



# Banking *review*

10 years of ambition  
10 years of evolution

**Deloitte.**







## 10 years of ambition 10 years of evolution

Deloitte is pleased to present you the 10<sup>th</sup> annual edition of the Banking Review study.

Over this decade, we have witnessed an extraordinary ambition of the financial sector that has resulted in a highly significant and positive evolution. In these ten years, more than ten different commercial financial institutions have been launched and those that were already operating have experienced a growth towards a greater sophistication and the implementation of sustainability models into their operations that today confer then a consolidated position in the national market and, in some cases, in international markets.

Over the course of these ten years, the financial sector was one of the motors that drove progress and social inclusion. The commercial banks played their role alongside the National Bank of Angola – the cornerstone of the financial system – adopting their mission to make the financial sector a pillar of the national economy.

During this period, we may observe a significant number of positive indicators detailing the sector. In this sense, we would like to highlight the fact that in 2005 the banking sector employed 4,300 people, whose number increased to 19,000 during 2014. Additionally, regarding the geographic presence, it was reported the existence of 230 bank branches in 2005, whereas, today there are over 1,600 branches throughout the country.

These are victories within the scope of the sector's growth and in alignment with the ambition to affirm and progress within the country. The financial sector has played a fundamental role serving the client alongside the work put into strengthening the private business sector and the sophistication of its respective agents.

In this 10<sup>th</sup> edition of Banking Review, we present some major conclusions. In the last year in particular, we take joy from the continued positive evolution that the banks continue to experience along with the trust of depositors. It was another year of significant growth in the volume of deposits in addition to a very significant evolution of all the indicators related to the daily economic transactions of the system, being notable a 59% rise in the volume of transactions made by payment terminals between 2013 and 2014.

On the other hand, there are still some very relevant challenges related to the need to be aware of the unfavourable evolution in bad credit ratios experienced over the last year.

In this study, we again draw upon the vision of bank leaders who convey the pulse of the organisations they manage and the energy with which they approach their work. This represents a fundamental factor in understanding just how growth and progress shall advance in the future. In this edition, we do not only rely on the testimonies of leaders of institutions operating in the market for various years but also of agents that will be part of these heading into the future.

In the year in which we celebrate the 10<sup>th</sup> anniversary of Banking Review, the same year that the nation celebrates its 40<sup>th</sup> anniversary of independence, Deloitte is proud in having contributed to, and being part of, this history. This details a very long and highly successful road. We remain firm in our role that we are here not only to support, but also to challenge the progress of the national economy and the affirmation of the country.

**Rui Santos Silva**  
Country Managing Partner  
Deloitte Angola



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# 10 years of history



**Amílcar Azevedo da Silva**  
President of the  
ABANC – the Angolan  
Banking Association

DELOITTE ANGOLA reminded me that Banking Review commemorates its 10<sup>th</sup> anniversary and that in addition to the traditional congratulations that ABANC has never spared over these years, as representative of the banks, I would like to dedicate some lines to this publication and thus reflect on what has been done and, fundamentally, its utility in bestowing a better understanding of the activities conducted by Banks.

I accepted the invitation, as a great honour, for the banking system even while the quality of this response shall only strive to meet the quality of that expected by the respective parties.

I decided in favour of a very light note consistent with the purpose of presenting Banking Review, itself a formal ambience with rigorous discourses, sometimes severe or austere and, after all, targeting those with money, anxious to hear numbers, market shares, systemic impairment, the best, the worst...

With ten years now behind us, and how time does fly, there is due recognition that much of the good that has been done drew great utilisation from the public examples presented at the successive and constantly and progressively better events run by Deloitte. The meaning and interpretation of faithfully reproduced indicators, the threats and opportunities posed to each bank, their competitive advantages, indeed, lessons that deserved the obligatory presence of banking staff as these Forums have proven to be benchmark examples for empowerment and training.

In parallel, ABANC and Banking Review have grown together, experiencing synergies with the Banks as major drivers of the great economic, financial and social transformations taking place in our country over the last decade. Essential partners for the government, companies and families, banks have expanded their businesses and are already applying technological innovation and temporarily free resources, in the benefit of growth in employment and consumption and at the Deloitte event, with strict criteria, analysing paths and routes, stimulating areas of action, calling for still greater ambition whilst signposting prudence and caution where needed and within the framework of a desired, and I would even say necessary, partnership that has appropriately performed the role attributed within the context of a sector that has strengthened and matured in full awareness of its responsibilities.

The Deloitte business segments, implemented by well-trained professionals with experience of our markets, help in conveying quality and coverage in the information provided. This has defined, and very clearly through Banking Review, the different moments our economy has experienced, including two crises. That of 2008, which was undoubtedly less deep reaching, whilst still violent in its short term effects and just as well we were able to make the necessary preparations for the future that might now be perceived as turbulent for those same motives, and that of 2015, this time driving us towards programs for economic diversification, for being longstanding, irreversible in the path to be taken, and happily now better prepared.

Throughout any and all of these periods of economic turbulence, Banking Review engaged in profound debates that detailed the urgency of the need for reforms and the application of new instruments for banking activities, duly put into effect by the National Bank of Angola, highlighting interesting quotations and great opportunities in relation to the themes proposed for each event: "In Troubled Times, Management Precision Prevails," "Sustainable Growth Based on a Rigorous Vision," "Solidity, Dynamism and Confidence, the Leverages of the Future," and "The Challenges of the Present Are the Foundations of the Future".

These titles, profoundly dissected by bank managers at the annual events state just how the Banks encapsulate the importance of statistics as a stabilising resource for their activities, for their market positioning. A true barometer of the quality provided in benefit of growth and development.

The difficult times, of financial and economic crisis that have so drastically interrupted our daily realities have already demanded behavioural turnarounds, greater rigour, greater discipline, transparency and best practices. Thus, the Angolan banking sector is undergoing a natural restructuring, regulation relating to prudence and behaviour and in the governance of institutions that have become more resilient and capable of confronting, as is demanded of them, the economic transformations that the country has to go through.

In this context, the Banks expect that Banking Review remains as it has been, authentic, even while not always pleasant, profound, innovative and accessible in its work, whose quality and merit the ABANC holds the duty of highlighting and, for this same reason, judging it an essential partner in the search for "excellence" in the Angolan banking system.

# On the front line of mobility



**Mário Barber**  
President of the  
Executive Commission  
until August 2015

## What event would you highlight as having the greatest impact on the Angolan economy in 2014?

The abrupt fall in the price of oil on international markets, beginning in the second half of 2014, alongside the consequences of imbalances in some markets and the switch by the United States from a net energy importer to a net exporter, certainly features as the event of the greatest relevance to the Angolan economy and for various motives among which we may stress the negative impact on i) oil revenues ii) international reserve liquidity iii) the stability of the national currency and prices iv) the financial system v) economic outlook and confidence and vi) the economy in general.

The maintenance of the current conjuncture in the oil sector considerably reduces the capacity of economic agents to finance the expansion and development of an economy still strongly positioned towards imports and highly dependent on a single source of external revenue. In parallel, we would also mention the conclusion of the implementation of the tax reform that encapsulates the challenges of boosting taxation revenue from the non-oil sector.

## Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?

BAI continued to innovate with highlights including the launch of the following products and services:

- i) Postal Banking Service – this was launched in October in partnership with the national postal service Correios de Angola. The service consists of BAI representation by Correios de Angola for the sale of its banking products and services through means of technological solutions and pre-defined procedures. The banking postal service aims to contribute towards financial inclusion, enabling residents in locations without bank branches, or where these experience deficient service levels, to benefit from financial services such as opening bank accounts, making cash withdrawals and deposits, transfers and access to credit. The calendar for rolling out this service, launched in partnership with the national Correios de Angola postal service, stipulates that in 11 months the service will be available at 32 post offices nationwide.
- ii) *Mobile banking* – in July, BAI introduced new functions for its mobile banking service through newly developed applications that enable among other aspects, the uploading of funds to the pre-paid “BAI Kamba” debit card anywhere in the world and making telecommunications service payments by smartphones running the Android and iPhone operating systems.
- iii) Mobile payment services - BAI began the e-Kwanza Kwanza sales service in December, an innovative financial service that introduces to Angola a mobile phone based payment system incorporating devices and electronic money to enable the making of transfers and payments of goods and services throughout Angola. All of the physical currency transformation operations resulting in electronic money, and vice versa, are guaranteed by the BAI bank branch network. In regards to the organisational structure and processes, the Bank deepened its model of corporate governance and advanced with improvements to the internal control system, including reviewing the risk management model and implementing the business continuity plan.



## The BAI e-Kwanza system introduced mobile payments to Angola

### **For 2015, what are the main targets and objectives of your Bank?**

In 2015, all the indications point to the continuation of a more demanding economic environment with the likelihood of a fall in oil revenues following the maintenance of oil prices at average levels below those prevailing throughout the preceding year.

This context will certainly raise the credit risks in effect within the national market and justify the maintenance of the business strategy that has been adopted by BAI based on rigorous selectiveness in the credit granted and the prudent management of liquidity. Simultaneously, in order to position the Bank to deal with the challenges faced and also to leverage the perceived new opportunities for business, the Bank will continue to prioritise improvements to the quality of the services provided, the continuous training of its human resources, the improvement of the operational support, technological processes and controlling costs.

In terms of corporate governance and the internal control system, BAI maintains its dedication to the implementation of measures designed to ensure conformity with central bank regulatory requirements, the implementation of international financial accounting norms (IAS/IFRS) and the continued strengthening of overall compliance taking into account the rising demands at both the national and the international level.

### **To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

The “Banking Review” study has contributed towards deepening the knowledge on the banking sector across a wide reaching scope. This has highlighted the pertinence of the publication to banking managers and specialists, government authorities, students, the press, investors and stakeholders in general. Furthermore, such publications foster a climate of transparency and the constant search for improvements given that banks gain another platform on which to express and compare information and opinions regarding their own banks, the banking sector and the economy in general.

# Pioneering banking assurance



**Fernando Teles**  
President of the  
Board of Directors

**What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The sharp fall in the oil price on international markets and the consequent slowdown in national economic growth.

**Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

In 2014, Banco BIC invested in expanding its business into other fields, in particular the insurance sector with the opening of BIC Seguros S.A. in October 2014, becoming the first bank to launch the bank-assurance model in Angola, thus diversifying the range of products and services available to clients.

Furthermore, in addition to the already existing international partnership with Banco BIC Português and with IFI in Cape Verde, we advanced with the opening of a representation office in Johannesburg (South Africa) while obtaining authorisation for the opening of a commercial bank in Namibia.

The continued investment in expansion ensured the bank strengthened its position as the private commercial bank running the largest branch network in Angola with a total of 219 branches spread nationwide and enabling diversified and nearby client services.

In general terms, 2014 proved fairly positive to Banco BIC in regards to the evolution of its main business indicators.

**For 2015, what are the main targets and objectives of your Bank?**

We have the following strategic objectives - the consolidation of our internationalisation process, boosting market share through sustained growth, retaining a focus on closely accompanying clients and expanding our range of products and services even further.

We aim to increasingly position ourselves as the privileged partner for the Angolan business class both inside and outside of Angola.

**To what extent do you consider that the ten editions of the "Banking Review" study have contributed to the development of the Angolan financial sector?**

Banking Review constitutes an initiative enabling Angolan economic agents to become aware of what the banking expectations are and in this way, it combines banking with both the private business sector and the public in general.

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In addition to BIC Portugal and IFI Cabo Verde, an office in Johannesburg and a new bank in Namibia were opened



# Fourth most profitable bank



**Fernando Marques Pereira**  
President of the  
Executive Commission

## What event would you highlight as having the greatest impact on the Angolan economy in 2014?

The unfavourable trend in the price of crude oil and the weak overall performance of the global oil sector has undoubtedly been the most characteristic aspect of 2014.

The immediate consequence was the pressure on the Kwanza, which registered a devaluation of 5.37% against the USD and, thus, went from 96.6 Kwanza per dollar in 2013 to 102.9 in 2014.

This factor led the authorities to take a set of measures in order to keep inflation down to a single digit figure. Hence, the central bank began this period by hiking its basic interest rate, raising it from 8.75% to 9.00% in October 2014.

In parallel, through the publication of Notice No. 7 in November 2014, the central bank introduced changes to the Exchange Rate Regime Applicable to the Oil Sector. This imposed the sale of foreign currency to the central bank within the scope of their payment of taxation charges and other levies due for payment to the state with the same obligation falling on oil operators upon the National Concession and national and international investment entities regarding the acquisition of national currency for the payment of goods and services supplied by resident exchange entities. This also removed these operations from the scope of commercial banking and had an expressive impact on their volume of transactions, operational accounts and their capability to meet the currency needs encountered by their clients.

Furthermore, another highlight in the last year was the launch of the (medium term) fuel subsidy reform strategy resulting from the high level of subsidisation (around 5.0% of GDP), which shall bear a positive impact on fiscal revenues in forthcoming years.

Finally, it is also worth mentioning the implementation of various reforms which may be expected to return benefits over time in terms of product diversification, efficiency and economic equity. Among the key reforms are: (i) fiscal reform (ii) the continuous development of the stimulus program for small and medium sized companies ("Angola Investe"), (iii) the Program Facilitating Access to Credit, (iv) implementing the measures contained in the New Mining Code (v) Setting up "BODIVA", the Angolan Debt and Asset Market, and the inauguration of the "MRTT" Treasury Bond Registration Market on 19th December 2014, where holders of public debt bonds (Treasury Bills and /or Treasury Bonds) gain the opportunity to dispose of them via banking institutions registered with BODIVA and (vi) the diverse public programs seeking to encourage the replacement of imports with local production.

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In 2014, it registered its best ever net result, 9,162 million Kwanzas

**Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Above all else, I have to highlight the good commercial performance of the Bank with verified growth in the loans made (39.1%), the commissions (29%), the securities portfolio (33.8%) and the resources attracted (35.8%), which enabled Caixa Totta to register its best ever net result in 2014, 9,162 million Kwanzas, up 30.2% year-on-year and ranking it as the fourth largest bank in Angola in terms of results.

I similarly need to emphasise the growth in the profitability indicators for average equity (ROAE) of 25.3%, in asset profitability (ROAA) of 4.4%, as well as in the efficiency ratio of 34.9%, which ensure that Banco Caixa Geral Totta de Angola reports indicators that hold up well internationally.

The downturn in the country's economic conjuncture, especially from the second half of 2014 and the facets referred to in my earlier answer, had the consequence of reducing the revenues generated from currency conversions. This particularly impacted Banco Caixa Geral Totta de Angola given the market share held in the oil sector resulting from closely accompanying this sector over the 21 years of the Bank's operations.

Taking the reduction in exchange rate operations into consideration, a clear trend that will extend and deepen in forthcoming years has been reflected. Caixa Totta continued to strengthen its structure so as to boost its competences and capacities across different facets in order to improve the overall level of corporate governance, maintaining and strengthening the client base, the appropriate management of exchange rate exposures and the control of costs.

**For 2015, what are the main targets and objectives of your Bank?**

The main objectives for 2015 are:

- Boosting the commercial dynamic, seeking to grow the client base and branch profitability;
- Developing human resources through a talent management program;
- Maintaining market share among the most relevant clients for the Bank;
- Maintaining credit default levels below 4%;
- Maintaining the cost-to-income ratio below 40%.

**To what extent do you consider that the ten editions of the "Banking Review" study have contributed to the development of the Angolan financial sector?**

The "Banking Review" editions have been relevant year after year for their "photograph" and analysis of the Angolan financial sector, meeting a need of all professionals in the sector, as well as other economic agents by overcoming the lack of information available on the market.

I would also highlight the focus on the priorities of the sector in terms of its prospects as well as the attention dedicated to some of the structural themes, as has been the case in recent years.



# Focusing on human resource management



**Mateus Filipe Martins**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The diversification of the economy became a central task to the development strategy for our country. The adoption of economic policies and access to credit better aligned with the scope of opportunities of the business class, as well as the expanding eligible sectors, would seem now to be leading to the attainment of the targets that have been set.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

The very particular focus on human resource management. In effect, one of the greatest challenges in the period we are crossing derives from building and retaining lean, cohesive, motivated and committed teams able to attain the objectives and targets set for our continual strive for excellence in our services.

## **For 2015, what are the main targets and objectives of your Bank?**

1. Broadening our physical presence throughout the entire national territory.
2. Cohesion and the retention of talents.
3. Upgrading and modernising our technological solutions.
4. Improving processes and procedures.
5. Deepening the solutions necessary for strengthening the risk management culture.
6. Good governance.

## **To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

In a very positive fashion. With Banks serving as the tie binding the economy, the stimulating “Banking Review” has contributed towards better perceptions on banking activities in our country.

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One of the biggest challenges stems from maintaining lean, cohesive, motivated and committed teams



# Clarity of our asset position



**Filomeno Ceita**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

As an event, nothing to highlight.  
It should be the staging of conferences, led by the executives, with the participation of all interested parties with the objective of organising and structuring the much vaunted “Economic Diversification,” with its needs always made clear throughout the country.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

We reached the end of 2014 with two major aspects worth highlighting.  
The clarity of our asset position, expressed through accounting, audited at the appropriate time, and the fact that we had reduced the reserves from seven in 2012 down to three. This is all the result of a major collective effort in the placing the bank in its rightful place. One of them (of the three), which relates to the existence of Akz 2.3 billion, has given us particular pleasure to conclude as it had existed in the bank since the 1990s and when we began to deal with it, it had accumulated over US\$ 120 million.

It is important to note that we did not accept or seek out any external auditor. We demanded the most credible in the world and we believe the central bank should prove implacable in this aspect.

The other two reserves in our accounts are essentially dependent on the awaited accounting and financial restructuring and the best results.

Another aspect worth featuring involves the beginning of a complex process that will allow us to comply with the scope of Corporate Governance and Internal Control.

## **For 2015, what are the main targets and objectives of your Bank?**

- Reducing structural costs by 20%;
- Reducing the negative results to the maximum possible extent;
- Concluding the accounting and financial restructuring, awaited since 2012;
- Altering the shareholder structure through reducing the direct weighting of the state by 30/40%;
- Recovering bad debt by around 20%.

## **To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

It has had a fairly significant contribution through specific information about the sector with regularity and quality; its defining characteristics.

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Through to the end of the year, BCI aims to complete the accounting and financial restructuring process





# Investing in the non-oil economy



**Manuel Neto da Costa**  
President of the  
Board of Directors

**What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The shock of the oil price and levels of production. This starkly revealed the vulnerability of the Angolan economy stemming from its dependence on the oil sector and uncovered the inappropriateness of macroeconomic policy: high levels of public expenditure and without counterbalancing mechanisms; the overvalued and administratively managed exchange rate; the existence of barriers to engaging in economic activities.

**Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

In this period, the BDA focused its actions on the turnaround that began in late 2013 in order to deal with the bad debt portfolio that had underlying project finance evaluation processes and the corresponding risks of making inappropriate loans.

**For 2015, what are the main targets and objectives of your Bank?**

In 2015, the BDA's objective is to conclude the revision of the main processes, procedures and policies, containing the degradation of the credit portfolio and preparing to launch a new cycle in 2016, seriously investing in fostering and encouraging non-oil sector economic activities.

**To what extent do you consider that the ten editions of the "Banking Review" study have contributed to the development of the Angolan financial sector?**

In the almost two years that I have been directly linked with the banking system and with the prior knowledge I had, this publication provides interested parties with better knowledge on the situation and the dynamics of the national banking system.

