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1 – CORPORATE BOARDS

The General Assembly of BancoComercial do Atlântico (BCA) held on March 31, 2009, elected in accordance with Article 13 of its Statute, the members of the governing bodies, being that the Extraordinary General Assembly of September 4, 2012 changed the nomination of some of the Directors, as shown below:

The General Assembly

Chairman: Dr. Amaro Alexandre da Luz (representing Cape Verde's State)

Deputy-Chairman: Dr. David Hopffer Almada

Secretary: Dr. Salomão Jorge Barbosa Ribeiro

Board of Directors

The Board of Directors is appointed by the General Assembly and consists of a Chairman and four members, two of whom with no executive functions:

Chairman Dr. António Joaquim de Sousa (representing Caixa Geral de Depósitos)

Administrator Dr. Fernando Jorge do Livramento Santos da Moeda

Administrator Dr. Paulo António Arsénio Lopes (in office until September 4, 2012)

Administrator Dr. Maria Eduarda Simões Lopes Branco Vicente (in Office starting from September 4, 2012)

Administrator Dr. João Manuel Tubal Gonçalves (in office until September 4, 2012)

Administrator Dr. Ana Isabel Pais Vinagre Tomazio (in office starting from September 4, 2012)

Administrator Dr. Avelino Bonifácio Fernandes Lopes

Statutory Auditor

Effective: Deloitte& Associados, SROC SA, represented by João Carlos Henriques Gomes Ferreira

Alternate: Carlos Luis Oliveira de Melo Loureiro

Executive Committee is appointed by the Board and comprises three elements:

Dr. António Joaquim de Sousa – Chairman

Dr. Fernando Jorge do Livramento Santos da Moeda

Dr. Paulo António Arsénio Lopes (In office until September 4, 2012)

Dr. Maria Eduarda Simões Lopes Branco Vicente (In office starting from September 4, 2012)

2 – SOCIAL CAPITAL

The Social Capital of the BCA amounts to 1.324.765.000 (one billion, three hundred and twenty four million seven hundred and sixty five Cape Verde escudos) and **on 31/12/2012** it was held by the shareholders in the following table, where it can be seen that the holdings of Caixa Geral de Depósitos / Banco Interatlântico , of Garantia - Companhia de Seguros de Cabo Verde, SA and the State of Cape Verde were assigned:

Social Capital 31/12/2012

Shareholder	Amount	Percentage
CGD/INTERATLÂNTICO	697.446.000	52,65%
GARANTIA	165.826.000	12,52%
ESTADO	132.476.000	10,00%
ASA - AEROPORTO E SEGURANÇA AÉREA, SA	28.780.000	2,17%
WORKERS	31.875.000	2,41%
OTHER SHAREHOLDERS	268.362.000	20,26%
TOTAL	1.324.765.000	100,00%

3 -KEY INDICATORS

Key Values and Indicators of Activity and Results

Variables	Unit	2011	2012	Variation
BALANCE SHEET				
Total asset	Cvethousands	67.302.837	69.941.737	3,9%
Total net credit	Cvethousands	41.671.974	40.437.663	-3,0%
Liability	Cvethousands	64.281.524	66.201.043	3,0%
Client resources	Cvethousands	56.459.611	58.175.745	3,0%
Net situation	Cvethousands	3.021.313	3.740.694	23,8%
INCOME STATEMENT				
Financial margin	Cvethousands	2.412.402	2.139.392	-11,3%
+Complementary Margin	Cvethousands	816.758	744.638	-8,8%
=Operating Income	Cvethousands	3.229.161	2.884.030	-10,7%
-Administrative costs	Cvethousands	2.028.860	2.146.103	5,8%
=Cash-Flow of operation	Cvethousands	1.200.301	737.926	-38,5%
+Results Excluded Subsidiaries Cons. Assoc.	Cvethousands	34.334	30.446	-11,3%
-Amortization for theyear	Cvethousands	187.531	202.997	8,2%
-net impairment for the year	Cvethousands	416.759	118.160	-71,6%
-tax with out profit	Cvethousands	93.596	108.127	15,5%
=Net results of the year	Cvethousands	536.749	339.088	-36,8%
RATIOS				
Over due credit/Clientcredit	%	10,3%	12,0%	
Overdue credit +90 days/Client Credit	%	8,6%	10,5%	
Impairment credit/overdue credit	%	68,6%	62,9%	
Client credit/Deposits	%	75,6%	71,0%	
Net Income/Equity (ROE)	%	18,3%	10,0%	
Net Income/Asset (ROA)	%	0,8%	0,5%	
Solvency Ratio	%	11,69%	11,78%	
Operation				
(Cost-to-Income) with Pension Funds	%	68,6%	81,5%	
(Cost-to-Income) Without Pension Funds	%	55,6%	67,4%	
Total asset /Total active employees	Cvethousands	152.269	162.278	6,6%
Total credit and deposit / No Active Employees	Cvethousands	212.397	221.371	4,2%
Credit and Total deposit/ No. Of agencies	Cvethousands	2.933.728	2.981.594	1,6%
Total no. Of active employees	unit	442	431	-2,5%
Number of Active Employees on Chart	unit	411	397	-3,4%
No. Of agencies	unit	32	32	0,0%
No. Of branches	unit	33	33	0,0%

4 - MESSAGE FROM THE PRESIDENT

(Dr. A. Joaquim de Sousa)

In accordance with the Banco Mundial, in 2012 there was a slight slowdown in global economic growth, a trend that should remain in the course of 2013.

With the Eurozone still far from finding solutions for a sustainable economic growth, which enables overcoming the problems of budgetary consolidation and excess debt encountered by many of their countries and the U.S. and, despite good bridge over the designated "budgetary cliff "and favorable behavior of some macroeconomic variables, if consumption and employment still hesitate about the limits of the state's debt ceiling, the said emerging economies eventually did not see their growth expectations and, consequently, the economic climate Worldwide resented this context, keeping very vivid uncertainties for the future.

Cape Verde has its major trading partners involved in this scenario for the administration of major internal difficulties, and therefore it would inevitably be affected, as has been and is currently being. Significant reductions in donations, contraction of remittances, negative variations in foreign direct investment, the need to compromise the management of the budget deficit to a level of state debt that must be controlled, remit the country to an equation of difficult solution but also a time of great challenges and opportunities, which call all economic agents, without exception, to give their best towards implementation of the strategic purposes of economic growth and development levels of well-being of the people of Cape Verdean .

In this scenario the private sector will be summoned to address potential weaknesses in public investment independently or jointly (via public-private partnerships) residing great expectation on the performance of the tourism sector and leveraging the synergies of all surroundings. The State is expected, of course to remain as a facilitator of all economic activity, increase their levels of efficiency and competitiveness and invest their competence towards the achievement of common desiderata.

To the financial system in Cape Verde, and banking in particular, 2012 was a difficult year, with unexpected contours, finding the economic environment, business and social I lived well shaped in the results obtained.

In BCA, with the end of 2011 under liquidity pressure and then held before the change in the increase of Available Cash Minimum of 16% to 18% (We recall that without remuneration by the

Central Bank), as well as the expected volatility Demand deposits of bodies and Public Entities, was perceived as a strategic priority to consolidate the deposits of customers, with special concern in deposits and Segment, as might be expected, of Emigrants. Special products with attractive interest rates allowed an 8% growth in deposits of this nature, a year in which the growth of remittances has been around 1%.

Regarding the credit, given the economic and despite the measures for monitoring and prevention of the most problematic situations, we knew it would hardly be possible to control the increase in overdue loans. However it was not expected that the overall growth of credit in the Financial System was only 1%, after an increase of 9% in 2011, and in the specific case of the BCA there was even a slight reduction, except the Mortgage which grew 1.6%. Thus, with the increase in overdue loans, the Bank failed to account for the portion of its interest in not promoting capitalizations collection cases very doubtful, because that was not offset by the profits generated by the new loans, manifested by lack of demand for quality compatible with our levels of risk tolerance built.

The combined effect of the two situations, consolidation of resources with cost reduction and increased revenues for the behavior of credits, had consequences far more serious in the financial margin, registering a decrease of 11.3% over the year 2011, translated into an absolute value of 273.010 cve thousands.

The guidelines for the control and an attempt to reduce expenses with Staff have not produced the desired effects, assisting to an increase of slightly more than 5%, including an increase in wages of 1.5% and adjustments arising from professional careers as well as social concerns, namely the increase of food subsidy. We recall that for ensuring the sustainability of the Private Pension Fund, BCA has maintained the accounting for a cost of over 400.000 cve thousands / year.

The deteriorations recorded in administrative expenses reflect, in essence, the changes in the tax incidence of some products and the strengthening of the Bank's commitment to training its employees.

The break in the Banking and increase beyond desirable Operating Costs contributed to a significant reduction of the Net Profit of the BCA, which reached 339.088 cve thousands, 36.8% fewer than in 2011.

Very special concern must continue to merit the control of Overdue Loans, probably the most difficult management problem in which the Bank struggles.

Nevertheless and for the positive it is to emphasize the good behavior of the financial strength of the BCA, translated into a solvency ratio of 11.78%, well above the 10% that the law requires.

The BCA continues with a dynamic critical assessment of their methodological approaches to processes and procedures, with the clear aim to raise levels of effectiveness, efficiency, innovation and modernity offering, on a close relationship, meet the expectations of customers in their relationship with the Bank, on a basis of mutual trust, partnership and lasting bonds of loyalty.

It is in this context that the BCA is in the implementation phase, some structural projects which will build a new reality, more in line with the ambition to consolidate the status of reference bank in the Financial System of Cape Verde, in its most diverse aspects.

For example we emphasize Project Valorh, appreciation of the Bank's employees, setting new professional environment, performance evaluation, emphasizing merit and talent in recognition of the competence, the draft Business Continuity, protecting the database and information support Customer relations in disaster situation, the Project File Scanning, seeking better security and accessibility to documents filed; APC Project - Attitude and Pro-activity to the Client, focusing on the primacy of the relationship with the customer, Project Management and Claims Contact Center, Project of Central Balance Sheet and Ratings model ...

With the investment in all these projects we seek to achieve increased competitive advantages in order to sustain profitability generated by the business, constantly pressed by an unfavorable economic environment and / or competition forever and ever stiffer, particularly in relation to struggle of good trading opportunities.

Finding the right balance between security BCA ratios, not to pinch minimally the trust in Brand and profitability indicators, being able to meet the expectations of shareholders and sufficiently attractive in order to attract Capital and, if necessary, will be daily concern of all those working in the Bank.

Also a reference to the fact that the BCA is celebrating this year of 2013 its 20th anniversary. Despite its young age, the Bank feels a past trustee of many, many Cape Verdean banking,

considering its origins issued by the Bank of Cabo Verde and even the use of real estate that were patrimony of BNU.

Proud of its history and based on principles, values and sense of responsibility, as well as on its attraction for modernity, innovation and youth irreverence, BCA will shape their identity for the future.

In the opportunity, the Board of Directors expresses its thanks and appreciation to all shareholders, to Banco de Cabo Verde, the Auditor General of the Securities Market, the Stock Exchanges, the Statutory Auditor and External Auditor, for their cooperation and provided expertise in monitoring the current management of the Bank.

To those without whom it made no sense the existence of the Bank, our clients, we appreciate the privilege your friendship and we reiterate our full commitment in meeting tyour expectations in relation to the BCA, by strengthening a society of proximity and availability products and services consistent with their interests and needs, strengthening bonds of loyalty, based on trust and mutual respect.

To all workers of the BCA, a word of recognition and esteem for the availability, commitment and dedication towards strengthening of the notoriety and aggrandizement of our Bank, as well as a note of incentive, motivation and encouragement to face the vicissitudes of our days, certain that with today's work we build a BCA even bigger and better for the future.

5 – INTERNATIONAL AND NATIONAL FRAMEWORK

5.1 - INTERNATIONAL

In 2012, global economic growth remained constrained by the high weight of the public and private debt in the U.S. and Eurozone. Despite some positive signs in the last quarter of the year, the U.S. and China, the global recovery in 2013 will be moderated and subject to risks due to uncertainty over developments in the eurozone crisis, the continuing budget problems and excessive risk fiscal consolidation in the short term in the U.S., among others.

The following table shows the evolution of the key indicators.

	Evolution of Indicators					
	PIB		Inflation		Unemployment	
	2011	2012p	2011	2012p	2011	2012p
USA	1,8%	2,2%	3,1%	2,1%	8,9%	8,1%
Zone Euro	1,5%	-0,6%	2,7%	2,5%	10,1%	11,3%
Portugal	-1,6%	-3,2%	3,7%	2,8%	12,7%	15,7%
Germany	3,0%	0,9%	2,5%	2,2%	5,9%	5,5%
Japan	-0,6%	1,9%	-0,3%	-0,1%	4,9%	4,4%
Emerging Economy	6,3%	5,1%	7,5%	6,1%	N/D	
Brazil	2,7%	0,9%	6,6%	5,4%	6,0%	5,5%
Russia	4,3%	3,7%	8,4%	5,1%	6,5%	6,0%
Emerging Asia	7,6%	6,3%	5,6%	4,3%	3,4%	3,4%
India	6,8%	4,9%	8,9%	10,3%	n.d.	n.d.
China	9,2%	7,8%	5,4%	3,3%	4,0%	4,0%
South Africa	3,2%	2,6%	5,9%	5,6%	23,9%	24,4%
Global Economy	2,8%	2,3%	3,3%	2,5%	6,2%	6,1%

Sources: European Commission and Bank of Portugal

The **U.S. economy** has shown some improvement in late 2012, with emphasis on the behavior of the labor market, where the unemployment rate stood at 7.8%, which compares with an average unemployment rate of 8.1 %. In last December were created 155.000 new jobs. On the other hand, highlight that, in addition to industrial production, household spending and residential investment continued to grow in the fourth quarter of 2012.

The **eurozone** remained in recession, although the trend of decline in its activity has softened marginally due to less unfavorable performance of the the German economy (supported by growth in its net exports). The Euro area real GDP contracted by 0.1% in the third quarter of 2012. But

many sentiment indicators and business surveys reveal, since the last few months, a path of improvement. The confidence indicators calculated by the European Commission, which reflect an improvement in economic sentiment since November, in particular in the services sector, are noteworthy.

In 2012 the **Portuguese economy** remained conditioned by the goals of the Programme of Economic and Financial Adjustment (EFAP) and, in particular, the process of fiscal consolidation, the need for deficit reduction and debt stabilization. The average inflation rate stood at 2.8%, lower than the average rate in 2011 (3.7%). According to information from the Bank of Portugal (BoP) the Portuguese economy will suffer a recession between -3.2% and -3% in 2012 and -2.3% and -1.9% in 2013.

The **Japanese economy**, meanwhile, had an annual growth of about 2%. The inflation rate in consumption was again negative (-0.1%), after registration of -0.3% in the previous year. In this context, the growing pressure on the Bank of Japan (BoJ) to adopt extraordinary measures in order to increase the rate of inflation. Negative external risks (China, Eurozone) penalize the outlook for 2013. The new government, in parliamentary support steady and exited of the parliamentary elections in December, intends to adopt an aggressive policy against deflation in the country.

The **Chinese economy** follows an upward trend in the pace of activity with an economic growth of 7.8% in 2012 (8.5% in 2013), according to the National Bureau of Statistics. Contributing to this trend is the new cycle of industrial expansion, public investment in infrastructure and private consumption.

Prospects point to growth in gross domestic product in **sub-Saharan Africa**, although moderate global growth may inhibit the expansion of exports. The GDP is expected to grow 5.4% in 2012, supported in some one-off factors such as the start of new extractive projects in several countries. The inflation rate is expected to remain moderate and more noticeable in countries with tighter monetary policy.

5.2 – NATIONAL

5.2.1– General Data

The growth in Cape Verde slowed down in 2012, given the globally adverse external conjuncture , stagnation in the eurozone and weak domestic demand. The most significant impacts include the reduction of donations and foreign direct investment. Leading indicators of the national economic activity point to a contraction of internal demand and expansion of the external demand. Consumer prices have maintained a downward trend since February 2012, with the annual average inflation, measured by the consumer price index, to settle at 2.5%.

According to data published by Banco de Cabo Verde (BCV) the rate of GDP growth in 2012 is expected to settle in the range of 4% to 5%, compared to 5.1% registered in 2011.

The economic climate indicator has evolved negatively in comparison with the same period in 2011, a result of the poor performance of the transport, industry and commerce, says the National Institute of Statistics (INE).

Regarding the foreign trade, and also according to provisional data of the INE, exports and imports declined by 15.4% and 12.6%, respectively, compared to 2011, while re-exports increased by 28.6%. The deficit of the trade balance decreased by 12.4% and the coverage rate of Foreign Exchange Reserves increased from 3.2 to 3.9 months of imports.

Following is the evolution of the indicators of the national economy:

NATIONAL ECONOMIC INDICATORS

RUBRICS	UNITS	PREV	
		2011	2012
PIB Real	%	5,1	[4 a 5]
Ratio Public Debt	% do PIB	80,3	82,0
Average Annual Rates	USD/CVE	85,4	83,3
Inflation	Annual average	4,5%	2,5%
Unemployment	%	12,5	16,8
Foreign Direct Invest.	Millioncve	7.275	4.209
Monetary Mass	V.Annual %	8,0%	4,7%
Foreign Exchange Reserves	Imp. Months	3,2	3,5
Emigrant remittances	Millioncve	13.438	13.417
Economy Credit	Variation	9,0%	2,0%

Source: OE 2012, BCV, MJEDRH e INE

From the budgetary point of view, the deterioration of public accounts continued, with the deficit reaching 11.2% of GDP in November 2012, exacerbating 1.1 percentage points compared to December 2011. The reduction in tax revenues and grants, 5.2% and 81%, respectively, together with the growth of investment spending by 5.5%, explain the behavior of public accounts by November 2012.

The Emigrant Remittances fell by 0.3%, compared to growth of around 29% recorded in 2011. The economic and financial situation in the main host countries, particularly Portugal, Spain and the UK, partly explains the less favorable performance of remittances.

The aggregate M2 increased by 6.3%, against 2.1% in 2011 due to the increase in net international reserves of the country by 13%, which increased to ensure 3.9 months of total imports of goods and services planned for 2012, the reduction in 33% of government deposits and the increase in credit of the Government, both within the banking system as at the National Institute of Social Security, 3.2% and 7.5%, respectively.

According to information from the Central Bank, credit to the economy registered a decrease of 1% compared to the vigorous growth of 9.8% observed in 2011, driven mainly by the reduction in loans to households for other purposes (-14.4 %). The use of more restrictive criteria in the analysis of credit proposals, as well as increased risk aversion, given the economic and financial conditions of the country, may explain the credit policies of commercial banks in 2012.

With regard to country risk, the Fitch rating agency has assigned a credit rating to B + long-term debt of Cape Verde. According to this agency, Cape Verde has a high public debt, presenting several problems that prevent, precisely, the correct estimate of the debt and deficit ratios. The Standard & Poor's rating agency also assigned a credit rating to B + to long-term debt in foreign currency of Cape Verde, according to data published in February 2013.

The report of the Human Development Index - HDI of UNDP for 2013, places Cape Verde at position 132 (133 in 2011), of the 186 countries and territories listed in the document, with regard to the category of medium human development. The Report states that the HDI Cape Verde increased from 0,568 (2011) to 0,586, representing a growth rate of 3%.

5.2.2 – Financial System

In 2012 several warnings and laws were published and issued. In summary, the following is noteworthy:

- The Banco de Cabo Verde (BCV) has released a notebook with the rules governing the entry and exit of domestic and foreign currency and gold in the islands;
- The Regulatory Decree No. 3/2012 approving the Regulation of the Environment Fund, establishing the organization and functioning of the said Fund;
- Ordinance No. 7/2012 establishes minimum conditions and the amount of liability insurance in the business of real estate;
- Decree-Law No. 9/2012, of 20 March, regulating the organization, competence and functioning Financial Intelligence Unit (FIU), which works with the Ministry of Justice, with private budget and financial and technical autonomy.
- The Notice No. 1/2012, of March 1, determines the addition of notes to the Balance Sheet and Account of Gains and Losses to Notice No. 4/2010, of June 28, taking into account that this is a document that contains a set of qualitative information and quantitative complementary to that provided by the financial statements;
- Decree-Law No. 10/2012, of April 2, establishes the legal framework of the State Treasury, which applies to all simple services of the public administration as well as the autonomous funds and services and public institutions involved in the process revenue collection and public expenditure;
- The Legislative Decree No. 1/2012 is republished, of 27 January, which approves the Code of the Securities Market. The Code shall be supplemented with a view to its implementation by legislation of the Government is republished, the Auditor General Regulations of Securities Exchange Market (AGMVM) and circulars of the Stock Exchange of Cape Verde (BVC);
- The Stock Exchange of Cape Verde approved Circular No. 01/BVC/2012 - Process Admission to trading of Securities and Circular No. 02/BVC/2012 - Trading Rules and Operations;
- Resolution No. 26/2012, of May 21, authorizes the treasury to grant approval to the Air Transport of Cape Verde (TACV), to guarantee the lease agreement signed with International Lease Finance Corporation (ILFC), with the aim of renewing the fleet of the company;

- Resolution No. 28/2012, of May 6, renews for a period of 5 (cindo) years, the guarantee provided by the State of Cape Verde to guarantee the bonds issued by Electra SARL, a company of electricity and water, of June 14 2007 in the amount of 1.352.000.000\$00 CVE (one billion, three hundred fifty-two million escudos), and 270.400.000\$00 CVE (two hundred and seventy million four hundred thousand escudos) the value for the year 2012;
- Law No. 13/VIII/2012, of 11 July, establishes the general bases which speed up and facilitate investments in Cape Verde, as well as the rights, guarantees and incentives to be
- Law No. 13/VIII/2012, of 11 July, Establishes the general bases Which Facilitate and speed up investments in Cape Verde, as well as the rights, Guarantees and incentives to be Given to investments _ That Could Contribute to socio-economic development of the country
- Law No. 20/VIII/2012, of 14 December, approving the amendment of the Customs Tariff, approved on July 24, 2012, which comes into force on January 1, 2013;
- Law No. 22/VIII/2012, of 19 December, amending the rates of customs duties established in accordance with the commitments made by Cape Verde CLXI through the list annexed to the Protocol of Accession of Cape Verde to the World Trade Organization, approved by Resolution No. 73/VII/2008 of June 19, and amended by Resolution No. 99/VII/2009, May 11th;
- Deliberation No. 10/CA/2012, of 30 November, approving the Public Consultation Report on the methodology for calculating the cost of capital of CV Telecom, SA (10.9%) applicable to 2011-2013.

