelines of the Bank's Board of Directors.

16. Liabilities represented by securities

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Liabilities represented by Securities		
Deposits certificates		
In United States Dollars	9.096.007	7.858.984
Payable interest	635.461	215.913
	9.731.468	**8.074.897**

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

At 31 December 2016 and 2015, the deposit certificates, excluding the respective interest payable, have the following structure by currency and average interest rate:

	2016			2015		
	Interest rate	**Foreign currency value**	**Local currency value**	**Interest rate**	**Foreign currency value**	**Local currency value**
Liabilities represented by Securities						
Deposits certificates						
In United States Dollars	6,39%	54.827.258	9.096.007	6,30%	58.079.177	7.858.984
			9.096.007			**7.858.984**

On 31 December 2016 and 2015, the deposit certificates, excluding interest payable, were structured as follows, in accordance with the residual maturity dates:

	2016	2015
Up to three months	6.415.984	218.668
From three to six months	93.145	1.381.197
From six months to one year	1.495.376	814.646
More than one year	1.091.502	5.444.473
	9.096.007	**7.858.984**

The remuneration of these securities is made according to the agreed interest rate depending on the subscription amount and the repayment term. The total maturity of these securities is 540 days, and they are amortized at par, at one time, and early repayment of the issuance is not allowed at the clients' initiative.

17. Provisions

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Provision for retirement benefits and pension fund	1.794.134	1.442.724
Provision for guarantees and other commitments		
Guarantees provided	367.033	28.654
Import documentary credit	164.724	-
Provision for tax contingency	25.708	25.708
Other provisions	772.598	868.383
	3.124.197	**2.365.469**

The changes in provisions for the years ended 31 December 2016 and 2015 were as follows:

	2016					
	31-12-2015	**Increases**	**Uses**	**Exchange adjustment**	**Reversals and Write-Offs**	**31-12-2016**
Provision for retirement benefits and pension fund	1.442.724	351.410	-	-	-	1.794.134
Provision for guarantees and other commitments						
Guarantees provided	28.654	575.376	-	-	(236.997)	367.033
Import documentary credits	-	166.806	-	-	(2.082)	164.724
Provision for tax contingency	25.708	-	-	-	-	25.708
Other provisions	868.383	-	-	-	(95.785)	772.598
	2.365.469	**1.093.592**	-	-	**(334.864)**	**3.124.197**

	2015					
	31-12-2014	**Increases**	**Uses**	**Exchange adjustment**	**Reversals and Write-Offs**	**31-12-2015**
Provision for retirement benefits and pension fund	811.821	971.050	-	-	(340.147)	1.442.724
Provision for guarantees and other commitments						
Guarantees provided	28.654	-	-	-	-	28.654
Import documentary credits	-	-	-	-	-	-
Provision for tax contingency	25.708	-	-	-	-	25.708
Other provisions	500.886	568.580	-	57.284	(258.367)	868.383
	1.367.069	**1.539.630**	-	**57.284**	**(598.514)**	**2.365.469**

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

As at 31 December 2016 and 2015, the balance of "Provisions for retirement pension liabilities" includes the amounts of mAKZ 1,794,134 and mAKZ 1,442,724, respectively, relating to the estimate of liabilities payable relating to the Pension Fund of the Pension Fund. Banco Sol.

As at 31 December 2016 and 2015, the caption "Other provisions" included the amounts of mAKZ 461,988 and mAKZ 486,130, respectively, to cover a number of items that were to be regularized in the current accounts held by the Bank together Of the National Bank of Angola and with other credit institutions. This caption also included, at 31 December 2016 and 2015, an amount of mAKZ 266,559 and mAKZ 223,101, respectively, to cover amounts to be settled under "Other assets". As at 31 December 2016 and 2015, the above caption also included a provision for cash deficits amounting to mAKZ 44,051 and mAKZ 57,933, respectively.

In 2016 and 2015, the Bank asked the management company of the Pension Fund of Banco Sol to carry out an actuarial study on the pension plan of Banco Sol employees, with reference to 31 December 2015, in order to quantify the liabilities Associated with it, as well as to determine the level of contribution to be made in that year. For the purposes of such actuarial valuation, in the absence of other available information, the actuary in charge used the official mortality table in Angola (ANGV-020P). As a result of that study, the Bank recorded a provision in the amount of mAKZ 1,794,134 and mAKZ 1,442,724, respectively, in order to comply with the accounting policy.

At 31 December 2016, liabilities for past services associated with the Pension Fund of Banco Sol amounted to mAKZ 2,580,593, for which the Bank had a Pension Fund in the amount of mAKZ 786,459 and a provision established for the Effect of mAKZ 1,794,134.

The assumptions and technical bases used to prepare the study, as at 31 December 2015, were as follows:

	2016
Actuarial valuation	Unit Credit Project
Mortality table	ANGV – 2020P
Invalidity table	Not used
Salary growth rate	1%
Interest rate	4%
Number of employees	506

The reference currency and the calculation of liabilities with the Pension Fund of Banco Sol was the Angolan Kwanza. In addition, according to the constitution of the Pension Fund, the Bank is solely responsible for deciding whether or not to update pensions. As at 31 December 2016, the Bank was not considering any pension update.

On August 12, 2011, the Bank initiated the process for the execution of a new contract related to the Pension Fund of Banco Sol. The main changes contemplated in the scope of this contract were:

a) Change in the defined benefit pension plan for a defined contribution pension plan;
b) Definition that the monthly contributions of the participants will be made by giving a percentage of their monthly pensionable salary, which, according to the "table of contributions" of the said contract, will correspond the level of contribution to be made by the Bank;

c) Definition that the Bank will have to make an extraordinary contribution to the Fund in favor of the active participants on 30 June 2011 equivalent to 80% of the participant's "Pensionable Salary" multiplied by the number of years of past services divided by thirty; and

d) That the start 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 "Diário da República" of the approval of the new agreement or; (Iii) the conclusion of the new contract by both parties.

However, at the date of approval of these financial statements, the approval of the new contract by the Ministry of Finance and its publication in the Diário da República have not yet occurred.