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Following the turnaround beginning in 2013, resulting from the bad debt portfolio, a new cycle is on its way





# The best ever results



**Emídio Pinheiro**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The year of 2014 was characterised by the beginning of a new cycle in the energy market and in commodities in general with the sharp fall in the oil price following a period of over three years with the price above US\$ 100 per barrel. In recent months, the price has dropped by around 50% and, according to analysts; this cycle of low prices will extend into the future, contrary to that which happened in 2008/2009.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Take into account that in 2014 the BFA broke the barrier of US\$ 10 billion in assets and turned in net results of US\$ 322 million, the highest in its history, maintaining high rates of solidity and liquidity in its balance sheet, I would like to highlight the following:

- Setting up of two new committees: the Risk Committee and the Audit and Internal Control Committee, both in compliance with that stipulated by Notice no. 1/13, and as a means of deepening the Corporate Governance provisions.
- Launching the functions for the payments of services and taxes by BFA Net, BFA Net Empresas and at branches.
- Conclusion of the implementation of the Projecto eMudar@BFA project for the processes of opening and running private and business accounts.
- Beginning of the process of migrating BFA credit cards to the new EMIS platform.
- Registering with the Capital Markets Commission as a financial intermediary.
- Installing a new Data Processing Centre at EMIS.
- Launching an English language version of the Bank's public website.
- Of the various awards and distinctions I would highlight, among the many others, the Sirius Award for the "Best Management Report and Accounts" category and the "Best Company of the Year in the Financial Sector", "Best Commercial Bank" and "Most Innovative Bank" categories awarded by the Global Financial Market financial news website.

**For 2015, what are the main targets and objectives of your Bank?**

The year of 2015 will be particularly demanding given the macroeconomic scenario before us, specifically with the need for budgetary contraction and the drop in the volume of exports. Within this context, solidity and liquidity will represent two strategic variables that will gain priority.

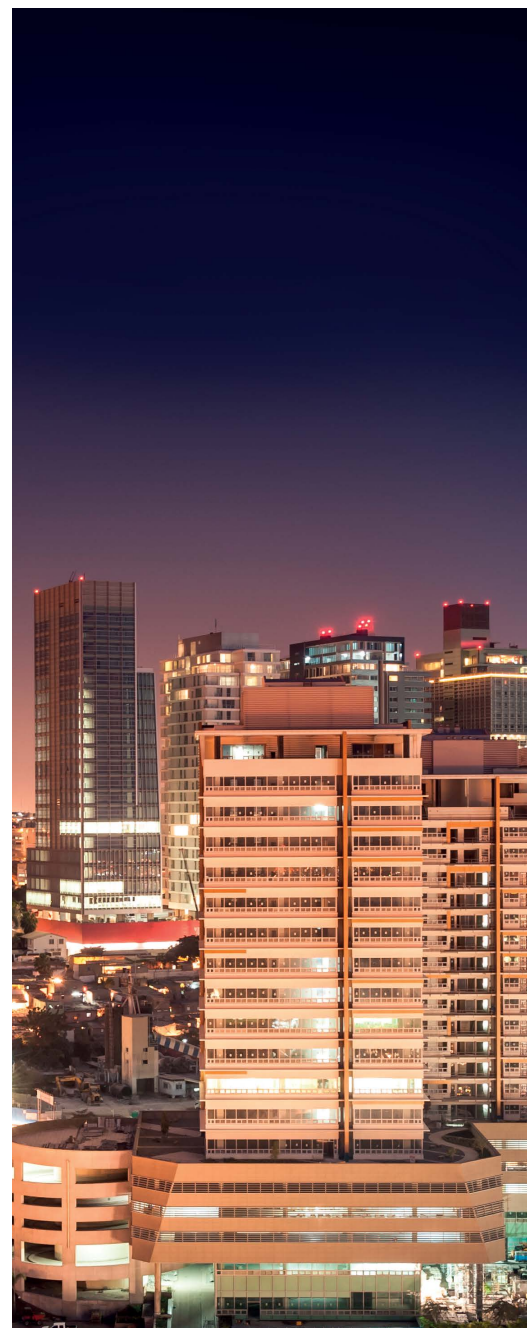
The Bank will continue with its modernisation process and strengthening its processes and procedures as a means of mitigating the operational risk and guaranteeing improvements to the quality of the services provided to clients.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

“Banking Review” has proven to be a benchmark in regards to spreading information about the banking sector and its individual banks for various years, facilitating the life of all analysts and those interested in the development of the banking market in Angola.

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Assets exceeded US\$ 10 billion providing net results of US\$ 322 million



# Present in 14 provinces



**Mário Palhares**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

Despite the efforts of the government to diversify our economy and ensure its lesser dependence on oil, the truth remains that the decline experienced in oil prices in the international markets ended up having a transversal influence on the performance of the Angolan economy both in 2014 and already throughout the course of 2015 so far.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Throughout 2014, we advanced with the strategy of internal reorganisation, adapting the organic structures and internal processes to the new Internal Control System of the Financial Institutions and Corporate Management, handed down by the central bank.

In commercial terms, Banco BNI is present in 14 provinces, and having opened eight new branches in 2014, the result is a current total of 92 branches. We continue to be present in the Angolan government programs stimulating the national economy such as Angola Invest, Bankita and microcredits. As a means of fostering loyalty and providing additional products and services to our clients, BNI Europa began its activities after having obtained authorisation to set up an insurance firm that is due for launch over the course of 2016.

Regarding the Capital Market, with the founding of BODIVA, Banco BNI hopes to position itself as one of the operators, and having already been certified to this end, considering the importance that this entity will take on in the future as one of the alternative sources of financing for the economy with its launch, given the current market circumstances, expected to take place in 2016. 2014 was also marked by the implementation, with the IFC, of the first Credit Line totalling US\$ 25 million, under the watch of the Global Trade Finance Program, with Banco BNI as the first Angolan registered financial institution to obtain such a facility.

The Credit Line platform was raised for the medium and long term, with Export Credit Finance and Commerzbank, for € 70 million, used to finance various industrial projects around the country, with this being this first time that a private Angolan bank has used this type of credit facility.

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In 2014, BNI Europa launched its activities, having received authorisation to set up an insurance firm

**For 2015, what are the main targets and objectives of your Bank?**

Beyond providing continuity to the programs set up in the previous years, throughout 2015, we shall work on the programs designed to adopt the internal information security and business sustainability norms alongside the program for adopting the International Accountancy Norms. Additionally, we shall improve and tailor the Reporting and Compliance Systems, keeping in line with the regulatory meaning defined by the National Bank of Angola.

In parallel, Banco BNI will proceed with its strategy of continuous employee training. Despite the less positive economic perspectives and the stress we seek to place on implementing internal cost controls, in 2015, the Bank seeks to expand its branch network in accordance with the economic evolution of some sectors of activity and complete important agreements with international entities.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

The “Banking Review” study has been a good source of information, a good management instrument as it enables the verification of different levels of performance by the different financial institutions operating in the market, forecasting their future trends and a means of analysing their core indicators as well as the economy itself given that the banking sector remains one of its benchmark references.



# A year of commercial dynamism



**Paixão Júnior**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The slide in the price of oil, beginning in the third quarter of 2014, had, and continues to have, a fairly negative impact on the performance of the Angolan economy due to its still high dependence on the oil sector. The impact of this phenomenon is most visible in the exchange rate and money market, reflected in the continued devaluation of the national currency due to the lack of supply of currency and the rise in the reference interest rates. This is, in my opinion, the theme that most impacted the national economy in 2014.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

In 2014, the Bank paid particular attention to the theme of commercial dynamism with the objective of guaranteeing the continual improvements in the provision and the quality of services. Within this framework, I would highlight the launch of the first pre-paid cards, the development of the multi-channel platform (Internet and mobile banking) and the expansion of the CRM (Client Relationship Manager) solution to every bank branch.

## **For 2015, what are the main targets and objectives of your Bank?**

In 2015, the Bank continued to invest in broadening its range and deepening the quality of services provided to clients, in the dynamism of our digital channels, in expanding the network, in diversifying the sources of financing, in improving the mechanisms for the management of risks and internal control, in the development of human resource competences and in fostering financial education and inclusion.

## **To what extent do you consider that the ten editions of the "Banking Review" study have contributed to the development of the Angolan financial sector?**

In an environment where the information available on the market remains reduced, the study has been a source of important information for defining and redefining bank business strategies.

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## Launching the pre-paid card, Internet and mobile banking and CRM were all under focus



# New name, new brand



**Sanjay Bhasin**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The most defining event for our economy was the fall in the oil prices. This fact has had a significant impact as the country is highly dependent on imports in terms of foreign exchange reserves, impacting economic activities and purchasing power both for individual citizens and for companies.

As a rule, a shock at the level of foreign exchange is accompanied by a rise in interest rates.

Within a conjuncture of slowing growth, the rise in interest rates may worsen this slowdown and raise inflation.

However, I see these events as a hidden opportunity. This is an excellent opportunity to broaden the base of the economy into other sectors beyond that of oil, to encourage productive industries capable of substituting imports as well as recognising that the resources for a more mature and developed economy need to be based on a multi-sectorial approach.

This fact will generate additional benefits in terms of the scope of development across the national territory, improving professional qualifications in different fields alongside the opportunity to broaden international transactions with a more diverse range of commercial partners.

The expression "a crisis should never be wasted" proves very valid.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Any alteration in the level of economic activities impacts Banco Económico directly. We are naturally concerned about risk as companies encounter a more demanding economic environment. Furthermore, the rise in interest rates and inflation impacts liabilities faster than assets and causes an immediate effect for financial results.

2014 was a decisive year for Banco Económico with the entrance of new shareholders that are dedicated to long term growth and who injected new capital into the bank. In addition to changing the name, the new brand will also help drive Banco Económico along its growth trajectory.

**For 2015, what are the main targets and objectives of your Bank?**

The main targets and objectives for 2015 are structured around maintaining the trust and commitment of our stakeholders, or in other words, our clients, members of staff, the central bank and shareholders. With this, we shall continue to provide exceptional services for the client, to innovate with the launching of new products, to diversify risks, support the local economy and to attract more clients.

Our objective is to win over more clients not only through the expansion our branch network, but also through the utilisation of technology, communication and differentiated products. We shall continue to expand our range beyond Private Banking and Retail with business credits, leasing, bank assurance and personal loans.

Our focus will be on people, establishing the development of the qualifications of our employees as a priority, whether through in house training or via e-learning.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

The Banking Review study is a benchmark in the industry at this moment in time, and widely drawn upon for two of its features; the subjective content and the objective analysis. In terms of a suggestion, it could be expanded to include other financial services whilst nurturing a future vision on the trends in financial services.

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2014 was a decisive year for Banco Económico with the entrance of new shareholders

# On course for internationalisation



**Arlindo Das Chagas Rangel**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

I would highlight the abrupt fall in the price of oil taking place in the second half of 2014 due to the generalised impact on the national economy as a whole, forcing the state to apply economic policy measures designed to mitigate the imbalances in the state accounts and safeguard international liquid reserves and price stability. This situation has placed major restraints on banking activities, especially on the capacity to fully satisfy the exchange rate needs of clients and in the management of the associated risks within the credit field.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Contrary to the less favourable economic environment encountered in 2014, we have to highlight the growth of 19% in client deposits (AOA 16,003,545,558.00), the rise in assets by around 20% (AOA 19,158,178,372.00) and, consequently, the 33% surge in net results (AOA 424,813,808.0). This positive growth in indicators only proved possible through greater commercial dynamism, backed by more than 50 commercial units (branches and business centres) spread around the country, the technological platforms provided to our clients and the development of competences of our members of staff, which together enabled the Bank to substantially boost its quality of service.

## **For 2015, what are the main targets and objectives of your Bank?**

It is our intention to expand the Bank throughout the national territory with the objective of boosting our positioning and raising the profile of our Keve brand whilst guaranteeing excellent levels of service for our Clients.

Assuming a position in the vanguard of the challenges and processes currently associated with banking, in keeping with the regulation and best practices for the sector, especially in regards to IFRS and Basel agreements, and combatting money laundering and the financing of terrorism.

In terms of the Capital Markets, we aim to maintain an active presence both in the field of financial intermediation of liquid assets and in the structuring of corporate debt bonds and public offerings.

In the field of human resources, we aim to boost the competences of our members of staff so that they are able to meet the looming challenges, fostering a policy of retaining and attracting the best talent.

We also wish to take our first steps towards internationalisation within a format of representative offices in a financial market that we perceive as strategic.



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The positive evolution in indicators was only possible through the greater commercial dynamism backed by the over 50 commercial units

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

“Banking Review” has become an essential instrument and means of management support for Banks and helps in their decision making to the extent that this provides swift access to credible information on the sector through having already established a historically sustainable foundation and correspondingly presenting a genuine database. The work put into consolidating the data on the banking systems undertaken by Deloitte, beyond facilitating the comparability of the various players, has enabled the generation of greater transparency to investors and national and international counterparts as well as clients, contributing towards strengthening the Angolan financial system. This also enables the evaluation of the trends and perspectives on the sector as well as the internal and external economic environment that so influences the sector.

As such, we congratulate Deloitte for this decade of contribution towards the sector and proving able to introduce significant improvements to the contents of the information released over the course of these ten years. Whilst always maintaining their characteristic rigour and credibility.

# Leaders of Angola Investe



**António Gaiosio Henriques**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The fact that the National Bank of Angola discontinued the sale of oil dollars directly to banks. Nevertheless, in 2014, the Angolan economy was also impacted by the emergence of the imbalance in the oil market reflected in the steady fall in the price of crude oil over the course of the year and the consequent impact on the Angolan economy. Given this clear fall in the fiscal revenues arising from the sale of oil, the main source of Angolan income, the Angolan economy registered a slowdown.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

The leadership of the Angola Investe program in which Banco Millennium Angola retains the largest participation, whether in the number of projects approved and now in receipt of financing, or in terms of the amounts loaned. In broader terms, strengthening the impact of the SME Excelência awards, which nominated 575 companies with the majority belonging to the Angolan capital, with strong capacities for sustainable growth, for which the Bank makes particular management support available, going beyond a suitable financial plan. The title of SME de Excelência 2015 represents a signpost of reputation and highlights the small and medium sized companies with higher performance profiles that have financial stability, organised accounting, innovation and sustainable projects with good market positions. These companies also hold access to a set of products and services under preferential terms to support the development of their activities.

The Bank also focused on Client services.

With a network of 108 branches throughout the country, Millennium Angola continued the program of branch network expansion and closed the first quarter of 2015 with a total of 88 branches, 56 of which are open on Saturday mornings from 8am to 12pm, 8 Business and Corporate Centres, two of which target the oil industry and 13 new Prestige Centres that have exceeded our expectations.

The expansion and segmentation of our commercial network has leveraged a strong increase in our client base that now exceeds half a million with notable growth on the previous year.

Millennium Angola was the first Bank to provide, through its “Paga- Fácil” service, a digital service spanning all types of transaction, securely, efficiently and innovatively. This incorporates a multi-channel platform containing Internet Banking, SMS Banking, Mobile Banking and a Contact Centre. Through any one of these channels, the Clients may check their balance and conduct transactions at any time, in any place, without any need to visit their branch.

**For 2015, what are the main targets and objectives of your Bank?**

To continue to lead the way in supporting the sustainable development of the country especially through the Angola Investe program and advancing our relations with new business initiatives, through launching or expanding business activities. In these, and in other actions, we ever deepen the relationship between the Bank and the government within the scope of the national objective of economic diversification, the sustainable development of agricultural and industrial sectors, in the substitution of imports of goods and services, in the training of staff and better professional qualifications for our employees. Equally, we strive to remain the most innovative Bank in the market, with the strong contention of costs, immediately exploring all of the opportunities arising out of the area of information technology to better serve our Clients, launching products and services that are appropriate to each situation and further developing alternative channels. The Bank strategy also targets continuous growth and gains in market share, with the client representing the core objective. Managing the maintenance of appropriate service standards for delivery to clients within an ambience of high commercial growth rates requires an additional capacity to constantly go about re-inventing our structure and improving our internal processes and systems, thereby maintaining an agile, flexible and reliable structure.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

The study holds enormous value as a benchmark spanning many of the areas where performance may be measured and, as such, susceptible to improvement. Knowing how each institution is always different, depending on the timings, strategies and own contingencies, the analysis of ratios requires careful interpretation, but for dynamic analysis, we are able to count on this study – and its ten years of existence enable this trust – as an important tool in support of decision making.

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We launched the Paga-Fácil service for efficient and secure digital transactions

# Strategic targets



**Carlos José da Silva**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

We would consider that 2014 marks the beginning of a new era in the economic development of Angola. Following ten years of recording very expressive levels of growth, these were interrupted due to alterations in the global economic context. This triggered a reduction in the levels of growth in the demand for oil while simultaneously coinciding with a significant change in the supply curve of this product. The excess of supply stemming from this dual effect drove a rapid reduction in international prices with the impacts that we know for the revenues felt by the national economy. This effect created and continues to create a set of restrictions on the economy and its agents whilst also fostering an economic ambience of “positive emergence”, forcing the economy to become more efficient, more competitive and also, accelerate relevant reforms that strive to bring about the diversification of the national production base alongside factors backing a more sustainable economic route forward.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

In the year in which we celebrate the beginning of our second decade of activities, we would highlight the implementation of our strategic plan, ATLANTICO 20.15, with the Bank having closed 2014 with the overwhelming majority of the strategic objectives set for completion by the end of the 2015 financial year already attained. Among other indicators, we would highlight the expansion of activities throughout the extent of the country, having opened 13 new Centres in 2014 with a total of 58 Centres operating throughout Angola. We would also like to stress the implementation of a new Bank governance model that has enabled the strengthening of the rings of security and the separation of the commercial functions from those of control and audit. This is in line with the orientations stipulated by the national regulator and is consistent with the best practices in effect for the most developed international financial markets.

Beyond the most relevant landmarks that strengthened our capacity for intervention in the economy, we would highlight the opening of our headquarters, in Cidade Financeira, in Talatona, Luanda; covering an area of 10,000 m2 with room for over 600 members of staff. This new physical infrastructure is prepared to accommodate the central means necessary for advancing with the strategic ambitions of our Bank Group.



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## The new headquarters, in Cidade Financeira (Talatona) caters for over 600 employees

### **For 2015, what are the main targets and objectives of your Bank?**

In 2015, we have the following core objectives:

- 1) Successfully complete our “20.15” strategic plan and open a new chapter with new ambitions whilst also pre-empting and responding to the needs and objectives of our clients.
- 2) Continuing with the internationalisation process of our bank group. The financial system is a global marketplace, and as such, you have to know how to be in it and to respect it.
- 3) Maintaining the continuous focus on adapting this banking institution to the surrounding market, whether in terms of the management measures targeting the different balance sheet risks, or in regards to putting forward new solutions for the challenges that our clients face today , thereby generating value in the life of the Angolan companies and citizens who place their trust in us.

### **To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

I consider this initiative by Deloitte very positively as it has served to create a systematised and independent vision of the activities ongoing in our sector; an initiative that on the one hand enables a better understanding of our activities, and on the other hand, results in a means of comparing and evaluating the activities taking place at all of the banks, contributing towards a positive environment of continuous improvements of the practices and performance of our sector.

# Priority to financial stability



**Coutinho Nobre Miguel**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The macroeconomic panorama prevailing in 2014 was unquestionably impacted by the abrupt and sharp fall (by around 60%) in the prices of oil in international markets and by the consequent result for an Angola that still remains strongly dependent on the revenues arising from the oil sector.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Among others, please allow me to highlight the significant financial efforts taken by Banco Sol to prudentially strengthen its provisions for credit impairment (in monetary terms reflecting in an increasing of 5,646.5 million kwanzas), registering a coverage ratio of provisions for bad debt at the end of 2014, totalling 466% (163% in late 2013). The truly notable characteristics of this effort (led by the Bank management team within the framework of ensuring institutional financial stability and pre-empting some of the potentially less positive impacts from the prevailing macroeconomic scenario), and what is worth stressing, was how this was achieved without any impact on the business variables relative to commercial growth, banking product and profitability that all progressed far more expressively in line with the Bank's Strategic Plan for 2012-2015.

## **For 2015, what are the main targets and objectives of your Bank?**

In 2015, Banco Sol will continue to attain the goals and targets set down in its 2012-2015 Strategic Plan, as backed by its shareholder structure, of which I would in particular highlight:

- Strengthening the organic growth of the internal market, thereby boosting and expanding the market shares already attained for the main business variables on the one hand, and, on the other hand, continuing with the sustained expansion of the Bank's commercial network.
- Continuing to provide the market with new and distinctive commercial products in terms of attractive financial solutions.
- Implementing the expansion of Bank activities to new geographies, with specific actions and events due for announcement at the appropriate time.
- Continuing the prudential and precautionous management of the assets entrusted to the Bank in order to maintain and strengthen the respective indicators and levels of security.