5.2.3 – BCA in the System

The financial sector in Cape Verde is increasingly competitive , with seven commercial banks and eight offshore banks operating in the market.

In January 2012, Banco de Cabo Verde, in order to safeguard the balance of payments, safeguarding the stability of international reserves and ensure the balance of the financial system, increased the ratio of the minimum cash requirements from 16% to 18%, guidelines that would strongly influence the lending activity throughout the year.

BCA maintains its leading position in the banking sector in Cape Verde, staying as a bank reference and preserving their market shares, both in terms of credits Customer Resources, 40.8% and 45.1 %, respectively, until November 2012.

According to data released by the Sociedade Interbancária de Sistemas de Pagamento (SISP), were installed during the year 2012 a total of 11 ATM machines and 377 POS's, totaling existing and active in system for 162 and 2.990, respectively. The BCA has closed the year 2012 with 48 ATM machines in the network's active Vinti4, an increase of 9% over the previous year, and a market share of 30%, slightly higher than in December 2011 (29.1%).

BCA in 2012 issued 33.814 new cards Debit Vinti4, which represents a decrease of 1.3% compared with that in December 2011, against the issuance of 77.615 cards debts Financial System. Thus, the cards produced in 2012, 43% were from BCA, maintaining its leadership in this product, with a market share to reach 43%, but less than 2 pp in the same period last year.

Next follows the evolution of the cards issued in the last three years by the BCA.

CARDS ISSUED

	Units		
RUBRICS	2010	2011	2012
DebtCards "Vinti4"	31.733	33.882	33.814
CreditCards "VISA"	1.986	1.895	3.535
TOTAL	33.719	35.777	37.349

VISA cards increased by 86.5%, as a result of an increase in the Visa Flex by 26% and 2.565 cards produced in the year.

Transactions made on credit cards Visa kept the rising trend of last year, but with a slight slowdown from 34% to 29%. Note the relative stagnation of domestic VISA transactions, explained by the fact that poor adherence of traders to the System VISA.

6 –Strategic Vision 2013

1. With reference to the framework of the Great Guidelines for the year 2013 designed by the Board of Directors, embodying the sense of mission of BCA that aspires to be the best bank Financial System Cape Verdean, maintaining market shares without degradation quality of the loan portfolio, and improving levels of profitability and efficiency, particular emphasis was given to strengthening and developing the following strategic objectives:

⇒ **Protection Profitability of BCA through:**

1. Controlling costs and improving efficiency ratios

In fact, the maintenance of sustainable results can only be achieved with a very elaborate management structure costs, and rationalization, productivity and efficiency assumed to daily preoccupation with current practice to combat waste and overspending. The accuracy in the preparation of the budget and the scrutiny of their implementation are crucial to achieving the desired objective.

2. Improved revenue / financial margin of BCA

Given its dimension, the BCA will always be a universal bank with a very steep slope, a credit institution where customers come together from all strata and segments, which will be emphasized by the concern for improving the quality of service and care to customers, reinforcing the principles of segmentation adopted, maintaining a special focus on immigrant segment and researching new areas, private preferred clients and small and micro enterprises, and new spaces and relationship models, always with the concern that a Bank business imminently focus of attention is always the customer, without ever losing sight of profitability that it can provide.

⇒ **Promotion of Human Capital**

Under the recent amendment of the Organic Structure of the Bank, the area of human resources management was spun, through the establishment of an specific Office. This fact is indicative of the importance given to the management of human resources, as a differentiating factor in the market. A Financial System Bank Leader, must have the ambition to be the best sector workers in their Tables and know how to create conditions to keep them motivated through policies of transparent performance evaluation of careers where prevails sustained recognition of merit and talent.

⇒ **Operational Risk and Internal Control (ROCI)**

This is a project across all Directorates of the Bank which aims to promote conditions for a significant increase in the efficiency of working methods and administrative circuits, with real gains for the structure and, consequently, for the Bank's results.

⇒ **Loan Portfolio Quality Improvement**

In the present economic situation, still unclear as to its progress, it is important to keep prudent behavior with respect to risk, trade, exchange, market and other possible with a direct impact on the balance sheet. Increased levels of demand and rigor, with the introduction of new mechanisms, monitoring and control instruments, surely they will at least not increase the level of default recorded so far. Cumulatively __ all the resources will be improved and structures available to manage and try to rectify in a consistent manner, credits taken as problematic. This is one of the key priorities for the coming years.

7 - COMERCIAL ACTIVITY

7.1. – RESOURCES

Elected for the third consecutive year as the **Trusted Brand** of Cape Verdeans in the domestic banking sector, BCA remained the leader in brand notoriety. As a leader and national reference institution, BCA has added responsibilities in social forum, keeping during the current year the proposed Social and Environmental Sustainability, supporting social and cultural activities and promoting the sustainable development of the country.

The BCA has maintained its policy of standardization and modernization of its physical spaces with the inauguration of the new premises of the Agency Avenue in the Beach, and the Agency in May in the town of English Harbour, Isle of May. BCA maintains its network of 33 branches covering all the islands and nearly all Counties of the Archipelago.

The balance of Customer Funds, which includes customer deposits, bonds placed in the secondary market - Repos and Interest payable on deposits, totaling 58.1 million of CV thousands, showing an increase of 3%, driven by customer deposits which increased by 3.9%. Time Deposits have a positive trend of 9.7% compared to December 2011, which shows the recognition and brand trust BCA, particularly of Emigrants, whose growth rate reached 11.1%, representing 70.7% of the portfolio term bank in December 2012. The demand deposits and savings accounts declined in December 2012 compared with the same period last year, at 2.5% and 4.5%, respectively.

Customer deposits belong mostly to private clients with a weight of 82.6% and an increase of 4.1%. The total deposits of Emigrants represent 51.5% of the total portfolio and deposits grew by 8% compared to December 2011. On the other hand, the securities placed in the secondary market repurchase agreement and whose weight in customer funds was around 3.3%, closing the year with a balance of 1.902 million cvethousands , lower than the figure recorded last year.

The table below illustrates the evolution of Customer Funds in the last two years:

CLIENT RESOURCES				
Rubrics	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Deposits	53.469	55.558	2.089	3,9%
Order	21.175	20.639	-536	-2,5%
Fixed	28.786	31.567	2.781	9,7%
Of Savings	3.508	3.351	-157	-4,5%
Interest payable from deposits	618	659	41	6,7%
Secondary Market bonds	2.299	1.928	-371	-16,1%
Other client resources	74	31	-42	-57,6%
CLIENT RESOURCES	56.460	58.176	1.717	3,0%

7.2. – CREDIT

7.2.1 – Determinants of Credit Activity

The unfavorable economic conjuncture marked the year 2012 with the stagnation in the Eurozone and weak domestic demand. The dependence of Cabo Verde abroad, continued to be felt, and ever more pronounced, the effects of the international financial and economic crisis, characterized by a slowdown in foreign investment, the decrease in remittances, the sustained deterioration of conditions of labor markets in the countries of emigration, mainly in Europe. The labor market at national level also deteriorated with rising unemployment, especially in large cities.

Adversity continued in 2012 and have been reflected in banking activity, with emphasis on the quality of the loan portfolio of banks whose default ratio reaches values above the required internationally, this ratio calculated considering the total overdue loans maturing on the wallet global credit.

The restrictive measures imposed by Banco de Cabo Verde, in early 2012, with the increase in Cash and Cash Minimum of 16% to 18%, as well as the unfavorable market developments, led the Bank to have some restraint in granting new loans.

According to Banco of Cabo Verde, the financial sector, the deterioration of bank balance sheets and increasing risk in the market, has contributed to the slowdown in credit to the economy (-1.1%), due to the strengthening of prudential measures imposed on commercial banks.

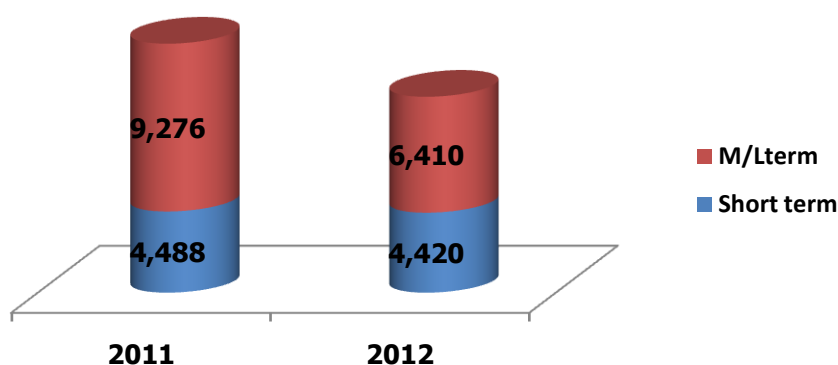
7.2.2 – Analysis of Granted Credit

The total volume of credit granted in 2012, in other words, the new operations, amounted approximately 10.8 million CVE thousands, less than 21.3% in 2011 (-2.934 million escudos), and 66.3% of the total granted year allocated to the businesses. These figures show the deteriorating domestic economic activity, and unfavorable market developments, and its reflection in banking, as the following table:

Evolution of Credit Granted by Segment					(millioncve)	
CREDITS	2011	2012	Variation		Structure	
			Absoluta	Relativa	2011	2012
Companies	7.573	7.178	-395	-5,2%	55,0%	66,3%
Short term	3.663	3.882	219	6,0%	26,6%	35,8%
M/Lterm	3.910	3.296	-615	-15,7%	28,4%	30,4%
Private	6.191	3.652	-2.539	-41,0%	45,0%	33,7%
Mortgage loans	2.849	1.966	-884	-31,0%	20,7%	18,2%
Consumer credit	3.342	1.686	-1.655	-49,5%	24,3%	15,6%
TOTAL	13.764	10.830	-2.934	-21,3%	100,0%	100,0%

The loans showed a decrease compared to December 2011, supported mainly in the credits of medium and long term, which decreased 30.9%, consisting of credit for private housing and income and credits for business investment, resulting from slowing housing construction sector, which demonstrates the unfavorable business environment experienced during the year, and some caution on the part of the bank in granting new loans. The short-term credit also shrank slightly due to the decrease in the purchasing power of households.

Evolution of Credit Granted by maturity period				
CREDITS	2011	2012	Variation	
			Absolute	Relative
Short term	4.488	4.420	-68	-1,5%
M/Lterm	9.276	6.410	-2.866	-30,9%
TOTAL	13.764	10.830	-2.934	-21,3%



7.2.3 – Analysis of Loan Portfolio

The balance of the loan portfolio without the securitized loans reached 34.8 million of short stories, a decrease of 3.8% (1.3 billion escudos) compared to the previous year. This unfavorable development is on the one hand a reflection of increased credit in default and the decrease of the other new operations. To emphasize that the reduction was supported both by corporate loans, which decreased 4.3%, or Households with a decrease of 3.4%. Note that approximately 38.3% of the performing loans to customers represents housing loans, as indicated in the following table:

Active Loan Portfolio by Entity

Entities	(millioncve)					
	2011	2012	Variation		Structure	
			Absolute	Relative	2011	2012
Companies	16.279	15.587	-692	-4,3%	40,3%	39,7%
Short term	3.009	3.073	63	2,1%	7,4%	7,8%
M/L Term	13.270	12.514	-755	-5,7%	32,8%	31,9%
Private	19.971	19.282	-689	-3,4%	49,4%	49,1%
Mortgage Loans	14.731	14.828	97	0,7%	36,5%	37,8%
Consumer Credit	5.240	4.454	-786	-15,0%	13,0%	11,3%
Sub - Total	36.250	34.869	-1.381	-3,8%	89,7%	88,8%
Public and Private Obligations	4.208	3.978	-230	-5,5%	10,4%	10,1%
Credit profits	195	158	-38	-19,2%	0,5%	0,4%
Revenue with deferred income	-253	266	520	-205,2%	-0,6%	0,7%
CLIENT CREDIT	40.400	39.272	-1.128	-2,8%	100,0%	100,0%

The Global Credit Portfolio to Customers, including credit and interest accrued, the Income Receivable and Liabilities Public and Private, declined 4% over the same period.

Despite increased efforts in prevention and credit recovery in an irregular situation acting proactively on outstanding credit and the ongoing monitoring of customers with higher exposures in

the use of the central balance as a tool for risk assessment of companies and Rating with order to optimize the quality of the loan portfolio, the non-performing loans reached 4.7 billion escudos, which represents an increase of 14.3%, due to the highly unfavorable situation experienced during the year.

Below the evolution of Global Credit Portfolio to Customers in the last two years:

PORTFOLIO OF CUSTOMER LOANS

Rubrics	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Active Loan	36.250	34.869	-1.381	-3,8%
Short term	3.744	3.676	-68	-1,8%
Medium and longterm	32.506	31.193	-1.313	-4,0%
Credit and overdue interest	4.160	4.755	595	14,3%
Public and Private obligations	4.208	3.978	-230	-5,5%
Credit profits	195	158	-38	-19,2%
Revenue with deferred income	-253	266	520	-205,2%
TOTAL CREDIT	44.560	44.027	-533	-1,2%
M/Lterm/Normal Credit	89,7%	89,5%		

The following table reflects the evolution of the Gross Loan Portfolio to Customers, by Entity:

Total Loan Portfolio by Entity

Entities	2011	2012	(millioncve)			
			Variation		Structure	
			Absolute	Relative	2011	2012
Companies	18.651	18.397	-254	-1,4%	46,2%	46,4%
Short term	3.282	3.477	195	6,0%	8,1%	8,8%
M/L term	15.369	14.920	-449	-2,9%	38,0%	37,7%
Private	21.759	21.227	-532	-2,4%	53,8%	53,6%
Mortgage loans	15.822	16.076	253	1,6%	39,2%	40,6%
Consumer credit	5.936	5.151	-785	-13,2%	14,7%	13,0%
CLIENT CREDIT	40.410	39.624	-786	-1,9%	100,0%	100,0%

8 –OTHER ACTIVITIES

8.1- HUMAN RESOURCES

On December 31, 2012, the Staff Board presented a total of 431 active employees, being 397 permanent and 34 under fixed term contract.

The Staff Board still counted on six (6) employees on leave without pay, six (6) whose employment relationship had been suspended due to illness and one (1) under preventive suspension.

During the year 2012 four (4) new employees were admitted and there were two (2) layoff at the initiative of the bank.

Ten (10) employees have gone to the situation of pensioners, which reached a total of 121 retirees, as can be seen in the table below.

	ACTIVE			INACTIVE	
	2011	2012		2011	2012
Permanent Chart	411	397	Retired	112	121
Fixed term contract	31	34	Dissasociated/Indemn.	3	2
			Commission Service	0	0
			License	8	6
			Sickleave	1	6
			Absence by other motives	1	1
TOTAL	442	431	TOTAL	125	136

Regarding the Gender, Women accounted for 63% and men 37% of the total active employees. By Functional Group, 39% of employees into roles techniques, 22% had managerial positions, 19% support and auxiliary functions, 12% and 8% were Multifunction performed administrative functions.

In terms of qualifications, as can be seen in the table below, there is a slight increase in the percentage of employees holding BA, 35.7% of the total herd. We noted also that 33.9% of employees held secondary education, 19.7% primary education, 3.2% Polytechnic Superior Education and 7.4% Technical Education-professional.

EDUCATIONAL QUALIFICATIONS

	2011		2012	
	Quant.	%	Quant.	%
Basic Education	89	20,1%	85	19,7%
Secondary Education	153	34,6%	146	33,9%
Professional technical education.	35	7,9%	32	7,4%
Polytechnic Higher Education	15	3,4%	14	3,2%
University Education	150	33,9%	154	35,7%
TOTAL	442	100%	431	100%

8.1.1 – Training and Professional Development

During 2012 the BCA invested in 70 training sessions, reaching a total of 846 students, which corresponds to an average of 1.96 training per employee, with a total workload of 1,424 hours, and the estimated total investment 20,478 in CV thousands.

The following actions are noteworthy due to their scope and relevance, even in the context of the financial crisis sweeping the world and comes with particular emphasis the Eurozone, where the financial system is anchored in Cape Verde, the following: Coaching; Branchsim , Windows server; Prevention and money Laundering, risk Management in Basel; operational risk management; Central swings; Planning and strategic management and credit recovery.

With regard to training activities, 50 were in the country (other company), including 500 trainees, with a workload of 977 hours. Here highlights a set of training activities in partnership with the Institute of Banking of Portugal (IFB).

In the country (in company) held 11 stocks with a participation of 331 students, totaling 87 hours. To emphasize the set of formations promoted by GFC / DFI and DGR. It should be noted that these actions of employees participated in virtually all organs Structure.

Regarding the exterior, 15 employees participated in nine (9) trainings in the IFB, the CaixaGeral de Depósitos and LMsis, with a workload of 360 hours.

The Bank also contributed to the academic training of employees, contributing in tuition courses of Undergraduate, Postgraduate and Masters.

During the year 14 were offered internships, 8 and 6 professional curriculum. The trainees were welcomed by the Departments of Computer Systems, Financial and International Support and Logistics and the Office of Human Resources. Noteworthy is also the stages of the project awarded under the Update Base of Customers Bank, where 30 young people were recruited, having been distributed by all agencies.

8.1.2 – Social Aid for Workers

During the year 2012 the employees of the Social Security of Private System of the Bank and Reformed, and their households, benefited in the Country of clinical diagnostic consultations in general practice and specialty, providing ocular prosthetics, Stomatological treatments ,nursing, surgeries and hospitalizations.

Under the protocol between the BCA and SAMS - Support Services and Medical Social Workers' Bank of the South and Islands of Portugal - employees received 923 treatments (consultations, medical examinations, medical tests, surgeries and hospitalizations .) There were 10 evacuations System Private beneficiaries, and the Bank supported during the year, the costs of the 11 evacuated and one companion.

Costs for Medical-Drug amounted to EUR 66.583 CV thousands, divided into Healthcare Abroad CV thousands of 18.698 and 47.885 in the country of CV thousands.

The Bank continued to support its employees and retirees through the policy of granting credits, in particular for the acquisition or construction of permanent housing and tax allowances. Yet been granted advances due to education, health, extraordinary charges, repairs and improvements to housing and acquisition of own car, taking the total reached 208.913 CV thousands.

8.2 – FINANCIAL AND INTERNATIONAL AREA

8.2.1 - Planning and Control Management and Accounting

The Division of Planning and Management Control - DPG, continued to work in 2012, in order to constantly improve the quality of management information provided to the Bank's Executive Board. Aiming to fulfill all requests of the Overseer of the Financial System, efforts were added to the preparation and timely production of statistical and prudential sent monthly to the Bank of Cape

Verde and the Headquarters of CaixaGeral de Depósitos, the main shareholder of the Bank, for the purpose of consolidation.

8.2.2 – International

The Bank continued to concentrate in selective commitment to internationalization as a strategy in the international area and in order to cover the countries of emigration from Cape Verde.

A strong and active presence in these markets, with a special focus this year for Luxembourg, allowing the BCA a true and better knowledge of the needs and expectations of migrants, thus giving elements to position itself as the best alternative among these.

With an ever-increasing concern in terms of improving the quality and efficiency of services, the bank has developed preferential agreements with other financial institutions and privileged the increasing use of the vast international network of CaixaGeral de Depósitos to the operations of the Customer, in various markets.

Also for the remaining correspondents sought to strengthen relations with a view to improving the quality of services at attractive prices.

Relations With Corresponding Banks

The BCA has owned a vast network of 31 correspondents, covering 17 countries and operations in various currencies such as EUR, USD, CHF, GBP, CAD, DKK, SEK, NOK, JPY and CHF.

This network has allowed the constant improvement of conditions for conducting international business, ensuring coverage of key markets in time quickly and cost-effectively. In 2012 there was an increase in the corresponding SWIFT network from 225 to 230.

The BCA has received delegations and representatives of some international organizations and banks, namely:

1. Agence Française de développement (AFD) - As part of the 2nd Line of Credit and Project Policy of Social Responsibility in implementation, two visits to this entity was received.

2. Proparco - Financial Institution for Development, jointly owned by the Agence Française de Développement (AFD) and private shareholders, met with the BCA to negotiate a line of credit to support the private sector.
3. Finance for développement - FMO, Dutch Bank of business development that aims to promote sustainable development of the private sector through partnerships, lending and knowledge sharing, in order to present and negotiate the possibility of a Line Funding and services investor support.
4. Banque de Development de China - In order to exploit the business opportunities that exist.
5. GARI - Entity with which BCA maintains partnership relations, visited the bank for the purpose of making a progress of joint projects.
6. International Monetary Fund (IMF) and World Bank (WB) - As part of a technical assistance focused on the areas of liquidity and government securities.
7. Commerzbank - was received a delegation of that Bank in the analysis of its corresponding relationship with the BCA.
8. Société Générale - To analyze a possible relationship correspondent banking.

8.2.3. Liquidity

Liquidity Management

For the implementation of appropriate measures to reduce the various risks, including operational, financial and compliance, increasing internal control at the level of international best practices, the management of liquidity (assets and liabilities) was guided by strict adherence to the responsibilities and profitability maximum of availability. For this we used the national and international financial markets, always trying to minimize liquidity risk, to market and exchange.

The commitment to the correct identification of the various business opportunities in the strict control of the net assets and the acceleration of the transformation process in foreign currency notes captured in the country, remained.

During the year 2012 the movement of the foreign currencies had a mixed trend. Inflows registered a negative growth of 6.9% (2.48 billion escudos) and outputs a positive variation of 2.9% (1 billion escudos). Inflows variation was mainly due to the purchase of foreign currency to the BCV, which registered a negative growth of 47.1% yoy. However, sales to the BCV recorded an increase of 228.1% (about 3.1 million CV thousands) leading to the exits registered a positive total variation.

When analyzing the movement of foreign currency transactions without the BCV, there is an entry increase of 50 million , derived primarily from shipments of banknotes abroad. On the side of the outputs, there was a decrease of 6.2% (about 2.1 billion) by the reduction of payment orders issued.

Entrances and Outs Foreign Currencies

	2011	2012	(Millioncve)	
			Variation	
			Absolute	Relative
Foreign Entrance	30.886	30.936	50	0,2%
Purchase Banco Central	5.381	2.845	-2.536	-47,1%
Total Entries	36.267	33.781	-2.486	-6,9%
Foreign outs	34.171	32.045	-2.126	-6,2%
Sale Banco Central	1.378	4.521	3.143	100,0%
Total Outs	35.549	36.566	1.017	2,9%

Cash availabilities in CVE's and currency allowed its monetization, both in domestic and international markets. The preference for short periods led to invest in very short-term applications, particularly the National Interbank Market, but continuing to make investments in the Capital Markets and Securities Primary Market (Private and Public). There was thus an increase of 47.9% (approximately 50.1 billion escudos) with emphasis on applications in the the Interbank Money Market (IMM).