18. Subordinated liabilities

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Guarantee Funds	733.807	598.513
Other	7.227	6.278
	741.034	**604.791**

As at 31 December 2016 and 2015, the balance of “Guarantee Fund” was linked to a financial agreement signed on 28 July 2005 between Banco Sol, Banco de Poupança e Crédito (“BPC”) and the coordinating promoter. The purpose of the agreement was to provide financial resources to ensure the implementation of a program for the granting of microcredit to small farm and similar farmers and consumer credit to teachers, nurses and other professionals located in rural and sub- Urban areas, by the aforementioned Banks. The amount was made available by the promoter of the program in cooperation with BPC and Banco Sol, amounting to USD 10,000,000, of which USD 8,000,000 would be for credit, USD 1,000,000 for microcredit and consumer credit and the remaining to the constitution of a guarantee fund to cover bad credit. Under the agreement, banks would charge interest of up to 8%, with a grace period of not less than one year nor more than two, depending on the nature of the projects. The amount allocated to the granting of credit should be reimbursed by the banks without interest. The repayment would be made in ten equal and consecutive half-yearly installments, the first being to take place up to 24 months from the respective disbursements. In 2010, in view of the high levels of debt, the Bank used most of the “Guarantee Fund” (mAKZ 418,193) to settle the past due liabilities of the various creditors, which was reinstated during the year 2014. In addition, the Bank is awaiting the formal reception of consent to such a transaction by the program sponsoring entity.

19. Other liabilities

As at 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Funds indexed to foreign exchange operations		
Cash funds	511.483	416.486
Tax charged on banking operations:		
Special contribution on banking operations	649.217	-
Stamp duty	158.750	62.937
Others	82.295	-
Labor income tax rate	59.666	56.739
Suppliers	906.170	1.249.582
Sundry creditors	16.985	238.116
Wages and other remuneration	434.988	810.284
Social security contributions:		
Employer	30.983	30.207
Employee	11.619	11.328
Contributions	3.839	7.487
Other administrative costs:		
Guarantee premiums	50.351	29.280
Others	468.095	80.926
	3.384.441	**2.993.372**

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

As at 31 December 2016 and 2015, "Suppliers" corresponded to services rendered to the Bank by several entities, whose outstanding amounts settlement will occur accordingly to the established dates.

As at 31 December 2015, the balance of the item "Sundry creditors" included the amount mAKZ 232,476 referring to remittances from Banco Sol branches located in other provinces resulting from deposits made by Bank clients to settle taxes with the National Directorate of the Treasury. These amounts were offset against the BNA in early 2016.

On December 31, 2016 and 2015, the balance of "Salaries and other remuneration" corresponds to vacation and vacation allowance entitlements whose entitlement was acquired by employees in respective years and whose settlement will occur in 2017 and 2016 respectively.

20. Equity – Share capital

The Bank was incorporated with a capital of mAKZ 49,400 (equivalent to the counter value of 4,000,000 USD on the date of incorporation), represented by 4,000,000 registered shares of one US Dollar each, having been fully subscribed and paid in cash.

During 2005 and 2007, the Bank increased its share capital by mAKZ 89,204 and mAKZ 80,264, respectively (equivalent to USD 1,000,000), in cash, to 6,000,000 registered shares of one Dollar American each.

In addition, at the Shareholders' Meeting held on March 27, 2008, it was resolved to increase the Bank's capital from USD 6,000,000 to USD 14,811,070 (equivalent to mAKZ 1,111,171).

By order dated November 24, 2010, the Governor of the National Bank of Angola authorized the post-adjustment of Banco Sol's share capital increase in 2008. However, the amount of the referred capital increase registered in Certificate of the First National Office of the District of Luanda, dated March 15, 2011, was not in agreement with the resolution drawn up in the Minutes of the General Shareholders' Meeting of the Bank, nor with the respective ratification of the Governor of the National Bank of Angola. Accordingly, on April 13, 2011, the National Bank of Angola re-certified the total amount of the capital increase deliberated at the General Meeting held on March 27, 2008, after which the Bank's capital stock was increased, for mAKZ 1,377,573 (equivalent to USD 18,362,013).

At a meeting of the General Meeting of 12 December 2011, the nominal value of each share in AKZ 400,6 was defined, with the Bank's capital being represented by 3,438,775 shares. The registration of this operation was made on March 23, 2012 in the "First Notary's Office" of the District of Luanda. n order to comply with BNA's new normative instruction, which obliges commercial banks to show a social capital, equivalent in Kwanzas, to USD 25 million, the Bank decided at a meeting of the General Assembly on April 11, 2014 to increase Capital in mAKZ 3,622,460, the same being represented by 3,550,000 shares with a nominal value of AKZ 1,406.46. The registration of this operation was made on December 09, 2014 at the "Luanda Notary's Office", passing the Bank's share capital, to mAKZ 5,000,033.

As at 31 December 2015 and 2014, the Bank's shareholder structure was broken down as follows:

	Nº of shares	**Holding %**
Sansul, S.A.	1.810.500,00	51,00%
Fundação Lwini	355.000,00	10,00%
António Mosquito	224.715,00	6,33%
Sociedade Comercial Martal, Lda	192.410,00	5,42%
Azury	192.410,00	5,42%
Noé Baltazar	192.410,00	5,42%
A P Santos	192.410,00	5,42%
Others with % lower than 5%	390.145,00	10,99%
	3.550.000	**100**%
Share Capital	5.000.033.000	
Dividends per share	1.408,46	

At 31 December 2016 and 2015, there were no shares with different rights.

In compliance with the provisions of article 446 (3) of Law no. 1/2004, of February 13, which enacts the Commercial Companies Law, in which it is required that members of the administrative and supervisory bodies of public limited companies disclose the number of shares and obligations they hold, we present below the shares held by members of the corporate bodies:

Shareholders	Position	Acquisition cost	Nº of shares	Holding %
Coutinho Nobre Miguel	Chairman of the Board of Directors	Nominal value	138.805	3,91

According to the shareholder structure existing on 31 December 2016, earnings per share for 2016 and 2015 are AKZ 2,598.09 and AKZ 2,111.61, respectively.