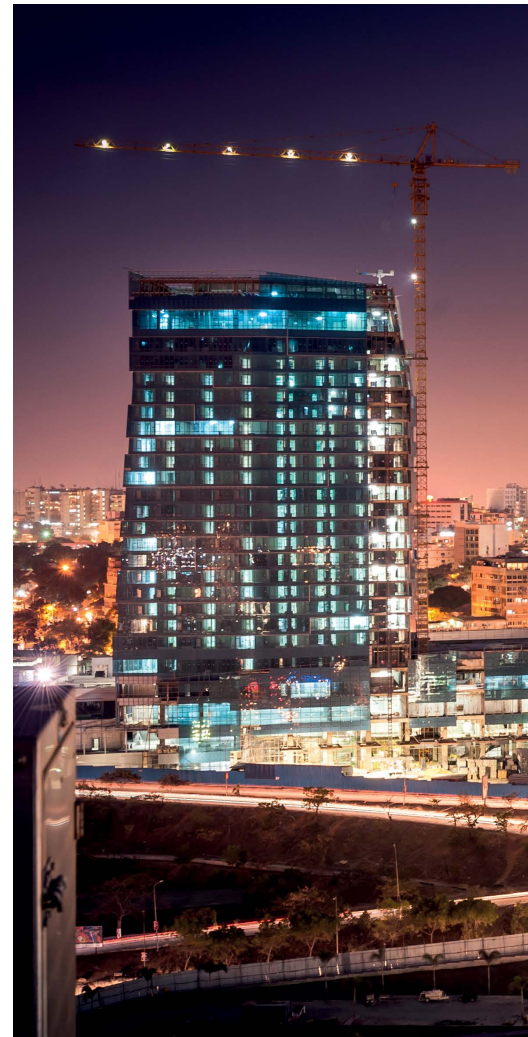
**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

“Banking Review” has been growing to become a precious and already practically irreplaceable benchmark instrument for supporting the management of banking institutions operating in the local market.

Its regular character, broad reaching, methodologically consistent and irreproachable content fully justify the aforementioned statement.

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The bank significantly strengthened its provisions for credit impairment



# Greater capital stability and strengthened financing capacities



**António Pontes**  
President of the  
Executive Commission

**What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The most impactful event for the Angolan economy was, and remains, the sustained fall in the price of a barrel of oil and the impact this brings for state revenues.

**Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

Beyond the inauguration of a new headquarters and Business Centre in the Major Kanhangulo building, which endowed Finibanco with the appropriate and modern installations to meet the needs of our clients, I would highlight the emission of a subordinate loan that enabled greater capital stability, boosting the financing capacity, and within the scope of corporate governance, the contribution and answers provided by Finibanco for the AQA Project – Evaluating Asset Quality run by the National Bank of Angola at the main banks in the market.

**For 2015, what are the main targets and objectives of your Bank?**

Taking into account the micro and macroeconomic scenario present in Angola, the sharp devaluation in the Kwanza and the major difficulties experienced in accessing currency in the exchange rate market, 2015 will represent a maintenance year, with limited prospects for growth. As such, the Finibanco objectives are centred on its internal reorganisation and improving its business methods and processes, along with continuity in investing in the professional growth of our human resources.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

Throughout the last decade, “Banking Review” has proven to be a reference for the banking sector market, and thus, I hope that it may continue to strive for quality and the progressive improvement in the information provided.

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Internal reorganisation, the improvement of business methods and processes and the professional development of our human resources are the Bank objectives for 2015





# A year of accelerated expansion



**António Coutinho**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The fall in the price of a barrel of oil and the direct impact on the reduction in public expenditure on fuel subsidies in particular.

However, we would also highlight the government's commitment to fostering more stable and inclusive growth, especially in terms of job creation in the formal sector, putting important social and infrastructural programs into practice throughout the nation.

## **Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

2014 was a year of accelerated growth for Standard Bank de Angola, S.A. that, starting out from a fairly superior position, again proved to be one of the Banks returning the highest growth rate in Angola, thus reinforcing its position as the benchmark for the Angolan financial system.

In 2014, the Bank balance sheet featured a total of AKZ 203.368 million in net assets, reporting growth of 37% year-on-year (up 140% from 2013). This growth was sustained by rising client deposits that reached AKZ 187.807 million (growth of 39%), demonstrating the rising client trust in SBA.

The deposit growth thus essentially took place in the national currency as a consequence of the legislative alterations that took place to the Angolan exchange rate market, which resulted in a slight decrease in the foreign currency deposits.

Focused on the strategy of contributing towards the sustainable growth of Angola, SBA sought to support the Angolan government in structuring the large scale operations and the granting of credits to the state and small, medium and large sized Angolan companies for local economic activities. The oil and natural gas sector grew substantially in 2014 and remains the field with the greatest weighting even while retail and mass consumption have gained in relevance. The result of this strategy is duly reflected in the growth of the portfolio of granted credit, which in 2014 attained AKZ 44.276 million (up 25% on 2013) and the rising level of investments in Angolan state bonds that on 31st December 2014 amounted to AKZ 64.071 million, reflecting an increase of 104%.

We would also highlight the low level of bad debt in the Bank credit portfolio, which despite the significant increase verified in 2014, remained below the average level of default in the sector resulting from the analysis policies and the structuring of credits that are in line with the best international practices, the evolution of the Angolan financial system and the constant pro-activeness of the National Bank of Angola.

At the end of four full years of activity, SBA saw a return on the high level of investment carried out, and additionally, presented positive net results for the first time, totalling AKZ 2.242 million.

This landmark reflected the solidity and progress of our strategy.

In the Bank's results, we would highlight the excellent performance of the financial margin, that displayed growth of 148% on 2013, rising to a total of AKZ 7.016 million, and the rendering of financial services that experienced a 21% increase, reflecting innovation in the services provided, especially in terms of the means of automatic payments and rising trust levels of our clients. The exchange rate operational results reported year-on-year growth of 44%, attaining a year-end total of AKZ 4.177 million. Throughout 2014, the Bank Capital Market handled some USD 4.7 billion in exchange market transactions whilst having also participated in dynamising the interbank money markets and the bond auctions, held by the National Bank of Angola or the Ministry of Finance. Despite this strong growth and the excellent performance in terms of the results, 2014 was above all else, a year of great internal work focused on the consolidation of the structure and corporate governance; in the stabilisation of teams and processes; and the investment in the risk management internal control system within the scope of positioning the Bank as the benchmark financial institution for the Angolan market.

**For 2015, what are the main targets and objectives of your Bank?**

We foresee major challenges for 2015. This is due to the economic context in Angola, with the downturn in economic growth as a result of the drop in the price of oil that began back in 2014, accompanied by the corresponding shrinkage in the revenues returned by the oil sector and the consequent fall in the liquid international reserves of the country. It is an adverse situation that shall foresee the revision of the national investment plan and the general state budget, therefore cutting public expenditure and investment with a relevant impact on the activities of Banks in particular in terms of credit portfolio growth. Furthermore, the introduction of regulatory changes, already pre-empted by the National Bank of Angola, with the introduction of the IFRS in 2016 in particular, the Basel concepts and the other credit related alterations and the respective provisions for which the Bank has duly been preparing itself shall present additional challenges.

In 2015, the Bank will also experience the challenge of broadening its range of innovative solutions for our clients with the diversification of products and services, specifically taking advantage of the recent Bank Capital Markets platform through which the Bank aims to position itself as the leading Bank.

The growth of SBA in the Angolan market would not have been possible without the support of our shareholders, the efforts and the tireless dedication of our employees as well as the trust of our Clients, the institutions of the Government of the Republic of Angola and the National Bank of Angola to which we would here like to express our thanks and acknowledgement.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

Whilst having only taken up this position in Angola a relatively short period of time ago, I do consider the publication of the “Banking Review” study important as it has helped in fostering best practices in the sector alongside the change in mentality in regards to the dissemination of information among the respective different financial institutions.

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The SBA achieved one of the highest growth rates in the country. Assets rose by 37% and deposits by 39%

# With one foot in three continents



**Miguel Bartolomeu Miguel**  
President of the  
Executive Commission

**What event would you highlight as having the greatest impact on the Angolan economy in 2014?**

The most notable aspect is unquestionably the significant fall witnessed in the price of crude oil in the international markets. For an economy like Angola that depends significantly on this resource as a primary source of wealth and earnings, the negative impact that this will have on all aspects of national economic life is all but predictable and it shall extend through to 2015 without any timeframe for the recovery in crude prices in terms of their historical prices, and thus, of the Angolan economy. Some recent national economic-financial indicators detail how the oil sector accounts for over 90% of its exports, 70% of total revenues and around 30% of Gross Domestic Product. These in themselves confirm the strong dependence of the Angolan economy on this commodity even while there has been continuous growth in the non-oil sectors of the economy. In recent years, the strategy for the diversification of the economy has enabled a lesser level of dependence on the oil sector and, in exchange, endowed other sectors with a greater weighting in the GDP structure with positive effects on the economy as a whole, providing a mitigating effect on the adverse impacts of the recent crisis.

**Is there any aspect you would like to highlight in the activities of the Bank you chair over this same period?**

In this same period, and as a consequence, there was a shortage in foreign currency and a reduction in the volume of transactions processed, which to an extent reduced banking activities in general. Despite this, from a positive perspective, we should admit that the lack of currency triggered our creativity and led to greater rigour in liquidity and risk management that reflected an effort by the bank to diversify its range of products and services even further, generating added value for clients with the fundamental objective of securing their loyalty.

**For 2015, what are the main targets and objectives of your Bank?**

In 2015, the second year since we launched operations in the country, we shall continue to implement the business strategy we originally established that rests fundamentally on the premise of serving people and companies that lead investments in capital intensive structural projects and that above all, generate earnings and wealth in the three continents that make up our footprint, Asia, Africa and the Middle East.

As key targets, we include the increasing of our global and local client portfolio that is compatible with our capacities and aspirations, as well as improving on the levels of services provided to clients.

Our major overall objective is turning SCBA into a relevant player in the Angolan financial market that achieves growth in its balance sheet in terms of assets and funding attracted to such an extent that we may guarantee consolidation and our affirmation as an international bank on the front line in Angola.

**To what extent do you consider that the ten editions of the “Banking Review” study have contributed to the development of the Angolan financial sector?**

Banking Review has become a benchmark instrument of reference to the Angolan financial market as a source of reliable and credible information on growth, performance and the challenges facing the banking industry and the payments system of Angola from the perspective of rising levels of both competitiveness and regulation. The study, resulting from research and the systematisation of the information gathered in a consistent and consolidated fashion, without downplaying other initiatives, does not stand in the shadow of any other content of banking or financial relevance.

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The objective is to stand out as an international bank on the front line in Angola





# Interviews with the new players in the sector

In 2015, a record number of banks launched operations with the challenge of differentiation and contributing towards national development.

# Quality, trust and innovation



**Maria do Céu Figueira**  
President of the  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy over the last 12 months?**

The most defining event for the national economy over the last twelve months is undoubtedly the fall in the price of oil, which recently hit its lowest level for six years. Since the peak in June 2014 when crude was being sold for over USD 100 a barrel, prices have fallen by 60%. Due to the high weighting of the oil sector in national GDP and exports, the fall in the price of oil is strongly affecting the national economy, particularly in terms of exports and fiscal revenues. However, this fall is now resulting in, thankfully, the greater diversification of the economy and its specialisation in new sectors with a particular focus on agriculture and manufacturing.

## **For this same period, would you highlight any aspect of activities in the national financial sector?**

The last year has brought some major challenges to the Angolan financial sector. The new economic-financial situation, to which banking will necessarily have to adapt, serves to highlight the growing importance of investments in strengthening internal control and compliance policies, and in adopting the best international financial practices, such as emphasising close client relationships, investing in alternative channels and the definition of solid governance policies. Only then will it prove possible to ensure the confidence that is necessary of consumers and investors in banks and guarantee their modernisation while consolidating their role in the economic diversification and development of the country.

## **In what way does your institution seek to position itself and differentiate from the incumbent banks?**

BCS operates within the field of Private and Corporate Banking, prioritising the provision of new products and services that exceed client expectations. Quality, trust and innovation are the guiding principles by which we seek to become a benchmark reference in the national banking sector. We provide banking and financial services through modern platforms, coming up with innovation and high quality solutions with differentiating features in regards to brand positioning. At the BCS, priority is given to a personalised service and the running of quality online services. This proposes a modern and simplified bank striving for the excellence of service that is our objective.

**What targets does the bank aim to achieve in its first three years in business?**

In three years, BCS seeks to become a point of reference in the provision of Private and Corporate Banking services in Angola. This process will be accompanied by the consolidation of relations with both national and international clients and partners, contributing with our technical and financial support towards the development of products that structure and expand the sources of financing that are essential to the growth of companies and economies in general.

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BCS seeks to become  
a benchmark in private  
and corporate banking  
in Angola

**What contributions may Angolans expect from this new institution towards the development of the national economy?**

Our clients can expect the total commitment of BCS towards seeking out the best solutions to satisfy their needs. We count on experienced employees with high levels of specialisation in the national and international financial markets and deploying modern platforms that enable the provision of the best in financial services. With innovative and simple online platforms, BCS strives to facilitate day-to-day operations, boosting management efficiency and thus, enabling better growth across the national private sector. Furthermore, our differentiated credit products and programs are better tailored to the needs of clients and thus also contribute to the national diversification of the economy and its specialisation in new sectors.

# Focused on the agricultural sector and its chain of production



**Rosário José Matias**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy over the last 12 months?**

Currently, we seem to frequently witness events that, to a certain extent, influence the economic process of the country. Some in a positive fashion and others in the opposite sense. Nevertheless, they all need to be analysed, understood and ranked in terms of the magnitude of the impact they have on our economy. In my opinion, the event deserving greatest highlight and that impacted our economy over the period in question was the sharp fall in the price of a barrel of crude oil, a product responsible for around 75% of GDP. I would naturally also mention other events with palpable profiles making up the bulk of the projects developed internally but, unfortunately, within the current context the above factor ended up as the most definitive from my point of view.

## **For this same period, would you highlight any aspect of activities in the national financial sector?**

The country as a whole has experienced an environment of authentic adaptation to these daily dynamics across the social, political and economic fronts. These adjustments obviously reflect on the various sectors of our economy and in its favour, it may truly be said that the financial sector is one of those sectors that has modernised almost continuously with the introduction of legislation, technologies, new instruments, mechanisms and institutions. Additionally, we may point to the attention that the supervisory entity dedicates, especially to the models of corporate governance and the package of prudential measures to which the financial institutions are subjected to within the scope of endowing greater responsibility to management and internal control alongside the transparency and stability desired of financial institutions and their sector.

The functional dynamic that CMC has demonstrated over recent months and the launch of BODIVA with the implementation of its first operations, certainly represent notable advances in the development of national financial diversity. Naturally, there is still a long road ahead. We would also note the efforts that have been put into developing the scope for the exercise of banking activities, not only from the perspective of the

introduction of innovative services seeking to improve their quality, but also, and fundamentally, in the adoption of the internationally accepted norms, procedures and best practice. To quote but some examples, we have to consider practices stipulated by Basel, Compliance and the AML/FT, the IAS/IFRS, the impairment losses, etc. and themes that require constant attention and demand large levels of investments in capital and human resources from financial institutions. This has been a laborious effort for all those involved.

## **In what way does your institution seek to position itself and differentiate from the incumbent banks?**

BIR, while undergoing its start-up phase, took to the market with an already structured organic-functional model that was technologically adapted to the regulatory framework in effect. Although it might demonstrate its full conformity at this time, there has been a doubling of investment in the implementation and start-up phase of activities. We shall continue to invest in that which we deem critical as a factor of success for our bank. This is where our distinction stems from.

From the outset, we set off with the assumption that the BIR serves to fill a space whilst also complementing that which already exists in the national banking market with product and service solutions specifically targeting agriculture and its associated chain of production. With this, we sought to address, in a specialised and sustained fashion, the financing of economic agents in the productive sector, specifically across the fields of agriculture, cattle breeding, aquiculture, poultry, forestry and the respective transformation, industrialisation and distribution processes.

The bank arrived in the market during a peculiar context in terms of the currently prevailing macroeconomic outlook.

The country needs to rapidly react to the limitations resulting from the negative variations in the main product of revenue generation for the state and set to work on alternatives that may balance the overall framework and, progressively, begin consolidating its economic growth. We also see windows of opportunity stemming precisely from the launching of competitive solutions for financing the sectors that make up the real economy.



## Our core business is the agro-industrial. It is where we aim to be strong and lead operations

We prioritise the satisfaction of our clients, paying particular attention to the specialist training of our members of staff, and thus, guaranteeing the efficiency of our standards of service that able to meet the needs of our clients. To this end, we have grasped the new technologies, mobile banking, cards and other innovative means with which we believe we may maximise our capacity to penetrate regions with otherwise only poor banking coverage.

### **What targets does the bank aim to achieve in its first three years in business?**

We deploy a strategy with a set of well-balanced variables that enable us to help guide the activities of the bank in order to achieve the objectives that have been set. After having installed our contact office in Talatona, a purpose built facility and our headquarters and central branch, both in Malanje, and having also opened our Data Centres, making up a total of four operational units ready from the outset, the bank seeks to continue to grow in terms of its business, seeking to boost the level of activities in rural environments, the quality of supply, the empowerment of human resources whilst always taking into consideration the targets and returns on assets and a positioning in keeping with the national bank ranking.

We are an investment bank that is aware that to attain the desired levels of maturity and proficiency, we still have a long way to go. In effect, due to the state of development and evolution of the market, the private sector, operators and their institutions, we also operate in the commercial banking sector within the scope of responding to the conventional and typical needs of this business sector.

In the first three years of operation, we plan to secure the loyalty of a client base that undertakes systematic operations with the bank which interrelates with our own initiatives in terms of attracting the funding that enables the gradual development of our credit activities. Our core business is the agro-industrial sector. This is where we seek to be strong, to invest in know-how and to lead our operations. This implies specialist training and, clearly, the establishment of strategic partnerships at the business and institutional level, among others. We are aware of the challenges and restraints that need to be overcome, as well as the scale of risk associated

with this sector of activities. This is why we count upon the effective implementation of mechanisms that enable the mitigation of the consequences arising out of the correspondingly associated adverse events. Private initiatives of this type need to take advantage of the current package of benefits and incentives for new investment projects.

Agricultural insurance, crop yield insurance, the launch of funds that seek to counter the situations emerging out of drought and shortfalls in rainy seasons, plagues, etc. are all necessary elements for the fostering of an environment that is favourable for this shared goal, the relaunch of national production on a large scale and where we clearly see our own role.

### **What contributions may Angolans expect from this new institution towards the development of the national economy?**

BIR launched its operations at a time where events were occurring that influenced and conditioned the national economic process. This was a concern but did not demotivate us. The vision here involves transforming the shortcomings of the moment into opportunities, embracing new challenges from a medium and long term perspectives, creating the internal capacities and competences to produce the primary goods needed in the quantities able to meet domestic demand, that also serve as products for international commercial trade. Our bank has a focus on the rural operators at its core, making it an institution fundamentally tailored to financing projects in the industrial fishing and fisheries, forestry and land management sectors alongside their transformation industries and the respective transport, technical and technological infrastructures that complete the vast and highly complex agro-industrial chain of productivity. We seek to be an important vehicle in the planning of project finance, which thus assumes our commitment to stimulating the national productive sector, driving the sustained growth of internal production that shall progressively replace the importation of basic products, generating employment in rural communities and thereby enabling the settlement of citizens in their zones of origin, participating in the reduction of the rural exodus and the demographic decompression of the major national cities and contributing to bettering the standard of living of households.

# The target is to lead investment



**Maria João de Almeida**  
President of the  
Executive Commission

## **What event would you highlight as having the greatest impact on the Angolan economy over the last 12 months?**

The fall in the price of oil by around 55% since June 2014, which has had a heavy impact on public finances and the exchange rate market, stemming from the reduction in revenues arising from the oil sector as the main national export product has triggered a set of consequences for the economy in general and in particular for the national financial sector that has recorded a fall in its operational capacities.