	Investments accumulated of the Year			
	2011	2012	Variation	
			Absolute	Relative
M. National Market	59.485	127.403	67.918	114,2%
Treasury bonds	100	400	300	300,0%
BCV Investments	42.100	73.330	31.230	74,2%
Other Investments BCV (TIM)	180	898	718	398,9%
Other Investments BCV (TRM)	12.875	9.875	-3.000	-23,3%
Investments Other banks	4.230	42.900	38.670	914,2%
Capital Market		678	678	
Investments in Correspondent	45.037	26.551	-18.486	-41,0%
TOTAL	104.522	154.632	50.110	47,9%

The amounts of investments of surplus cash at the end of maintenance periods of Minimum Cash Cash (DMC) with the Banco Central de Cabo Verde (BCV), reached 73.3 billion overall , representing an increase of 74.2% over the previous year.

The surplus ME applied along the corresponding recorded a net negative change of 41%, which is justified by betting on applications in the domestic market. This is because the weighted average rates of investments in EUR accused a negative, and from 0.27% to 0.18%. Rates in USD registered a positive variation, increasing from 0.35% to 0.62%, but the rates of the two currencies remained far below the rates National Money Market .

In terms of interest received in the year, there was a decrease of 10.6% (-59 billion escudos) explained by winning titles at a higher rate than the renewal, by reducing the rates of treasury bonds (TBs) and the failure to renew all the titles in the first phase of the year due to liquidity constraints and, secondly, because of the great competition in auctions.

	(millioncve)			
	Interest from investments of the Year			
	2011	2012	Variation	
			Absolute	Relative
M. National Market	294	231	-63	-21,4%
Treasury bonds	266	189	-77	-29,0%
BCV investments	3	8	5	152,8%
Other Investments BCV (TIM)	1	4	3	441,5%
Other investments BCV (TRM)	22	21	-1	-2,6%
Investments Other banks	2	9	7	306,0%
Capital Markets	256	258	2	0,7%
Investments in Correspondent	7	9	2	28,1%
TOTAL	557	498	-59	-10,6%

The investment portfolio recorded an increase of 116.2% (about 10 billion escudos) via the MMI's operations, especially for applications with the BCV and operations in securities Monetary Intervention (TIM's).

(Millioncve)

	Investment Portfolio			
	2011	2012	Variation	
			Absolute	Relative
M. National Market	3.698	13.823	273,8%	0,1%
Treasury Bonds	3.398	3.298	-100	-2,9%
BCV investments	-	9.500		
Other investments BCV (TIM)	-	798		
Other investments BCV (TRM)	300	227	-73	-24,3%
Investments Other banks	-	-		
Capital MARKETS	4.163	3.918	-244	-5,9%
Investments in Correspondent	801	980	179	22,4%
TOTAL	8.661	18.721	10.060	116,2%

In terms of foreign exchange position, it has remained strict risk control. Thus, in 2012, gains on the revaluation reached 146.6 thousand , representing an increase of 6.52% over the previous year, mainly due to operations in USD.

8.2.4– Capital Markets

BCA –Financial Intermediary

In Capital Markets with greater dynamism than the previous year, the BCA, as a financial intermediary, participated in market transactions, with emphasis on the bonds of Electra (1,202 billion escudos), the Tecnical (750 billion escudos) and ASA (450 billion escudos).

There was a total of 11.8 billion escudos on transactions in the primary market, of which 6.8 million made by INPS, having traded BCA 15.3% of the total. Of total transactions in the market, and considering only the negotiations by the banks, in other words, removing the INPS, the contribution of the BCA stands at 35.9%, and 16.1% Public Debt Securities.

Subordinated BCA Stock Exchange

In December 2010, the BCA launched its first bond issuance, with the sale of 500 thousand subordinated bonds, with the aim of strengthening the Bank's own funds and thus contribute to sustain the growth of the institution and respond to funding, individually or in banking syndicate, large investment projects, both public and private, provided for the continuation of the program of infra-structure of the country.

In the second year, the volume of transactions reached 2.2 billion escudos, representing 1.3% of the turnover of the secondary market of the Exchange.

8.3 – RISK MANAGEMENT

8.3.1 – Credit Risk

The restrictive measures issued by Banco de Cabo Verde, in early 2012, as well as the unfavorable market developments, led the Bank to have some restraint in new lending. The fact that this is supplemented by the situation of overdue loans which recorded notable levels throughout 2012, with negative impact in the lending and even the results of the Bank.

Faced with this situation the BCV has required evaluation reports **credit risk** exposures of large (some previously identified by the BCV, particularly those relating to the real estate sector, highlighting the most critical cases and the prospects for resolution.

With respect to the "control" of credit risk, the Company achieved consolidation of monthly monitoring of clients / entities with the largest credit exposures, called Top 50, as well as impairment losses associated with them.

Note that in 2012 the Bank made the *upgrade* model of impairment, including new features, including the worsening of restructured credits (through the identification and appointment) and stratification of contracts with mortgage guarantees. Also, and as has been usual, proceeded to reporting monthly, quarterly and biannual impairment losses, being noticeable worsening of the quality of the loan portfolio.

On the other hand, it is to highlight the full operation of the Central Balance in 2012 as well as its use as a tool for risk assessment of companies.

Given the evolution of the business, it was necessary to develop some specific monitoring studies, including those related to exposure to municipalities and non-compliance in the the Mortgage and leasing operations.

Note also that proposals were made aiming at a more consistent treatment and sustained restructuring of credits and improving the use of the LTV ratio, as a tool for risk control and credit recovery.

8.3.2 – Market Risk and Liquidity

The beginning of 2012 was marked by some restrictions on liquidity because of the increase in the rate of Minimum Cash Cash 16% to 18%. Thus, in the first quarter of the year, liquidity management deserved priority attention, increasing the scope of intervention of the Office of Market Risk and Liquidity in the BCA.

In January 2012 a set of measures were approved to address the rising rates of Minimum Cash Box, and other changes in monetary policy adopted by the BCV. These measures have had the desired effect quickly and early in the second quarter, we were able to absorb virtually all the significant impact of the restriction on liquidity caused by the increase of 2 pp in the rate of availability that we hold immobilized in the Banco Central.

This showed that an adequate monitoring of liquidity risk greatly increase the knowledge of the Bank's exposure and good answers quickly equate in less favorable fluctuations.

With regard to Risk Interest Rate, the year 2012 was marked by the completion of the process of implementing a more important instrument for characterizing this risk: Repricing Gap map. Thus, based on this map has to do quarterly monitoring of the evolution of assets and liabilities sensitive to changes in interest rates.

Note also that BCV was established by the presentation of a map for analysis Risk Interest Rate, which calculates the expected impact of fluctuations in interest rates on net interest income and net worth, based on assumptions previously defined oversight body.

The Risk Exchange rate continued to be monitored through the monthly report analyzing the evolution of the exchange position in the currency most relevant subject to currency risk (USD), the monthly analysis of the evolution of the Value at Risk of the Bank's portfolio, provided by CGD as well as for monitoring compliance with exposure limits approved by the Board.

8.4 – COMPLIANCE

The BCA, as part of its strategy of risk reduction has been implementing policies and control procedures to mitigate the possibility of the occurrence of events that affect the achievement of your objectives, financial situation or its image and reputation.

It is in this context that is established a Compliance function, assigned to all corporate bodies, embodying itself however in a structure - the Office Support Compliance Function (GFC), directly dependent to the Executive Committee - which is responsible for ensuring, in conjunction with other areas, the adequacy, strengthening and functioning of the internal control system, ensuring that the institution performs its activities in accordance with applicable laws and regulations and respect the high principles of integrity and ethical values.

Simultaneously the Bank is developing since 2010 a process of cross Operational Risk Management, being implemented a registration process of operational risk events, supported by a computer application, allowing the identification and monitoring of risks, their causes and implementing measures for their mitigation.

In 2012, as part of ongoing monitoring and mitigation, there have been developed various initiatives to enhance security and robustness of processes, increasing operational efficiency and ensuring compliance with legislation and regulations. Among these initiatives, we highlight the implementation of the project "Management of Base" and "Document Management", having developed a set of actions aimed at improving the Base Customers and handling procedures and documentation their conservation.

Constituting the formation an important means of promoting the culture of compliance and risk prevention, in 2012 we continued to carry out internal training on topics such as risk management compliance, code of conduct BCA, preventing laundering capital account opening and management of operational risk.

8.5 – AUDIT AND INSPECTION

The Office of Auditing and Inspection carried throughout the year, several actions that stand face to the audit agencies, as well as audits distance of some operations carried out by them. Were made also, among others, actions such as analysis of credit extended minutes, analysis and monitoring of cash differences in the various branches and actions to be cleared, as well as analysis and monitoring of cash balances of the agencies.

8.6 – ORGANIZATION AND INNOVATION

In 2012 there was an evolution in terms of production in regulatory effectiveness and appropriateness of the internal procedures required to the developmental needs of the institution to better operationalization of organizational structures and new rules established by Banco de Cabo Verde, while external regulator.

Noteworthy are, among the various standards developed and published, Regulation of home loans to employees of the BCA, the Definition of Delegations of power, the Rules of purchasing goods and services, the definition of access and authorities System (approved in late 2011, published and implemented in 2012) Council Regulation of the identification card of the employees of the BCA, Regulation of attendance control, the risk management and compliance record of defaults.

Also as concerns the Bank remained the improvement the performance of computer system users, the management of service requests of the doubts expressed by the employees of the Bank, monitoring the resolution and the execution time of tasks. There were a total of 1.275 registered applications / incident (an average of 106 requests / month).

This field were also conducted training and retraining on software banking, directed at users of the shopping areas and the central bank.

8.7 – COMPUTER SUPPORT

Safety / Contingency Plan

In September BCA implemented a replication software online to support the Banka core system and inherently other applications satellites, including accounting, human resources, property and leasing (installed on AS/400 environment).

Infrastructure and Communications

In a summarized form listed out are some measures related to the area of infrastructure and communications that have come to greatly enhance security in the institution:

- Increased security in multimedia libraries by installing firewalls;
- Upgrade system security BCA Cisco PIX firewall Cisco ASA;
- Installation of New Appliances redundant email to Symantec BrightmailAntispam;

- Upgrading Kanalo platform with the possibility of replication and redundancy of databases between servers;
- Installation of a new solution for WSUS Automatic Updates PC and servers;
- Preparation, tender and awarding of a fax server system;
- Migration of centralized platform for CPD Voyager application and management of Western Union processes .

DUC – Only Billing Document

We implemented the DUC, led by the Directorate General of Treasury (DGT) and with all the advantages of a system of operation which is based on the concept of "single document for billing", allowing for the state, automatic reconciliation with the movements approved in the banks.

8.8 - MARKETING AND PUBLIC RELATIONS

During the year there were several initiatives that contributed to the enhancement of the BCA Brand Image and improving other performance indexes, namely the modernization, innovation, competitiveness and maintaining the positioning of BCA bank as market leader.

With this purpose we highlight the maintenance of enhanced corporate image, the development and launch of new products and services, improvement and promotion of existing products and services, the development of the concept of proximity and closer relationship with the client; the improvement in internal and external communication, highlighting the creation of internal *Newsletter*; standardizing image of agencies, offering comfort and convenience to customers and employees (Avenida branch in the city of Praia and Maio branch, in the island of Maio).

In commercial terms, the creation of the APC Project - Proactive Customer attitude, capacity building actions of employees in the area of quality of care were supported, key processes to improve service levels were identified and elaborated the Service Manual.

Monitoring of Customer Segments and Improvement of Service

At the level of Stimulation and Commercial Offers, we invested on the effectiveness and innovation at the service of individuals and businesses with products that enabled intensifying BCA intervention in the market, ensuring loyalty existing customers and raising new ones. In this field we highlight the promotion of existing products and which continue to make a difference in the market for being

exclusive offers of BCA, as being the BCA Leasing and Factoring, and launching new products and services, namely:

- BCA Conta Di Nos +;
- BCA Conta Super Rendimento;
- BCA Poupança Extra 2 and BCA Poupança Empresa;
- Subscriptions to various protocols for commercial partnerships with various companies and institutions in the country;
- Subscriptions of Promotion of other savings products, highlighting the BCA Poupança Jovem by initiatives among students of Schools of the EBI throughout the country on the occasion of dia Mundial da Poupança ;
- Support in the disclosure of campaigns for transfers of Western Union.

At the level of the **Corporate Segment**, besides the diverse offerings and ongoing, there have been developed a number of new initiatives and set up new trade protocols, aiming to build loyalty in existing customers, meeting the specific needs of each, and to attract new customers.

For the **Emigrant Segment**, Emigrant Home Project (a project to create jobs for personalized service agencies was continued, reception at airports and offers souvenirs); The channels of communication with the community emigrated were strengthened; There were new approaches to the market in the diaspora, as privileged segment; Posts exclusive service agencies were created in the greater influx of immigrants, new products were created for the segment, with very competitive rates and yet, there were several meetings within and outside the country. In Cape Verde was maintained holding meetings initiated by the BCA in different islands and Councils and participations in meetings sponsored by local councils. In the Diaspora stands out the participation in the Feira de Cabo Verde held in Paris, at the meeting with the associations of Cape Verdeans in Lisbon, at Sons e Sabores event and in two events held in the USA, on the occasion of the commemoration of the anniversary of the independence of Cape Verde.

Another highlight is the campaign of submission of Evidence of Quality Emigrants and updating data held in the countries where there is greater concentration of Cape Verdean emigrants, notably Portugal, France, Netherlands, Luxembourg and USA. It is of mention that sending an employee to follow in some European countries, notably France, the Netherlands and Luxembourg, the development of field campaigns and to maintain direct contacts with associations, association leaders and entities linked to emigration (Embassies and Consulates). These actions contributed to

increase the closer relations with the community residing abroad, strengthen the bank's image and establish new partnerships.

Communication

The reference in the BCA market increases their responsibility at all levels and especially at the level of communication. Thus the year 2012 was also marked by concerns about the identity of the brand, line graph, consistency in communication and positioning of the brand. Remained campaigns at national level and with the Diaspora, with some presence in the press, namely:

- Campaign for migrants;
- Institutional Campaign;
- Christmas Campaign (**Boas Festas**) using the **Coro BCA** consisting of bank employees.

8.8.1 –Social Responsibility

The BCA has always been committed to its performance criteria for rigorous and responsible as regards, in particular, to the right relationships with customers, the business-friendly environment, responsible contribution to the community, ethical conduct and responsible relations with employees. In the same context there has been a great contribution in the development of Model Sustainability Report for the three banks that joined the project of Social and Environmental Responsibility (RSA) in Cape Verde. In this context, the BCA has reinforced its commitment to the society in which it operates, keeping commitments in several areas of the field of RSA sponsored initiatives of great interest for the communities and for the country as well as for the Bank itself.

Sponsoring and Patronage

At the national level sponsorships were divided between events in social, cultural, sports, health and education and in the Diaspora were maintained supports of cultural events.

8.9 – MEANS AND CHANNELS

In 2012 products and services have been developed through the non-presence channels, for the dissemination and increased use of electronic means of payment in order to alleviate the

commercial networks of activities that can be done through remote channels and increase business potential of networks.

8.9.1 – Means of Payments

Automatic Payments Service

This service payment by bank transfer has brought comfort to customers in settlement of their bills, allowing them the automatic payment by debiting their accounts, deposits, bills of telecommunications services (fixed and mobile telephone, internet and cable TV), electricity, water, insurance and fuel tokens. The Automatic Payment Service is a service provided to businesses with which the BCA signed Memoranda.

In 2012, BCA has created 843 new orders for automatic payments, representing a decrease of 39% over the previous year.

Management of Payment Cards

Debit Cards "Vinti4"

Debit cards are produced by the Sociedade Interbancária and Payment Systems (SISP). The BCA has issued 33.814 Vinti4 cards, less 443 (-1%) than in 2011. The slight decrease in the production of the cards was offset by greater efficiency in their activation / usage. More so that in 2012 the BCA active cards increased by 1.223 units, up 3% compared to 2011.

VISA Credit Cards

The BCA issued 3.535 Visa network cards throughout the year, an increase of 87% compared to 2011. Visa Flex cards were the primary responsible for the increase, with 2.565 cards, which represents a growth of 56%. The renovations constituted the largest share of total emissions of credit cards in 2012, with 73%.

This service has been of a dramatic growth in recent years, driven both by the widespread use of new technologies in the Cape Verdean society, as well as the political dynamics of the channels non presence implemented by BCA.

In 2012 much of current transactions were conducted through electronic channels, thus enabling the network agencies to improve the business model, focusing increasingly on specialized care. For

this reason the electronic channels have been claimed as the Bank's strategic channels, establishing itself as an alternative to the network of agencies for many operations.

BCA Direct (Internet Banking)

We have implemented a new feature, namely the cancellation of payment orders (Cancellation of International Transfers) and the service continued the growth trend evidenced in recent years, both in its use, as well as the number of contracts created, being that the total volume of transactions on this channel amounted to 4,8 billion CV escudos , growing about 14% over the previous year. As regards to the number of operations there was a greater increase, about 70%, approaching the 138 thousand operations.

There was a 5% increase in the number of contracts BCADirecto created and the number of active contracts.

Automatic Teler Machine (ATM`s)

With the aim of further improving utilization of Vinti4 cards , the ATM network was expanded with the installation of two more machines, one at the GareMarítima de Porto Novo and another at Decamaron Hotel. Within the plan for replacement of old machines in December 2012 we proceeded to replace the ATM in the BCA Agency of Fonte Filipe, Sao Vicente.

Lying at an advanced stage are the preparations for the installation of three additional ATM machines on the premises of BCA the city of Praia.

Thus, in 2012, the number of active ATM machines of BCA reached 48 units, showing an increase of 9% over the previous year and a market share of 30%.

The operations performed on these machines reached nearly 2,9 million in number, 7% more than the previous year and about 8,8 billion escudos in value.

Note that the cash withdrawals represent a large part of the transactions on ATM's, reaching the amount of 8,5 billion escudos in value and 1,5 million transactions in number.

Automatic Payment Terminals (TPA)

The number of POS's assets on the network in December 2012, in which the BCA is the support bank grew by 11% reaching 976 units, representing a market share of 32%. The transactions

carried out totaled about 4.2 billion escudos in value and in terms of number 1,1 million, representing a growth of 20% and 23%, respectively, compared to the previous year.

8.10 – LEGAL AREA AND CREDIT RECOVERY

The Legal Office and Credit Recovery was created in 2011, being one body of staff of national scope, based in the city of Praia, whose main objective is to support the Executive Committee and all organs of the Bank's structure, ensuring the function of legal advice and support for credit recovery.

8.11 – OPERATIONAL SUPPORT

8.11.1 – Leasing

Regarding the type of credit Leasing, started in 2010, during the year 2012, 56 credits were approved (95 in December 2011), in the amount of 198.162 CV thousand escudos.

Leasing Portfolio 2012

Type	Approved		Hired		Pending		Desisting	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Private	27	66.009	23	57.403	3	7.172	1	1.435
Automobile	27	66.009	23	57.403	3	7.172	1	1.435
Equipments								
Companies	29	132.153	21	69.440	4	48.931	4	13.781
Automobile	27	107.604	21	69.440	3	28.634	3	9.530
Equipments	2	24.548			1	20.298	1	4.251
Total	56	198.162	44	126.843	7	56.104	5	15.216

8.11.2 – Factoring

As for the Factoring and Financial Cession, the product that had its beginnings in November 2010, were adopted 6 new operations Factoring in 2012, as table set out below.

Factoring Portfolio 2012

Zone	2011		2012		Variation	
	No.	Amount	No.	Amount	No.	Amount
South	8	253.650	4	33.118	-50,0%	-86,9%
North	13	309.886	2	88.932	-84,6%	-71,3%
Total	21	563.537	6	122.050	-71,4%	-78,3%

8.11.3 – Credit Restructuring

Restructured in 2012 were 598 credits, of which 62 was only for extension of the period of use or amortization, totaling 2.786 billion escudos, of which 335 are from the South Zone and 263 of the North Zone .

In terms of amount for each Zone, the North has a value of 700 439 CV thousand escudos, and South 2.085.821 CV thousands, which correspond, in percentage terms, to 25.1% and 74.9%, respectively.

The number of customers involved is 464, and 241 to the south and 223 to the North Zone.

As for the the segment of Corporate and Private Clients whose debts were negotiated in 2012, we have the following situation:

Credits Restructured						Cvethousand
Year	2011		2012		Variation	
	No. Ofclients	Amount	No. Ofclients	Amount	Quant.	Amount
Companies	78	2.023.958	123	1.628.716	57,69%	-19,53%
Private	299	891.313	476	1.157.545	59,20%	29,87%
Total	377	2.915.271	599	2.786.261	58,89%	-4,43%

8.11.4 – Foreign Operations

Since 2010 we see a positive evolution of payment orders received (OPR), although in 2012 there has been a slowdown from 39.8% to 17.3% in quantity and 14.5% to 0.8% in amounts. Opposite movement is verified as to payment orders issued (OPE), where there has been a decrease, which is however less pronounced in 2012, from 30.1% versus 5.4% in the quantities, and 30.9% versus 9.7% in amounts.

	CV thousand					
	2011		2012		Variation	
	Quant.	Amount	Quant.	Amount	Quant.	Amount
Payment orders (received)	75.567	27.666.129	88.669	27.885.189	17,34%	0,79%
Payment orders (Issued)	25.807	32.871.399	24.397	29.687.520	-5,46%	-9,69%
Documentary Credit						
Importation	38	1.411.613	35	1.121.872	-7,89%	-20,53%
Exportation	0	0	0	0	0,00%	0,00%
Bank Guarantees (issued)	22	1.150.775	22	686.454	0,00%	-40,35%
Western Union -Sent	14.624	538.750	15.027	505.827	2,76%	-6,11%
-Received	35.332	977.993	40.469	1.178.291	14,54%	20,48%
Cheques w/o Foreign (purchased) *	27.811	2.308.041	15.390	1.597.594	-4,66%	-30,78%

Source: BCA

* Includes Cash Advance

Starting in September 2012 the Payment Orders Received (OPR) of Caixa Geral de Depósitos - Lisbon, equal to or less than EUR 600 now have automatic application in the customer account. The automatic application of OPR, including pensions of Portugal's Centro Nacional de Pensões contributed to the liberation of the burden in the manual processing of these orders and greatly reduces the operational risks associated with this treatment manual.