By unanimous deliberation of the General Meeting of April 8, 2016, it was decided to distribute to the shareholders dividends in the amount corresponding to 32% of the net result obtained in the previous year (mAKZ 2,398,789), and the remaining amount was applied in the items "Retained Earnings" and " Reserves and Funds ".

Legal reserve

Under current legislation, the Bank must establish a legal reserve fund equal to the correspondent value of share capital. To this end, a minimum of 10% of net income for the previous year is transferred, every year, to this reserve. This reserve can only be used to cover accumulated losses, when the remaining reserves are exhausted.

Revaluation of tangible assets

They correspond to revaluation reserves of property, plant and equipment that are pending liquidation but are likely to be realized under Decree-Law no. 6/96, of January 26, in order to reflect the effect of the devaluation of the national currency.

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

21. Net interest income

In the years ended 31 December 2016 and 2015, these items are broken down as follows:

	2016	2015
Income from financial assets		
Securities		
Held to Maturity	26.151.407	19.929.435
Held for trading	4.506.156	804.312
Inter-financial monetary market operations	24.113	86.898
Granted loans	14.272.843	9.801.345
	44.954.519	**30.621.990**
Costs of financial liabilities		
Customer deposits	8.439.830	4.395.117
Inter-financial monetary market operations	5.212.383	1.794.670
	13.652.213	**6.189.787**
Net interest income	**31.302.306**	**24.432.203**

In 2016 and 2015, the caption "Income from financial assets held-to-maturity securities" includes mAKZ 15,931,053 and mAKZ 13,693,429, respectively, which relate to gains on Treasury Bonds Indexed to the United States Dollar due to changes in the Angolan Kwanza exchange rate against the United States Dollar.

In 2015, the item "Income from financial assets - Deferred loans" includes the amount mAKZ 307,885 relating to a commission charged to a related entity relating to the management of a real estate project and financing granted to it.

In 2016 and 2015, the caption "Costs of financial instruments liabilities - from interbank money market operations" includes the amounts of mAKZ 1,001,639 and mAKZ 627,571, respectively, relating to IAC withheld from income from Treasury Bonds and Treasure Tickets.

22. Fees and commissions

For the years ended 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Income from financial services		
Commissions received:	1.297.218	2.423.807
By electronic clearing (VISA cards)	978.053	1.216.768
By collection of values	521.717	2.704.405
By foreign exchange operations	3.097.756	986.983
By commitment to third parties	231.513	213.032
By salary processing	66.872	73.935
By guarantees and sureties provided	735.998	957.073
Maintenance costs	613.441	423.884
Other costs	**7.542.568**	**8.999.887**

23. Costs of financial services

For the years ended 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Costs of financial services		
Commissions paid:		
By electronic clearing (VISA cards)	476.738	308.659
By foreign exchange operations	85.493	31.024
Other costs	162.106	694.187
	724.337	**1.033.870**

24. Gains / losses from foreign exchange operations

In the years ended at 31 December 2016 and 2015, this caption is comprised by:

	2016	2015
Gains/Losses from exchange rate adjustment	(1.626.761)	(7.931.351)
Gains/Losses from foreign exchange operations	1.734.529	4.719.294
	107.768	**(3.212.058)**

25. Other operating income

For the years ended 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Taxes		
Special contribution on banking operations	89.253	-
Stamp duty	83.084	23.431
Real estate tax	30.281	-
Penalties applied by regulatory authorities	1.598	21.270
Other income and operating costs	-	(336)
Income from previous years	70.843	(214.608)
Other income and expenses	357.166	(44.796)
	632.226	**(215.039)**

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

26. Personnel costs

For the years ended 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Salaries and wages:		
Remuneration of employees	5.950.228	5.735.343
Management and supervisory body remuneration	291.736	247.681
	6.241.964	**5.983.024**
Mandatory social costs:		
Employees	420.581	304.746
Voluntary social costs:		
Employees	466.368	292.995
	886.949	**597.741**
Other costs		
Contributions - Employees	148.375	223.307
Other	6.342	39.181
	154.717	**262.488**
	7.283.630	**6.843.253**

In the period ended December 31, 2016 and 2015, the caption "Other costs - Employee benefits" refers to the contribution made by the Bank to its employees in the acquisition of own housing in the so-called Solarium Vereda das Flores condominium (Note 13). At 31 December 2016 and 2015, the number of Bank employees amounted to 1,492 and 1,476, respectively.

27. Third party supplies

For the years ended 31 December 2016 and 2015, this caption is made up as follows:

	2016	2015
Specialized services		
Security and surveillance services	1.806.144	1.524.890
Auditors and consultants	4.012.121	2.383.298
IT services	870.313	1.059.337
Visa card services	206.877	145.522
ATM Maintenance services	290.235	365.573
Communication services	450.637	132.309
Other specialized technical services	1.617.561	600.398
Rentals	1.681.120	1.106.841
Miscellaneous materials	1.488.609	722.969
Transport, travel and accommodation	724.281	508.093
Advertising and publishing	348.382	161.375
Communications	219.685	107.914
Working capital	127.387	105.688
Water and electricity	70.249	63.897
Insurance	213.863	38.423
Other third party supplies	384.370	978.305
	14.511.834	**10.004.832**

In 2016 and 2015, the item “Specialized Services - Audits and Consultancies” includes the amounts of mAKZ 3,730,684 and mAKZ 2,070,417 relating to consulting and partnership services, established with suppliers accordingly to the Bank’s commercial strategy.

In 2016 and 2015, the item “Specialized Services - Computer Services” corresponds essentially to the costs of the rental of computer equipment and its maintenance.

In 2016 and 2015, the item “Leases” includes the amount of mAKZ 829,420 and mAKZ 538,091 related to the lease of 7 floors of the “Luanda Inn” building, located in Luanda, in the Maculusso neighborhood (Headquarters of the Bank), beginning on 1 January 2011.