This situation requires that the state, economic actors and society in general design efforts to mitigate the risk and impact of these external factors, which may otherwise prove highly pernicious to national growth and development. Indeed, the scope of such fallout became visible with the downward review of the state budget for 2015, which registered a cut of one third to the total of public expenditure and downgraded the Gross Domestic Product forecast to 6.6%.

We would also mention the readjustment of fuel prices and the reducing burden on the state in regards to the prevailing subsidies. In practice, this is being reflected in the availability of funding that may be applied in terms of public expenditure in support of social sectors within an adverse macroeconomic context and the shrinkage of fiscal revenues within an environment of low oil sector revenues in particular, demanding that the state enacts alternative measures in order to balance the public books.

## **For this same period, would you highlight any aspect of activities in the national financial sector?**

As stated in the previous point, the petro-dependence of our economy places the current macroeconomic context into a scenario of unknowns, strongly influenced by the sharp fall in net international reserves. This has led to consequences for the operational capacities of Banks, the depreciation of the Kwanza against the main reference currencies, with a particular impact on the dollar, which has gained around 30% and, as a result, the registering of exchange rate driven inflation. Furthermore, the approval of the new legal framework for financial institutions, "Law no. 12/2015, 17 June", proves substantial intervention from a regulatory point of view and guarantees the stability of the Angolan financial system, placing it in the hands of the sector's regulators (BNA, CMC and ARSEG), instruments that stipulate the introduction of best practices for corporate governance, control, communication and the management of the risks inherent to such activities. Furthermore, from my perspective, this reflects the need to conduct prudent measures along with the existence of mechanisms appropriate to internal control, including solid administrative and accountancy procedures. This took effect in the adoption of a more preventative model and paradigm, than a reactive approach to the mitigation of eventual collapse within the same system that seeks to be reliable, transparent and secure.

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**In the next three years, we aim to hold assets in excess of 20 billion kwanzas**

**In what way does your institution seek to position itself and differentiate from the incumbent banks?**

Banco Prestigio was set up with the objective of bringing greater value to the financial market, contributing to the development of the national economy and standing out for its investments in high quality service, focusing on partners with more sophisticated needs. We aim to innovate the sector, striving to become the benchmark Investment Bank in providing a differentiated service of excellence, believing that we shall thus respond to our partners with innovative alternatives.

Our culture is based on the core pillars of acting in accordance with the values of Relations, Confidentiality and Trust. These values constitute the basis of our relationships that we aim to be personalised and long lasting.

This shall be done through efficiency in the provision of financial services, working in new market niches within the scope of the activities attributed to Banks within the scope of the legislative framework in effect for financial institutions in Angola, reaching well beyond the traditional products and services normally associated with the sector; by this means being able to structure our actions in a proactive fashion to the benefit of our partners and strategically guiding them in their projects, whether through subsidies or through technical and operational support for the attainment of their objectives. This will enable Banco Prestigio to provide added value to the Angolan financial sector whilst never forgetting our vocation as an investment bank.

**What targets does the bank aim to achieve in its first three years in business?**

The essential objective involves consolidating our position as the leading investment bank in the market, being competitive and aggregating a portfolio of partners that enables the guarantee of sustainability in our projects, as well as being a supplier of strategic advice services. Additionally, we forecast the achievement of a total asset base in excess of 20 billion Kwanzas over the next three years along with a portfolio of deposits of 12 billion Kwanzas resulting in (estimated) profitability of 11.6% (ROAE).

**What contributions may Angolans expect from this new institution towards the development of the national economy?**

Despite the economic contraction expected to remain in effect throughout 2015, the Angolan economy has experienced a strong period of development over the last decade which positions Angola as one of the countries showing the highest growth rates worldwide. The prospects point to the maintenance of this growth rate with a forecast of 4.5% for the current financial year. Banco Prestigio thus seeks to contribute to attaining these growth indicators by aligning its efforts with those of the state in boosting the diversification of economic activities, fostering the implementation of structural projects for the priority sectors of the economy.

The diversification process of our economy requires a strong and developed private business class that is able to support the diverse growth of the national economic structure. Within this perspective, Banco Prestigio is no exception, and participates in this process by making the bank available for supporting the implementation of projects duly evaluated and considered in terms of their importance, opportunities, viability and significant worth towards the transformation of the potential wealth constituted by the natural resources of Angola in the real and tangible wealth of Angolans. "Stability, Growth and Employment": ensuring the existence and generation of wealth and income to Angolan families.

# Ambition to be different



**Filipe Lemos**  
Board of Directors

## **What event would you highlight as having the greatest impact on the Angolan economy over the last 12 months?**

The fall in the price of the main national export product, crude oil (Brent), in international markets meant the Angolan government had to reduce its average export price down from the USD 81 set for the 2015 budget approved by Law 23/14, 31st December, to the USD 40 stipulated in the revised budget. From the point of view of the public finances and exchange markets, this budgetary distortion was responsible for the significant reduction in fiscal revenues and consequent contraction in exchange reserves. For example, revenues that were initially estimated at 4,184.9 billion Kwanzas dropped to 2,692.6 billion Kwanzas. This scenario compromised the prospects for real Gross Domestic Product growth, down from 9.7% to 6.6% - from the government's forecast - and to 3.5% according to the IMF team that was in Luanda between 12th and 25th August of this year to hold bilateral discussions with the authorities over the performance of our economy. Due to its impact on our economy and the demands placed from the business management point of view, the fall in the price of crude (Brent) on international markets is undoubtedly the most defining event for the Angolan economy.

## **For this same period, would you highlight any aspect of activities in the national financial sector?**

I would positively register and duly highlight the inauguration of the secondary public debt market operations by the MRRT – the Treasury Bond Registry Market and BODIVA – the Debt and Assets Stock Market of Angola as their launch comes at a crucial point for the Angolan economy, which facing its current economic-political scenario, alongside the expectations as regards the diversification of the economy, also needs to diversify its sources of financing.

The fact that the CMC – the Capitals Market Commission has approved BFA, BAI, Millennium, Standard Bank, BNI and Atlântico in the process of its supervision of capital market operations in the country and the consequent approval by BODIVA to operate in its markets, beginning with the MRTT where the first three banks negotiated around 43.5 billion kwanzas (USD 367.1 million) between May and August, and with all awaiting the share market, with the preparation of companies by the CMC ongoing, will result in the greater credibility of our financial system due to the transparency inherent to this market.

Between July and August of this year, around four dozen companies from the telecommunications and oil sectors of our country expressed interest in submitting their financial reports for evaluation by the CMC in order to ascertain whether or not they were in compliance with the rules in effect for the share market, which endows an unprecedented dimension to our financial system.

**In what way does your institution seek to position itself and differentiate from the incumbent banks?**

As a new player, Banco Pungo Andongo is aware of the difficulties that it shall encounter in creating space in a market that already contains some thirty banks as well as dozens of other financial institutions and this will require a great deal of effort and just as much creativity. We are aware of the already existing market, banks with strong foundations and experienced professionals, which represents an advantage for these institutions. However, BPAN enters the market to be different. This is a relational bank. Our client is not just another “number” but rather the focus of our work and an active participant in the design of products that meet their needs. To implement our way of being in the market, we have to deploy a trained team of professionals to provide competent services of the highest quality.

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BPAN will become a relational bank, where the client isn't just another “number”

**What targets does the bank aim to achieve in its first three years in business?**

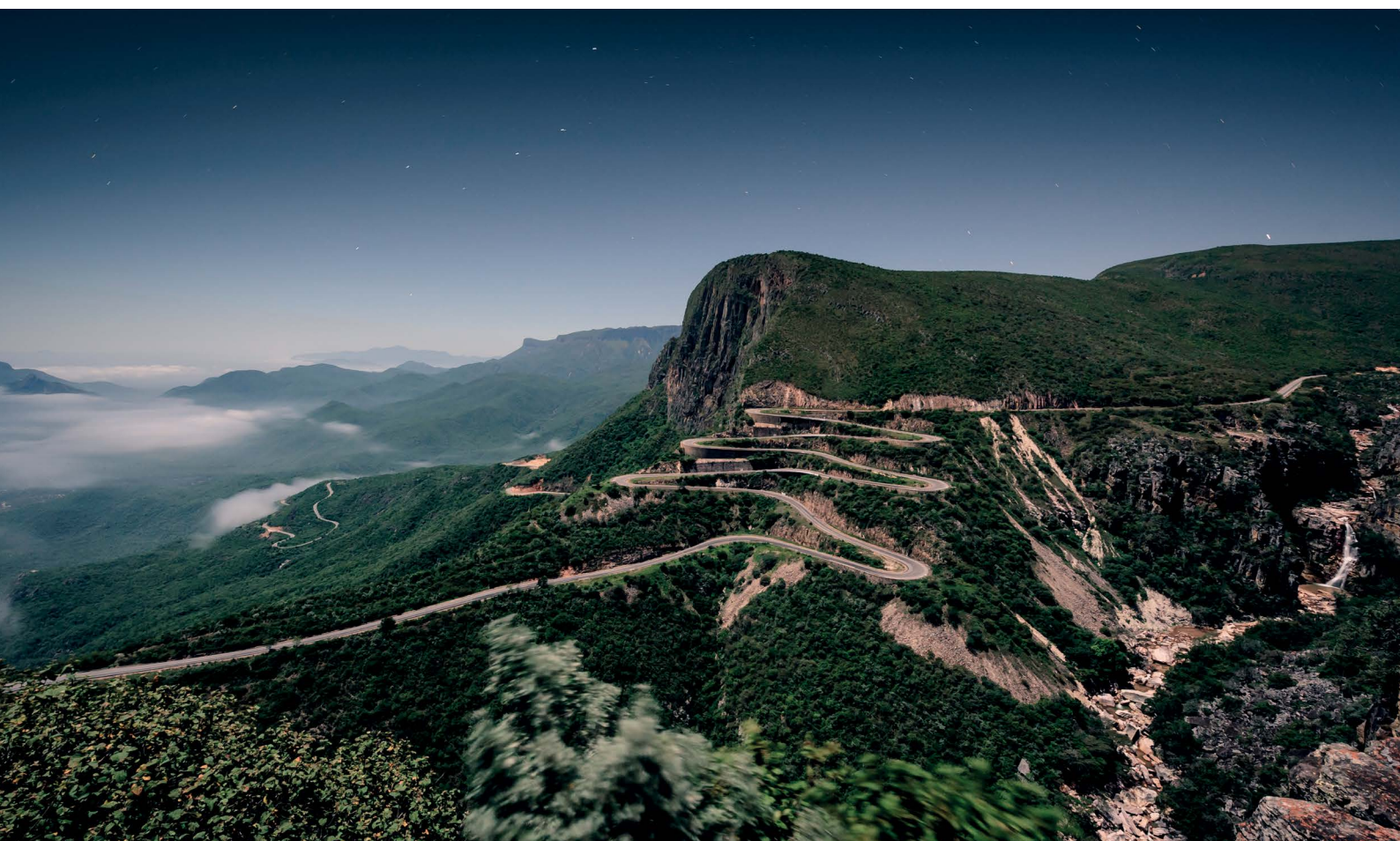
Within the current economic context, we forecast modest growth, and hence, in forthcoming years will see greater competitiveness. We firstly seek to consolidate the institution, expand the product portfolio within a framework of participating in more mature markets such as Luanda and strengthening our trust based relationships with our clients and partners. This may seem like sheer foolhardiness on our part, plunging into a banking market in a phase when the economy is in a far less comfortable situation, however, the truth remains that there are opportunities that only need attention with a view that maintains a growth perspective.

**What contributions may Angolans expect from this new institution towards the development of the national economy?**

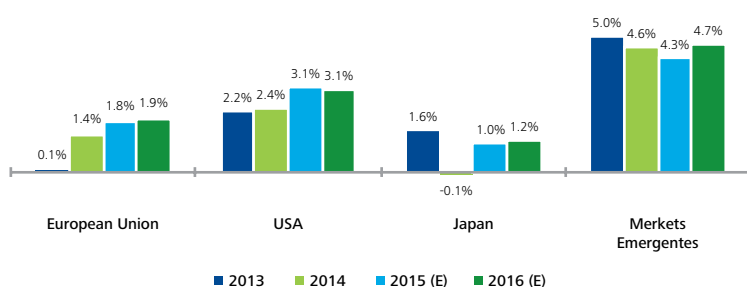
The key role of any financial banking institution is essentially to enable, as an intermediary, the transfer of the savings of savers to those who need them to finance their respective projects. However, due to innovation and specialisation, banks, beyond granting loans, also provide services that enable greater economic efficiency. Within this sense, despite the atypical (and less comfortable) economic context, which we believe will stabilise over the years to come in accordance with the process of economic diversification and the anti-poverty policies, Banco Pungo Andongo will prove to be one of the main project financiers striving for such objectives, that proves to be viable from an economic and financial point of view as well as progressively making the most innovative banking services available to its clients, able to enhance the pace of growth of the Angolan economy.



# Macroeconomic framework

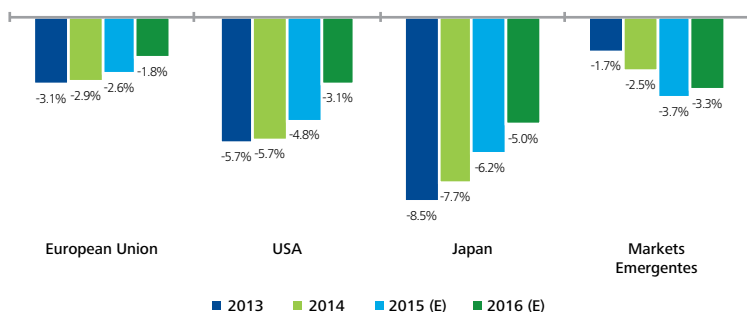


## GDP growth (2013 - 2016)



Source: FMI – World Economic Outlook 2015.

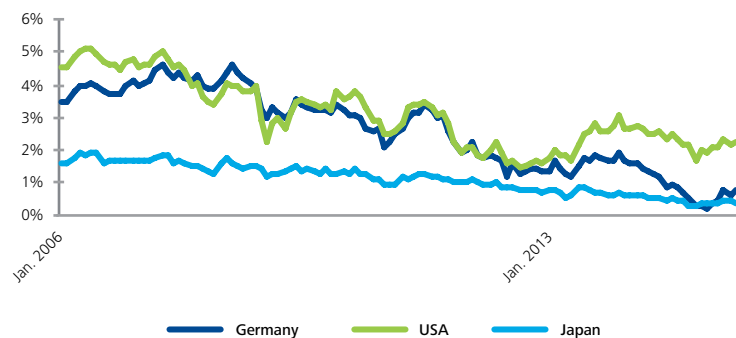
## Public deficits (2013 - 2016)



Unit: GDP percentage.

Source: IMF – World Economic Outlook 2015.

## Treasury bonds, 10 years (2006 - 2015 YTD)



Source: Bloomberg.

## Introduction

World economic activities have advanced with a moderate growth trajectory. Irrespective of the improvements observed in the main developed economies, this overall growth is however counterbalanced by the reduction in the oil price which reached its minimum over 5 years. This shock has caused imbalances in the exports and collection of fiscal revenues in some of the largest emerging economies.

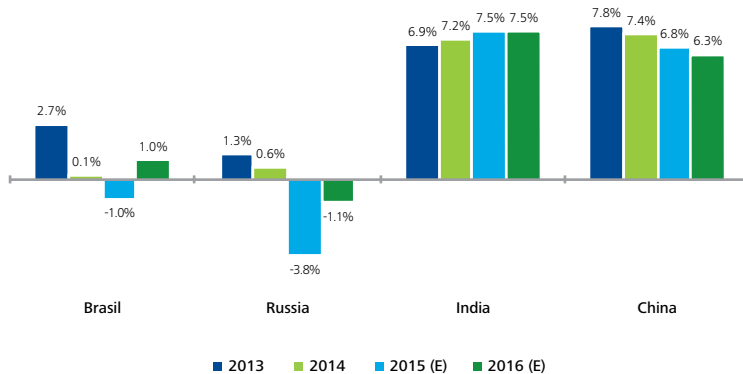
In the European Union, following the growth of 1.4% registered in 2014, the forecast rates for 2015 and 2016 stand at 1.8% and 1.9% respectively. The rise in growth on 2013 is mainly justified by a higher growth rate in countries like Spain, Ireland and Portugal, by the importing of oil at more competitive prices, by labour reforms and by the rise in exports.

Reflecting the general improvement in the global macroeconomic context, there has also been a reduction in the costs of issuing sovereign debt in the main economies in the reference monetary areas. The fear of possible economic slowdowns, inflation rates below those targeted and efforts to reduce the volatility in the composition of investments portfolios have contributed to this decline.

Nevertheless, the ageing population, the contraction in investment, the downturn in factor productivity growth and the rising geopolitical tensions also penalized the growth in the European Union. Beyond these factors, there will be legislative elections in some peripheral economies in the final quarter of 2015, which may result in greater divergences in fiscal policies across EU.

Simultaneously, maintaining restrictive fiscal policies continues to limit the recovery in domestic demand on the one hand by limiting the recovery in competitiveness and financing of the private sector but, contributing, on the other hand, to the gradual reduction in the European Union public deficit

### Real BRIC GDP growth (2013 - 2016)



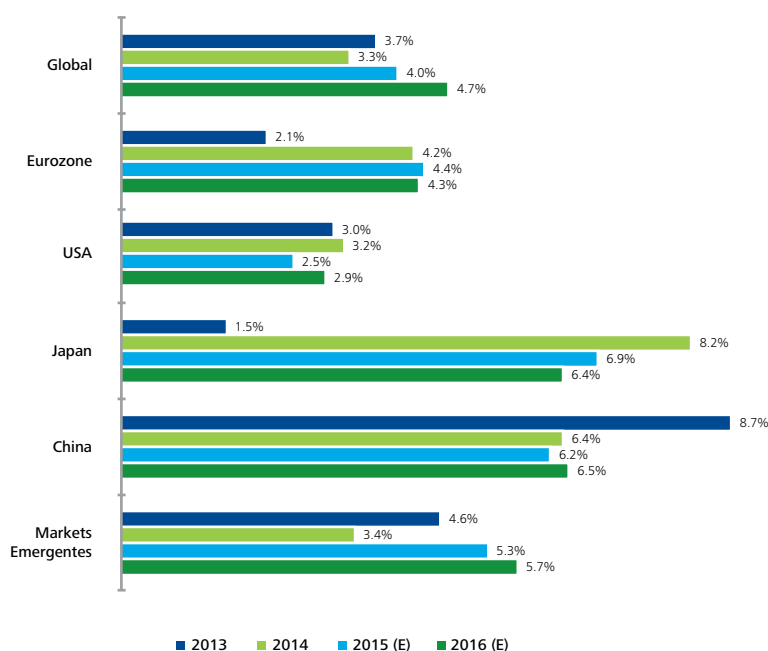
Source: IMF – World Economic Outlook 2015.

In the United States of America, it is expected the maintenance of the trend on economic growth, being foreseen a growth of more than 3%. This forecast is justified by the fact that domestic demand will be supported by lower prices of oil products and its derivatives, as well as by a less restrictive fiscal policy. Simultaneously, despite the Federal Reserve having completed its asset purchasing program in 2014, it is expected the maintenance of an expansionist monetary policy irrespective of the foreseen rise on interest rates. However, the recent appreciations of the Dollar might lead to a slowing in net exports.

In Japan, the impacts of the first rise in 17 years of the tax on consumption from 5% to 8% exceeded the forecast, driving an economic contraction of 0.1% in 2014. The recovery of the Japanese economy should be reached in the following years followed by a devaluation of the Yen and the slowing of imports.

Taking into consideration the current macroeconomic framework, 2014 registered a growth of 1.8% in the developed economies being expected a rise of 2.4% in 2015 according to data made available by the IMF.

### World trade – export trends (2013 - 2016)

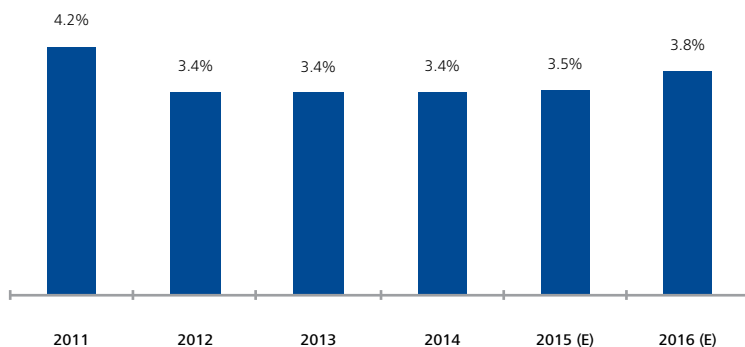


Source: IMF – World Economic Outlook 2015.