The amount of vouchers purchased overseas had a decrease of 44.6% in number and 30.8% in amount. It is noted that in 2011 the "boom" of growth was originated by the Centro Nacional de Pensões in Portugal, which are now paid through the BCA and through checks. However, as of May 2012 they were mostly converted into orders.

55.496 transactions were made in 2012, totaling 1.684.118 CV thousands, being 15.027 OPE, totaling 505 827 CV thousands, and 40.469 OPR, totaling 1.178.291 CV thousand.

At the level of the OPE there was increase of 2.7% in volume, although to the amounts involved has been a decrease of 6.1%. The OPR was increased both in quantity and in the amounts, 14.5% and 20.4%, respectively.

8.11.5 – SWIFT

In relation to Swift an intervention technique (AEG) - Allied Engineering Group was made, aiming to update the mandatory Swift system (software, servers and workstations) and the change of the new standard. Most of the work took place at the server of the Central Bank, having there been some intervention in the commercial banks in the completion of these updates to SAW - Swift Alliance Workstations.

Regarding swift messages received, there was an increase of 13.4% compared to 2011, which is explained in large part by pensions of the Centro Nacional de Pensões _ in Portugal, which began to be remitted in the form of payment orders instead bank checks. For messages sent there was a decrease of 7.1%.

Messages via Swift

Year	2010	2011	2012
Received Messages	83.205	109.693	124.446
Sent Messages	28.460	32.993	30.634

8.12 – Investments

One of the strategic priorities of the bank is to serve customers in an increasingly efficient form, which necessarily passes through investment in safety and service spaces, with the refurbishment of all agencies, requiring considerable investment. In this sense were concluded refurbishment works and modernization of the Agency and Residência da Brava, BCA Companies in S. Vicente, Residência Porto Novo and Ribeira Grande, Santo Antão, upgrading of the Agency of Achada Sto António II, in the city of Praia and Agency Sta Maria, in Sal. The new space Agência Avenida, in the city of Praia was also inaugurated, and Agência do Maio, on the island of Maio.

Regarding the safety of the Bank, the following work was carried out:

- Installation of video security in the building on Plateau, in the premises of the BCA in Achada Grande;
- substituted systems obsolete in videovigilâncias Agencies of Achada Sto António II, in the city of Praia Santa Maria, on Sal Island, in the work of improvement of such agencies;
- installed surveillance cameras in ATM machines outside agencies, including the Old Town and St. Lawrence Bodies on the island of Santiago and Santa Filomena Santa Catarina, on the island of Fogo.
- In this sense, during the year 2012, BCA has invested 246.500 CV thousands, CV thousands of which 225.000 in 22 000 Tangible Intangible Assets CV thousands. These investments 84 800 CV thousands are still ongoing.

In this context, during the year of 2012, BCA invested 246,5million CVE, of which 225millions were in Tangible Assets and 22 million in intangible Assets. Of these investments, 84,8 millions are still in ongoing.

9 - ANALYSIS OF ECONOMIC AND FINANCIAL SITUATION

9.1 - BALANCE SHEET

In December 2012, the Net Asset of BCA reached 69,9 billion escudos, which corresponds to an increase of 3.9% (+2,6 billion escudos) in relation to the value recorded in December 2011. The increases in applications for Credit Institutions and Financial Assets Available for Sale contributed to this evolution at 851% and 11.9%, respectively.

Consolidated Balance

	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Asset				
Cash and deposit at Banco Central	9.727	2.343	-7.384	-75,9%
Deposit in other credit institutions	656	817	160	24,4%
Financial assets available for sale (net)	6.311	7.061	750	11,9%
Investments in other credit institutions	1.211	11.513	10.303	851,0%
Client credit (net)	41.672	40.438	-1.234	-3,0%
Public debt securities	3.457	3.357	-100	-2,9%
Investment Properties	3	1	-1	-50,4%
Other tangible assets (net)	1.957	1.992	35	1,8%
Intangible assets	43	46	3	6,9%
Investments Subsidiaries / Associates / Joint Venture	216	232	16	7,6%
Current tax assets	642	723	81	12,5%
Deferred tax assets	192	97	-95	-49,4%
Other assets	1.216	1.321	105	8,7%
Total Liabilities	67.303	69.942	2.639	3,9%
Resources from other credit institutions	566	542	-24	-4,2%
Client resources and other loans	56.460	58.176	1.716	3,0%
Provision for employee benefits	5.639	5.693	54	1,0%
Deferred tax liabilities	39	24	-15	-38,1%
Other subordinated liabilities	500	499	0	-0,1%
Other liabilities	1.078	1.267	188	17,5%
Total liabilities	64.282	66.201	1.920	3,0%
EQUITY	3.021	3.741	719	23,8%
Of which: Net Income	537	339	-198	-36,8%
TOTAL	67.303	69.942	2.639	3,9%

Cash and Deposits

The combination of non-application of excess liquidity the end of 2011, by the impact it would have in the next period since it was foreseen operations of large amounts in the first fortnight of January 2012, with the anticipation of the entry into force of the new rate Minimum Cash and Deposits (DMC), the caption Cash and Deposits the Central Bank presented a balance unusually high 9,7 million billion escudos. In December 2012, the balance of this item reached 2,3 billion escudos, representing a decrease of 75.9%.

Investments in Credit Institutions

Investments in Credit Institutions, encompassing applications in the domestic and international, amounted to 11,5 billion escudos, representing a 851% YoY and 10,3 billion escudos. This variation is justified by the investments of very short term at Banco de Cabo Verde, in the amount of +9,5 billion escudos. On the other hand, Monetary Intervention securities (TIM's) registered an increase of 698 million escudos, while monetary securities regulation (TRM's) decreased by 73 million escudos.

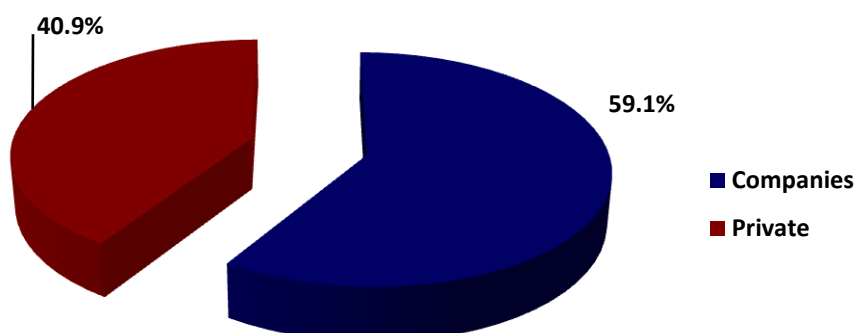
Client credit

The Global Portfolio of Loans to customers totaled 43,4 billion escudos, less than the remaining balance in December 2011 by 2.4%, reflecting the context in which it developed banking activities. The new loan portfolio reached 10,8 billion escudos and reflects a decrease of 21.3% compared to December 2011. This decrease is mainly attributable to the segment of Households in - 41% and -31% in the credits for permanent housing and -49.5% in the credits for other purposes. Credit granted to the corporate segment showed a decrease of 5.2% compared to 2012, which shows that the situation of enterprises remains constrained by the lack of economic dynamism.

The balance of Expired Portfolio reached 4,7 billion escudos, equivalent to an increase of 14.3%, or approximately 595.000 million escudos over the same period, reflecting the continued deterioration of the business environment. This amount provided a ratio of overdue loans and interest regarding the total credit of 12%, against 10.3% a year earlier, and a ratio of overdue loans over 90 days from 10.5% in December 2012 (8.6% in December 2011).

Overdue credit increased more in the Corporate segment, at a rate of 18.5%, versus 8.8% in private individuals, which increased its weight of 57% in December 2011 to 59.1% in December 2012.

Credit and Overdue Interest by Segment –December 2012



The balance of accumulated impairment of credit, which also includes impairment for bonds of private enterprises reached 3 billion escudos and the cost of the credit risk of the financial year amounted to 114.900 millions (416.500 million escudos in 2011), representing a coverage ratio of overdue loans of 62.9%.

Portfolio of Customer Loans (net)

	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Total Credit	38.683	37.754	-928	-2,4%
Normal Credit	34.523	32.999	-1.524	-4,4%
Credit and overdue Interest	4.160	4.755	595	14,3%
Staff loans	1.727	1.870	143	8,3%
Profits to receive from credit	195	158	-37	-19,1%
Revenue with deferred Income	-253	-266	-13	5,0%
Public and Private Obligations	4.208	3.979	-228	-5,4%
Impairment w/ Credit and Bonds	2.887	3.057	170	5,9%
Impairment credit (net)	41.672	40.438	-1.234	-3,0%
GROSS CREDIT	44.560	43.496	-1.064	-2,4%

Securities Portfolio

The balance of the portfolio Securities investments, which include securities available for sale and the Cape Verdean Public Debt Securities , increased 4.8% to 465 million escudos over the same period, as a result of the gain on securities Consolidated of Financial Mobilization (TCMF's) recorded in 2012 and the decline in Treasury bonds at 2.9%.

Customer Resources

The portfolio of Customer Funds grew by about 3% in 2012 and 1.7 billion escudos in relation to December 2011, reaching a cumulative balance of 58.1 billion escudos. This evolution is explained by the 3.9% increase in customer deposits. The weight of Customer Funds in net assets at December 2012 is 83.2%.

The Evolution of Customer Funds between 2011 and 2012, by segment, is below:

Client Resources				
Type of Clients	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Private	44.117	46.127	2.010	4,6%
Order deposits	12.745	12.255	-491	-3,9%
Fixed term Deposit	27.863	30.521	2.658	9,5%
Saving deposit	3.508	3.351	-157	-4,5%
Companies	7.362	7.885	523	7,1%
Order deposits	6.461	6.860	399	6,2%
Fixed term Deposit	902	1.025	124	13,7%
Administrative Public sector	1.990	1.546	-444	-22,3%
Order deposit	1.969	1.525	-444	-22,6%
Fixed term deposit	21	21	0	-0,4%
Total client deposits	53.469	55.558	2.089	3,9%
Other Client resources	2.373	1.959	-414	-17,4%
Interest to be paid from deposit	618	659	41	6,7%
Total client resources	56.460	58.176	1.716	3,0%

The emigrant deposits increased by 2,1 billion (+8%) compared to 2011, rising from 26,5 billions to 28,7 billion escudos. This growth reflects the loyalty of our diaspora to Brand BCA and reinforces the existing trust level. The increase in term deposits and the Order of this segment by 11.1% and 2.9%, respectively were determinant for the growth verified. Note that the weight of Emigrants Deposits in Total Deposits of the Bank increased from 49.7% in 2011 to 51.7% in 2012, as can be seen in the following table.

Emigrant Deposits

Rúbricas	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Order Deposits	3.750	3.857	108	2,9%
Savings Deposit	2.747	2.523	-224	-8,2%
Fixed term deposits	20.101	22.333	2.232	11,1%
Total Emigrants	26.598	28.714	2.116	8,0%
TOTAL DEPOSITS	53.469	55.557	2.088	3,9%
Emigrant weight/Total	49,7%	51,7%		

Provisions for Risks and Charges

The Passive reserves totaling 5,7 billion escudos, show a slight increase of 1%, approximately +54 million escudos in 2012, compared with the amounts registered for December 2011.

The regular contribution of workers and the BCA for deductions for employee benefits amounted to 55 million escudos, and the uses for payment to pensioners and pre-retirees totaled 148,8 million escudos. Importantly additional charges for the Pension Fund and Survival reached 440,3 thousand escudos, with a direct impact on personnel costs.

Actuarial gains of 2012 related to post-employment benefits for workers, totaling 299,3 million escudos, with positive impact on the Bank's own funds.

Below the evolution of the asset value of the Fund in the last two years:

ASSET VALUE OF THE FUND FOR RETIREMENT PENSIONS AND SURVIVAL

Year	Inical balance	Transaction in thePeriod			Fundamount
		Reinforcement Provision	Uses	Others	
2011	5.143.905	421.034	-138.149	-59.667	5.367.123
2012	5.367.123	440.325	-148.845	-279.417	5.379.186

Note: The item "Others" refers to actuarial deviations and employees' contributions.

Shareholder Equity

The Bank's equity increased 23.8% and 719,3 million escudos following the merger in reserves of 65% of net income for 2011 and the total net income and the positive revaluation reserve of TCMF's , amounting to 563 million escudos in 2012.

9.2. Statement Accounts

INCOME STATEMENT

	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Interest and similar Income	3.841	3.752	-89	-2,3%
Interest and similar charges	1.429	1.613	184	12,9%
Financial Margin	2.412	2.139	-273	-11,3%
Income from equity instruments	189	187	-2	-1,2%
Income from services and comissions	369	380	11	2,9%
Charges from services and comissions	46	46	0	-0,1%
Income from revaluation exchange	137	147	10	7,2%
Income from transfer of other assets	9	0	-9	-95,9%
Other operating income	158	76	-82	-51,9%
Complementary Margin	817	744	-72	-8,9%
Operating Income	3.229	2.884	-345	-10,7%
Staff expenses	1.336	1.409	72	5,4%
General administrative expenditure	693	738	45	6,5%
Amortization for theyear	188	203	15	8,2%
Net provision of reversals and annulments	-15	-11	3	-22,0%
Impairment of other financial assets (net)	417	115	-302	-72,4%
impairment of other assets liquid reversals	15	15	0	-1,3%
Results of subsidiaries Excluded from Consolidation	34	30	-4	-11,5%
Income before taxes	630	447	-183	-29,0%
Current Tax	16	30	14	93,4%
Deferred tax	78	78	0	0,0%
Income for the year (net)	537	339	-197	-36,8%

Net profit

Net income for the BCA registered a negative variation of 36.8%, approximately -198 million CVE, having reached the amount of 339 million escudos as a result of the decrease of 10.7% of gross income and increased operating costs in 6 %. The decrease in operating income as a result of decreases in both registered as Supplementary Financial margins, the latter strongly penalized by the decrease in other operating income, which contributed to the result that evolution had. The net

impairment is 115 million escudos, 72.4% less than in 2011. Importantly BCA recorded in personnel costs additional reinforcement of provisions for pension fund for reform and survival in the amount of 440,3 million CVE.

Financial Margin

The Financial Margin decreased 273 million CVE from last year (-11.3%), reaching 2.139 million CVE. The decrease in fees associated with credit of 38.8% -53,1 million CVE, combined with decreases in interest received from loans recovered in 25.2% -22,8 million CVE, and on the government bonds in 29.5%, 78,8 million CVE, the latter caused by the volume effect, since a lack of liquidity in the beginning of the year led to the non-renewal of certain obligations are decisive factors for the decrease in interest and similar income.

Relativamente às Operações Passivas o aumento dos juros sobre Recursos de Clientes em 12,9%, cerca de +183,7 mil contos, deve-se sobretudo ao aumento de 14.1% (180,4 mil contos) nos juros pagos aos Depósitos de Clientes e de 8.1%, 8,4 mil contos, nos títulos repassados a clientes no mercado secundário com acordo de recompra. O aumento nos juros dos Depósitos de Clientes deve-se ao efeito volume, com o aumento dos Depósitos a Prazo em 8,2% e ao efeito preço, pois a taxa média ponderada dos Depósitos a Prazo e de Poupança passaram para 4.46% (4.21% em Dezembro de 2011). Os Depósitos a Prazo e de Poupança no segmento Emigrantes aumentou 8.7%, cerca de 2 milhões de contos.

Complementary Margin

The Operating Income reached 744,6 million CVE, a decrease of 8.9%, -72,1 million CVE relative to December 2011. The decrease in Other Operating Income of 51.8% was crucial to the referred reduction.

The decline occurred in Financial Margin and in Complementary Margin resulted in an operating income of 2.884 million CVE in 2012, lower than the previous year at 10.7%, approximately -345,1 million CVE.

Operating Costs

Operating costs totaled 2.349 million CVE, which represents an increase of 6%, justified by component Personnel costs, an increase of 5.4% (reaching 1.408 million escudos) due to wage increases of 1.5 % in 2012 and the normal career development of staff.

Overheads increased by 6.5%, about 45 million escudos result of the implementation of various ongoing projects including project VALORh (To value / Believe / Lead / Optimize / Acknowledge) - Review of HR Management Model, aimed at modernizing management tools in force, reviewing the impairment model, among others. On the other hand, some items have increased, including the caption water, gas and electricity, 31,7 million CVE, as a result of increased tariffs in 2012.

Depreciation for the year amounted to 202,9 million CVE, +8.2%, and 15,4 million CVE above the rate recorded in December 2011, as a result of the amortization of some equipment moved from construction in progress to firm fixed assets and in parallel at the beginning of the amortization of the investments made in 2012.

The table below shows the breakdown of operating costs, as well as its evolution:

Operating Costs				
RUBRICS	2011	2012	(millioncve)	
			Variation	
			Absolute	Relative
Staff expenses	1.336	1.408	72	5,4%
Salary	751	775	24	3,2%
Mandatory Social Charges	519	566	46	8,9%
Pension of fund and survival	421	405	-16	-3,8%
Optional social charges and others	66	68	2	2,6%
Supply and Third Party Services	693	738	45	6,5%
Amortizations	188	203	15	8,2%
Operational Costs	2.216	2.349	132	6,0%

9.3 – Ratio Analysis

The performance is on Assets (ROA) and equity (ROE) evolved unfavorably, reaching 0.5% and 9.1%, respectively, versus 0.8% and 17.8% in 2011, a direct result of the decrease in income income for the year.

The efficiency ratio - Cost-to-Income - Operating Costs relating to the operating income worsened, rising from 68.6% in December 2011 to 81.5% in December 2012, and Personnel Costs on Operating Income increased from 41.4% to 48.8%. Excluding the effect of the Pension Fund, the Cost-to-income was 67.4% in 2012 (55.6% in 2011).

In the Risk indicators it is important to note the behavior of the ratio of Non-performing Loans to Total Loans reached about 12% in 2012 against 10.3% in 2011, and the coverage ratio by impairments on Overdue reaching 62.9% in 2012 against 68.6% in 2011.

The transformation ratio measured by Customer Credit in relation to Customer Funds reached 71%, against 75.6% in 2011.

Some of Productivity and Efficiency ratios improved compared to December 2011, namely, the ratio of Turnover / No of Employees and Turnover / No Agencies of 212,3 million CVE to 221,3 million CVE and 2.933,7 million to 2.981,3 million CVE million CVE respectively.

9.4 – Prudential Ratios

In prudential matters BCA presents a good performance and robustness, with the own funds of 3,9 billion escudos, although lower than in 2011 in 168,4 million CVE. The own funds of the BCA has been penalized progressively by the impact of the transition adjustments to the new accounting standards - NIRF that occurred in 2009 and in December 2012 reaches the final amount of 1.174 million escudos.

Despite the decline in the the Own Funds, the coverage ratio of fixed assets is still fairly high, being 195.82% in 2012 (207.8% in 2011).

The solvency ratio, according to the rules of the Banco de Cabo Verde reached 11.78%, above the minimum 10% required by law for capeverdian commercial banks .

The ratio that relates the Public Debt Securities with deposits reached 2,8 billion escudos, higher than required by the BCV, which determines that investments in public debt securities of financial institutions can not be less than 5% of the total of their liabilities for deposits.

As far As the total amount of credits, whose risks are subject to Concentration Limits, the BCA holds, in absolute terms, 6,8 billion escudos, value also lower than stipulated by BCV whose aggregate limit may not exceed eight times their Own Funds, i.e. 31,4 billion escudos.

The following table shows the evolution of Prudential Ratios in the last two years:

EVOLUTION OF PRUDENTIAL RATIOS

Ratios	2011	2012
Own Funds	4.093.180	3.924.795
Coverage of fixed assets	207,8%	195,8%
Solvency Ratio	11,69%	11,78%

10 - IMPLEMENTATION OF RESULTS

For Net income for the year in the amount of 339.088.241\$ 00 (Three Hundred and Thirty Nine Million, Eighty-Eight Thousand, Two Hundred and Forty One Escudos), the General Assembly of June 4, 2013, deliberated the following application of results:

Net Income	339.088.241
Legal Reserve (10%)	33.908.824
Other Reserve (90%)	305.179.417

11 – LIST OF CORRESPONDING BANKS

Portugal

Caixa Geral de Depósitos SA - Lisbon
Banco Espírito Santo SA - Lisbon
Banco Português de Investimento SA – Porto City
Banco Santander Totta SA - Lisbon
Banco do Brasil SA – Lisbon

U.S.A.