In 2016 and 2015, the heading “Working capital” corresponds to current costs incurred by the Bank’s agencies through the use of a ceiling allocated for this purpose.

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

28.Charges on current earnings

The Bank is subject to taxation under an industrial tax in accordance with the tax law in force in Angola, and a taxpayer of Group A is considered to be a taxpayer. The applicable tax rate is 30%, pursuant to the amendments introduced by Law no. 19/14 of 22 October.

At 31 December 2016 and 2015, the reconciliation between accounting profit and profit for the purposes of calculating industrial tax is as follows:

	2016	2015
Profit before tax and other charges	9.570.170	8.091.301
Fiscal fines (art. 40º)	1.598	21.270
Other additions	1.770.419	2.266.767
Adjustments:		
Income subject to IAC(Note 21)	9.930.018	7.397.325
Taxable income	1.412.169	2.982.013
Nominal tax rate	30%	30%
Normal tax rate	423.651	894.604
Provisional settlements	-	-
Tax to pay	423.651	894.604
Deferred tax assets	(76.668)	(299.519)
Total income tax	346.983	595.085

In addition, under the terms of item c) of number 1 of Article 23 of the Industrial Tax Code, income derived from any Angolan public debt securities is not considered as income for the purpose of calculating the Industrial Tax payable.

In the year ended 31 December 2016 and 2015, the Bank recorded deferred tax assets in the amount of AKZ 76,668 and AKZ 299,519, respectively, related to the reinforcements made in provisions temporarily not accepted as fiscal cost.

The tax authorities have the possibility to review the tax situation of the Bank for a period of five years and may result, due to different interpretations of the tax legislation, possible corrections to the taxes established. In view of the tax amnesty regime, with respect to the Industrial Tax, IAC, Income Tax, Stamp Tax and Urban Property Tax, tax authorities can only review the fiscal situation of the Bank for the years 2013 to 2015. The Bank's Board of Directors believes that any additional settlements that may result from such revisions will not be significant for the attached financial statements.

29. Disclosures regarding financial instruments

Regarding financial instruments, the book value of assets and liabilities is valued as follows:

	2016				
	Held at fair value	**Valued at depreciated cost**	**Valued at historical cost**	**Impairment**	**Net Value**
Assets					
Cash and cash equivalent at central banks	57.141.490	-	-	-	57.141.490
Cash and cash equivalents at other credit institutions	37.575.765	-	-	-	37.575.765
Applications to central banks and other credit institutions	-	-	-	-	-
Financial assets at fair value through profit or loss	153.958	-	-	-	153.958
Held-to-maturity investments	-	75.729.482	-	-	75.729.482
Credit to customers	-	202.668.909	-	(13.662.676)	189.006.233
Investments in subsidiaries, associates and joint ventures	-	-	422.563	(422.563)	-
	94.871.213	**278.398.391**	**422.563**	**(14.085.239)**	**359.606.928**
Liabilities					
Resources from central banks and other credit institutions	8.886.516	51.633.352	-	-	60.519.868
Customer resources and other loans	180.958.934	108.079.579	-	-	289.038.513
Liabilities represented by securities	-	9.731.468	-	-	9.731.468
Subordinated debt	**741.034**	**-**	**-**	**-**	**741.034**
	190.586.484	**169.444.399**	**-**	-	**360.030.883**

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

	2015				
	Held at fair value	**Valued at depreciated cost**	**Valued at historical cost**	**Impairment**	**Net Value**
Assets					
Cash and cash equivalents at central banks	49.852.628	-	-	-	49.852.628
Cash and cash equivalents at other credit institutions	21.049.276	-	-	-	21.049.276
Applications to central banks and other credit institutions	-	814.160	-	-	814.160
Financial assets at fair value through profit or loss	-	-	-	-	-
Held-to-maturity investments	-	127.748.844	-	-	127.748.844
Credit to customers	-	110.214.698	-	(10.482.202)	99.732.496
Investments in subsidiaries, associates and joint ventures	-	-	404.744	(404.744)	-
	70.901.904	**238.777.702**	**404.744**	**(10.886.946)**	**299.197.404**
Liabilities					
Resources from central banks and other credit institutions	-	12.056.514	-	-	12.056.514
Customer resources and other loans	198.806.854	78.244.903	-	-	277.051.757
Liabilities represented by securities	-	8.074.897	-	-	8.074.897
Subordinated liabilities	**604.791**	**-**	**-**	**-**	**604.791**
	199.411.645	**98.376.314**	**-**	-	**297.787.959**

A further analytical breakdown of the fair value measurements of financial instruments, assets and liabilities, as of December 31, 2016 and 2015, is described in the following maps:

	2016						
		Financial instruments at fair value					
	Book value (net)	Recorded at balance sheet at fair value	Recorded at balance sheet at depreciated value	Total	Variation	Assets valued at historical costs	Net value
Assets							
Cash and cash equivalents at central banks		57.141.490	-	57.141.490	-	-	57.141.490
Cash and cash equivalents at other credit institutions		37.575.765	-	37.575.765	-	-	37.575.765
Applications to central banks and other credit institutions							
Financial assets at fair value through profit or loss	153.958	153.958	-	153.958	-	-	153.958
Held-to-maturity investments	75.729.482	-	75.729.482	75.729.482	-	-	75.729.482
Credit to customers	202.668.909	-	189.006.233	189.006.233	13.662.676	-	189.006.233
Investments in subsidiaries, associates and joint ventures	422.563	-	-	-	-	422.563	-
	373.692.167	**94.871.213**	**264.735.715**	**359.606.928**	**13.662.676**	**422.563**	**359.606.928**
Liabilities							
Resources from central banks and other credit institutions	60.519.868	8.886.516	51.633.352	60.519.868	-	-	60.519.868
Customer resources and other loans	289.038.513	180.958.934	108.079.579	289.038.513	-	-	289.038.513
Liabilities represented by securities	9.731.468	-	9.731.468	9.731.468	-	-	9.731.468
Subordinated debt	741.034	741.034	-	741.034	-	-	741.034
	360.030.883	**190.586.484**	**169.444.399**	**360.030.883**	**-**	**-**	**360.030.883**