Concerning the emerging economies, these recorded a slowdown in their growth rates in 2014. In addition to the fall in the price of oil, other factors contributed to this downturn. The weakening of economic sentiment in Brazil, the increase in geopolitical tensions in Russia and the correction in investment ongoing in China, where it is foreseen a significant contraction in its real estate sector, have brought about macroeconomic imbalances holding back growth in these economies.

Irrespective of the outlook for recovery in the main developed economies, the investments in infrastructures and the adoption of structural reforms to the labour markets fostering greater and more productive participation constitute the main priorities for the near future. Correspondingly, it is equally important to ensure the correction of high levels of private debt and measures to enable the accumulation of capital through the lowering of barriers to markets and investment in improving the business conditions.

### Real world GDP evolution for a total of 189 countries (2011 - 2016)



Source: IMF – World Economic Outlook 2015.

### Key macroeconomic indicators

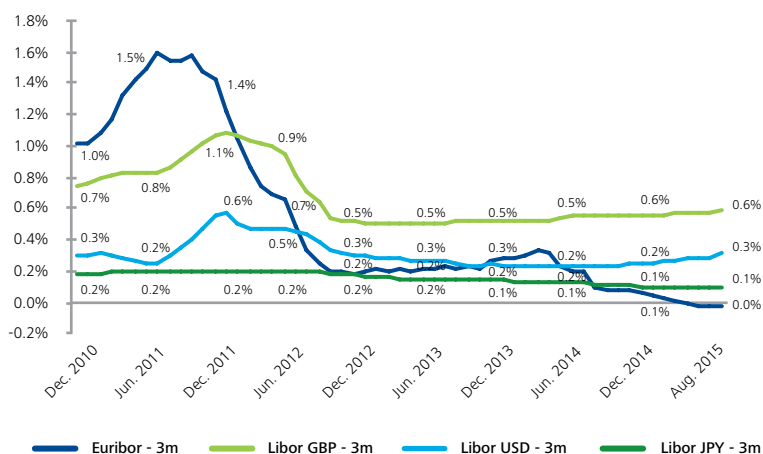
#### Gross Domestic Product

The world economic recovery in 2014 reflected the maintenance of growth in the real World Gross Domestic Product even when taking into account the slowdown in the emerging market with a perspective for further growth in 2015 and 2016.

In 2014, the concentration of world Gross Domestic Product remained at the levels observed over the previous two years with 5% of countries accounting for 65% of world GDP. In 2015, this level is set to rise to 67%.

The United States, China, Japan and Germany continue to form the top 4 of the World Economy. However, in 2014, the United Kingdom overtook France reaching the fifth place, being expected that these positions will keep constant in 2015.

### Interest rates (2010 - 2015 YTD)



Source: BCE, Federal Reserve Economic Data.

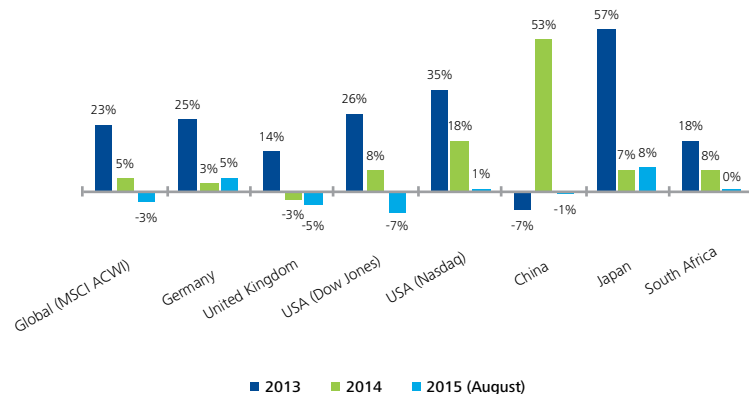
#### Interest rates

Irrespective of the recovery experienced, the main world central banks continue with expansionist monetary policies. Within this framework, the reference rates for Pound and the Dollar remained in 2014 at the levels seen throughout the preceding year not being expected short term rises.

A different pattern was observed by the reference rate for Euro, historically stronger than the Dollar, even though since June 2014 it has been witnessing a progressive reduction, registering a negative value in August 2014. Complementarily, with the maintenance of the inflation rate in the Eurozone still below the reference rate of 2%, defined by the ECB as desirable for the maintenance of economic activities and prices, and given the rises in liquidity observed in European banks, the perspective is maintenance of the reference rate for Euro near zero.

In Japan, while the review of the tax on consumption has led to macroeconomic imbalances, the evolution of interest rates has been practically constant and tending to be among the lowest in the reference monetary areas.

## Financial market evolution (2013 - 2015 YTD)



Source: Bloomberg, MSCI.

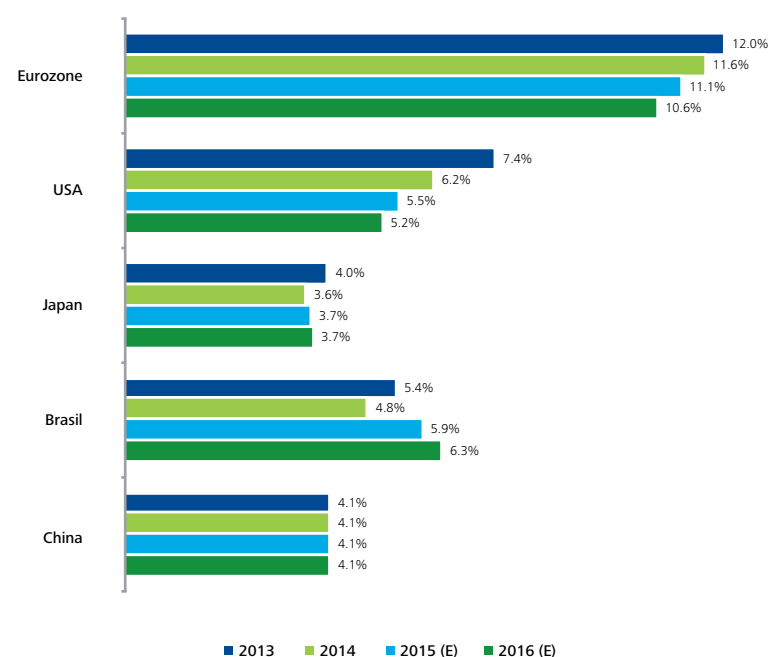
## Stock markets

After significant gains over the course of 2013, there was a slowdown in the main stock markets in 2014. Nevertheless, it should be highlighted the 53% advance in China.

In 2015, the performance of the main global markets was impacted by the devaluation of 34% observed between June and August in the Chinese market. This shock triggered global effects shaping the performance of the main global markets. However, there was a positive performance over the first eight months of 2015 in Germany and Japan that contrasts with the losses registered in the United States (Dow Jones) and the United Kingdom.

The global pattern was captured by the MSCI All Country World Index, made up of 23 developed countries and 23 developing countries. Although it has appreciated 23% in 2013, this index, along those considered in this analysis slowed in 2014 and recorded a gain of 5%.

## Unemployment rate (2013 - 2016)



Source: IMF – World Economic Outlook 2015.

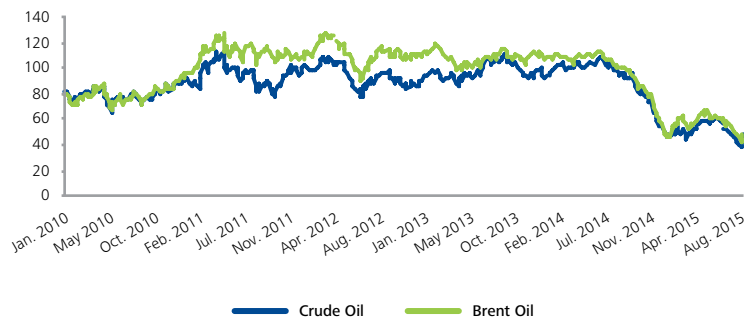
## Unemployment rate

Due to the moderate growth and the prospects for the future recovery of the main world economies, there is naturally a gradual correction of the unemployment rate. This movement is only countered by Brazil and Japan where there are higher unemployment forecasts for 2015 and 2016 in comparison with 2014.

According to information published by the IMF, the forecast reduction in unemployment in the Eurozone as from 2014 is sustained by the macroeconomic adjustments ongoing in the peripheral countries as well as the acceleration of growth in France and Germany. Despite the favourable trends in the main economic variables, there is still an effort to implement structural reforms that will enable greater labour market efficiency.



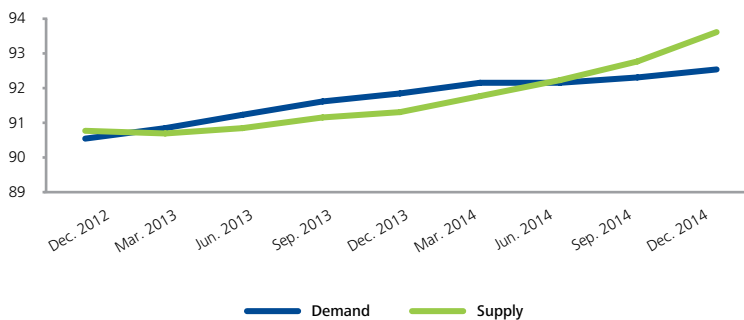
### Oil prices (2010 - 2015 YTD)



Unit: Dollars per barrel.

Source: US Energy information Administration.

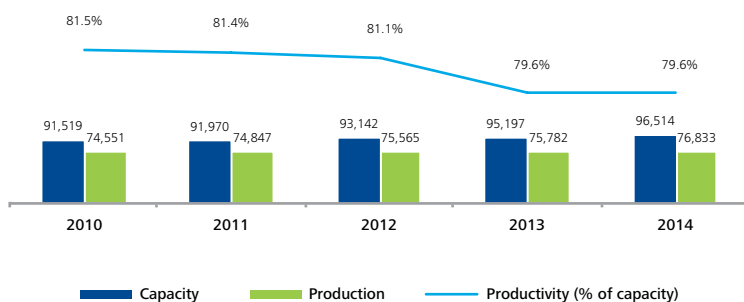
### World oil supply and demand, moving one year average (2012 - 2014)



Unit: Million barrels per day.

Source: US Energy Information Administration.

### Global refinery capacity and productivity (2010 - 2014)



Unit: Thousands of barrels per day.

Source: BP - Statistical Review of World Energy 2015.

### Oil

The trend in oil prices plays a fundamental role in forecasts regarding the trends in emerging markets and the strength of the world economic recovery.

As of June 2014, there has been a decrease in the price of oil, falling 44% in terms of both Crude and Brent. While the increase in shale production in the United States may be identified as one dominant factor in this drop in prices, there are also other factors explaining this trend.

The economic growth below expectations led to a decrease in the demand for oil not only in China but also in the United States and Germany. Simultaneously, the contribution made by oil to world GDP has been decreasing due to the result of a greater energy efficiency. Complementarily, 2014 witnessed a change in the objectives defined by OPEC with the maintenance of market share rather than establishing a pricing range as had been done up until the year before. Likewise, the drops in production in Libya and Iraq did not reach the forecasted values.

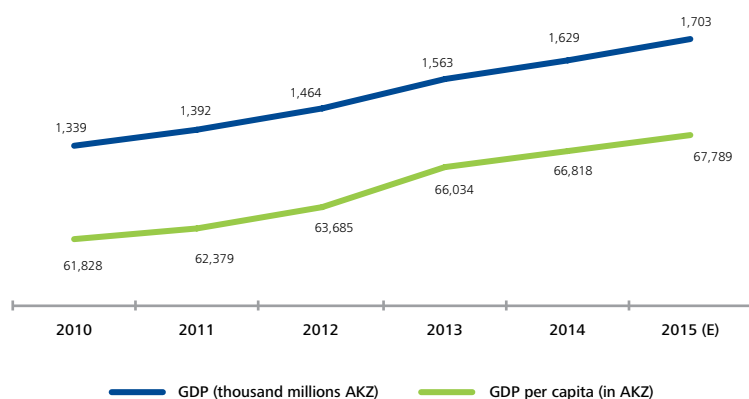
In 2014, it was registered a rise in both the productive capacity and the level of output of refineries in global terms. Nevertheless, productivity, which had been declining since 2010, remained practically unchanged in 2013.

By segmenting productivity by the different geography regions, we find that the most efficient region in 2014 was North America where production attained 88% of the installed capacity and representing a 3% increase over 2013. Inversely, in Africa, productivity in 2014 stood at 63%, increasing 1% comparing to 2013.

# Angolan economic framework



### Real GDP evolution (2011 - 2015)



Source: IMF – World Economic Outlook 2015.

### Introduction

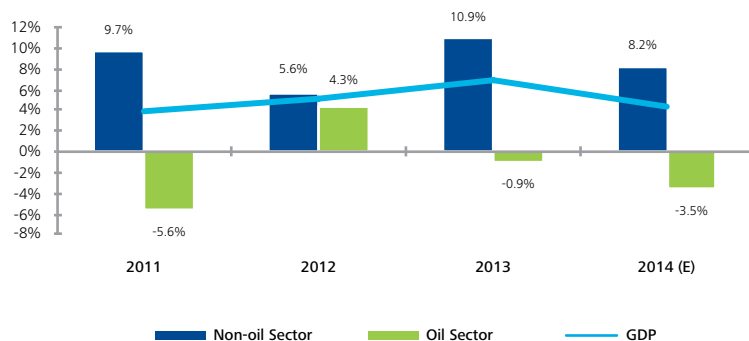
Despite displaying a lower growth than that registered in 2013, Angola did see a further rise in its Gross Domestic Product in 2014. According to the IMF, 2015 is set to see the maintenance of a moderate growth rate.

The slowdown in the GDP growth rate in 2014 stems from its still significant dependence on the oil sector. With the recent fall in oil prices, the Angolan government registered a drop in its fiscal revenues, lowering its public expenditure and, therefore, its domestic demand.

As of 2015, the forecasts point to an economic recovery stemming from an increase in oil production as well as a gradual recovery in private consumption.

Nevertheless, the current macroeconomic context, caused primarily by shocks to the oil market, reinforces the need to continue implementing economic reforms aiming to achieve a greater diversification in economic activities.

### Real oil and non-oil GDP trend (2011 - 2014)



Source: General Revised Budget Report – 2015.

### The main macroeconomic indicators

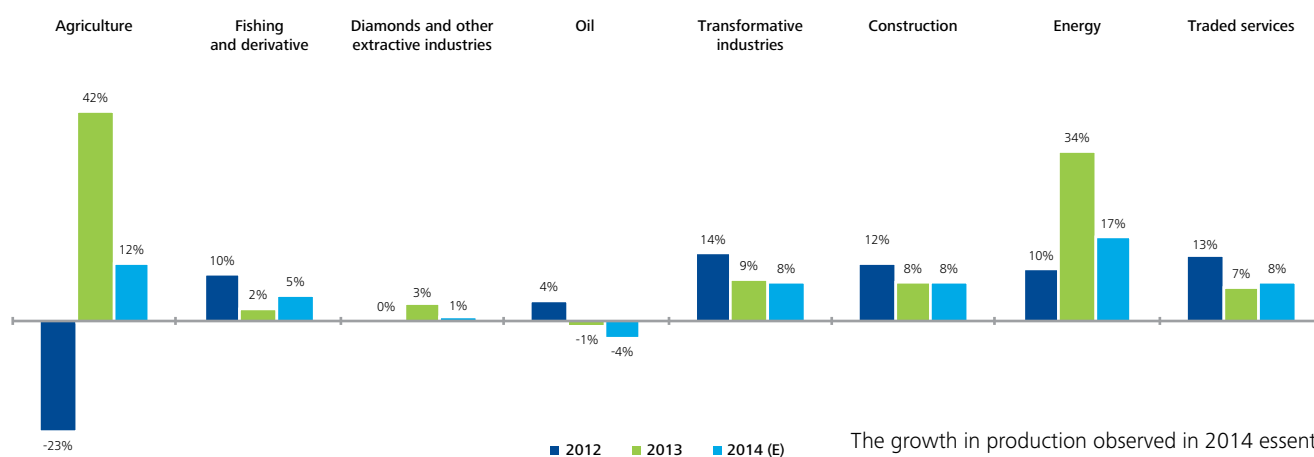
#### Gross Domestic Product

In 2014, the Angolan economy registered a slowdown in its annual GDP growth rate due to the downturn in both the oil and the non-oil sector.

Besides the aforementioned evolution in the price of oil, throughout the last two years, oil production has remained below expectations mainly due to operational problems, contributing to the negative variation in the GDP of the oil sector.

However, this evolution is expected to be reversed during 2015 because of improvements on the efficiency of current platforms and of the conclusion of projects which will increase the productive capacity in 2015.

## GDP evolution by sector (2012 - 2014)

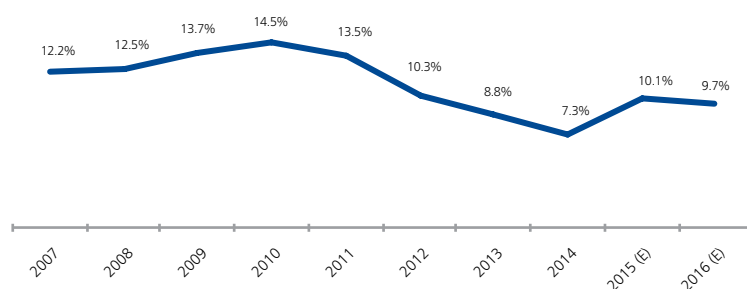


Source: General Revised Budget Report – 2015.

The growth in production observed in 2014 essentially resulted from non-oil activities, especially from the contribution of Energy (17%), Agriculture (12%), Transformative Industries (8%), Construction (8%) and Traded Services (8%).

In parallel, the drive for greater efficiency in the granting of credits targeting micro, small and medium sized companies as well as the increase on competitiveness through the control of inflation took particular relevance in a period in which the resources generated by the oil sector may remain below the desired.

## Annual inflation in Angola (2007 - 2016)<sup>1</sup>



Source: FMI – World Economic Outlook 2015, Economist Intelligence Unit.

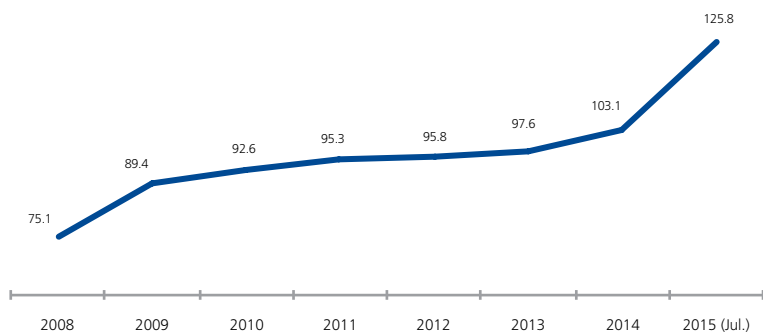
## Inflation rate

As seen in earlier years, in 2014 it was also witnessed a decrease in inflation. Irrespective of the practice of a monetary policy based on the control of inflation, the latter is expected to rise in the short term.

The rise in fuel prices experienced in September and December of 2014, the rise in the prices of industrial raw material and the devaluation pressures on the Kwanza are the main factors explaining a general rise in the level of prices after 2014.

<sup>1</sup> Inflation measured by the annual average variations in consumer prices. The future rates presented were calculated by the Economist Intelligence Unit in August 2015 and provide an estimate more aligned with the recent changes in the Angolan macroeconomic context.

### Exchange rate (2008 - 2015 YTD)



Unit: Kwanzas per Dollar.

Source: BNA.