Citibank NA – New York
JP Morgan Chase Bank, N.A. – New York

Netherlands

Royal Bank of Scotland NV - Amsterdam
ING Bank NV – Amsterdam
ABN AMRO BANK NV - Amsterdam

France

Caixa Geral de Depósitos SA - Paris
Banque Nationale de Paris –BNP-Paribas

Italy

Intesa San paolo SPI – Milan
UniCrédito Italiano SPA - Milan

Luxembourg

Déxia Bank Internacional à Luxembourg - Luxembourg
Bank et Caisse d'Epargne d'Etat - Luxembourg

Belgium

IngBelgium SA/NV - Brussels
Fortis Bank NV/SA - Brussels

Senegal

Citibank Senegal NA - Dakar

United Kingdom

Lloyds Bank PLC - London

Citibank NA – London

HSBC Bank PLC - London

Switzerland

UBS Swiss Bank Corporation AG - Zurich

Germany

Deutsche Bank AG - Frankfurt

Commerzbank AG - Frankfurt

Spain

Banco Sabadell SA TSB - Sabadell

Austria

Bank of Austria Creditanstalt - Vienna

Denmark

Jyske Bank A/S – Copenhagen

Switzerland

Nordea Bank AB (publ) - Stockholm

Norway

DnB NOR Bank ASA - Oslo

Japan

Bank of Tokyo Mitsubishi UFJ Ltd – Tokyo

12 – DIVISIONS AND COMMERCIAL NETWORK

North Commercial Division

Gilda Monteiro
Director

South Comercial Division

Herminalda Rodrigues
Director

Financial and International Division

Amélia Figueiredo
Director

Risk Management Division

Filomena Figueiredo
Director

Channels Division

Américo Andrade
Director

Organization and Inovation Division

Águeda Monteiro
Director

IT Division

Luís Barbosa
Director

Security and Logistic Division

Adalberto Melo
Director

Operacional Support Division

Anibal Moreira
Director

Audit Department

Francisco Ramos
Coordinator

Legal and Credit Recovery Department

Dulce Lopes
coordinator

Marketing and Public Relations Department

Ana Gonçalves
Coordinator

Human Resources Department

Euridice Mascarenhas
Coordinator

Compliance Department

Vanda Centeio
Coordinator

COMPANIES OFFICES

Norte Corporate Office

Lenise Almeida
Coordinator

Sal Corporate Office

Zara Barbosa Vicente
Coordinator

South Corporate Office
BCA Plateau Corporate

Sofia Alexandra Barbosa
Coordinator

North Area Branches

North Branches

Elisa Santos
Coordinator

Type I Branches

São Vicente Branch

Joana Helena Carvalho
Manager

Type II Branches

Boa Vista Branch

Cláudio Mendonça
Manager

Praça Nova Branch

Maísa Sancha Crisóstomo
Manager

Porto Novo Branch

António Évora
Manager

Ribeira Grande Branch

Jorge Nascimento Coutinho
Manager

Sal Branch

Amílcar Cabral Internacional Aeroporto Stand

Zara Barbosa Vicente
Manager

São Nicolau Branch

Augusta Benilde Cruz
Manager

Type III Branches

Fonte Filipe Branch

Lídia Pereira
Manager

Monte Sossego Branch

Nelson Gomes
Manager

Ponta do Sol Branch Paúl Stand

Jorge Nascimento Coutinho
Manager

Santa Maria Branch

Elizabeth Alexandre
Manager

Agência Tarrafal de São Nicolau – ATS

Manuel Freitas
Manager

SOUTH AREA BRANCHES

South Branches

Guilherme Araújo
Coordinator

Type I Branches

Praia Branch Prolongation São Domingos

Janira Barbosa Andrade
Manager

**Santa Catarina Branch
Prolongation Assomada**

Anilson Fernandes
Manager

Type II Branches

Achada Santo António I Branch

Dulce Santos
Manager

**Avenida Branch
Prolongation Achada São Filipe**

Celmira Mendes
Manager

São Filipe- FOGO Branch

Luis dos Reis
Manager

Tarrafal Branch

Isabel Costa
Manager

Type III Branches

Achada Santo António II Branch

Maria Teresa Borges
Manager

Brava Branch

Ângela Rosa
Manager

Maio Branch

Luis Ramos
Manager

Mosteiros Branch

Luis dos Reis
Manager

Palmarejo Grande Branch

Joaquina Lopes Tavares
Manager

Santa Cruz Branch

José Moniz
Manager

ANNEXES

Banco Comercial do Atlântico, S.A

12/31/2012 Balance Sheet

	Amounts before provisions, impairment and amortizations	Provisions, impairment and amortizations	net value
Asset			
Cash and deposits at central banks	2.342.557.595		2.342.557.595
Other deposits in Credit Institutions	816.607.503		816.607.503
Financial assets available for sale	7.071.388.536	10.841.439	7.060.547.097
Investments in credit institutions	11.513.359.859		11.513.359.859
Client loans	43.494.972.672	3.057.309.375	40.437.663.297
Public debt securities	3.357.248.461		3.357.248.461
Investment properties	1.529.000	103.600	1.425.400
Other tangible assets	3.657.634.170	1.665.233.138	1.992.401.032
Intangible assets	265.844.899	219.894.048	45.950.851
Investments in subsidiaries, associated companies and jointly controlled entities	232.355.784		232.355.784
Current tax assets	723.005.851		723.005.851
Deferred tax assets	97.117.424		97.117.424
Other assets	1.452.549.567	131.052.545	1.321.497.022
Total Assets	75.026.171.322	5.084.434.145	69.941.737.177
Dez-12			
Liability			
Resources from other credit institutions			541.719.154
Customer resources and other loans			58.175.744.617
Provisions			5.693.269.281
Current tax liabilities			
Deferred tax liabilities			24.048.429
Other subordinated liabilities			499.491.756
Other liabilities			1.266.770.080
Total Liabilities			66.201.043.317
Equity			
Equity			1.318.647.814
Revaluation reserves			196.537.345
Other reserves and retained income			1.886.420.455
Income for the year			339.088.246
Total Capital			3.740.693.860
Total Liabilities + Equity			69.941.737.177

The chairman

The Head of Accounting

Financial and International Director

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Banco Comercial do Atlântico, S.A

Income statement 31/12/2012

Description	Amount
Interest and similar Income	3.752.075.100
Interest and similar charges	1.612.683.003
Financial Margin	2.139.392.097
Income from equity instruments	186.516.710
Income from services and commissions	379.995.185
Charges with services and comissions	45.783.463
Results of financial assets available for sale	
Foreign exchange rate revaluation results	147.352.875
Results from transfer of other assets	361.172
Other net operating income	76.195.080
Operating income	2.884.029.656
Staff-related costs	1.408.588.836
General administrative expenses	737.514.459
Depreciation for year	202.996.976
Net provisions of restitutions and annulments	-11.480.908
Impairment of other financial assets Reversions/Recoveries	114.976.643
Impairment of other net assets of reversions/ recoveries	14.664.293
Investments in subsidiaries, associated companies and jointly controlled entities	30.446.032
Income before taxes	447.215.388
Taxes	
Current	30.045.993
Deferred	78.081.149
Net income	339.088.246

The chairman

The Head of Accounting

Financial and International Director

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A. Joaquim de Sousa

Maria de Fátima N. Evora

Amélia Figueiredo

OPERATING INCOME

RUBRICS	2011	2012	Variation	
			Relative	Absolute
Financial Margin	2.412.402.202	2.139.392.097	-11,3%	-273.010.105
+ Complementary Margin	816.758.461	744.637.558	-8,8%	-72.120.903
= Operating Income	3.229.160.663	2.884.029.656	-10,7%	-345.131.007

OPERATING COST

RUBRICS	2011	2012	Variation	
			Relative	Absolute
Administrative costs	2.028.860.125	2.146.103.295	5,8%	117.243.170
Amortizations	187.530.589	202.996.976	8,2%	15.466.387
= Operating cost	2.216.390.714	2.349.100.271	6,0%	132.709.557

COST to INCOME

RUBRICS	2011	2012
COST to INCOME - with pension funds	68,6%	81,5%
COST to INCOME - without pension funds	55,6%	67,4%

Banco Comercial do Atlântico, S.A

Structure Ratios

RUBRICS	2011			2012	
	AMOUNTS	%		AMOUNTS	%
1-Short term loans/Client credit	<u>4.315.188.275</u> 40.409.911.794	10,7%	✓	<u>4.382.145.854</u> 39.624.222.207	11,1%
2-Credit M.L. term/Client credit	<u>36.094.723.519</u> 40.409.911.794	89,3%	✓	<u>35.242.076.353</u> 39.624.222.207	88,9%
3-Overdue Credit/Client credit	<u>4.159.552.478</u> 40.409.911.794	10,3%		<u>4.754.991.413</u> 39.624.222.207	12,0%
4-Impairment for expired loans/Expired	<u>2.851.702.370</u> 4.159.552.478	68,6%		<u>2.989.095.236</u> 4.754.991.413	62,9%
5-Client Credit/Deposits	<u>40.409.911.794</u> ✓ 53.469.384.826	75,6%		<u>39.624.222.207</u> 55.558.104.201	71,3%
6-Client credit/ Fixed-term deposit,	<u>40.409.911.794</u> ✓ 32.294.159.574	125,1%		<u>39.624.222.207</u> 34.918.627.890	113,5%
7-Normal Credit/Fixed-term Credit	<u>36.250.359.316</u> ✓ 32.294.159.574	112,3%		<u>34.869.230.794</u> 34.918.627.890	99,9%
8-Short term Credit/Fixed-term Deposit	<u>4.315.188.275</u> ✓ 32.294.159.574	13,4%		<u>4.382.145.854</u> 34.918.627.890	12,5%
9-Credit M.L. term/Fixed-term Deposit	<u>36.094.723.519</u> ✓ 32.294.159.574	111,8%		<u>35.242.076.353</u> 34.918.627.890	100,9%
10-Deposit Order/Total Deposits	<u>21.175.225.252</u> 53.469.384.826	39,6%		<u>20.639.476.310</u> 55.558.104.201	37,1%
11- Fixed-term deposit,/Total Deposits	<u>32.294.159.574</u> ✓ 53.469.384.826	60,4%		<u>34.918.627.890</u> 55.558.104.201	62,9%

Ratios of Performance Avaluation

RUBRICS	2011			2012	
	AMOUNTS	%		AMOUNTS	%
1-ROE=Net Result/Equity	<u>536.748.517</u> 2.931.355.603	18,3%		<u>339.088.246</u> 3.381.003.638	10,0%
2-RDA=Net Result/Average Asset	<u>536.748.517</u> ✓ 66.467.680.418	0,8%		<u>339.088.246</u> 68.622.287.184	0,5%
3-PF = Net Result/Income	<u>536.748.517</u> ✓ 8.400.366.348	6,4%		<u>339.088.246</u> 7.494.371.289	4,5%
4-AR = Gains/assets	<u>8.400.366.348</u> ✓ 67.302.837.192	12,5%		<u>7.494.371.289</u> 69.941.737.177	10,7%
6-FM=(Interest -Gains/Costs Interest)	<u>2.412.402.202</u> 67.302.837.192	3,6%		<u>2.139.392.097</u> 69.941.737.177	3,1%
ROA	0,8%			0,5%	
ROE	18,3%			10,0%	

ROE = Return On Equity

ROA = Return On Assets

PF = Profit Margin

AR = Asset Rotation

FM = Financial margin

Banco Comercial do Atlântico, S.A

Net Ratios measurement

RUBRICS	2011			2012	
	Income	%		Income	%
1-Total deposits/ Assets	<u>53.469.384.826</u> 66.467.680.418	80,4%	✓	<u>55.558.104.201</u> 68.622.287.184	81,0%
2-Client Credit/ Asset	<u>40.409.911.794</u> 66.467.680.418	60,8%	✓	<u>39.624.222.207</u> 68.622.287.184	57,7%
3-Short-term loan/ Asset	<u>4.315.188.275</u> 66.467.680.418	6,5%	✓	<u>4.382.145.854</u> 68.622.287.184	6,4%
4-Medium-long term credit/ Asset	<u>36.094.723.519</u> 66.467.680.418	54,3%	✓	<u>35.242.076.353</u> 68.622.287.184	51,4%
5-Client credit/ Depósitos Totais	<u>40.409.911.794</u> ✓ 53.469.384.826	75,6%		<u>39.624.222.207</u> 55.558.104.201	71,3%
6-Short term investments/ Asset	<u>5.525.638.924</u> 66.467.680.418	8,3%	✓	<u>15.896.843.032</u> 68.622.287.184	23,2%

Productivity Indicators

RUBRICS	2011			2012	
	AMOUNTS	CVE THOUSAND		AMOUNTS	CVE THOUSAND
1- Credit and Deposits / No. of Active Employee	<u>93.879.297</u> 446	210.492	✓	<u>95.182.326</u> 431	220.841
2- Operating Income / No. of Active Employees	<u>3.229.161</u> 446	7.240	✓	<u>2.884.030</u> 431	6.691
3-Credit and Deposits / No. of Branches	<u>93.879.297</u> 32	2.933.728	✓	<u>95.182.326</u> 32	2.974.448

Banco Comercial do Atlântico, S.A

Key Indicators

MAIN INDICATORS	2011	2012
1. ROE	18,3%	10,0%
2. ROA	0,8%	0,5%
3. Cost/income	55,6%	67,4%
4. Volume of overdue credit	4.159.552	4.754.991
5. Solvency	11,69%	11,78%
6. TIER 1 (core capital/Risk-weighted assets)	12,28%	14,35%
7. Conversion of deposits in credit	75,58%	71,32%
8. Productivity per employee	1.203	787
8.1. Turnover (Credit + Deposits) / Number of employees	210.492	220.841
8.2. Operating Income / No. Employees	7.240	6.691
9. Coverage of Fixed Assets	207,79%	195,82%
10. Equity	4.093.180	3.924.795

REPORT BY THE STATUTORY AUDITOR

Shareholders of
Banco Comercial do Atlântico, SA

In accordance with the legislation in force and the mandate entrusted to us, we hereby submit our report and opinion which encompasses the work performed by us and the documents of accountability of the Banco Comercial do Atlântico, SA (the Bank) for the year ended December 31, 2012, which are the responsibility of the Board of Directors.

We monitor, with the frequency and extent we deemed appropriate, the evolution of the Bank's activity, the regularity of its accounting records and comply with the statutes in force, having received from the County of Directors and the Bank's services information and explanations required.

In the course of our work, we have examined the balance sheet at 31 December 2012, the consolidated statement of income, the statement of comprehensive income, the consolidated statement of cash flows and statement of changes in equity for the year then ended and the corresponding notes. Additionally, we examined the Management Report for the year 2012 prepared by the Board of Directors and the proposal contained therein. As a result of the work done, we have issued the Audit Report, which includes two reservations and emphasis.

Given the above, we believe that, except for the effects of the matters described in paragraphs 6 and 7 of the Audit Report and after considering the matter described in its paragraph 8, the financial statements referred to above and the Management Report as well as the proposal therein, are in accordance with the accounting and statutory requirements for approval by the General Meeting of Shareholders.

Want to thank the Board of Directors and the Bank's services for their cooperation.

Lisbon, May 6, 2013

Deloitte & Associates, SROC SA

Represented by João Carlos Henriques Gomes Ferreira Gomes

AUDIT REPORT

(Amounts expressed in thousands of Cape Verdean escudos-MCVE.)

The Board of Administration of the
Banco Comercial do Atlântico, S.A.

Introduction

1. We have audited the financial statements of Banco Comercial do Atlântico, S.A. ("Bank" or "BCA"), which consist of the balance sheet as of December 31, 2012, showing a total of 69.941.737 mCve. and equity of 3.740.693 mCve including a net profit of 339.088 mCve., the Income for the year, the comprehensive income, the changes in equity and of the cash flows for the year for the period then ended and the corresponding annexes.

Responsibility of the Board of Directors for the financial statements

2. The Board of Directors of the Bank is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the internal control that determines to be necessary to ensure the preparation of financial statements free of material distortion due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an independent opinion on these financial statements based on our audit, which was conducted in accordance with international auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material distortion.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material distortion of the financial statements due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements by the entity in order to design audit procedures that are appropriate in the circumstances, but not

with the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our audit opinion with reservations.

Foundations for unqualified opinion

6. As described in Note 13, the tax authorities of Cape Verde made a number of corrections to the taxable years of the Bank from 2005 to 2011, which included the rejection of the cost for the year with pensions and health care and the corresponding changes in equity from 2009 to 2011 resulting from adjustments of transition to International Financial Reporting Standards. The bank did not acknowledge any charges related to these corrections, as it is an understanding of the Board of Directors and its tax advisors that the procedures adopted are in accordance with the legal and fiscal framework in force in Cape Verde, having submitted the formal complaint as to the mentioned corrections. The complaint related to the additional assessment for 2008 has already been rejected by the tax authorities, the Bank having contested this decision judicially. On December 31, 2012, the full impact of contingency accrued not associated with these corrections amounted to MCVE. 1.082.379, as explained in greater detail in note 13, including the amount and MCVE. 702.962 already paid by the Bank and recorded in "Current tax assets 2. Given the above, we can not conclude how the impact of the resolution of this situation in the financial statements of the Bank on December 31, 2012.
7. As described in Note 14, on December 31, 2012 the Bank has registered to receive bonuses totaling MCVE. 785.114 (754.359 mCve. on December 31, 2011). Based on an external audit will carried out by applying the system of subsidized credit, the Directorate General of Treasury (DGT) questioned the eligibility of a series of transactions. In November 2012, the DGT announced that the Bank will assume the payment of MCVE. 168.133 relative to subsidies to housing credit claimed between 2000 and 2007 and considered ineligible claimed bonuses totaling MCVE 102.098. Additionally, according to a communication by the DGT, the values cleared regarding of credit bonuses of habitation for the period between

2008 and 2011 amounted to MCVE. 208.564, compared to a total of MCVE claimed. 277.728. The bank chose to acknowledge the cost related with the operations identified as ineligible for a period of 5 years starting the year 2012 while acknowledging in expenditures MCVE 34.252 and maintained registered MCVE 137.010 so that on December 31, 2012 the assets and the outcome for the year are overestimated by this amount. Regarding bonuses of loans on habitation on 2012, which the claimed amount and impairment losses amounted to MCVE. 64.496 and MCVE. 33.403, respectively, and other bonuses, of which amounts to 206.911 MCVE are still being negotiated between the parties with a view to the quantification of eligible operations. Given the above, we cannot quantify the additional impairment required to address part of the balance of bonuses receivable registered on December 31, 2012 which will not be received by the Bank.

Opinion

8. In our opinion, except for the effects of adjustments that might be deemed necessary, in absence of the limitation described in paragraph 6 above, and except for the effects of the issue discussed in paragraph 7 above, the financial statements referred to in paragraph 1 above, present an appropriate manner in all materially relevant aspects, the financial position of Banco Comercial do Atlantico, SA on 31 December 2012 as well as the results and comprehensive income of their operations, changes in equity and their cash flows of the year ended in that period, in accordance with International Financial Reporting Standards.

Emphasis

9. The credit portfolio of the Bank on December 31, 2012 includes significant amounts of loans and advances to real estate companies and construction, including some tourism projects whose construction is currently suspended. The Bank has an ongoing set of measures to achieve the recovery of these credits, and has in most situations mortgages on their homes / lands which value assessment are higher than the value of the credits. The achievement of the expectations reflected in impairment of collectability assigned by the Bank to its customers, which normally reflects discounts to compared value assessment, is naturally dependent upon the evolution that may come from the situation in the real estate market in Cape Verde and in the outcome of specific measures which are underway.

Lisbon, May 6, 2013

Deloitte & Associates, SROC SA

BANCO COMERCIAL DO ATLÂNTICO, S.A.

Balance sheet at 31 December 2012 and 2011

(Amounts in thousand of Cape Verdean Escudos)

ASSETS	Notes	2012			2011		LIABILITY AND EQUITY	Notes	2012		2011
		Asset gross	Impairment and amortization	Asset liquid	Asset liquid						
Cash and equivalents at central banks	3	2.342.558	-	2.342.558	9.726.629	Resources of other credit institutions	15		541.719		565.699
Cash balances in other credit institutions	4	816.608	-	816.608	656.366	Customer funds and other loans	16		58.175.745		56.459.611
Financial assets available for sale	5	7.071.389	(10.841)	7.060.548	6.310.502	Provisions	17		5.693.269		5.639.025
Investments in credit institutions	6	11.513.360	-	11.513.360	1.210.696	Deferred tax liabilities	13		24.048		38.819
Public debt securities	7	3.357.248	-	3.357.248	3.457.130	Other subordinated liabilities	18		499.492		499.934
Client loans	8	43.494.973	(3.057.309)	40.437.664	41.671.975	Other liabilities	19		1.266.771		1.078.435
Investment property	9	1.529	(104)	1.425	2.925	Total liabilities			66.201.044		64.281.523
Other tangible assets	10	3.657.634	(1.665.233)	1.992.401	1.957.250						
Intangible assets	11	265.845	(219.894)	45.951	42.973	Equity	20		1.318.648		1.318.648
Investments in subsidiaries, associates and joint ventures	12	232.356	-	232.356	215.915	Revaluation Reserves	21		196.537		(367.611)
Current tax assets	13	723.006	-	723.006	642.452	Other reserves and retained income	21		1.886.420		1.533.528
Deferred tax assets	13	97.117	-	97.117	191.786	Income for the year	21		339.088		536.749
Other assets	14	1.452.547	(131.052)	1.321.495	1.216.238	Equity total			3.740.693		3.021.314
Total assets		<u>75.026.170</u>	<u>(5.084.433)</u>	<u>69.941.737</u>	<u>67.302.837</u>	Total of liabilities and equity			<u>69.941.737</u>		<u>67.302.837</u>

The annex is an integral part of these financial statements.

INCOME STATEMENTS FOR THE YEARS ENDED

DECEMBER 31, 2012 AND 2011

(Amounts expressed in thousands of Cape Verdean Escudos)

	Notes	2012	2011
Interest and similar income	22	3.752.075	3.841.326
Interest and similar charges	23	(1.612.683)	(1.428.923)
FINANCIAL MARGIN		2.139.392	2.412.403
Income from equity instruments	24	186.517	188.853
Income from services and commissions	25	379.995	369.130
charges from services and commission	25	(45.783)	(45.767)
Income from foreign exchange revaluations	26	147.353	137.465
Income from the disposal of other assets	27	361	8.887
Other operating Income	28	76.195	158.190
OPERATING INCOME		2.884.030	3.229.161
Staff-related costs	29	(1.408.590)	(1.336.284)
General administrative expenditure	31	(737.514)	(692.575)
Depreciation for the year	10 e 11	(202.997)	(187.531)
net provisions of recoveries and cancellations	17	11.481	14.615
Impairment of other financial assets	17	(114.977)	(416.588)
Impairment of other net assets of reversals	17	(14.664)	(14.786)
Income generated by companies excluded from the consolidation	12	30.446	34.333
INCOME BEFORE TAX		447.215	630.345
Taxes			
<i>Current</i>	13	(30.046)	(15.516)
<i>Deferred</i>	13	(78.081)	(78.080)
		(108.127)	(93.596)
Income for the year		339.088	536.749
Average number of ordinary shares outstanding		1.324.765	1.324.765
Profit per share		0,25596	0,40517

The annex is an integral part of these financial statements

BANCO COMERCIAL DO ATLÂNTICO, S.A.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED

DECEMBER 31, 2012 AND 2011

(Amounts expressed in thousands of Cape Verdean Escudos)

	<u>2012</u>	<u>2011</u>
Alterations in the fair value of financial assets available for sale		
Variation for the year	564.595	1.281
Tax effect	(447)	(327)
Changes to investments in associates		
Variation occurred in the year	5.377	(9.600)
Tax effect	(1.371)	2.447
Total comprehensive income acknowledged in reserves and retained income	<u>568.154</u>	<u>(6.199)</u>
Net income for year	339.088	536.749
Total comprehensive income for the year	<u>907.242</u>	<u>530.550</u>

The annex is an integral part of these financial statements

BANCO COMERCIAL DO ATLÂNTICO, S.A.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Amounts expressed in thousands of Cape Verde Escudos)

		other reserves and retained income						
	Equity	Revaluation Reserve	Legal reserve	Other reserves	Retained Income	Total	Income for the year	Total
Balances December 31, 2010	1.318.648	(368.565)	568.797	1.796.126	(1.174.876)	1.190.047	701.268	2.841.398
Distribution of income for the year 2010:								
Incorporation into reserves	-	-	70.127	280.507	-	350.634	(350.634)	-
Distribution of dividends	-	-	-	-	-	-	(350.634)	(350.634)
Comprehensive income	-	954	-	(7.153)	-	(7.153)	536.749	530.550
Balance on December 31, 2011	1.318.648	(367.611)	638.924	2.069.480	(1.174.876)	1.533.528	536.749	3.021.314
Distribution of income for the year 2011:								
Incorporation into reserves	-	-	53.675	295.211	-	348.886	(348.886)	-
Distribution of dividends	-	-	-	-	-	-	(187.863)	(187.863)
Comprehensive income	-	564.148	-	4.006	-	4.006	339.088	907.242
Balance on December 31, 2012	1.318.648	196.537	692.599	2.368.697	(1.174.876)	1.886.420	339.088	3.740.693

The annex is an integral part of these financial statements

BANCO COMERCIAL DO ATLÂNTICO, S.A.