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

	2015						
		Financial instruments at fair value					
	Book value (net)	Recorded at balance sheet at fair value	Recorded at balance sheet at depreciated value	Total	Variation	Assets valued at historical costs	Net value
Assets							
Cash and cash equivalents at central banks	49.852.628	49.852.628	-	49.852.628	-	-	49.852.628
Cash and cash equivalents at other credit institutions	21.049.276	21.049.276	-	21.049.276	-	-	21.049.276
Applications to central banks and other credit institutions	814.160	-	814.160	814.160	-	-	814.160
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Held-to-maturity investments	127.748.844	-	127.748.844	127.748.844	-	-	127.748.844
Credit to customers	110.214.698	-	99.732.496	99.732.496	10.482.202	-	99.732.496
Investments in subsidiaries, associates and joint ventures	404.744	-	-	-	-	404.744	-
	310.084.350	**70.901.904**	**228.295.500**	**299.197.404**	**10.482.202**	**404.744**	**299.197.404**
Liabilities							
Resources from central banks and other credit institutions	12.056.514	-	12.056.514	12.056.514	-	-	12.056.514
Customer resources and other loans	277.051.757	198.806.854	78.244.903	277.051.757	-	-	277.051.757
Liabilities represented by securities	8.074.897	-	8.074.897	8.074.897	-	-	8.074.897
Subordinated debt	604.791	604.791	-	604.791	-	-	604.791
	297.787.959	**199.411.645**	**98.376.314**	**297.787.959**	**-**	**-**	**297.787.959**

The financial instruments recorded in the balance sheet at 31 December 2016 and 2015 at fair value were classified by levels, according to the hierarchy established in IFRS 13 and disclosed in the table below:

	2016			
	Level 1 Listed on active market	Level 2 Observable market data	Level 3 Other valuation techniques	Total
Assets				
Cash and cash equivalents at central banks	-	57.141.490	-	57.141.490
Cash and cash equivalents at other credit institutions	-	37.575.765	-	37.575.765
Financial assets at fair value through profit and loss	-	-	153.958	153.958
Total assets at fair value	**-**	**94.717.255**	**153.958**	**94.871.213**
Liabilities				
Resources from central banks and other credit institutions				
Customer resources and other loans	-	180.958.934	-	180.958.934
Subordinated debt	-	741.034	-	741.034
Total liabilities measured at fair value	**-**	**242.219.836**	-	**242.219.836**

Risk management policies and defined competence limits

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

- To define assumptions and processes for quantitative and / or qualitative analysis to identify / monitor and control exposure to risks considered relevant to the Bank;

- Implement a risk monitoring process, with adequate quantitative support, to link the exposure to risks with the respective capital impacts;

- Define levels of tolerance for the various risks / risk factors, as well as their linkage with the implementation of mitigation and / or risk transfer mechanisms and initiatives, according to defined alert levels.

The risk management of the Bank is formalized and communicated in the form of the "Risk Committee" in order to ensure that the guidelines are communicated transversally, using institutional power, and are fully reflected in the granting and acceptance of risks, as well as in the measurement, monitoring and control of different exposures.

High-level control of risk management processes and functions is ensured by the advisory body, established by the Board of Directors, for support in making risk decisions.

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

Foreign exchange risk

The Bank incurs this risk arising from the maintenance of a certain open position in foreign currency because any adverse variations in the market exchange rates could cause actual or potential losses. In this case, the Bank considers an open position any situation where the Bank's overall liabilities to be settled in a particular currency are not equal to the respective overall amount that the Bank has to receive in that currency.

The following maps represent the sensitivity analysis of the equity method of financial instruments to exchange rate variations in 2016 and 2015:

	2016					
	-20%	**-10%**	**-5%**	**5%**	**10%**	**20%**
Currency						
United States Dollars	(6.993.538)	(3.496.769)	(1.748.385)	1.748.385	3.496.769	6.993.538
Euros	(3.893.817)	(1.946.909)	(973.454)	973.454	1.946.909	3.893.817
Other currencies	5.972.513	2.986.256	1.493.128	(1.493.128)	(2.986.256)	(5.972.513)
	(4.914.842)	**(2.457.422)**	**(1.228.711)**	**1.228.711**	**2.457.422**	**4.914.842**

	2015					
	-20%	**-10%**	**-5%**	**5%**	**10%**	**20%**
Currency						
United States Dolar	(10.762.663)	(5.381.331)	(2.690.666)	2.690.666	5.381.331	10.762.663
Euros	(548.071)	(274.035)	(137.018)	137.018	274.035	548.071
Other currencies	(50.150)	(25.075)	(12.538)	12.538	25.075	50.150
	(11.360.884)	**(5.680.441)**	**(2.840.222)**	**2.840.222**	**5.680.441**	**11.360.884**

Interest rate risk

The Bank incurs this risk as a result of adverse changes in interest rates and, at the same time, in the premiums or discounts on the forward exchange rates of the currencies concerned. This risk results from the non-maturity of the maturities of receipts and payments in a given currency, increasing the gap growth - the difference between total receipts and total payments, maturing in the respective period.