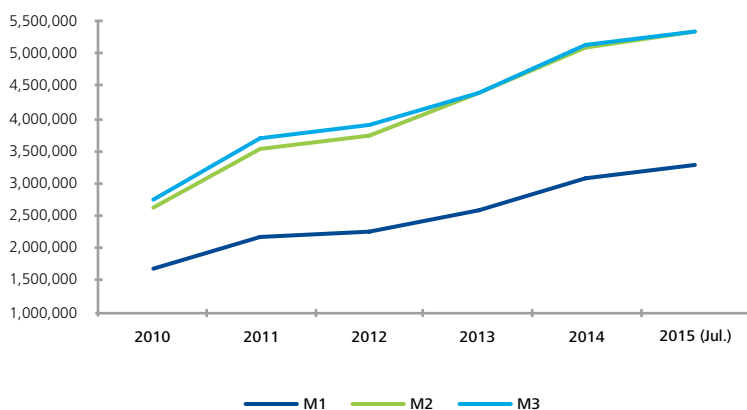
### Exchange rate

The devaluation of the Kwanza against the Dollar began at the end of 2014, which was accentuated in the first seven months of 2015. The capacity of BNA to influence the exchange rate will depend on the level of currency reserves which, in the end of July 2015, was still sufficiently high.

The more accelerated devaluation comparing to past years results from the pressure caused by the fall in oil prices and the imposition of limits on Dollar operations by Angolan banks.

Simultaneously, this imposition led to a rise in demand for Dollars in the parallel market, whose differential, according to the Economist Intelligence Unit, may remain significant comparing to the official rate.

### Monetary circulation (2010 - 2015 YTD)



Unit: Millions of Kwanzas.

Source: BNA.

### Monetary circulation<sup>1</sup>

Following the trend started in 2010, in 2014 it was also witnessed an increase in the money in circulation, being the rise in the monetary aggregate M1 the most significant (20%).

At the same time, in 2014, there was also a reduction in the level of the "dollarization" of the Angolan economy to 35% representing a reduction of 7% comparing to 2013. This indicator is measured through the percentage of deposits held in foreign currencies against the total of deposits

<sup>1</sup> Monetary circulation is made up of M1, M2 and M3:

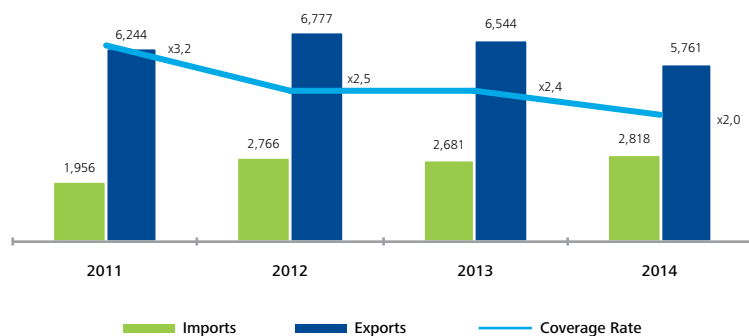
**M1 (Currency):** consists of the notes and coins in public possession plus the current accounts of companies, citizens and local government, in national and international currencies.

**M2 (Currency + almost Currency):** M1 + the term deposits of companies and citizens, in national and international currencies, plus other bonds held in foreign currencies by companies and citizens.

**M3 (Means of payment):** M2 + Other financial instruments, represented by central bank bonds in the possession of private entities plus the Loans and Repurchase Agreements, whether in national or international currencies held by non-financial private companies.



### Trade balance (2011 - 2014)



Unit: Billion Kwanzas.

Source: INE – Annual External Trade.

### Trade balance

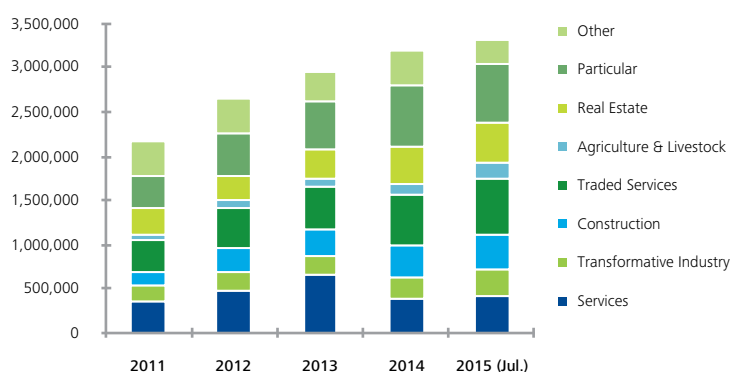
Irrespective of the decrease in exports and the rise in imports, the commercial balance remains positive in 2014 with coverage rate (value reflecting the proportion of exports against that of imports) of 204%.

In 2014, the two main importing economies of national products and services, China and India, contributed 47% and 8% to total exports of Angola, respectively. The geographic distribution of imports is more dispersed with Portugal (16%), China (13%) and Singapore (9%) topping the ranking of countries supplying goods and services to Angola in 2014.

According to the National Institute of Statistics, in 2014, oil products and their derivatives represented approximately 98% of national exports.

As for imports, the main goods imported in 2014 were Machinery, Equipment and Devices (23%), Vehicles and Other Means of Transport (13%), Common Metals (11%) and Agricultural Goods (9%).

### Credit to the economy by sector of activity (2011 - 2015 YTD)



Unit: Millions of Kwanzas.

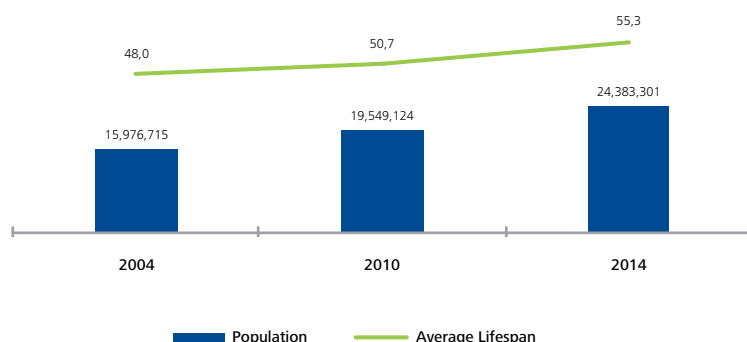
Source: BNA.

### Credit to the economy

The rising trend in the amount of credit loaned to the economy since 2012 remained in 2014, registering an increase of 9% comparing to 2013.

Agriculture and livestock represents the sector recording the largest rise in credit granted over 2014, registering a 62% variation over the previous year. However, individual citizen absorbed the largest amounts of credit. It should also be referred that in 2014 only the services sector registered a decrease in the annual amount of credit granted.

### Population and average lifespan evolution (2004 - 2014)



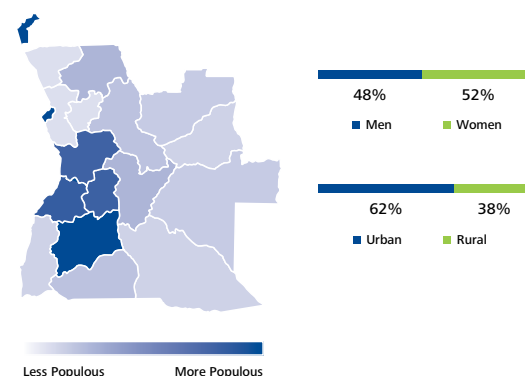
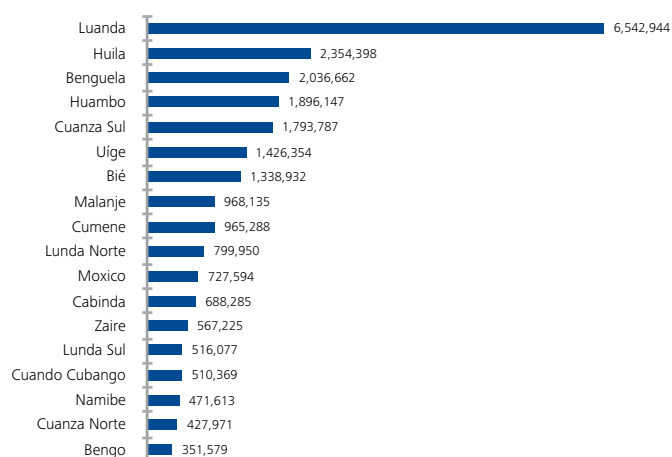
Source: World Bank, INE, RGPH 2014, Preliminary Results.

### Sociodemographic context

Over the last decade, Angola has experienced a clear sociodemographic development. This period witnessed a rise of over 50% in the population. Simultaneously, there was also a rise in the average lifespan that increased by approximately seven years between 2004 and 2014.

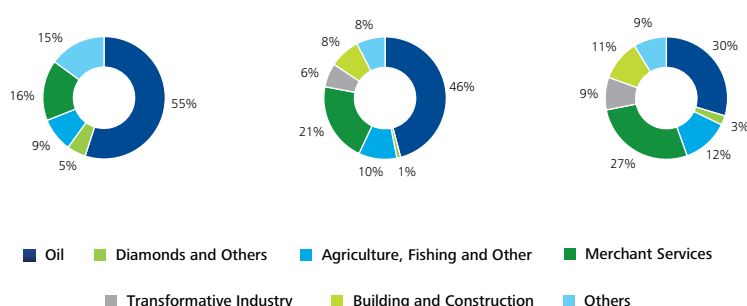
Following the General Census of the Population and Housing in 2014, it is now possible to source more precise demographic information about Angola. Three of the four most populated provinces in the country are located in the south of the country, excluding Luanda, the province that concentrates the most inhabitants. At the same time, the Census also highlights that 62% of inhabitants live in urban zones.

### Distribution of the population by province and rate of urbanisation (2014)



Source: INE, RGPH 2014, Preliminary Results.

### Economic structure (2004 - 2014)



Source: BNA, INE.

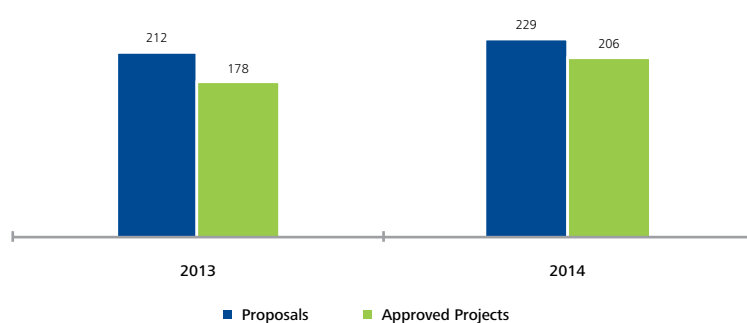
### Economic structure

Although it represents every year one of the needs and priorities to ensure the sustainability of growth in Angola, the diversification of economic activities over the last decade is clear.

In these ten years, the weight of oil sector activities reduced by 25% its contribution to GDP. This decrease has been compensated mainly by the rise in traded services along with construction and the transformative industry.

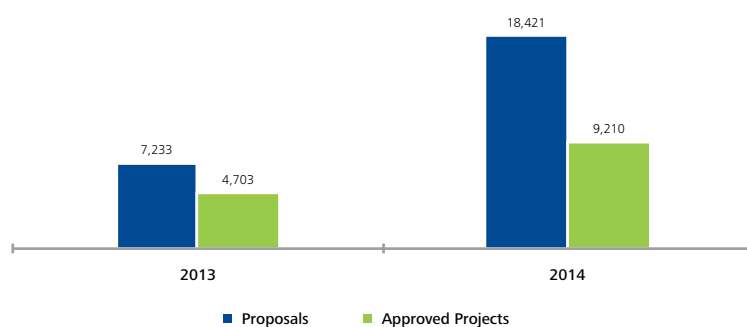
Nevertheless, given the current context of the oil markets, maintaining this progress towards diversification is essential as a means of leveraging all of the opportunities and resources in which Angola has potential for.

### Private investment proposals and projects (2013 - 2014)<sup>1</sup>



Source: ANIP – Annual Summary of Activities Report.

### Private investment proposals and project totals (2013 - 2014)



Unit: Millions of Dollars.

Source: ANIP – Annual Summary of Activities Report.

### Private investment

In 2014, there was an increase in the number of projects approved which contributed to a 96% increase in the annual amount of private investment.

By segmenting the projects approved by economic sector, we may observe that in 2014 the Civil Construction sector received US\$ 5.171 billion investment. In turn, Telecommunications and Transformative Industry attracted US\$ 2.141 billion and US\$ 405 million respectively being these three sectors the most benefited from private investment in Angola.

According to data from the ANIP, it is envisioned that the observed private investment in 2014 enabled the creation of 41,552 direct new jobs, representing an annual increase compared to the 17,311 jobs registered in 2013.

As for the destination of investment, it should be pointed out that in 2014, 179 of the 206 projects approved were located in the province of Luanda, which represents 82.0%, on the total projects, remaining practically unchanged from the 82.4% recorded in 2013.

<sup>1</sup> Total number of proposals and projects approved whether by the ANIP (in cases where such do not exceed US\$ 10 million) or by the Executive Power (when in excess of US\$ 10 million).

### Final considerations and future perspectives

The fall in the price of oil taking place since the second half of 2014 has contributed towards the reformulation of the economic paradigm of Angola given the importance and contribution made by oil sector activities to state revenues and growth in the Gross Domestic Product heretofore

Irrespective of the consistent rise in credits granted to the diverse sectors of the economy over the course of recent years, there is still room to boost the private sector growth.

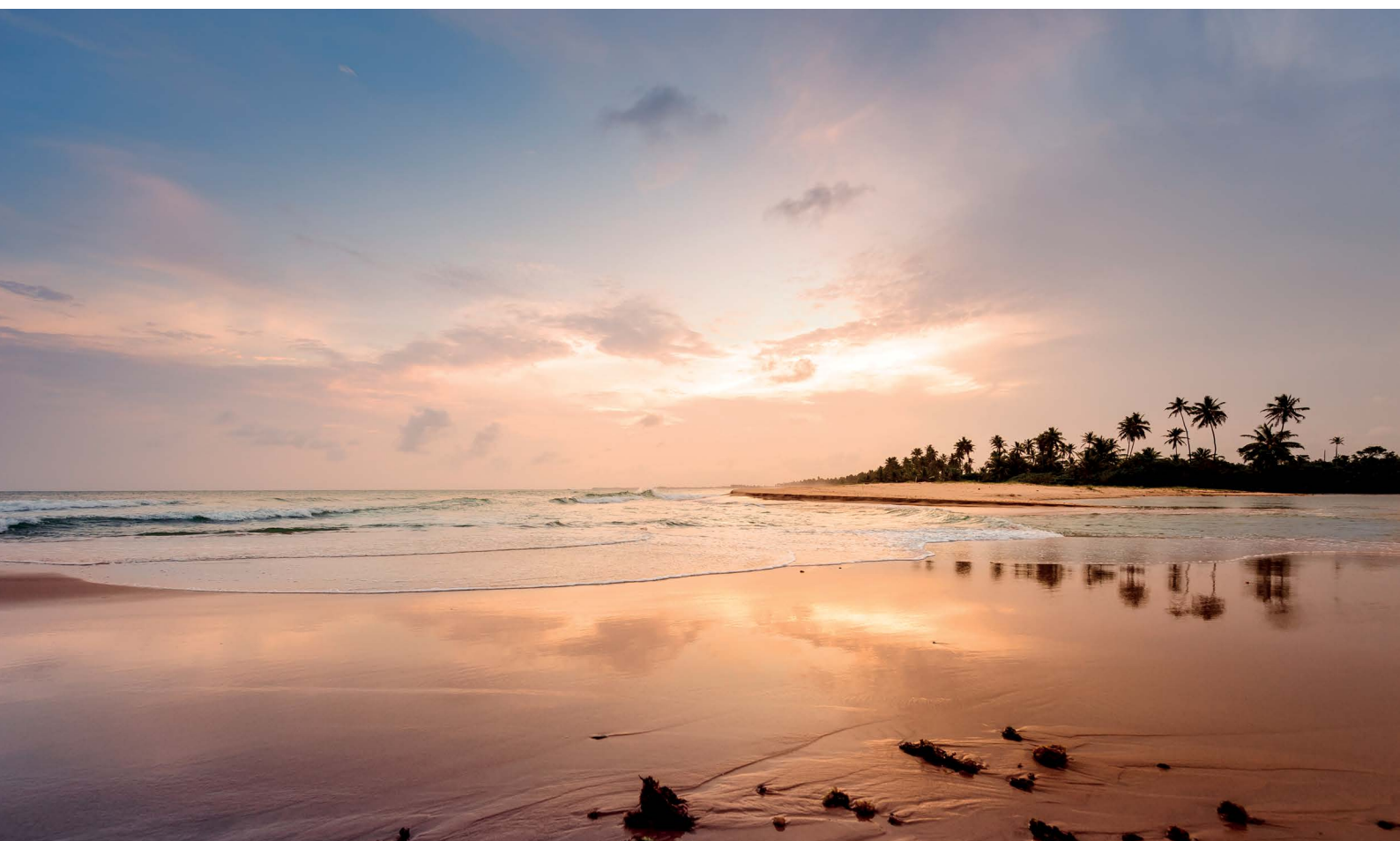
The revision of the Private Investment Law will reduce the minimum level of investment necessary to obtain fiscal benefits but also will begin to classify investments according to the different sectors of activity, thereby enabling a better allocation of resources. In turn, the reduction in the minimum stake held by Angolan investors in foreign company projects should result in more attractive conditions to bring foreign direct investment to the country.

In order to keep fostering the diversification and dynamism of economic activities and the non-oil sector in particular, it is planned to review Angola Investe, a credit and incentive program for micro, small and medium sized companies.

Within this context, the international strategic positioning of Angola has sought to consolidate its relations with its main partners (China, Portugal and the United States), strengthening the foreign investment, the access to international financing and the diversification of trade relations.

The fluctuations and falls in the price of oil need to be approached as an opportunity for the development of other sectors of activity and for the implementation of fiscal reforms in the energy and oil sector, reinforcing the sustainability of growth over forthcoming years.

# The 2015 Banking in Analysis Study





### Study Preparation

The analysis of the sector emerges from the compilation of information made publicly available by the banks operating in the market and by BNA – the National Bank of Angola. To conduct a comparison, reference data was collected from other markets, in particular the Portuguese, Brazilian, South African and North American markets.

The aggregate values of the system, unless expressly mentioned, are obtained from the Angolan banking system information published in BNA Annual Report and Accounts.

The present study includes the banks operating in Angola throughout 2014, with the exception of Banco Económico<sup>1</sup>, Banco VTB - África, Banco BAI Microfinanças, due to the lack of availability of information in their respective Financial statements and Banco Kwanza Investimento as this institution considers its activities are not comparable to the remaining banks operating in the market. However, the volume of these banks was taken into account when consolidating the banking volume of the sector, in accordance with the aggregated information of the banking system published by BNA.

The banks operating in Angola in 2014 are listed in Figure 1. Additionally, Figure 2 shows the banks already authorised by BNA but yet to begin their operations. Banco de Investimento Rural and Banco Prestígio launched their activities in 2015.

Figure 1 – Active banks in Angola in 2014

Acronym	Name	Founding Year
BPC	Banco de Poupança e Crédito	1976
BCI	Banco de Comércio e Indústria	1991
BCGTA	Banco Caixa Geral Totta de Angola	1993
BFA	Banco de Fomento Angola	1993
BMA	Banco Millennium Angola	1993
BAI	Banco Angolano de Investimentos	1997
BCA	Banco Comercial Angolano	1999
SOL	Banco Sol	2001
BE	Banco Económico <sup>1</sup>	2002
BRK	Banco Regional do Keve	2003
BMF	Banco BAI Microfinanças	2004
BIC	Banco BIC	2005
BNI	Banco de Negócios Internacional	2006
BPA	Banco Privado Atlântico	2006
BDA	Banco de Desenvolvimento de Angola	2006
BANC	Banco Angolano de Negócios e Comércio	2007
VTB	Banco VTB - África	2007
FNB	Finibanco Angola	2008
BKI	Banco Kwanza Investimento	2008
BCH	Banco Comercial do Huambo	2010
SBA	Standard Bank de Angola	2010
BVB	Banco Valor	2010
SCBA	Standard Chartered Bank de Angola	2014

Source: BNA - List of authorised institutions.