STATEMENTS OF CASH FLOW FOR THE YEARS ENDED

On December 31, 2012 and 2011

(Amounts expressed in thousands of Cape Verdean Escudos)

	2012	2011
<u>Cash flows from operating activities</u>		
Interest received and commissions	4.098.935	4.119.412
Payment of interest and commissions	(1.626.491)	(1.400.555)
Recovery of overdue loans and interest	123.162	170.027
Foreign exchange results	147.353	137.465
Payment to employees and suppliers	(1.605.880)	(1.517.637)
Payments of pensions and health care	(205.426)	(221.476)
Other receipts / (payments) related to operating activities	99.613	191.999
Payments of income taxes	(110.599)	(475.727)
Operating income before changes in operating assets	920.667	1.003.508
(Au) (Increases) decreases in operating assets:		
Investments in credit institutions	(10.304.247)	4.535.867
Customer loans	1.029.503	(4.340.841)
Public debt securities	100.000	1.786.540
Other assets	(38.107)	51.887
	(9.212.851)	2.033.453
(Increases) decreases in operating liabilities:		
Resources of central banks and other credit institutions	(23.557)	234.618
Client resources	1.684.279	755.180
Other subordinated liabilities	(1.511)	(28.750)
other liabilities	(178.385)	317.029
	1.480.826	1.278.077
Net cash from operating activities	(7.732.025)	3.311.530
<u>Cash flows from investing activities</u>		
(Increases) decreases in investment assets:		
Investment Properties	1.500	-
Intangible Assets	(27.654)	(41.321)
Other tangible assets	(218.901)	(360.193)
Received dividends	20.447	201.446
Net cash from investing activities	(224.608)	(200.068)
<u>Cash flows from financing activities</u>		
Distributed dividends	(187.863)	(350.634)
Net cash from financing activities	(187.863)	(350.634)
Increase (decrease) in cash and equivalents	(7.223.829)	3.764.336
Cash and cash equivalents at beginning of year	10.382.995	6.618.659
Cash and cash equivalents at end of year	3.159.166	10.382.995

The annex is an integral part of these financial statements

1. INTRODUCTION

Banco Comercial do Atlântico, SA (the Bank) is a commercial bank, consisting of prominent part of the patrimony of the Bank of Cape Verde pursuant to Decree-Law n.º 43/93 of 16 July. Under the privatization process of credit institutions and financial companies with public capital, and according to Resolution No. 46/99 of 27 September of Council of Ministers, the grouping formed by CGD, SA and Banco Interatlântico SARL acquired the majority of shares of the Bank. From December 2005, the Bank's shares are now listed on the Stock Exchange of Cape Verde.

The Bank's purpose are banking activities, including all incidental transactions, related or similar compatible with these activities and allowed by law.

The Bank has its headquarters in Praia, Republic of Cape Verde, featuring a network of 32 agencies to carry out their operations.

The Bank's financial statements on 31 December 2012 were approved by the Board of Directors on April 23, 2013, and are subject to approval by the General Assembly. However, the Board of Directors of the Bank believes that they will be approved without significant alterations.

2. BASES OF PRESENTATION AND ACCOUNTING POLICIES

2.1. Bases of presentation

The Bank's financial statements have been prepared on a continuity of operations based on the accounting records maintained in accordance with the principles enshrined in the International Financial Reporting Standards (IFRS), pursuant to the Notice N.º. 2/2007, of 19 November, issued by the Bank of Cape Verde.

2.2. accounting policies

a) Accrual basis of accounting

Operating costs and income are recognized in accordance with the principle of accrual, being recorded as they are generated, regardless of the time of payment or receipt.

b) Conversion of balances and transactions in foreign currency

Assets and liabilities denominated in foreign currencies are converted into Cape Verde Escudos at the average rate of the Bank on the last day of each month. Exchange differences arising on currency conversion are recognized in the income statement, except for those arising from non-monetary financial instruments, such as equities classified as available for sale, which are recorded in equity until disposal.

In the years 2012 and 2011, the rates for the Cape Verde Escudo in relation to the Euro was fixed at 1 Euro/110,265 Cape Verde Escudos. On December 31, 2012 and 2011, the exchange rate against the U.S. dollar (USD) was as follows:

	<u>2012</u>	<u>2011</u>
1 USD	83.265	85.697

c) Financial instruments

i) Financial assets

Financial assets are recognized on the contract date at their fair value plus costs directly attributable to the transaction. The Bank has no "trading" assets or other assets at fair value through profit and loss, so that upon initial recognition financial assets are classified into the following categories defined in IAS 39:

a) Loans and accounts receivable

Financial assets with fixed or determinable payments that are not listed in an active market. This category includes loans to customers (including debt securities companies), amounts receivable from credit institutions and other receivable balances registered in "Other assets". It also includes debt securities issued by the State of Cape Verde since they were purchased in the primary market by the Bank primarily for holding until maturity, and there is no active secondary market.

On initial recognition, these assets are stated at fair value minus any commissions included in the effective rate, plus any costs directly attributable

to the transaction. Subsequently, these assets are recognized in the balance sheet at amortized cost minus any impairment losses.

Accrual of interest

Interest is recognized using the the effective rate method, which allows calculating the amortized cost and allocating interest over the period of operations. The effective rate is that which is used to discount the estimated future cash flows associated with the financial instrument, allows to adapt its current value to the value of the financial instrument on initial recognition.

Overdue loans and annulments of principal and interest

Interest on overdue loans without collateral are canceled three months after the due date of the transaction or the first overdue installment. Interest not recorded on the claims referred to above, are recognized in the period in which they are imposed, are recorded under "Interest and similar income".

According to current policies at the Bank, all of the outstanding transactions with payments behind are classified as overdue loans 30 days after maturity. The Bank periodically writes off loans considered uncollectible by using the impairment constituted after specific analysis by the corporate bodies that are in charge of monitoring and credit recovery and approval of the Board of Directors. Any recoveries of loans written off are reflected in the income statement under "Impairment of other net assets of reversals."

b) financial assets available for sale

This category includes the following financial instruments not classified as "Loans and receivables":

- Shares of companies;
- Titles Consolidated Financial Mobilization.

Financial assets available for sale are measured at fair value, except for equity instruments not quoted in an active market and whose fair value can not be reliably measured, which are recorded at cost. Gains or losses on revaluation are recognized

directly in equity in "Revaluation reserves". At the time of sale, or if impairment is determined, the accumulated changes in fair value are transferred to profit or loss for the year being reported under "Income from financial assets available for sale" or "Impairment of other financial assets, net reversals ", respectively.

Dividends and income from equity instruments classified in this category are recognized as income under "Income from equity instruments" when it is established a right of the Bank to its receipt.

The income receivable of the Securities Consolidated Financial Mobilization are recognized in the balance sheet under "Financial assets available for sale".

Fair value

As mentioned above, the financial assets recorded in the category "Financial assets available for sale" are measured at fair value.

The fair value of a financial instrument is the amount at which an asset or liability can be sold or settled between independent, informed and interested in the completion of the transaction at normal market conditions.

The fair value of financial instruments is determined based on the following criteria:

- Closing price at the balance sheet date, for instruments traded in active markets;
- For equity securities not traded in active markets (including unlisted securities or securities with low liquidity) are used internal designs and valuation techniques, which take into account market data that would be used in setting a price for the financial instrument, reflecting market interest rates and volatility, as well as liquidity and credit risk associated with the instrument.

d) Impairment of financial assets

Financial assets at amortized cost

The Bank periodically performs impairment analysis of its financial assets at amortized cost, including loans and accounts receivable.

The identification of signs of impairment is made on an individual basis for financial assets that are individually significant exposure and a collective basis as the assets available whose debt balances are not individually significant.

The following events may be an indication of impairment:

- Breach of contract terms, including arrears in payment of interest or capital
- Registration of defaults in the financial system;
- Existence of current operations resulting from restructuring credits or ongoing negotiations for restructuring credit;
- Difficulties in terms of the ability of shareholders and management, particularly in relation to the departure of partners or reference frames and the main differences between the partners;
- Significant financial difficulties of the debtor or debt issuing entity;
- Existence of a high probability of declaration of bankruptcy of the debtor or debt issuing entity;
- Reduction of the competitive position of the debtor;
- Historical behavior from recoveries which allows deduce that nominal value will not be fully recovered;

The Bank makes an individual assessment of clients who have liabilities exceeding MCVE. 20.000 or present arrears for over 180 days.

Whenever they are identified evidence of impairment of assets analyzed individually, the impairment loss equals the difference between the present value of future cash flows expected to be received (recoverable amount), discounted at the original effective interest rate of the asset, and the book value at the time of analysis.

Assets that have not been specifically examined are included in a collective assessment of impairment, and for this purpose have been classified into homogeneous groups with similar risk characteristics (ie based on the characteristics of the counterparties and the type of credit). The future cash flows were estimated based on historical information on defaults and recoveries on assets with similar characteristics.

For this purpose the Bank has defined the following segments of its loan portfolio:

- Loans to companies
- Mortgage loans
- Consumer credit
- Loans to small businesses
- Credit to the Public Sector
- Loans to Group companies
- Guarantees provided
- Other loans to individuals

Additionally, the assets individually assessed and for which there were objective signs of impairment were also subject to collective impairment assessment, as described above. Impairment losses calculated on a collective incorporate the effect of temporal discounting of estimated cash flows receivable on each operation for the balance sheet date.

The amount of impairment recognized is determined costs under "Impairment of other assets net of reversals," being reflected separately in the balance sheet as a deduction from the amount of credit to which it relates.

Financial assets available for sale

As explained in Note 2.2. c) financial assets available for sale are recorded at fair value with changes in fair value reflected directly in equity under "Revaluation reserves".

In each reference date of the financial statements is carried out by the Bank an analysis of the existence of impairment losses on financial assets available for sale.

Where there is objective evidence of impairment, - losses accumulated that have been recognized in equity are transferred to cost of exercise in the form of impairment under the caption "Impairment of other financial assets, net of reversals."

In addition to the above indications of impairment for assets carried at amortized cost, IAS 39 provides for the following specific signs for impairment of equity instruments:

- Information about significant changes with an adverse effect in the technological, market, economic or legal environment in which the issuer operates, suggesting that the cost of the investment will not be recovered;
- A significant or prolonged decline in market value below cost.

Impairment losses on equity instruments can not be reversed and any unrealized gains arising after recognition of impairment losses are recognized in "Revaluation reserves". If subsequently are determined additional losses, it is always considered that there is impairment, which are reflected in the income statement.

In relation to financial assets carried at cost, including unlisted equity instruments whose fair value can not be reliably measured, the Bank also performs periodic impairment. In this context, the recoverable amount is the best estimate of future cash flows to be received from the asset, discounted at a rate that adequately reflects the risk associated with holding.

The amount of impairment loss determined is recognized directly in the income statement. Impairment losses on these assets can not be reversed.

e) Financial liabilities

The financial liabilities are recognized on the contract date at fair value, less costs directly attributable to the transaction. Financial liabilities include deposits from banks and customers, subordinated debt and liabilities incurred for payment of services or purchase of assets recorded under "Other liabilities".

Sales transactions with repurchase agreements, including Treasury Bonds and Treasury Bills are recorded under "Customer funds and other loans" keeping the corresponding securities registered in the Bank's portfolio.

Financial liabilities are valued at amortized cost with interest, if applicable, recognized in accordance with the the effective rate method.

f) Assets received for credit recovery

Property and other assets auctioned obtained from loans overdue, and not available for immediate sale are recorded at the amount of auction when their lawsuits are resolved in "Other assets".

These assets are not depreciated. They are periodically conducted assessments of properties repossessed from credits recoveries. If the appraised value, deducted of estimated costs to be incurred on the sale of the property is less than the balance sheet value, impairment losses are registered. In the determination of impairment, the Bank also considers the age of the properties in the portfolio.

The sale of goods auctioned proceeds to write-off the asset and the gain or loss registered under "Other operating income and costs".

g) Investment properties:

Properties held for the purpose of obtaining income through the lease and / or recovery. Investment properties are not amortized and are recorded at fair value, determined periodically based on expert assessments. Changes in fair value are recognized in the income, under "Other operating income and charges".

On December 31, 2012 and 2011, this heading is entirely composed of lands.

h) Other tangible assets

Registered at acquisition cost deducted from depreciation and accumulated impairment losses. Repair costs, maintenance and other expenses associated with their use are recognized as cost for the year under "General administrative expenses".

Depreciation is calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period when the asset is expected to be available for use, which is:

	Years <u>Lifespan</u>
Premises for own use (Buildings) -----	50
Equipment:	
Furniture and office equipment-----	8
Machines and tools -----	5-6
Computer equipment-----	4
Indoor facilities-----	8
Transport equipment-----	3 a 5
Safety Equipment-----	8
Other equipment-----	5

Land is not amortized.

Expenditure on works and improvements in buildings occupied by the Bank as lessee under operating leases are capitalized and amortized under this heading, as a rule, over a period of 10 years.

Depreciation is registered in costs for the year.

Proceedings are periodically analyzed to identify evidence of impairment of tangible assets in accordance with IAS 36 - "Impairment of Assets". Where the net book value of tangible assets exceeds its recoverable amount (higher of value in use and fair value) is recognized as an impairment loss in the income statement reflection under "Impairment of other assets." Impairment losses can be reversed, also impact on the income statement, if subsequently found an increase in the recoverable amount of the asset.

The calculation of depreciation takes into consideration an estimated residual value of the equipment, especially in case of cars.

The Bank periodically assesses the adequacy of the estimated useful life of its tangible assets.

i) Intangible assets

This item essentially includes acquisition costs, development or preparation for use of software used in the development of the Bank's activities.

Intangible assets are recorded at acquisition cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is recorded as costs on a systematic basis over the estimated useful lives of the assets, which corresponds to a period of three years.

Expenditure on software maintenance are recognized as expenses the year in which they are incurred.

j) Investments in subsidiaries, associates and joint ventures

This caption includes investments in companies in which the Bank has significant influence but over which we exercise effective control over their management ("associates"). It assumes the existence of significant influence when the Bank's participation is between 20% and 50% of the capital or voting rights, or if less than 20%, the Bank is part of the governing body and has a direct influence on definition of the relevant policies of the company.

These assets are accounted for using the equity method. Under this method, investments are initially valued at cost, which is then adjusted based on the actual percentage changes in the Bank's equity (including results) of associates

k) Income taxes

On December 31, 2012 and 2011, the Bank is subject to the Single Tax on Income (IUR) at the rate of 25% and a rate of fire of 2% on the tax computed, which corresponds to an aggregate rate of tax of 25.5%.

The total income taxes recorded in income statement includes current taxes and deferred taxes.

Current taxes

Current tax is calculated based on taxable profit for the year, which differs from accounting income due to adjustments to taxable income or costs arising from not relevant for tax purposes, or who only considered in other accounting periods.

Deferred income taxes

The total income taxes recorded in income statement includes current taxes and deferred taxes.

Deferred taxes correspond to the impact on tax to be recovered / payable in future periods resulting from deductible or taxable temporary differences between the book value of assets and liabilities and their tax basis used in the determination of taxable income.

The deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are only recognized to the extent that it is probable that future taxable profits that allow the use of the corresponding deductible tax differences or reporting tax losses. Additionally, deferred taxes are not registered in cases where their recoverability may be questionable due to other situations, including questions of interpretation of tax legislation.

Despite this, there are no registration of deferred tax relating to temporary differences arising on initial recognition of assets and liabilities in transactions that do not affect accounting profit or taxable profit.

The main situations originating temporary differences at the level of the Bank match the impact of the adoption of IFRS and the valuation of financial assets available for sale.

Deferred taxes are calculated using the tax rates that are expected to be in force at the date of reversal of temporary differences, which correspond to the rates approved or substantially approved at the balance sheet date.

Taxes on income (current or deferred) is recognized in the income statement except in cases where the transactions giving rise have been recognized in other equity items (eg, in the case of revaluation of financial assets available for sale) . In these situations, the corresponding tax is also reflected against equity, not affecting the income statement.

Despite this, there are no registration of deferred tax Arising Relating to temporary differences on initial recognition of Assets and Liabilities in the que transactions not Affect accounting profit or taxable profit.

l) Provisions and contingent liabilities

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

If no probable future outflow of resources, it is a contingent liability. Contingent liabilities are only disclosed unless the possibility of its realization is remote.

Provisions for other Risks are destined to deal with litigation, tax and other tax Consequences of the Bank's activity.

m) Employee benefits

Liabilities for employee benefits are recognized in accordance with the principles established by IAS 19 - "Employee Benefits". The main benefits provided by the Bank include retirement pensions and survival and healthcare costs .

i) Liabilities for pensions and healthcare

The pension reform of the Bank are regulated, still in the transitional regime, the Personnel Statute of the Bank of Cape Verde, from December 1, 1990. According to the Statute, the Bank assumes responsibility for payment of pensions to employees who meet the conditions set out in this document. Pensions are determined based on salary on retirement, and updated annually, except for employees who retire with less than 35 years of service, in which case the pension amounts to only a portion of that salary.

According to the arrangements, the Bank and employees contribute a percentage of 11% and 6%, respectively, payroll (excluding holiday pay and Christmas). It is still the responsibility of the Bank's allocation of additional amounts needed for full coverage responsibilities.

The Bank has no responsibilities with employees who passed the framework effective from 2001, as these are covered by the general social security in terms of employment contracts.

The Bank also committed to bear part of the burden of health of their employees. To this end, the Bank and its staff contribute monthly amounts to 4% and 2%, respectively, of total wages.

The liability acknowledged in the balance sheet relating to defined benefit plans is the present value of liabilities adjusted for actuarial gains and losses deferred. The total liability is determined annually by specialized actuaries, using the method "Projected Unit Credit" actuarial assumptions and deemed appropriate (Note 30). The discount rate used in the updating of responsibilities reflects the market interest rates on corporate bonds of high quality (or, in his absence, government bonds) denominated in the currency in which the liabilities are paid and with maturities up to maturity similar to the average maturity of the related pension liability.

Gains and losses resulting from differences between actuarial assumptions and actual values with regard to the responsibilities as well as those resulting from changes in actuarial assumptions, are deferred in an asset or liability ("corridor"), to the limit of 10% of the current value of the past service liability, whichever is higher, reported at the end of this year. If the actuarial gains and losses exceed the corridor, said excess shall be recognized in the income for the average period until the normal retirement age of the employees covered by the plan.

The limits referred to above are calculated and applied separately for each defined benefit plan, including for pensions and health of the Bank.

For coverage of pension liabilities, the Bank has a provision for pensions and similar charges, registered under "Provision for charges with benefit to employees" of the liability.

The responsibilities set based on the actuarial valuation of the estimated cost healthcare expenses are recorded under "Provisions for charges with employee benefits - medical care" (Note 17).

The cost for the year with pensions and healthcare charges, including the current service cost and interest cost and amortization of actuarial gains and losses, are reflected in the Net Value in "Staff costs".

The impact of the retirement of employees before the normal retirement age defined in the actuarial study is directly reflected in costs.

ii) Short-term benefits

The short-term benefits, including productivity bonuses paid to employees for their performance, are reflected in "Staff costs" in the period to which they relate, in accordance with the principle of accrual.

The Bank does not record any provision for holiday pay of their employees, given the right to these benefits be acquired in the year that are they used / received by employees.

n) Commissions

Commissions relating to loan operations, which are essentially opening commissions and credit management are recognized by applying the effective interest rate method over the period of the operations, regardless of the time they are collected, registered under "Interest and similar income - Commissions received relating to amortized cost".

Commissions associated with guarantees provided, documentary credits and annuities cards are subject to deferral linear over the corresponding period, the remainder being recognized in income when received.

The fees for services rendered are recognized as income over the period of service or at a time as they satisfy compensation for single acts.

o) Amounts received for deposit

The amounts received on deposit, including the securities of customers, are have been registered as off-balance sheet at nominal value.

p) Cash and equivalents

For the preparation of the statement of cash flows, the Bank considers "cash and equivalents" the total under "Cash and deposits at central banks" and "Deposits with credit institutions."

q) Critical accounting estimates and judgmental aspects most relevant in applying accounting policies

In applying the accounting policies described above, it is necessary to carry out estimations by the Management Board of the Bank. The estimates with the greatest impact on the financial statements of the Bank include detailed below.

Determination of impairment losses on loans and other receivables

Impairment losses on loans are determined according to the methodology described in Note 2.2. d). Thus, the determination of impairment of assets individually analyzed results from a specific assessment carried out by the Bank based on the knowledge of the reality of the customers and the guarantees associated with the operations in question.

The determination of impairment for collective analysis is performed based on historical parameters determined for comparable types of operations, taking into account estimates of default and recovery.

The Bank believes that impairment determined based on this methodology allows adequately reflect the risk associated with its loan portfolio, taking into account the rules defined by IAS 39.

Determination of impairment losses on financial assets available for sale

As described in Note 2.2. c) i) b), the losses resulting from the valuation of these assets are recognized through the "Revaluation reserves". Where there is objective evidence of impairment, the cumulative losses that have been recognized in the revaluation reserve should be transferred to operating costs.

In the case of equity instruments, the determination of impairment losses may be of some subjectivity. The Bank determines whether or not impairment of these assets through a specific analysis at each balance sheet date and taking into account the evidence of IAS 39 (see Note 2.2. d)).

Valuation of financial instruments not traded in active markets

In accordance with IAS 39, the Bank valued at fair value certain financial instruments recorded as assets available for sale. Valuation of financial instruments not traded in liquid markets and models are used valuation techniques as described in Note 2.2. c). The valuations correspond to the best estimate of the fair value of these instruments at the balance sheet date.