The tables below detail the financial instruments, in 2016 and 2015, with exposure to interest rate risk based on the maturity date or the reinstatement date:

	2016								
		Maturity date							
	Up to 1 month	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 months to 1 years**	**From 1 to 3 years**	**from 3 to 5 years**	**More than 5 years**	**Undetermined**	**Total**
Assets									
Cash and cash equivalents at central banks	57.141.490	-	-	-	-	-	-	-	57.141.490
Cash and cash equivalents at other credit institutions	37.575.765	-	-	-	-	-	-		37.575.765
Applications to central banks and other credit institutions	-	-	-	-	-	-	-	-	-
Financial assets at fair value through profit or loss	153.958	-	-	-	-	-	-	-	153.958
Held-to-maturity investments	59.397	10.759.611	64.910.474	-	-	-	-	-	75.729.482
Credit to customers	28.845.55	33.731.011	57.753.820	13.392.209	15.008.913	15.720.908	38.216.493	-	202.668.909
	123.776.765	**44.490.622**	**122.664.294**	**13.392.209**	**15.008.913**	**15.720.908**	**38.216.493**	-	373.269.604
Liabilities									
Resources from central banks and other credit institutions	56.514.279	4.005.589	-	-	-	-	-	-	60.519.868
Customer resources and other loans	200.672.391	52.691.663	20.074.129	15.290.735	309.595	-	-	-	289.038.513
Liabilities represented by securities	117.250	6.861.176	98.293	1.545.412	1.109.337	-	-	-	9.731.468
Subordinated debt	741.034	-	-	-	-	-	-	-	741.034
	258.044.954	**63.558.428**	**20.172.422**	**16.836.147**	**1.418.932**	**-**	**-**	-	**360.030.883**
	(134.268.789)	**(19.067.806)**	**102.491.872**	**(3.443.938)**	**13.589.981**	**15.720.908**	**38.216.493**	**-**	**13.238.721**

8.6 Notes to the financial statements on December 31, 2016

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

	2015								
		Maturity date							
	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 years	From 1 to 3 years	from 3 to 5 years	More than 5 years	Undetermined	Total
Assets									
Cash and cash equivalents at central banks	49.852.628	-	-	-	-	-	-	-	49.852.628
Cash and cash equivalents at other credit institutions	21.049.276	-	-	-	-	-	-		21.049.276
Applications to central banks and other credit institutions	814.160	-	-	-	-	-	-	-	814.160
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-
Held-to-maturity investments	-	6.248.949	121.499.895	-	-	-	-	-	127.748.844
Credit to customers	3.504.681	4.288.666	3.211.892	6.984.823	19.053.061	24.306.870	48.864.705	-	110.214.696
	75.220.745	**10.537.615**	**124.711.787**	**6.984.823**	**19.053.061**	**24.306.870**	**48.864.705**	-	309.679.606
Liabilities									
Resources from central banks and other credit institutions	12.058.514	-	-	-	-	-	-	-	12.056.514
Customer resources and other loans	215.851.603	16.600.395	32.836.325	11.484.387	279.047	-	-	-	277.051.757
Liabilities represented by securities	6.442	226.911	1.460.027	848.014	5.533.503	-	-	-	8.074.897
Subordinated debt	604.791	-	-	-	-	-	-	-	604.791
	228.519.350	**16.827.306**	**34.296.352**	**12.332.401**	**5.812.550**	**-**	**-**	-	**297.787.959**
	(153.298.605)	**(6.289.691)**	**90.415.435**	**(5.347.578)**	**13.240.511**	**24.306.870**	**48.864.705**	**-**	**11.891.647**

Liquidity risk

In terms of liquidity risk management (including asset and liability management, interest rate and exchange rate), the objective is to ensure that Banco Sol has sufficient net equity to meet its financial obligations and done in accordance with the business objectives.

Systematizing, the liquidity risk management process integrates the core areas of business management with implicit risk, such as asset and liability management, liquidity management and treasury management. These areas deal with the Bank's overall liquidity risk by taking into account the overall management of the balance sheet structure, the management of net equity and the operational management of the implicit cash flows of the business.

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

Operational risk

The rationale for operational risk is strictly linked to internal control in a joint approach and the Bank is now developing procedures and controls to assess:

- Client, product and business practices (including failures to comply with internal and external impositions);
- Execution, delivery and management of processes;
- Damage to physical assets;
- Business disruption and system failures;
- Employment and occupational safety practices;
- Internal fraud;
- External fraud.

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

Credit Risk

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

The Banks maximum exposure to this risk is as follows:

	2016		
	Book value (gross)	**Impairment**	**Book value (net)**
On-Balance			
Cash and cash equivalents at central banks	57.141.490	-	57.141.490
Cash and cash equivalents at other credit institutions	37.575.765	-	37.575.765
Applications to central banks and other credit institutions	-	-	-
Financial assets at fair value through profit or loss	153.958	-	153.958
Held-to-maturity investments	75.729.482	-	75.729.482
Credit to customers	202.668.909	(13.662.676)	189.006.233
Investments in subsidiaries, associates and joint ventures	422.563	(422.563)	-
	373.692.167	**(14.085.239)**	**359.606.928**
Off-balance			
Provided guarantees	14.504.041	(541.757)	13.962.284
	388.196.208	(14.626.996)	**373.569.212**

	2015		
	Book value (gross)	**Impairment**	**Book value (net)**
On-Balance			
Cash and cash equivalents at central banks	49.852.628	-	49.852.628
Cash and cash equivalents at other credit institutions	21.049.276	-	21.049.276
Applications to central banks and other credit institutions	814.160	-	814.160
Financial assets at fair value through profit or loss	-	-	-
Held-to-maturity investments	127.748.844	-	127.748.844
Credit to customers	110.214.698	(10.482.202)	99.732.496
Investments in subsidiaries, associates and joint ventures	404.744	(404.744)	-
	310.084.350	**(10.886.946)**	**299.197.404**
Off-balance			
Provided guarantees	9.430.399	(28.654)	9.401.745
	319.514.749	(10.915.600)	**308.599.149**

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

At 31 December 2016 and 2015 the credit risk granted to customers according to their geographical concentration was as follows:

	2016			
	Geographical area			
	Angola	Other African countries	Europe	Total
Assets				
Cash and cash equivalents at central banks	57.141.490	-	-	57.141.490
Cash and cash equivalents at other credit institutions	1.059.698	11.446	36.504.621	37.575.765
Applications to central banks and other credit institutions	-	-	-	-
Financial assets at fair value through profit or loss	153.958	-	-	153.958
Held-to-maturity investments	75.729.482	-	-	75.729.482
Credit to customers	189.006.233	-	-	189.006.233
Investments in subsidiaries, associates and joint ventures	-	-	-	-
	323.090.861	**11.446**	**36.504.621**	**359.606.928**
Liabilities				
Resources from central banks and other credit institutions	51.633.352	-	8.886.516	60.519.868
Customer resources and other loans	289.038.513	-	-	289.038.513
Liabilities represented by securities	9.731.468	-	-	9.731.468
Subordinated debt	741.034	-	-	741.034
	351.144.367	**-**	**8.886.516**	**360.030.883**