Figure 2 - Banks preparing to launch operations in Angola in 2014

Acronym	Name	Founding Year
BIR	Banco de Investimento Rural	2015
BPR	Banco Prestígio	2015
YETU	Banco Yetu	-
BPAN	Banco Pungo Andongo	-
ECO	Ecobank de Angola	-
BCS	Banco de Crédito do Sul	-

Source: BNA - List of authorised institutions.

<sup>1</sup> Previously entitled Banco Espírito Santo Angola (BESA).

## Introduction

In 2014, as in previous years, the banking sector had an active participation of BNA in terms of monetary and exchange rate policies and banking supervision. Nevertheless, some events did take place that once again challenged the response capacities of national financial institutions.

In the recent past, the stabilisation of prices has been identified as a core BNA focus. In fact, these efforts by BNA culminated in the recording of an inflation rate of 7.48%<sup>2</sup> in December 2014 which was a historical national minimum. This control is associated to the consequent restraints of the LUIBOR interest rate, which stimulates the banking activities by reducing the costs of financing for financial institutions.

As a consequence of the fall in the price of oil, BNA established a set of exchange rate and monetary policy measures, in particular raising the minimum obligatory reserve requirements, inherent to a greater control over the exchange and inflation rates. This context resulted in an additional set of challenges to the national banking system.

Simultaneously, in March, BNA handed down its directives according to which Banks should act to ensure the full implementation of the IAS/IFRS. This process represents an effort of the financial institutions to adopt the internationally accepted measures, which results in a greater international comparability of accounts.

During 2014, BNA carried out the Quality of Assets Evaluation in a set of banking institutions.

This program improved the awareness of the values and risks of the institutions, being expected to strengthen and reinforce the management and governance of these topics, leading to an increase in the sustainability and robustness of the national banking system.

<sup>2</sup> Source: Banco Nacional de Angola.

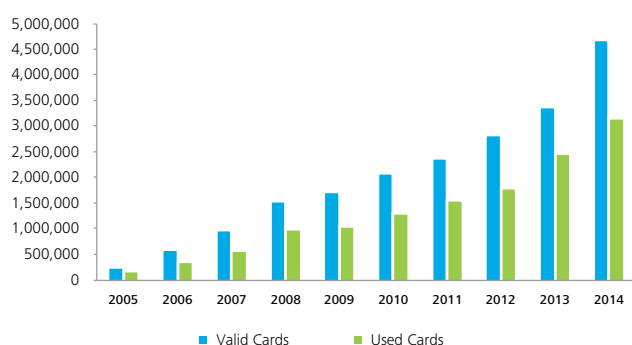
### Electronic means of payment

Electronic means of payments continue to register a strong growth in the national market. The number of active credit and debit cards<sup>3</sup> increased to 3,165,008 in 2014 in comparison with 2,462,174 in 2013 and the valid cards<sup>4</sup> amounted to 4,687,951 in 2014 in contrast with the 3,377,798 existing in the end of 2013.

As for the terminal network, the number of Automated Teller Machines (ATMs) and Automated Payment Terminals (TPAs) grew by 13% and 48%, respectively. The ATM network expanded to 2,627 in 2014, compared to 2,334 in 2013 and the number of TPAs rose to 47,076 terminals in 2014 compared to 31,716 in 2013.

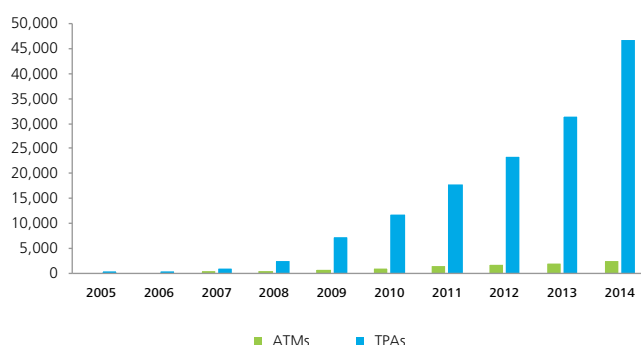
Additionally, the total number of transactions in 2014 grew by approximately 32% compared to 2013, registering a 27% rise in the transactions carried out via ATMs and of 59% in TPAs operations and maintaining the openness of business entities to use these payment methods.

Figure 3 – Credit and Debit Cards



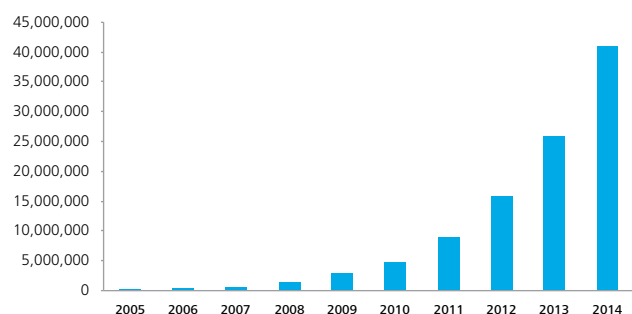
Source: Interbanking Services Company (EMIS).

Figure 4 – Terminal Network



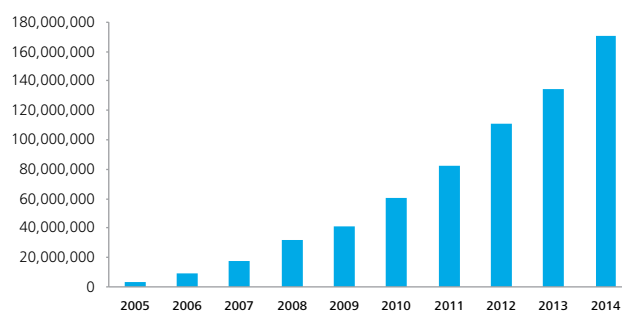
Source: Interbanking Services Company (EMIS).

Figure 5 – Transactions at TPAs



Source: Interbanking Services Company (EMIS).

Figure 6 – Transactions at ATMs



Source: Interbanking Services Company (EMIS).

<sup>3</sup> Active Cards – cards which have been used at least once (used).

<sup>4</sup> Valid Cards – cards released before their expiration date (valid).

### Structure of Assets

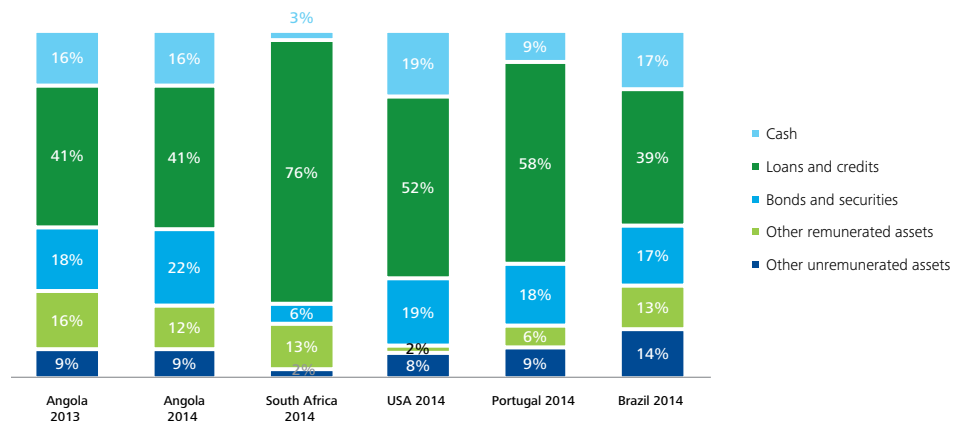
In 2014, the amount of aggregate assets held by national banks rose by around 7.26%<sup>5</sup>, with very few variations of their composition compared to the previous year.

The weight of customer credit (loans) in the overall structure of national bank assets in 2014 stood at 41%, remaining slightly higher than that of Brazil. Nevertheless, these levels remain below those of the more mature markets.

The remaining components have seen very little variation.

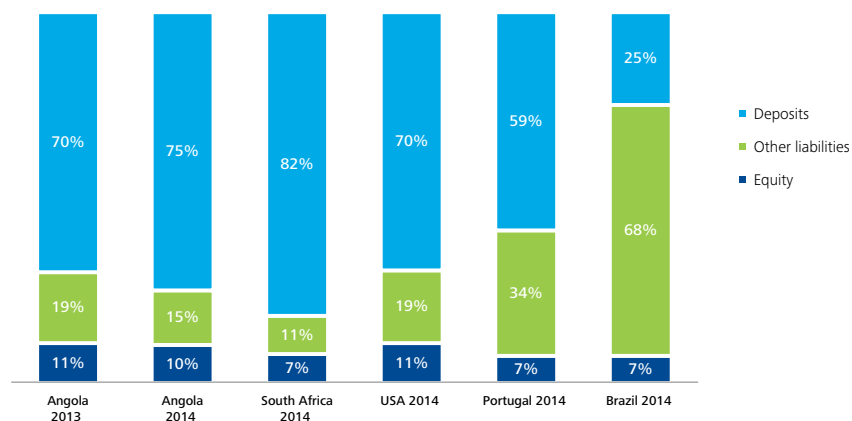
In the structure of funding assets, there was an increase in the weight of client deposits, rising from 70% to 75% contrary to the reduction of the weight of other liabilities from 19% to 15% and a slight reduction in equity from 11% to 10%.

Figure 7 – Structure of Assets



Source: Central Banks; BNA Report and Accounts.

Figure 8 – Structure of Funding



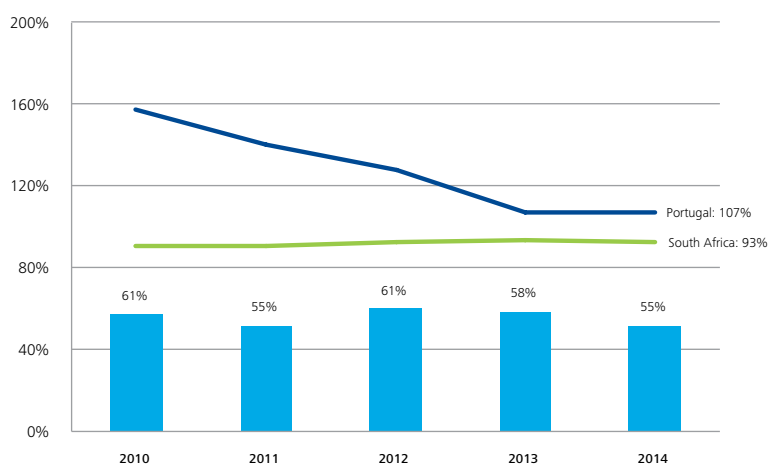
Source: Central Banks; BNA Report and Accounts.

<sup>5</sup> Source: BNA 2014 Report and Accounts.

### Net Loans to deposits

Despite the rise in net loans in 2014, this was not greater than the increase of deposits, which led to a reduction in the transformation ratio between 2013 and 2014, with values of 58% and 55%, respectively.

Figure 9 – Net Loans to deposits



Source: Central Banks; BNA Report and Accounts.

### Total Assets

The total value of the assets of financial institutions in 2014 amounted to 7,129,500 million AKZ, representing a growth rate of 7.26% over 2013<sup>6</sup>.

BPC is on the top of the list with a 16.8% share of total assets, followed by BAI with 15.4%, BFA with 15.1%, BIC with 11.7% and BPA with 5.3%. This group accounts for 64.3% of the total of the sector, registering an increase in the concentration of those banks when compared to 2013 (60.3%).

Figure 10 – Ranking of Total de Assets

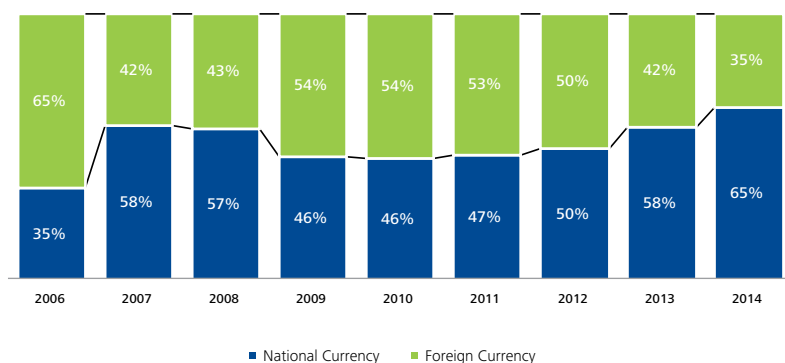
2014			2013		
Ranking	Bank	Quota	Ranking	Bank	Quota
1	BPC	16.8%	1	BAI	15.6%
2	BAI	15.4%	2	BPC	14.9%
3	BFA	15.1%	3	BFA	13.1%
4	BIC	11.7%	4	BIC	11.3%
5	BPA	5.3%	5	BPA	5.4%
6	BDA	4.0%	6	BMA	3.4%
7	SOL	3.8%	7	BDA	3.3%
8	BMA	3.4%	8	SOL	3.1%
9	BCGTA	3.2%	9	BNI	2.8%
10	SBA	2.9%	10	BCGTA	2.8%
11	BNI	2.8%	11	SBA	2.2%
12	BRK	1.6%	12	BCI	1.5%
13	BCI	1.5%	13	BRK	1.5%
14	FNB	1.1%	14	FNB	0.8%
15	BCA	0.4%	15	BCA	0.5%
16	BANC	0.4%	16	BANC	0.2%
17	BVB	0.2%	17	BVB	0.2%
18	SCBA	0.2%	18	VTB	0.2%
19	BCH	0.1%	19	BMF	0.2%
			20	BCH	0.1%

Source: Financial Statements of Banks (Sector totals from BNA Report an Accounts).

<sup>6</sup> Source: BNA 2014 Report and Accounts.



Figure 11 – Structure of Deposits



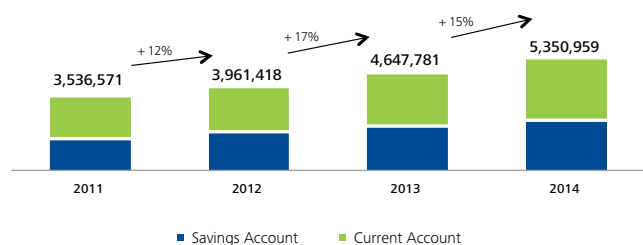
Source: BNA.

## Customer Deposits

### Aggregate View

According to BNA, the weight of deposits in national currency grew compared to those in foreign currency. In fact, between 2013 and 2014, deposits in national currency grew from 58% to 65%.

Figure 12 – Composition of Customer Deposits by type



Unit: Millions of AKZ.

Source: BNA Report and Accounts.

The total value of customer deposits in the national banking sector in 2014 was 5,350,959 million AKZ, which represents a growth of 15% when compared to 2013.

As for the composition of these deposits by type, the total of current accounts accounted for more than 2.9 billion AKZ, representing about 55% of the total of deposits, while saving accounts exceeded 2.3 billion AKZ.

### Relative Position of Banks

Using the public information provided by banks relating to customer deposits in 2014, in terms of their deposits, the relative positioning of the largest banks remained unchanged from the previous year. Therefore, BAI remains the leader with a market share of 17.8%, followed by BFA with 17.4%

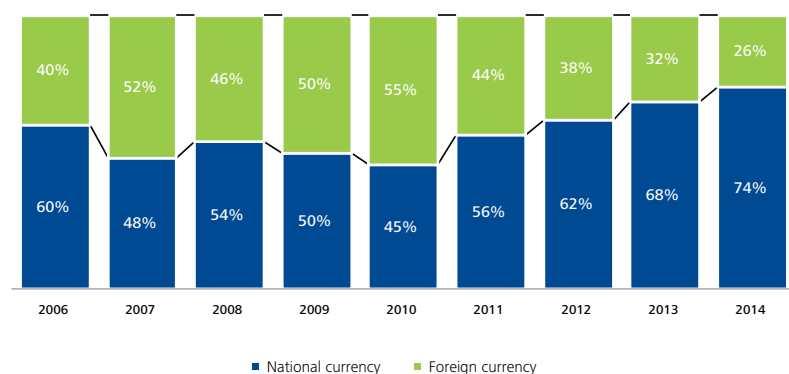
The level of concentration of the largest banks remains similar to that registered in the previous year.

Figure 13 – Ranking by Customer Deposits

2014			2013		
Ranking	Bank	Quota	Ranking	Bank	Quota
1	BAI	17.8%	1	BAI	19.4%
2	BFA	17.4%	2	BFA	16.4%
3	BPC	16.3%	3	BPC	15.7%
4	BIC	12.8%	4	BIC	13.2%
5	BPA	5.5%	5	BPA	5.9%
6	SOL	4.4%	6	SOL	3.9%
7	SBA	3.5%	7	BMA	3.5%
8	BMA	3.4%	8	SBA	2.9%
9	BCGTA	3.4%	9	BNI	2.9%
10	BNI	2.9%	10	BCGTA	2.8%
11	BRK	1.9%	11	BRK	1.8%
12	BCI	1.4%	12	BCI	1.4%
13	FNB	1.1%	13	FNB	0.9%
14	BCA	0.4%	14	BCA	0.5%
15	BANC	0.3%	15	BANC	0.2%
16	BVB	0.2%	16	BVB	0.2%
17	SCBA	0.1%	17	VTB	0.2%
18	BCH	0.1%	18	BMF	0.1%
			19	BCH	0.1%

Source: Bank Financial Reports (Sector totals from BNA Report and Accounts).

Figure 14 – Structure of loans by currency



Source: BNA aggregation.

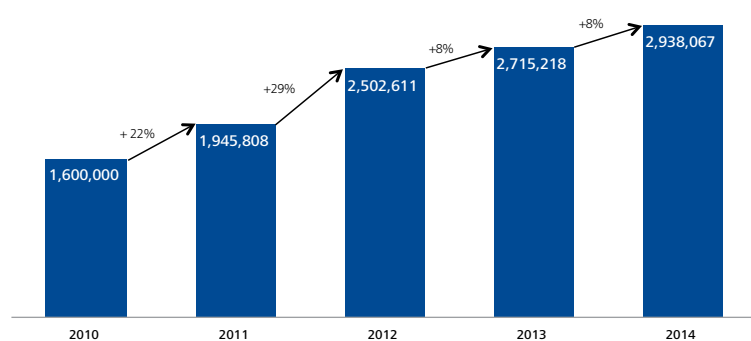
## Loans to Customers

### Aggregate View

At the end of 2014, total gross loans amounted to 3,205.5 billion AKZ<sup>7</sup> showing a growth rate of 9% compared to 2,905 billion AKZ in 2013.

The composition of credit by currency maintained its trend, having the weigh on the national currency, increased 6% between 2013 and 2014, meaning that its currently at 74%.

Figure 15 – Net loan to customers



Unit: Millions of AKZ.

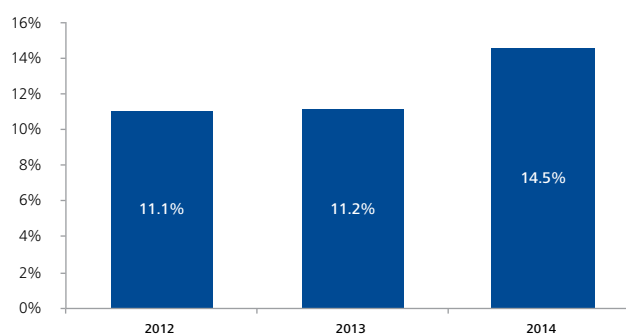
Source: BNA Report and Accounts.

Regarding net loans to customers there was an increase compared to the previous year. The aggregate value of these loans exceeded 2,930 billion AKS, corresponding to a growth of 8%.

<sup>7</sup> Source: BNA 2014 Report and Accounts.

Regarding the ratio of overdue loans, according to information provided by the central bank in its 2014 Annual Report, this ratio rose to 14.5%, showing a significant increase when compared to the value of the previous period (11.2%).

Figure 16 – Overdue Loans



Source: BNA Report and Accounts.

### Relative bank positions

There was a slight change in the positions of the five largest banks with BFA overtaking BPA and thus taking up the 4<sup>th</sup> position in the ranking behind BPC, BAI and BIC.

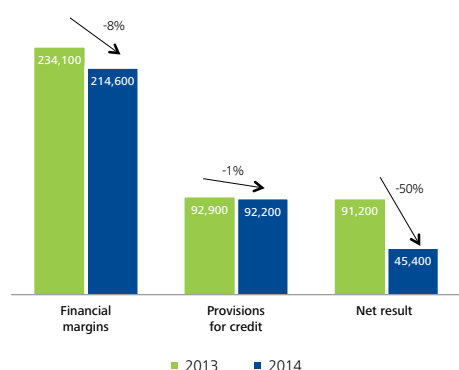
These banks held a collective market share of 65.4% in 2014, having held a higher market share than in 2013 (51.1%).