Employee Benefits

As explained in Note 2.2. m), the Bank's liabilities for post-employment benefits and other benefits granted to employees are determined based on actuarial valuations. These actuarial valuations incorporate financial and actuarial assumptions relating to mortality, disability, pension and wage growth, and discount rates, among others. The assumptions used reflect the best estimate of the Bank and its actuaries of the future behavior of the respective variables.

Determination of income taxes

The income tax (current and deferred) is determined by the Bank based on the rules established by the tax effect. However, in some situations the tax law may not be sufficiently clear and objective and lead to the existence of different interpretations. In these cases, the values recorded are the result of better understanding of the bodies of the Bank on the proper framework for its operations which is however likely to be challenged by the tax authorities.

As mentioned in Note 13, on December 31, 2012 there are contingencies not provided for relating to corrections made by the Tax Authorities to taxable income in previous years, given the Bank considers that the procedures adopted are in accordance with the legal and fiscal framework in place in Cape Verde.

r) Adoption of new standards (IAS / IFRS) and revised Standards already issued

As mentioned in Note 2.1, the preparation of the financial statements, the Bank used the Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations, in force on 31 December 2012.

The following standards, interpretations, amendments and revisions which are mandatory for financial years beginning on or after January 1, 2012, were first adopted in the year ended December 31, 2012:

standard Interpretation /	Effective Date (years beginning on or after)	
AMENDMENTS:		
IFRS 7 –amendments (Transfer of financial assets Assets)	Jul-1-11	This amendment requires a greater number of disclosures concerning transfers of financial assets.

The application of these standards had no material effect on the financial statements of the Bank on December 31, 2012.

The following standards, interpretations, amendments and revisions, which are mandatory in future financial years, are available for early adoption, to the date of approval of these financial statements.

standard/Interpretation	Effective date (financial years started On or after	
STANDARD OR INTERPRETATION NEW OR REVISED :		
IFRS 10 – Consolidated Financial statements	01-Jan-14	This standard is to establish requirements for the submission of consolidated financial statements by the mother company, replacing, in these respects, IAS 27 - Consolidated and Separate Financial Statements and SIC 12 - Consolidation - special Purpose Entities. This standard also introduces new rules concerning the definition of control and the determination of the scope of consolidation.
IFRS 11 – Joint arrangements	01-Jan-14	This standard replaces IAS 31 - Joint Ventures and SIC 13 - Jointly Controlled Entities - Non-Monetary Contributions by Entrepreneurs and has been eliminating possibility of using the proportionate consolidation method in accounting for interests in joint ventures.
IFRS 12 –disclosures about participations in other entities	01-Jan-14	This standard is to establish a new set of disclosures relating to interests in subsidiaries joint arrangements, associates and unconsolidated entities.
IFRS 13 – Measurement of fair value	01-Jan-13	This standard replaces the existing guidance in various IFRS on the measurement of fair value. This standard applies when another IFRS requires or permits measurements or disclosures of fair value.
IFRS 9 - Financial instruments(2010)	01-Jan-15	This standard establishes the requirements for the classification and measurement Of financial assets.

Standard/Interpretation	Effective Date (Financial yearst started	
	On or after)	
Amendments:		
IAS 27 – Separate financial statements (2011)	01-Jan-14	This amendment restricts the area of application of IAS 27 to the separate financial statements.
IAS 28 – Investments in Associates and jointly controlled Entities (2011)	01-Jan-14	This amendment ensures consistency between IAS 28 - Investments in Associates and the new standards adopted, in particular IFRS 11 - Joint Arrangements
IAS 12 – Amendment (Recovery of deferred tax assets)	01-Jan-13	This amendment provides a presumption that recovery of investment properties measured at fair value in accordance with IAS 40 will be held through the sale.
IAS 19 – Amendment (Benefit Pension plans) (2011)	01-Jan-13	This amendment introduces some changes related to the account of the defined benefit plans, namely: (i) gains / losses are to be recognized in full in reserves (no longer allowed the method of the "corridor"), (ii) shall be applied to a single interest rate on liability and plan assets. The difference between the real return on plan assets and the interest rate is only registered as gains / losses, (iii) the expenses recorded in results correspond only to the Cost of current service and net interest expenditures.
IFRS 1 – Amendment (Hyperinflation)	01-Jan-13	This amendment provides guidance on how entities should present their financial statements in accordance with IFRSs after a period when there might be presented by the fact that its functional currency is subject to severe hyperinflation.
IAS 1 – Amendment (Other comprehensive income)	01-Jul-12	This amendment refers to the following modifications: (i) the items that compose the Other Comprehensive Income and eventually will be recognized in the income statement are displayed separately, (ii) the Statement of Comprehensive Income has also started to be called Income statements and Other Comprehensive Income.
IFRS 7 – Amendment (2011)	01-Jan-13	This amendment requires additional disclosures to the level of financial instrument including information in relation to those subject to compensation arrangements and others similar.
IAS 32 – Amendment(2011)	01-Jan-14	This amendment clarifies certain aspects of the standard due to the diversity in the application of the compensation requirements.
IFRIC 20- Registration of certain Expenditure in the process of production of one open pit mine (2011)	01-Jan-13	This interpretation clarifies the registration of certain costs during the production phase of an open pit mine.

It is the understanding the Board of Directors that the adoption of the above standards and interpretations, with particular focus on the requirements introduced by IAS 19 - "Employee Benefits", may motivate changes of some significance in terms of preparation and presentation of financial statements of the Bank, as well as the extent and content of disclosures to accomplish. However, has not yet been completed a detailed analysis of the implications involved in the enforcement of these standards, so it is not possible to proceed with its quantification.

3. CASH AND BALANCES AT CENTRAL BANKS

This heading is composed as follows:

	2012	2011
Cash		
. National currency	545.534	452.956
. Foreign currency	658.428	693.079
Demand deposits at the Bank of Cape Verde		
. National currency	1.137.633	8.579.625
. Foreign currency	963	969
	<u>2.342.558</u>	<u>9.726.629</u>

Demand deposits made at the Bank of Cape Verde are intended to meet the requirements of minimum cash requirements. In accordance with the provisions of the Bank of Cape Verde, these availabilities correspond to 18% of the average actual responsibilities in national and foreign currency, towards residents and emigrants. Until December 31, 2011, the coefficient of minimum cash amounted to 16%.

In the years 2012 and 2011, these deposits were not remunerated.

4. DEPOSITS AT OTHER CREDIT INSTITUTIONS

This heading is composed as follows:

	2012	2011
Demand deposits		
Em instituições de crédito no país		
. Caixa Económica de Cabo Verde	997	997
In foreign credit institutions		
. Banco Espírito Santo, S.A.	88.359	53.359
. Caixa Geral de Depósitos, S.A.	65.894	43.417
. Citibank	79.931	17.375
. JP Morgan Chase Bank	31.203	6.683
. Others	276.464	58.656
	<u>542.848</u>	<u>180.487</u>
Checks drawn		
From the Country	63.181	256.489
From abroad:	206.815	215.620
	<u>269.997</u>	<u>472.109</u>
Other deposits	3.763	3.770
	<u>816.608</u>	<u>656.366</u>

Checks drawn correspond to checks on customers of other banks sent for clearing. These values are collected on the first day of the following year.

5. FINANCIAL ASSETS AVAILABLE FOR SALE

This heading is composed as follows:

	2012	2011
Consolidated Securities of Financial Mobilization		
. Fair value	6.626.466	6.063.620
. Receivable Income	373.172	187.722
	<u>6.999.638</u>	<u>6.251.342</u>
Equity instruments	71.751	70.001
Impairment (Note 17)	(10.841)	(10.841)
	<u>7.060.548</u>	<u>6.310.502</u>

On December 31, 2012 and 2011, financial instruments classified as financial assets available for sale are composed as follows:

Título	% participation	Cost of Acquisition	2012			2011		
			Book value (net)	Revaluation reserves (Note 21)	Impairment (Note 17)	Book value (Net)	Revaluation reserves (Note 21)	Impairment (Note 17)
<u>Equity instruments at fair value</u>								
Consolidated Securities of financial mobilization	n.d.	6.433.170	6.999.638	193.296	-	6.251.342	(369.548)	-
Visa International Service Association	n.d.	1.314	5.665	4.351	-	3.915	2.602	-
		<u>6.434.484</u>	<u>7.005.303</u>	<u>197.647</u>	<u>-</u>	<u>6.255.257</u>	<u>(366.946)</u>	<u>-</u>
<u>Equity instruments valued at historical cost</u>								
A Promotora, Sociedade de Capital de Risco de Cabo Verde, S.A.R.L.	11%	50.000	39.159	-	(10.841)	39.159	-	(10.841)
Sociedade Cabo Verdiana de Tabacos, S.A.	0,65%	10.133	10.133	-	-	10.133	-	-
Fundo G.A.R.I.	0,19%	4.203	4.203	-	-	4.203	-	-
SITA - Sociedade Industrial de Tintas, S.A.R.L.	0,63%	1.750	1.750	-	-	1.750	-	-
		<u>66.086</u>	<u>55.245</u>	<u>-</u>	<u>(10.841)</u>	<u>55.245</u>	<u>-</u>	<u>(10.841)</u>
		<u>6.500.570</u>	<u>7.060.548</u>	<u>197.647</u>	<u>(10.841)</u>	<u>6.310.502</u>	<u>(366.946)</u>	<u>(10.841)</u>

n.a.-not available

The consolidated securities of Financial Mobilization (TCMF) were issued following the Law No. 64/V/98, which approved the creation of the "International Support for Cape Verde Stabilization Trust Fund" (Fund). Under this statute, the Fund is managed by the Bank of Portugal and is an autonomous being, as such, the only entity to answer for the debts, expenses and liabilities arising out of its existence, its operation and its organization.

The investment policy of the Fund is defined by a representative of the Government of Cape Verde, together with the management company, with the aim of upgrading its assets and being ruled by criteria of safety and profitability.

The TCMF resulted from the conversion of treasury bonds of Cape Verde that were overdue and are stated at nominal value of securities delivered.

According to Law No. 70/V/98, of 17 August, the key features of these titles are as follows:

- The TCMF are perpetual securities issued by the State of Cape Verde, through the Treasury, and incorporate the right to receive 90% of annual net income of the Fund. In this regard, the Bank recognizes each year the income relating to income receivable TCMF, under "Income from equity instruments" (Note 24);
- The State is obliged to acquire the TCMF in a maximum period of twenty years from the date of approval of the Law on the terms and conditions set by the Government;
- During the first three years of existence, the TCMF could only be traded between credit institutions duly authorized to carry on business in Cape Verde. Between the fourth and seventh year, the credit institution would annually transmit 25% of TCMF it held at the end of the third year. From the eighth year, TCMF can be traded without restriction.

Proceeds from TCMF for the year 2012 were received in January 2013.

The Bank maintained the participation in the Promoter, Society for Venture Capital of Cape Verde, SARL registered at historical cost, being registered impairment MCVE. 10.841 to reduce the carrying amount of its estimated realizable value.

On December 31, 2012 and 2011, the market value of , calculated based on its listing on the Stock Exchange of Cape Verde that date was less than the book value as at MCVE. 2.415 and MCVE. 1.403, respectively. The Bank maintained actions at historical cost, considering that the company has remained stable and including distribution of dividends, and the reduced liquidity of the security on the Stock Exchange of Cape Verde.

Holdings in the Fund G.A.R.I. and SITA - Society of Industrial Paints Ltd., in view of its reduced book value were registered at historical cost.

6. INVESTMENTS IN CREDIT INSTITUTIONS

This heading is composed as follows:

	2012	2011
Credit Applications in the country:		
. Bank Of Cape Verde:		
- Monetary regularization securities	227.000	300.000
- Securities of monetary intervention	798.000	100.000
-Very short term investments	9.500.000	-
	<u>10.525.000</u>	<u>400.000</u>
Investments in foreign credit institutions		
. Very short term investments		
- Caixa Geral de Depósitos	480.672	286.573
. Fixed deposits		
- Caixa Geral de Depósitos	499.590	514.182
. Escrow accounts		
- Other credit institutions abroad	9.435	9.696
	<u>989.697</u>	<u>810.451</u>
Interest to be received	43	705
Deferred Income	(1.380)	(460)
	<u>11.513.360</u>	<u>1.210.696</u>

7. PUBLIC DEBT SECURITIES

This heading is composed as follows:

	2012	2011
<u>Treasury Bonds</u>		
Nominal value	3.297.630	3.397.630
interest to be received	59.618	59.500
	<u>3.357.248</u>	<u>3.457.130</u>

The nominal value of treasury bonds transferred under repurchase agreements amounting in December 31, 2012 and 2011, the MCVE. 1.902.330 and MCVE. 2.264.280, respectively (Note 16).

8. Client loans

This heading is composed as follows:

	2012	2011
Short term Internal credit		
. Commercial discount	29.300	50.919
. Current account loans	2.914.459	2.743.239
. Discovered in demand deposits	143.524	137.089
. Credit cards	114.946	99.728
Internal credit over the medium and long term:		
. Loans	29.400.472	30.885.371
Short term external credit		
. Commercial discount	3.500	6.050
. Current account loans	11.191	74.391
. Discovered in demand deposits	1.428	1.131
. Credit cards	9.637	8.860
Medium and long term external credit		
. Loans	288.729	442.983
. Current account loans	81.767	73.167
Other loans and receivables (certificated)	3.918.378	4.162.191
Loans to staff	1.870.277	1.727.430
	<u>38.787.608</u>	<u>40.412.549</u>
Interests to be received	215.829	237.991
Commissions and other deferred income	(266.498)	(253.379)
Deferred expenses	3.043	2.518
Overdue credit and interests	4.754.991	4.159.553
	<u>43.494.973</u>	<u>44.559.232</u>
Impairment of loans and advances to customers (Note 17)	(3.057.309)	(2.887.257)
	<u><u>40.437.664</u></u>	<u><u>41.671.975</u></u>

On December 31, 2012 and 2011 the heading "Other receivables and accounts receivable (securities)" reflects the value of domestic corporate bonds classified in the "Loans and receivables" (Note 2.2. C))) . These obligations are as follows:

Title	2012	2011	maturity
Electra -Electricity and Water Supply Company, S.A.R.L. - Tranche A	-	638.343	14-06-2012
Electra - Electricity and Water Supply Company, S.A.R.L. - Tranche B	663.751	663.751	14-06-2017
Electra - Electricity and Water Supply Company, S.A.R.L. - Tranche C	1.458.220	1.458.220	14-06-2027
Electra -Electricity and Water Supply Company, S.A.R.L. - Tranche D	637.951	-	27-07-2020
City Hall of Praia	385.618	407.041	23-07-2030
Tecnivil -Real Estate Company of Construction, S.A.	350.000	350.000	06-02-2013
City Hall of Sal	151.385	163.030	15-07-2025
Society of Investment Management, Ltd.	99.854	99.854	18-02-2014
IFH - Real Estate, Land and Habitat, SA	65.547	65.547	05-01-2014
Cape Verde Fast Ferry, S.A.	59.687	59.687	31-07-2015
ASA - Empresa Nacional de Aeroportos e Segurança Aérea, S.A.	40.147	250.500	11-10-2017
Tecnivil Industria, SA	6.218	6.218	23-04-2014
	<u>3.918.378</u>	<u>4.162.191</u>	

The bonds issued by Electra - Electricity and Water Supply Company, SARL and IFH - Real Estate, Land and Habitat, SA are guaranteed by the State of Cape Verde. The bonds issued by the ASA - National Airports Company and Air Safety, SA are guaranteed by a letter of comfort issued by the State Cape Verde.

Loans to employees on December 31, 2012 and 2011 are remunerated at reduced interest rates. On December 31, 2012 and 2011, loans and advances guaranteed by the State amounts to Cape Verde MCVE. 3.087.252 and MCVE. 3.596.716 respectively.

On December 31, 2012 and 2011, loans to customers, excluding "Other loans and receivables - securitized" and associated accrued interest, had the following structure by sectors of activity:

31.12.2012								
Public Administration Sector								
And			Private firms			Total		
Credit	Credit		Credit	Credit		Credit	Credit	
To mature	overdue	Total	To mature	overdue	Total	to mature	To mature	Total
Companies								
Agriculture, livestock, hunting & Forestry	-	-	11.774	6.538	18.312	11.774	6.538	18.312
Fishery	-	-	11.691	34.811	46.502	11.691	34.811	46.502
extractive industry	-	-	12.124	22.254	34.378	12.124	22.254	34.378
Extraction of energy products	-	-	-	-	-	-	-	-
extractive industry with the exception of energetic prod.I	-	-	12.124	22.254	34.378	12.124	22.254	34.378
Manufacturing industries	-	-	1.550.786	98.967	1.649.753	1.550.786	98.967	1.649.753
The food industries, beverages and tobacco	-	-	277.866	86.767	364.633	277.866	86.767	364.633
Textile industry	-	-	25.154	2.543	27.697	25.154	2.543	27.697
Manufacture of leather and leather products	-	-	36	1.239	1.275	36	1.239	1.275
Manufacture of chemical products and man-made fibers	-	-	90.547	-	90.547	90.547	-	90.547
Manufacture of prod. basic pharmaceutical and pharm. preparations	-	-	311.815	563	312.378	311.815	563	312.378
Manufacture of other non-metallic mineral products	-	-	16	830	846	16	830	846
Ent. of basic metals and prod. of metal	-	-	40.031	35	40.066	40.031	35	40.066
Manufacture of machinery and equipment	-	-	790.971	3.493	794.464	790.971	3.493	794.464
Manufacture of furniture and mattresses	-	-	14.350	3.497	17.847	14.350	3.497	17.847
Production and distribution of electricity, gas and water	-	-	703.198	4	703.202	703.198	-	703.202
Construction	2	-	2.385.025	181.215	2.566.240	2.385.027	181.215	2.566.242
Com. wh/I / retail, rep. of Auto., Motoc. and personal property	-	-	2.690.306	268.900	2.959.206	2.690.306	268.900	2.959.206
Hotels and restaurants (restaurants & similar)	-	-	731.370	309.419	1.040.789	731.370	309.419	1.040.789
Transport, storage and communications	-	-	1.641.776	479.198	2.120.974	1.641.776	479.198	2.120.974
Activities of information and communication	-	-	18.135	37.090	55.225	18.135	37.090	55.225
Financial activities	-	-	663	-	663	663	-	663
Financial intermediation excluding insurance and pension funds	-	-	663	-	663	663	-	663
Real estate, renting & companies serv.	-	-	914.439	120.786	1.035.225	914.439	120.786	1.035.225
Real estate activities	-	-	914.439	120.786	1.035.225	914.439	120.786	1.035.225
Consultancy activities, scientific and technical activities	-	-	418.609	633.067	1.051.676	418.609	633.067	1.051.676
Administrative activities and support services	-	-	23.092	502	23.594	23.092	502	23.594
Public administration, defense and mandatory social security	966.933	55	966.988	67.196	65	67.261	103.419	120
Education	-	15	15	7.857	452	8.309	7.857	467
Health and social security	2.358	-	2.358	297.750	9.428	307.178	300.107	9.428
Other activities and collective services, social and personal	1.109.046	7	1.109.053	1.989.632	601.378	2.591.010	3.098.679	601.385
Families with household employees	-	-	682	2.633	3.315	682	2.633	3.315
International organizations and other extraterritorial institutes	-	-	32.700	3.488	36.188	32.700	3.488	36.188
2.078.339	77	2.078.416	13.508.805	2.810.195	16.319.000	15.587.144	2.810.272	18.397.416
Particular								
Housing	-	-	14.828.474	1.253.664	16.082.138	14.828.474	1.253.664	16.082.138
Other purposes	-	-	4.453.611	691.056	5.144.667	4.453.611	691.056	5.144.667
2.078.339	77	2.078.416	19.282.085	1.944.720	21.226.805	19.282.085	1.944.720	21.226.805
2.078.339	77	2.078.416	32.790.890	4.754.915	37.545.805	34.869.229	4.754.992	39.624.221

31.12.2011								
Public Administration Sector								
And public copanies			Private firms			Total		
Credit	Credit		Credit	Credit		Credit	credit	
To mature	vencido	Total	To mature	vencido	Total	To mature	To mature	Total
Companies								
Agriculture, Livestock, hunting and forestry	-	-	12.661	6.583	19.244	12.661	6.583	19.244
Fishery Industrias	-	-	19.570	34.803	54.373	19.570	34.803	54.373
Extractive	-	-	15.987	22.121	38.108	15.987	22.121	38.116
extractive industries with the exception of energetics	-	-	15.987	22.121	38.108	15.987	22.121	38.116
manufacturing industries	-	-	1.633.130	123.869	1.756.999	1.633.130	123.869	1.756.998
food industry, of beverages and tobacco	-	-	282.104	103.668	385.772	282.104	103.668	385.772
Textil industry	-	-	26.801	2.548	29.349	26.801	2.548	29.349
Manufacture of leather and leather products	-	-	85	1.239	1.324	85	1.239	1.324
Manufacture of prod. basic pharmaceutical and pharm. preparations	-	-	325.055	563	325.618	325.055	563	325.618
Ent. of basic metals and prod. of metal	-	-	-	830	830	-	830	830
Manufacture of other non-metallic mineral products	-	-	3.892	1	3.893	3.892	1	3.893
Manufacture of machinery and equipment	-	-	747.262	4.270	751.532	747.262	4.270	751.532
Manufacture of furniture and mattresses	-	-	16.648	4.058	20.706	16.648	4.058	20.706
unspecified manufacturing industries	-	-	231.282	6.692	237.974	231.282	6.692	237.974
Production and distribution of electricity, Water and gas	-	-	951.081	-	951.081	951.081	-	951.081
Construction	-	-	2.696.731	149.936	2.846.667	2.696.731	149.936	2.846.667
Com. wholesale / retail, rep. of Auto., Motoc. and personal goods and domest.	-	-	2.676.779	174.900	2.851.679	2.676.779	174.900	2.851.679
Accommodation and food service	-	-	794.161	249.142	1.043.303	794.161	249.142	1.043.303
Transportation storage and communications	-	-	1.867.003	397.355	2.264.358	1.867.003	397.355	2.264.358
Activities of information and communication	-	-	6.528	35.404	41.932	6.528	35.404	41.932
Financial activities	-	-	510	-	510	510	-	510
Financial intermediation excluding insurance and pension funds	-	-	510	-	510	510	-	510
Real estate activities, Rental ans serv. prest. empresas	-	-	1.085.422	59.609	1.145.031	1.085.422	59.609	1.145.031
Real estate activities	-	-	1.085.422	59.609	1.145.031	1.085.422	59.609	1.145.031
Consultancy activities, científica, Techniques and similar	-	-	460.221	611.495	1.071.716	460.221	611.495	1.071.716
Administrative activities and support services	-	-	23.815	97	23.912	23.815	97	23.912
Public administration, defense and mandadorory social security	-	885.568	59.229	-	59.229	943.070	1.727	944.797
Education	-	15	15	16.785	564	16.785	579	17.364
Health and social security	3.043	-	3.043	276.248	7.748	283.996	279.291	7.748
Other activities and collective services, social and personal	956.780	4	956.784	1.836.765	466.533	2.303.298	2.793.545	466.537
Families with household employees	-	-	1.362	2.890	4.252	1.362	2.890	4.252
International organizations and other extraterritorial institutes	-	-	1.627	27.101	28.728	1.627	27.101	28.728
1.843.664	1.746	1.845.410	14.435.615	2.370.150	16.805.765	16.279.279	2.371.896	18.651.182
Particular								
Housing	-	-	14.731.434	1.090.968	15.822.402	14.731.434	1.090.968	15.822.402
Other purposes	-	-	5.239.645	696.689	5.936.334	5.239.645	696.689	5.936.334
1.843.664	1.746	1.845.410	34.406.694	4.157.807	38.564.501	36.250.358	4.159.553	40.409.918

9. INVESTMENT PROPERTIES

On December 31, 2012 and 2011, this heading consists of land held by the Bank, reclassified from "Other tangible assets" in the transition to IFRS. In 2012, the Bank sold the land located in the city of Tarrafal the total amount of 3.001 MCVE.