	2015			
	Geographical area			
	Angola	**Other African countries**	**Europe**	**Total**
Assets				
Cash and cash equivalents at central banks	49.852.628	-	-	49.852.628
Cash and cash equivalents at other credit institutions	1.022.243	36.914	19.990.119	21.049.276
Applications to central banks and other credit institutions	-	-	814.160	814.160
Financial assets at fair value through profit or loss	-	-	-	-
Held-to-maturity investments	127.748.844	-	-	127.748.844
Credit to customers	99.732.496	-	-	99.732.496
Investments in subsidiaries, associates and joint ventures	-	-	-	-
	278.356.211	**36.914**	**20.804.279**	**299.197.404**
Liabilities				
Resources from central banks and other credit institutions	12.056.514	-	-	12.056.514
Customer resources and other loans	277.051.757	-	-	277.051.757
Liabilities represented by securities	8.074.897	-	-	8.074.897
Subordinated debt	604.791	-	-	604.791
	297.787.959	**-**	**-**	**297.787.959**

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

30. Balances and transactions with related parties

As at 31 December 2016 and 2015, the principal balances and transactions maintained with related entities are as follows:

	2016				
	Shareholders	**Members of the Governing Bodies**	**Subsidiaries**	**Other related parties**	**Total**
Assets					
Client loans	16.499.743	2.588.041	2.486.833	513.067	22.087.684
Other assets	-	-	390	-	390
	16.499.743	**2.588.041**	**2.487.223**	**513.067**	**22.088.074**
Liabilities					
Client resources and other loans	6.040.574	365.357	65.251	867	6.472.049
Other liabilities	939	6	-	-	945
	6.041.513	**365.363**	**65.251**	**867**	**6.472.994**

	2015				
	Shareholders	**Members of the Governing Bodies**	**Subsidiaries**	**Other related parties**	**Total**
Assets					
Client loans	10.809.741	2.588.041	2.486.833	513.067	22.087.684
Other assets	-	-	390	-	390
	10.809.741	**2.588.041**	**2.487.223**	**513.067**	**22.088.074**
Liabilities					
Client resources and other loans	1.213.852	519.381	400.601	47.465	2.181.299
Other liabilities	-	-	-	-	-
	1.213.852	**519.381**	**400.601**	**47.465**	**2.181.299**

At 31 December 2016 and 2015, the main related entities are as follows:

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.
Sansul, S.A.
Fundação Lwini
Noé José Baltazar
Ana Paula dos Santos
Sociedade de Comércio Martal
Júlio Marcelino Bessa
António Mosquito

Members of Corporate Bodies:

António Graça
Coutinho Nobre Miguel
Ana Carreira
Carla Marina Van-Dúnem
Gil Alves Benchimol

Subsidiaries:

Bolsa de Valores e Derivados de Angola
EMIS – Empresa Interbancária de Serviços, S.A.R.L.
Galilei, SGPS, S.A.
Sodecom, S.A.
Suninvest, S.A.
SOPRO'S, S.A.

Others related entities:

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

At December 31, 2016 and 2015, loans granted to related entities, excluding advances to depositors, earn interest at the average annual rate of 14.51% and 7.64%, respectively, for operations denominated in local currency and at the rate Of 11.32% and 11.23%, respectively, for operations in foreign currency (USD).
During the financial year 2015, about 350,000 mAKZ of credit operations granted to related entities were subject to changes in contractual conditions.

On the other hand, during the years ended December 31, 2016 and 2015, the Bank supported lease expenses of approximately mAKZ 829,420 and mAKZ 538,091, respectively, with its headquarters building, debited by a related entity.

At 31 December 2016 and 2015, credit operations granted to related entities had the following associated guarantees:

	2016	2015
Pledge of financial instruments	9.176.070	-
Mortgage on property	2.986.444	3.558.830
Promissory notes	3.610.574	3.266.212
Promissory notes and irrevocable power of attorney for the constitution of mortgages	5.276.346	4.881.597
Pledge of Bank shares	726.655	3.972.396
Others	311.595	263.704
	22.087.684	**15.942.739**

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

31. Balances by currency

At 31 December 2016 and 2015, the Bank's balance sheet by currency presented the following structure:

	2016		
	National currency	**Foreign currency**	**Total**
Cash and cash equivalents at central banks	54.372.492	2.768.998	57.141.490
Cash and cash equivalents at other credit institutions	1.026.997	36.548.768	37.575.765
Applications to central banks and other credit institutions	-	-	-
Financial assets at fair value through profit or loss	153.958	-	153.958
Held-to-maturity investments	67.282.670	8.446.812	75.729.482
Credit to customers	179.674.172	9.332.061	189.006.233
Other tangible assets	28.330.429	-	28.330.429
Intangible assets	332.077	-	332.077
Investments in subsidiaries, associates and joint ventures	-	-	-
Current tax assets	-	-	-
Deferred tax assets	883.864	-	883.864
Other assets	7.040.005	589.292	7.629.297
Total Assets	**339.096.664**	**57.685.931**	**396.782.595**
Resources from central banks and other credit institutions	50.227.840	10.292.028	60.519.868
Customer resources and other loans	210.735.943	78.302.570	289.038.513
Liabilities represented by securities	-	9.731.468	9.731.468
Provisions	2.774.584	349.613	3.124.197
Current tax liabilities	590.385	-	590.385
Subordinated debt	7.226	733.808	741.034
Other liabilities	2.860.271	524.170	3.384.441
Total Liabilities	**267.196.249**	**99.933.657**	**367.129.906**
(Assets - Liabilities)			**29.652.689**