Figure 17 – Ranking by Net loans to customers

2014			2013		
Ranking	Bank	Quota	Ranking	Bank	Quota
1	BPC	30.1%	1	BPC	22.8%
2	BAI	12.4%	2	BAI	9.0%
3	BIC	8.4%	3	BIC	7.3%
4	BFA	7.8%	4	BPA	6.7%
5	BPA	6.7%	5	BFA	5.3%
6	BMA	4.0%	6	BDA	3.3%
7	BDA	3.3%	7	BNI	3.2%
8	BNI	3.0%	8	BMA	3.0%
9	SOL	2.9%	9	SOL	2.8%
10	BCGTA	2.1%	10	BCI	1.8%
11	BCI	1.6%	11	BCGTA	1.6%
12	BRK	1.6%	12	BRK	1.4%
13	SBA	1.5%	13	SBA	1.3%
14	FNB	1.2%	14	FNB	0.8%
15	BANC	0.4%	15	VTB	0.3%
16	BCA	0.2%	16	BMF	0.2%
17	BVB	0.1%	17	BCA	0.2%
18	BCH	0.0%	18	BANC	0.2%
19	SCBA	0.0%	19	BVB	0.1%
			20	BCH	0.0%

Source: Bank Financial Reports (Sector totals from BNA Report and Accounts).

Figure 18 – Net Income components



Unit: Millions of AKZ.  
Source: BNA 2014 Report and Accounts.

Figure 19 – Ranking by Net results

2014			2013		
Ranking	Bank	Result	Ranking	Bank	Result
1	BFA	31.796	1	BFA	23.899
2	BIC	20.537	2	BIC	19.646
3	BAI	12.849	3	BAI	12.082
4	BCGTA	9.163	4	BPC	7.219
5	BPC	8.907	5	BCGTA	6.677
6	BPA	6.375	6	BPA	6.154
7	BMA	5.741	7	BMA	4.872
8	SOL	4.198	8	SOL	3.465
9	SBA	2.242	9	BDA	2.833
10	BRK	1.729	10	BNI	2.759
11	FNB	1.618	11	FNB	1.465
12	BNI	1.296	12	VTB	1.333
13	BANC	873	13	BRK	1.304
14	BCA	808	14	BCA	670
15	BCH	303	15	BANC	207
16	BDA	249	16	BCH	84
17	SCBA	-1.485	17	BMF	-799
18	BVB	-3.314	18	SBA	-1.039
19	BCI	-5.217	19	BVB	-1.580
			20	BCI	-2.999

Unit: Millions of AKZ.  
Source: Financial Statements of the Banks.

## Results

### Aggregate View

According to the results reported in BNA's annual Report and Accounts, the financial margin, at the end of 2014, totaled 214.6 million AKZ, down 8% compared to the result reported in 2013 which can be explained by the decrease in credit earnings. The net allocations for loan provisions experienced a 1% reduction in 2014, ending the year with around 92.2 million AKZ, which compares with around 92.9 million AKZ in 2013. The total net profit returned by the sector dropped to around 45.4 billion AKZ in 2014, representing a 50% drop relative to the 91.200 million registered in 2013.

### Relative position of banks

According to the annual reports available thus far, small changes in the ranking of the group composed by the top 5 banks were observed, relative to their net results, when compared to 2013, having BCGTA ascende to 4<sup>th</sup> place. In contrast, the three largest banks, BFA, BIC and BAI, held their positions as the top 3.

The largest banks collectively reported total net results of 83.252 billion AKZ, greater than that recorded in 2013 which amounted to 69.523 billion AKZ.

## Profitability

### Aggregate View

In 2014, a reduction of 5% in the ROE was observed, substantially lower than the results obtained in 2013 (10.5%).

Figure 20 – Profitability indicators

Profitability Indicators	2014	2013	2012	2011
Financial Margin	3%	4%	4%	4%
Return on Average Assets	1%	1%	2%	3%
Leverage Rate	9.9	9.1	9.6	9.5
Return on Equity (ROE)	5%	11%	13%	22%

Source: BNA Report and Accounts.

### Relative position of banks

Regarding the average profitability of the banks' equity, there are five banks returning ratios in excess of 20%. From an individual perspective, BFA and SBA rank first and second with returns equal to 34% and 31%, respectively.

Figure 21 – Ranking by profitability (ROAE)

2014			2013		
Ranking	Bank	ROAE	Ranking	Bank	ROAE
1	BFA	34%	1	BDA	52%
2	SBA	31%	2	VTB	41%
3	SOL	26%	3	BFA	30%
4	BCGTA	25%	4	SOL	26%
5	BIC	23%	5	BIC	25%
6	FNB	18%	6	BCGTA	21%
7	BANC	17%	7	FNB	19%
8	BCH	16%	8	BMA	16%
9	BMA	16%	9	BPA	16%
10	BRK	16%	10	BRK	14%
11	BCA	15%	11	BNI	14%
12	BPA	14%	12	BCA	14%
13	BAI	12%	13	BAI	12%
14	BPC	9%	14	BPC	8%
15	BNI	6%	15	BCH	7%
16	BDA	1%	16	BANC	5%
17	SCBA	-45%	17	SBA	-15%
18	BCI	-70%	18	BCI	-38%
19	BVB	-98%	19	BVB	-69%
			20	BMF	-104%

Source: Financial Statements of the Banks.



## Efficiency

### Aggregate View

According to the information stated in the annual reports available thus far, there has been observed a reduction in the growth cycle of the cost-to-income ratio that had occurred in previous years.

Figure 22 – Indicators of Efficiency

Indicators of Efficiency	2014	2013	2012	2011
Cost-to-income	52%	52%	48%	41%
Efficiency Ratio	1.9	1.9	2.1	2.4
Operational Costs (% Assets)	3%	3%	3%	3%

Source: Financial Statements of the Banks.

### Relative position of banks

As for efficiency ratios, over 50% of the banks registered a reduction in their cost-to-income ratio, of which 6 banks particularly stood out with ratios below 45%, namely BDA, FNB, BFA, BCGTA, BIC and BAI.

Figure 23 – Ranking by Cost-to-income Ratio (%)

Ranking	2014 Bank	Value	Ranking	2013 Bank	Value
1	BDA	21%	1	FNB	32%
2	FNB	33%	2	BDA	36%
3	BFA	36%	3	VTB	36%
4	BCGTA	37%	4	BCGTA	38%
5	BIC	42%	5	BAI	39%
6	BAI	45%	6	BFA	41%
7	BMA	53%	7	BIC	41%
8	SOL	55%	8	BMA	55%
9	BCH	55%	9	BPA	55%
10	BNI	57%	10	BRK	55%
11	BPA	57%	11	BPC	63%
12	BANC	62%	12	BNI	66%
13	BPC	62%	13	SOL	68%
14	BRK	64%	14	BCA	69%
15	BCA	67%	15	BCH	80%
16	SBA	74%	16	BANC	83%
17	BCI	110%	17	BCI	102%
18	BVB	306%	18	SBA	103%
19	SCBA	674%	19	BMF	123%
			20	BVB	223%

Source: Financial Statements of the Banks.

## Conclusion

In 2014, the Angolan economy was affected by the oil crisis, which resulted from the drop in oil prices. This situation called out the national government's attention to economy diversification, which implies new opportunities for the banking sector.

In parallel with this reality, the banking sector, as in previous years, has been experiencing a rise in the number of market intervenients, which, in conjunction with higher rates of general recourse of banking services and financial literacy, has led to a rise in the level of competition. In this sense, it is expected that in 2015 the supply of banking services will evolve to meet the rising standards of demand as well as the dynamism and efficiency of institutions. Hence, it is expected that there will be a higher focus in the capacity to generate revenues, especially in terms of commissions and of the identification of new sources of earnings. Likewise, it is also expected a development of the information technology systems of the banks in order to meet the market needs but also to provide a more efficient monitoring of risks so that is possible to be in accordance with the new regulatory framework.

Additionally, there has been a fiscal reform with the main alterations comprising broadening the tax base with the introduction of new taxes and the improvement of the mechanisms for levying and collecting fiscal taxes and effectively obliging companies to adequate their business processes to this new reality.

Another highlight for 2015 is the expected registration of banking institutions by Angolan Debt and Stock Exchange (BODIVA), which may lead to an evolution in brokerage activities and the broader management of assets, developing the role of national banking institutions as the main players in financial intermediation.



# Financial reports



# Financial reports

## Bank balance sheets

2014	BAI	BCA	BCI	BMA	BFA	BIC	BPC	BCGTA
<b>Assets</b>								
Cash and Deposits	199.053	7.002	18.281	36.684	189.279	138.997	104.980	56.336
Liquidity Investments	216.738	1.830	15.043	11.941	250.552	55.257	15.875	9.379
Securities	232.153	11.352	4.864	45.827	359.804	369.980	46.136	94.264
Derivative Financial Instruments	0	0	0	0	143	0	0	0
Loans in the Payment System	386	20	168	260	0	4	0	250
Operações Cambiais	0	0	0	2.650	22.349	2.701	0	0
Loans	365.461	6.462	46.896	117.748	229.479	246.774	885.054	61.293
Other Values	21.063	358	14.433	2.784	3.009	10.755	66.475	701
Commercial and Industrial Inventories	0	19	0	0	0	0	0	0
Fixed Assets	66.218	3.882	7.127	26.775	18.441	11.455	79.958	8.024
<b>TOTAL ASSETS</b>	<b>1.101.072</b>	<b>30.925</b>	<b>106.812</b>	<b>244.669</b>	<b>1.073.056</b>	<b>835.923</b>	<b>1.198.478</b>	<b>230.247</b>
<b>Liabilities</b>								
Deposits	950.917	22.587	77.011	180.900	933.049	685.388	871.899	179.764
Liquidity Funding	10.287	697	0	16.618	6	0	107.051	86
Funding Through Securities	0	0	0	0	0	0	0	0
Derivative Financial Instruments	0	0	0	0	284	0	0	0
Obligations in the Payment System	3.347	182	984	2.023	3.188	7.396	29.022	666
Exchange Rate Operations	349	147	0	2.642	22.152	2.704	13.921	1
Other Funding	0	0	12.121	7	0	37.286	30.502	0
Advances from Customers	5.868	0	0	0	0	0	0	0
Other Obligations	7.495	1.380	8.344	3.723	5.769	9.313	39.267	8.991
Provisions	9.154	76	1.570	663	4.121	2.780	5.672	1.553
<b>TOTAL LIABILITIES</b>	<b>987.417</b>	<b>25.069</b>	<b>100.030</b>	<b>206.576</b>	<b>968.569</b>	<b>744.867</b>	<b>1.097.334</b>	<b>191.061</b>
<b>Equity</b>								
Share Capital	14.787	2.500	6.894	4.010	3.522	3.000	31.672	8.575
Monetary Updating of Capital Reserves	29	82	0	0	450	5.798	0	802
Reserves and Funds	85.366	2.496	7.608	28.042	67.465	60.789	60.031	20.062
Potential Earnings	671	-30	3.168	300	1.254	932	346	584
Capital Conversion Reserves	0	0	0	0	0	0	0	0
Retained Earnings	0	0	-5.671	0	0	0	0	0
(-) Anticipated Dividends	0	0	0	0	0	0	0	0
Accounting Criteria Amendment Earnings	0	0	0	0	0	0	188	0
(-) Own Treasury Shares	-47	0	0	0	0	0	0	0
Net Income	12.849	808	-5.217	5.741	31.796	20.537	8.907	9.163
<b>TOTAL EQUITY</b>	<b>113.655</b>	<b>5.856</b>	<b>6.782</b>	<b>38.093</b>	<b>104.487</b>	<b>91.056</b>	<b>101.144</b>	<b>39.186</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1.101.072</b>	<b>30.925</b>	<b>106.812</b>	<b>244.669</b>	<b>1.073.056</b>	<b>835.923</b>	<b>1.198.478</b>	<b>230.247</b>

## Profit & Loss Accounts

2014	BAI	BCA	BCI	BMA	BFA	BIC	BPC	BCGTA
1. Income from Financial Instruments (Assets)	50.429	1.732	5.507	16.064	44.413	46.901	92.541	10.298
2. (-) Costs from Financial Instruments (Liabilities)	-13.415	-233	-1.236	-4.744	-13.684	-14.919	-39.146	-2.301
<b>3. Net Interest Income (1+2)</b>	<b>37.014</b>	<b>1.499</b>	<b>4.271</b>	<b>11.320</b>	<b>30.729</b>	<b>31.982</b>	<b>53.395</b>	<b>7.997</b>
4. Net Income from Trading and Fair Value Adjustments	0	0	0	0	714	5.484	1.503	0
5. Net Income from Exchange Rate Operations	11.206	1.115	1.952	3.365	14.571	4.830	4.196	5.785
6. Net Income from Financial Services	9.238	694	1.956	4.300	5.823	6.003	17.765	3.823
7. (-) Provisions for Bad Debt and Guarantees	-14.452	-19	-4.567	-2.598	-2.664	-8.456	-14.854	-323
8. Net Income from Insurance, Capitalisation and Health Care Plans	0	0	0	0	0	0	0	0
<b>9. Results of Financial Intermediation (3+4+5+6+7+8)</b>	<b>43.006</b>	<b>3.289</b>	<b>3.612</b>	<b>16.387</b>	<b>49.173</b>	<b>39.843</b>	<b>62.005</b>	<b>17.282</b>
10. (-) Administrative and Sales Costs	-25.723	-2.215	-9.022	-10.032	-18.758	-20.298	-47.925	-6.579
11. (-) Provisions for Values and Probable Liabilities	-2.997	-102	-67	-99	-941	-335	-4.634	-19
12. Net Income from Fixed Assets	-2.678	1	90	405	0	-32	-9	0
13. Other Operating Income and Costs	1.377	-30	-121	179	2.082	1.655	142	159
<b>14. Other Operating Income and Costs (10+11+12+13)</b>	<b>-30.021</b>	<b>-2.346</b>	<b>-9.120</b>	<b>-9.547</b>	<b>-17.617</b>	<b>-19.010</b>	<b>-52.426</b>	<b>-6.439</b>
15. Earnings from Updating Monetary Assets	0	0	0	0	0	0	0	0
<b>16. Operational Income (9+14+15)</b>	<b>12.985</b>	<b>943</b>	<b>-5.508</b>	<b>6.840</b>	<b>31.556</b>	<b>20.833</b>	<b>9.579</b>	<b>10.843</b>
17. Non-Operating Income	-935	5	291	-81	68	784	2.424	121
18. Earnings from Foreign Exchange Conversions to USD	0	0	0	0	0	0	0	0
<b>19. Earnings before Tax and Other Charges (16+17+18)</b>	<b>12.050</b>	<b>948</b>	<b>-5.217</b>	<b>6.759</b>	<b>31.624</b>	<b>21.617</b>	<b>12.003</b>	<b>10.964</b>
20. (-) Charges on Current Earnings	799	-140	0	-1.018	172	-1.080	-3.096	-1.801
<b>21. Net Income (19+20)</b>	<b>12.849</b>	<b>808</b>	<b>-5.217</b>	<b>5.741</b>	<b>31.796</b>	<b>20.537</b>	<b>8.907</b>	<b>9.163</b>

## Million of Kwanzas (AKZ)

BRK	SOL	BPA	BNI	BANC	BDA	FNB	BCH	SBA	BVB	SCBA
19.586	88.100	66.809	29.886	4.166	36.486	9.913	3.729	52.277	3.117	2.805
30.774	8.529	17.661	16.401	51	100.262	10.056	0	37.058	0	2.757
11.073	65.138	43.847	23.612	1.513	40.077	12.970	1.168	64.072	1.162	3.808
0	0	0	0	0	0	0	0	0	0	0
45	1.241	98	67	0	0	647	10	1.598	4	8
5	617	2.057	926	0	0	0	0	29	0	476
46.783	86.273	195.624	88.445	11.982	97.631	36.396	774	42.796	2.926	0
3.412	3.095	7.305	14.060	3.542	1.283	381	93	2.504	187	383
0	183	0	0	0	0	0	0	0	0	0
5.681	17.767	41.905	28.696	7.553	9.902	5.781	352	3.034	4.250	485
117.359	270.943	375.306	202.093	28.807	285.641	76.144	6.126	203.368	11.646	10.722
99.052	236.280	291.779	155.344	14.385	0	59.003	3.330	187.807	8.060	5.509
1	0	18.984	15.047	5.708	0	2.098	312	0	250	8
0	6.546	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	106	0	0	0	0
583	3.206	845	293	1.839	0	1.142	22	766	20	0
78	1.913	2.058	926	0	0	0	0	6	0	472
3.544	460	5.276	6.979	0	250.790	3.141	0	3.560	0	0
0	0	0	0	0	0	0	0	0	0	0
1.219	3.615	5.820	3.016	1.251	1.416	1.010	85	2.837	297	1.403
1.198	1.367	2.016	547	63	442	96	0	282	102	22
105.675	253.387	326.778	182.152	23.246	252.648	66.596	3.749	195.258	8.729	7.414
4.000	5.000	34.158	14.643	4.341	36.202	4.182	2.265	9.530	9.262	4.825
0	0	0	0	0	0	0	0	0	0	0
5.780	1.792	5.099	3.569	347	822	3.748	15	0	0	0
37	302	77	-1.154	0	0	0	0	-469	0	-32
0	0	0	0	0	0	0	0	0	0	0
138	6.264	2.819	2.930	0	-4.280	0	-206	-3.193	-3.031	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0
0	0	0	-1.343	0	0	0	0	0	0	0
1.729	4.198	6.375	1.296	873	249	1.618	303	2.242	-3.314	-1.485
11.684	17.556	48.528	19.941	5.561	32.993	9.548	2.377	8.110	2.917	3.308
117.359	270.943	375.306	202.093	28.807	285.641	76.144	6.126	203.368	11.646	10.722

Source: Financial Statements of Banks.

BRK	SOL	BPA	BNI	BANC	BDA	FNB	BCH	SBA	BVB	SCBA
6.767	12.030	24.413	10.973	1.062	10.597	5.564	214	7.652	359	124
-1.477	-3.747	-7.300	-4.427	-304	-5.584	-2.488	-44	-636	-66	0
5.290	8.283	17.113	6.546	758	5.013	3.076	170	7.016	293	124
228	0	0	0	8	522	0	0	62	0	0
1.696	3.703	5.895	4.312	1.838	5.780	1.891	439	4.178	394	123
2.203	13.011	3.860	3.304	619	3.228	1.209	380	2.082	89	12
-2.022	-5.726	-2.245	-5.818	-115	-10.994	-1.889	-19	-906	-1.499	0
0	0	0	0	0	0	0	0	0	0	0
7.395	19.271	24.623	8.344	3.108	3.549	4.287	970	12.432	-723	259
-6.022	-13.741	-15.388	-8.068	-2.000	-3.052	-2.064	-546	-9.884	-2.377	-1.744
-300	-575	-709	-9	-50	-221	-50	0	-78	-45	0
1	0	204	0	0	0	0	0	0	0	0
591	3	-313	1.043	55	2	-243	19	-57	5	0
-5.730	-14.313	-16.206	-7.034	-1.995	-3.271	-2.357	-527	-10.019	-2.417	-1.744
0	0	0	0	0	0	0	0	0	0	0
1.665	4.958	8.417	1.310	1.113	278	1.930	443	2.413	-3.140	-1.485
489	216	-265	79	134	-29	-81	-5	-46	-174	0
0	0	0	0	0	0	0	0	0	0	0
2.154	5.174	8.152	1.389	1.247	249	1.849	438	2.367	-3.314	-1.485
-425	-976	-1.777	-93	-374	0	-231	-135	-125	0	0
1.729	4.198	6.375	1.296	873	249	1.618	303	2.242	-3.314	-1.485

Source: Financial Statements of Banks.







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## **EXAME**

The 10<sup>th</sup> edition of Banking Review was produced  
in partnership with Exame Magazine.

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