	2015		
	National currency	**Foreign currency**	**Total**
Cash and cash equivalents at central banks	46.158.778	3.693.850	49.852.628
Cash and cash equivalents at other credit institutions	1.025.225	20.024.051	21.049.276
Applications to central banks and other credit institutions	-	814.160	814.160
Financial assets at fair value through profit or loss	-	-	-
Held-to-maturity investments	120.842.182	6.906.662	127.748.844
Credit to customers	93.137.751	6.594.745	99.732.496
Other tangible assets	23.338.542	-	23.338.542
Intangible assets	354.437	-	354.437
Investments in subsidiaries, associates and joint ventures	-	-	-
Current tax assets	39.140	-	39.140
Deferred tax assets	690.464	-	690.464
Other assets	3.197.092	21.210	3.218.302
Total Assets	**288.783.611**	**38.054.678**	**326.838.289**
Resources from central banks and other credit institutions	10.861.804	1.194.710	12.056.514
Customer resources and other loans	225.762.606	51.289.151	277.051.757
Liabilities represented by securities	-	8.074.897	8.074.897
Provisions	2.214.669	150.800	2.365.469
Current tax liabilities	863.219	-	863.219
Subordinated debt	6.278	598.513	604.791
Other liabilities	2.465.672	527.699	2.993.371
Total Liabilities	**242.174.248**	**61.835.770**	**304.010.018**
(Assets - Liabilities)			**22.828.271**

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

32. Off balance sheet headings

As at 31 December 2016 and 2015, these items are broken down as follows:

	2016	2015
Guarantees and any other liabilities:		
Open documentary credit	13.256.308	7.536.762
Guarantees and sureties provided	1.247.733	1.893.637
	14.504.041	**9.430.399**
Escrow accounts	10.126.933	6.948.807
Loans written off as losses	3.588.392	2.374.723
Guarantees received	170.573.033	52.501.595
Liabilities from services provided		
Custody of securities	74.645.155	9.885.360
Collection of values	11.641	6
	74.656.796	**9.885.366**

The guarantees and guarantees provided are bank operations that do not translate into mobilization of funds by the Bank, and are related to guarantees provided to support import operations and to execute contracts by Bank clients. The guarantees provided and the commitments assumed represent amounts that may be payable in the future.

Open documentary credits are irrevocable commitments on the part of the Bank, on behalf of its customers, to pay / arrange to pay a determined amount to the supplier of a given merchandise or service, within a stipulated period, against the presentation of documents relating to the shipment of the merchandise or provision of the service. The irrevocable condition is that its cancellation or alteration is not viable without the express agreement of all parties involved. Notwithstanding the specificities of these contingent liabilities and commitments, the appreciation of these operations is based on the same basic principles of any other commercial operation, namely the solvency of both the client and the business underlying them, and the Bank requires these operations to be adequately collateralized when necessary. Since most of them are expected to expire without being used, the amounts indicated do not necessarily represent future cash requirements.

33. Subsequent events

Subsequent to December 31, 2016, no events were detected and were not capable of influencing the financial report for the period then ended, either in terms of recognition or in terms of disclosure, and therefore, without the reported position and financial performance being influenced.

34. Note added for translation

These financial statements are a translation of financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.


Diversifying the economy is like
to build a fortress in which each
cement block is likewise solid.

9.
REPORT AND OPINION OF THE SUPERVISORY BOARD

Dear Shareholders,

1. In compliance with the legal and statutory provisions, we hereby submit for your appreciation the Report and Opinion of the Supervisory Board on the Financial Statements presented by the Board of Directors of Banco Sol as at 31 December 2016.

2. We monitored during the year with the frequency and to the extent that we deemed appropriate the evolution of the Bank's activity, the regularity of accounting records and compliance with applicable legal and statutory rules. We also obtained from the Board of Directors and the various services of the Bank the information and clarifications requested, necessary for the issuance of our seem.

3. We have examined and agree with the contents of the Auditors' Report, issued by the Company PKF Auditores & Consultores S.A which we give as fully reproduced.

4. Within the scope of our duties, we examined the Balance Sheet as at 31 December 2016, the statements of income from changes in own funds and cash flows for the year then ended, and the related annexes thereto, including the accounting policies and valuation criteria adopted.

5. In addition, we examined the management report for the year 2016, prepared by the Board of Directors and the proposal for the application of results included.

6. In view of the above assessment, and taking in consideration the work carried out, we are of the opinion the General Meeting can:

a) Approve the Board of Director's Management Report, relating to the year ended 31 December;

b) Approve the accounts for that year

c) Approve the proposed allocation of profit, set forth in the Board of Director's Report

d) Approve a vote of confidence, recognition to the Board of Directors and the the results achieved in 2016. These results reflect the solidity, growth and resilience of the Bank.

Luanda, 07th of April 2017

The Fiscal Council
Chairman

Dr. Júlio Marcelino Vieira Bessa

1st Member

(Eng° Noé José Baltazer)

2nd Member

(Dr. Eduardo Santana)

10.
INDEPENDENT AUDIT REPORT

PKF
Accountants &
business advisers

Introduction

1. We have audited the accompanying Financial Statements of Banco Sol, S.A., which comprises the Statement of Financial Position as at 31 December 2016, which shows a total of 396,782,595 thousand Angolan kwanzas and a total of own funds of 29.652.689 thousands of Angolan kwanzas, including a net profit of 9,223,207 thousands of Angolan kwanzas, the Statements of income, Income and other comprehensive income, Statement of changes in Equity and Statement of Cash flows for the year then ended and the corresponding Notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards issued by IASB – International Accounting Standards Board and by the internal control that determines being necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Audit Responsibility

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the accounting principles of CONTIF. Those principles require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

6. In our opinion, the Financial Statements referred above give a true and fair view, in all material respects of the financial position of Banco Sol, S.A. as at 31 December 2016, the result and the in full income from its operations, changes in its equity and cash flows for the year then ended, and comply with International Financial Reporting Standards (IASB) issued by the International Accounting Standards Board (Note 2).

Luanda, April 6, 2017

PKF Angola, S.A.
Represented by
Henrique Manuel Camões Serra (Perito Contabilista n.° 20130167)

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O banco de todos nós

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