10. OTHER TANGIBLE ASSETS

The changes in the caption "Other tangible assets" in the years 2012 and 2011 were as follows:

2012								
	Balance on 31.12.2011							
	Gross Value	Amortizations and losses by accumulated impairments	Additions	Transfers	Reclassifications	Depreciation for the year	Net sales and Write-offs	Net value em 2012
Premises for own use								
Lands	75.034	-	-	-	-	-	-	75.034
Buildings	1.777.678	(533.590)	22.620	-	(12.617)	(28.930)	526	1.225.687
Works in rented buildings	356.003	(143.593)	33.315	-	12.564	(35.856)	-	222.433
Equipment								
Furniture and office equipment	232.256	(146.554)	15.317	-	-	(19.335)	(184)	81.500
Machines and tools	51.364	(37.314)	3.433	-	(51)	(5.557)	(8)	11.867
computer equipment	420.694	(354.153)	8.540	9.604	(3.998)	(34.878)	-	45.809
interior installations	152.594	(113.398)	8.509	-	185	(12.188)	(39)	35.663
Transportation equipment	170.178	(82.611)	40.694	8.393	-	(31.319)	(4.381)	100.954
Safety equipment	48.873	(31.959)	6.856	10.023	(113)	(3.350)	-	30.330
Other equipment	100.009	(86.060)	798	-	1.595	(6.968)	(4)	9.370
Tangible assets in progress	101.800	-	84.824	(33.965)	2.435	-	(1.340)	153.754
	<u>3.486.483</u>	<u>(1.529.232)</u>	<u>224.906</u>	<u>(5.945)</u>	<u>-</u>	<u>(178.381)</u>	<u>(5.430)</u>	<u>1.992.401</u>

2011								
	Balances on 31.12.2010							
	Gross value	Amortizations and losses by impairment accumulated	Additions	Transfers	Depreciation For the year	Net sales and Write-offs	Impairment (Note 17)	Net value em 2011
Premises for own use								
Lands	75.034	-	-	-	-	-	-	75.034
Buildings	1.539.845	(509.482)	97.406	187.851	(27.319)	(45.626)	1.412	1.244.087
Works in rented buildings	263.145	(117.227)	55.566	40.197	(27.307)	(1.960)	-	212.414
Equipment								
Furniture and office equipment	219.714	(138.396)	26.747	314	(21.550)	(1.127)	-	85.702
Machines and tools	51.357	(38.488)	6.159	-	(4.935)	(40)	-	14.053
Computer equipment	390.970	(314.669)	19.778	10.418	(39.856)	(98)	-	66.543
Interior installations	132.004	(111.434)	7.292	20.463	(8.937)	(193)	-	39.195
Transportation equipment	154.592	(83.038)	49.630	-	(29.828)	(3.790)	-	87.566
Safety equipment	37.574	(30.398)	1.034	10.529	(1.829)	-	-	16.910
Other equipment	95.040	(74.846)	5.582	-	(11.831)	-	-	13.945
Tangible assets in progress	226.859	-	170.951	(296.009)	-	-	-	101.801
	<u>3.186.134</u>	<u>(1.417.978)</u>	<u>440.145</u>	<u>(26.237)</u>	<u>(173.392)</u>	<u>(52.834)</u>	<u>1.412</u>	<u>1.957.250</u>

On December 31, 2012 and 2011, construction in progress refers mainly to works in progress in the Bank's branches and the acquisition of computer equipment.

On December 31, 2012 and 2011, the Bank has recorded impairment estate service in the amount of MCVE. 37.671 (Note 17).

11. INTANGIBLE ASSETS

The movement occurred in "Intangible assets" in the years 2012 and 2011 were as follows:

	2012					
	Balance on 31.12.2011					
	Gross value	Accumulated amortizations	Additions	Transfers	Depreciation For the year	Net value on 2012
Systems of automatic data processing (software)	238.177	(195.210)	21.710	5.945	(24.673)	45.949
Other intangible assets in progress	13	(7)	-	-	(4)	2
	238.190	(195.217)	21.710	5.945	(24.677)	45.951

	2011					
	Balance on 31.12.2010			Transfers	Depreciation	Net value
	Gross value	Accumulated amortizations	Additions		For the year	On 2011
Systems of automatic data processing (software)	196.857	(181.075)	15.083	26.237	(14.135)	42.967
Other intangible assets in progress	13	(3)	-	-	(4)	6
	196.870	(181.078)	15.083	26.237	(14.139)	42.973

12. INVESTMENTS IN ASSOCIATES

On December 31, 2012 and 2011, this balance is composed as follows:

		2012					2011			
Entidade	% of participation	Cost of acquisition	balance	net	Profit / Liability	(loss)	Balance	net	Liability	Profit
			sheet value	asset			Sheet value	asset		
Garantia - Companhia de Seguros de Cabo Verde, S.A.R.L.	35%	70.000	180.613	2.861.619	1.830.246	89.153	166.847	2.983.295	1.985.725	121.310
SISP - Sociedade Interbancária e Sistema de Pagamentos, S.A.R.L.	10%	10.000	45.559	625.306	169.716	95.523	40.787	588.299	180.427	77.945
Promoleasing, Leasing Company, Society Unipessoal Anónima, S.A.	49%	14.700	6.184	350.166	337.563	(4.297)	8.281	307.566	290.666	(5.371)
		<u>94.700</u>	<u>232.356</u>	<u>3.837.091</u>	<u>2.337.525</u>	<u>180.378</u>	<u>215.915</u>	<u>3.879.160</u>	<u>2.456.818</u>	<u>193.884</u>

Garantia- Insurance Company of Cape Verde, SARL

The Garantia - Insurance Company of Cape Verde, SARL (Garantia) holds a participation corresponding to 12.5% of the Bank's capital. This cross-participation is taken into account in determining the value of the investment in the Bank Guarantee.

SISP - Society and Interbank Payments System, SARL

The bank rated participating in SISIP as investment in associated despite their participation being only 10%, given that the Bank is part of the management organ, which in the opinion of the Board of Directors confers significant influence on the activity of SISIP it fits thereby in the provisions of IAS 28 - Investments in Associates.

Promoleasing - Leasing Company, Limited Unipersonal, SA

In 2010, the Bank subscribed for 14.700 shares of Promoleasing - Unipessoal Leasing Company Limited, SA (the Company) representing 49% of its share capital by nominal value of MCVE. 1 per share. This company started its activity in 2010.

The changes in the book value of these investments in the years 2012 and 2011 and their impact on the Bank's financial statements can be demonstrated as follows:

	Garantia	SISP	Promoleasing	Total
Balance on December 31, 2010	155.410	36.736	11.628	203.774
movements registered directly against equity	(9.600)	-	-	(9.600)
Income from associates	29.886	7.794	(3.347)	34.333
Received dividends	(8.849)	(3.743)	-	(12.592)
Balance on December 31, 2011	166.847	40.787	8.281	215.915
Movements registered directly against equity	5.377	-	-	5.377
Income in associated	23.250	9.293	(2.097)	30.446
Received dividends	(14.861)	(4.521)	-	(19.382)
Balances on December 31, 2012	180.613	45.559	6.184	232.356

13. INCOME TAX

The Bank is subject to the Single Tax on Income (IUR) at the rate of 25% and a rate of fire of 2% on the tax calculated, which corresponds to an aggregate tax rate of 25.50%.

The balances of assets and liabilities for income taxes at December 31, 2012 and 2011 were as follows:

	2012	2011
<u>Current tax assets</u>		
.IUR to recover from 2011	93.148	32.638
IUR to recover from 2010	146.894	146.894
IUR to recover from 2009	172.845	172.845
IUR to recover from 2008	114.517	114.517
IUR to recover from 2007	120.912	120.912
IUR to recover from 2006	54.646	54.646
	<u>702.962</u>	<u>642.452</u>
 Withholdings for the year		
Year of 2012	20.044	-
	<u>723.006</u>	<u>642.452</u>
 <u>Deferred tax assets</u>		
. By temporary differences	97.117	191.786
<u>Deferred tax liabilities</u>		
. By temporary differences	(24.048)	(38.819)
	<u>73.069</u>	<u>152.967</u>

The detail and the movement in deferred taxes for the years 2012 and 2011 were as follows:

	2012		
	Balance on	Variation on	Balances on
	31.12.2011	Equity	31.12.2012
		Income	
<u>Adjustments to IFRS conversion</u>	156.301	-	(78.080)
			78.221
 <u>Movements made by reserves</u>			
Valuation of investments in associates	(2.669)	(1.371)	-
Valuation of financial assets available for sale	(665)	(447)	-
	<u>152.967</u>	<u>(1.818)</u>	<u>(78.080)</u>
			73.069

	2011		
	Variation on		Balances on 31.12.2011
	Balances on 31.12.2010	Equity Income	
<u>Adjustments to IFRS conversion</u>	<u>234.381</u>	<u>-</u>	<u>(78.080)</u>
<u>Movements made by reserves</u>			
Valuation of investments in associates	(5.116)	2.447	-
Valuation of financial assets available for sale	(338)	(327)	-
	<u>228.927</u>	<u>2.120</u>	<u>(78.080)</u>
			<u>152.967</u>

Under Decree-Law No. 14/2010, of 26 April, the impacts of transition to IFRS determined with reference to January 1, 2008 with effect in equity, which are treated as fiscally relevant under the regulation of the IUR, contribute to the formation of the taxable income equally over five years. The deferred tax asset relating to the impact of transition on December 31, 2012 and 2011 includes MCVE. 64.870 and MCVE 129.740, respectively, related to the transition adjustments originated on pension liabilities and healthcare.

The reconciliation between the nominal rate and the effective tax rate observed in the years 2012 and 2011 can be demonstrated as follows:

	2012		2011	
		<u>447.215</u>		<u>630.345</u>
Income before taxes				
Tax calculated based on nominal rate	25,50%	114.040	25,50%	160.738
tax benefits:				
Income from consolidated securities of financial mobilization	-10,57%	(47.290)	-7,59%	(47.857)
Income from bonds admitted on quotation	-14,70%	(65.750)	-10,48%	(66.080)
Income from Public Debt Securities placed in the secondary market	-6,42%	(28.726)	-4,22%	(26.570)
. Donations	-0,32%	(1.418)	-0,30%	(1.911)
. Dividends	-0,01%	(53)	-0,01%	(60)
. Others	-0,02%	(79)	-0,53%	(3.344)
Expenses not deductible for tax purposes	2,56%	11.458	0,50%	3.169
Income from bonds admitted on quotation	6,76%	30.226	4,98%	31.362
Tax losses	14,68%	65.673	4,54%	28.633
Corrections to Previous Years	6,72%	30.046	2,46%	15.516
Tax on income for the year		<u>24,18%</u>		<u>14,85%</u>
		<u>108.127</u>		<u>93.596</u>

Under the legislation, the Bank benefits from exemptions in relation to the following income:

- Securities Income Consolidated Financial Mobilization;
- income obtained on securities issued by the Treasury of Cape Verde and have been placed in the secondary market;
- dividends received, and
- income from bonds, other than government debt, listed on the Stock Exchange of Cape Verde for three years after its entry into effective operation. This income, depending on the year of issue, also benefit from reduced tax rates.

For these reasons, the tax burden presented by the Bank in 2012 and 2011 is lower than the normal rate of taxation.

In September 2009, the Bank received a notification from the Directorate General of Contributions and Taxes (DGCI), settlements relating to adjustments to income tax for the year 2008. The Bank objected to the corrections made for the costs of pension and health care liabilities. The complaint was rejected by the tax authorities in October 2010, and the Bank made the settlement of the tax debt. However, considering that the procedures adopted are in accordance with the legal and fiscal framework in force in Cape Verde, the Bank recognized a tax asset in the amount of to recover MCVE. 114.517 relating to pension costs and health care liabilities.

In December 2010, the Bank received a notification from DGCI, settlements relating to adjustments to income tax for the year 2009. The Bank objected to the corrections made for the costs of pension and health care liabilities, but in 2011 proceeded to recover the amount owed and recognized an asset tax recoverable amounting to MCVE. 172.845.

In 2011 the Bank received three reports of the DGCI, settlements relating to adjustments to income tax for the years 2005, 2006 and 2010, primarily related to pension costs and health care liabilities. The Bank has made payment relating to additional settlements, taking however, disputed the corrections made and recognized an asset for current tax totaling MCVE. 322.452. The Bank is awaiting the formalization of the acceptance of the claim by the DGCI.

In January 2012, the Bank carried out a provisional settlement of income tax for the year 2011 amounting to MCVE. 60.510. In September 2012, the Bank received a notification from the DGCI for fixing the tax base for the year 2011, resulting in additional payment of income tax in the amount of MCVE. 48.774. The Bank objected to the corrections made for the costs of pension and health care liabilities. Additionally, the Bank has failed to settle the amount owed, and yet presented a bank guarantee in the amount of MCVE. 48.774 to cover the tax set by the DGCI.

In fiscal year 2012, the Bank received three reports of DGCI settlements relating to corrections to income tax for the year 2007. The Bank objected to the corrections made for the costs of pension and health care liabilities. Additionally, the Bank has failed to settle the amount owed, and yet presented a bank guarantee in the amount of MCVE. 180.500 to cover the tax set by the DGCI. Note that the DGCI accepted part of the claim made by the Bank in relation to notification of October 2008 for the settlement of income tax for the year 2007 amounting to MCVE. 22.634.

In the year 2012 the Bank received a communication from the DGT with the rejection of hierarchical appeal filed on the official settlement of 2008, and the Bank challenged this decision in court, lying to await the development of the process in court.

On December 31, 2012, the impact of the corrections described above relating to pensions and health care can be summarized as follows:

	2005	2006	2007	2008	2009	2010	2011	Total
Corrections pensions and health	54.646	120.912	184.270	114.517	165.755	171.711	169.677	981.488
Other corrections	-	-	(3.710)	-	7.090	(24.817)	878	(20.559)
Tax losses	-	-	-	-	-	-	(28.633)	(28.633)
	<u>54.646</u>	<u>120.912</u>	<u>180.560</u>	<u>114.517</u>	<u>172.845</u>	<u>146.894</u>	<u>141.922</u>	<u>932.296</u>
Current tax assets	54.646	120.912	-	114.517	172.845	146.894	93.148	702.962
guarantees provided	-	-	180.500	-	-	-	48.774	229.274
	<u>54.646</u>	<u>120.912</u>	<u>180.500</u>	<u>114.517</u>	<u>172.845</u>	<u>146.894</u>	<u>141.922</u>	<u>932.236</u>

On 31 December 2012 the total impact of eventual risk associated with the situations described above amounts to about MCVE. 1.082.379 and includes the following situations:

- adjustments for the years 2005 to 2011 amounting to MCVE. 932.236, which includes approximately MCVE. 180.500 and MCVE. 48.774 relating to additional payments of in 2007 and 2011, respectively, for which the Bank constitutes a bank guarantee. The amount of MCVE. 702.962 was paid by the Bank, and are recorded in "Current tax assets" as tax recoverable from previous years;
- the Bank has not compounded by any pension costs or healthcare in the estimated tax payable for the year 2012, so the eventual correction, considering the criterion adopted by the tax authorities for the year 2011 could amount to about MCVE. 85.273;
- Finally, the Bank has recorded net deferred taxes in the amount of MCVE. 64.870 for the portion of the transition adjustments that will be deducted for tax purposes in future years.

Under the General Tax Code approved by Law 37/IV/92, the tax authorities have the right to review the fiscal situation of the Bank for a period of five years and may result due to different interpretations of the tax law, any adjustments to income taxable. For this reason, the year 2007 may still be revised and corrected with respect to the above situation. In the opinion of the Board, it is not anticipated that any further correction is significant to the financial statements of the Bank on December 31, 2012.

14. OTHER ASSETS

This heading is composed as follows:

	2012	2011
<u>Other assets</u>		
Goods auctioned	192.468	149.571
Artistic patrimony	10.458	9.728
Gold, precious metals, coins and medals	693	782
<u>Debtors and other investments</u>		
Sundry debtors		
. State	207.999	291.946
. Other entities	70.374	58.732
subsidy receivable		
. Of the State	785.114	754.359
. Of other entities	4.265	4.265
. Others	2.311	2.311
Advances to suppliers of fixed assets	2.025	1.015
<u>Deferred expenses</u>		
. Insurance	19.622	21.805
. Others	18.955	7.591
<u>Actuarial deviations (Note 30)</u>		
. Medical assistance	138.263	117.332
	<u>1.452.547</u>	<u>1.419.437</u>
<u>Impairment of other assets (Note 17):</u>		
. Properties received as payment	(44.680)	(33.307)
. Other assets	(86.372)	(169.892)
	<u>(131.052)</u>	<u>(203.199)</u>
	<u>1.321.495</u>	<u>1.216.238</u>

On December 31, 2011, the heading "Sundry debtors - State" includes MCVE. 86.811, corresponding to capital and interest due on a loan guaranteed by the State which has not been reimbursed by its customer, and has thus been claimed to the state in December 2002. In 2005, the Treasury of Cape Verde to the Bank announced the suspension of confirmation of such debt, and requested to provide additional information. The Bank settled the debt in installments from the Official Credit Institute of Spain until January 26, 2009 (inclusive), and the remaining installments totaling MCVE. 11.481 (Note 15) were settled by the Treasury of Cape Verde in year 2012. In 2012, the Bank struck by the amount of active MCVE. 86.811 for use of impairment and settlement of the amount owed from the Official Credit Institute of Spain.

The subsidies receivable from the State of Cape Verde are related to loans and deposits and are calculated under the legislation in force in Cape Verde. The balances recorded correspond to the amounts claimed by the Bank since the beginning of 2000. The repayment of these amounts has been the subject of negotiations with the General Directorate of the Treasury (DGT), since under an external audit carried to the scheme of subsidized credit, DGT questioned the eligibility of a set of operations. In November 2012, the DGT announced that the Bank will assume the payment of MCVE. 168.133 relating to subsidies housing credit claimed between 2000 and 2007 and considered ineligible claimed bonuses totaling MCVE. 102.098. Additionally, according to communication DGT, the values found in relation to the increases in mortgage loans in the period between 2008 and 2011 amounted to MCVE. 208.564 compared to a total of MCVE claimed. 277.728. The Bank chose to acknowledge the cost to the transactions identified as ineligible for a period of 5 years from the year 2012 and recognized as expenses MCVE. 34.252 under "Interest and similar income - Interest on loans to customers" and maintained MCVE registered. 137.010.

In respect to subsidies for housing loans, 2012, which claimed value and impairment losses amounted to MCVE. 64.496 and MCVE. 33.403, respectively, and other bonuses, the amount totals MCVE. 206.911, are still ongoing negotiations between the parties for the quantification of eligible operations.

On December 31, 2012 and 2011, the estate received as payment is as follows, according to the date of its acquisition by the Bank:

Year of acquisition	2012			2011		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Previous to 2009	28.741	(24.491)	4.250	33.883	(23.677)	10.206
2009	9.848	(4.924)	4.924	9.848	(2.462)	7.386
2010	62.542	(11.849)	50.693	71.682	(7.168)	64.514
2011	34.158	(3.416)	30.742	34.158	-	34.158
2012	57.179	-	57.179	-	-	-
	<u>192.468</u>	<u>(44.680)</u>	<u>147.788</u>	<u>149.571</u>	<u>(33.307)</u>	<u>116.264</u>

In fiscal year 2012, the net capital losses gained on disposal of property obtained from recovered loans amounted to MCVE. 4.190 (net capital gains of MCVE. 20th in 2011 - Note 27).

15. RESOURCES OTHER CREDIT INSTITUTIONS

This heading is composed as follows:

	2012	2011
Demand deposits		
. From credit institutions in the country	69.382	85.597
. From credit institutions abroad	289.225	196.342
. Other resources	4.083	-
Fixed deposits		
. From credit institutions in the country	35.000	110.000
Loans		
. From International Financial Organizations	142.615	171.923
Interests to be paid	1.414	1.837
	<u>541.719</u>	<u>565.699</u>

On December 31, 2010, the balance of "Loans from International Financial Organizations" included 58.427 Euros (mCve. 6.442) relative to a line of credit contracted with the Banque Européenne d'Investissement maximum amount of 5.000.000 Euros (MCVE . 551.325), repayable 5 years from April 30, 2007. This loan bore interest at a fixed interest rate and was fully reimbursed in 2011.

On 14 October 2005, Bank, Banco Interatlântico, Caixa Económica de Cabo Verde and Banco Caboverdiano de Negócios contracted a line of credit with the French Development Agency in the maximum amount of 5.000.000 Euros to support projects for development of municipalities in an economic-social nature, to repay in 10 years, starting from April 30, 2010, in semi-annual installments of principal and interest. This loan bears interest at a fixed rate of 1.83%. On December 31, 2012 and 2011, the Bank had used this line for 1,293,385 Euros and 1.455.060 Euros (142.615 mCve. and MCVE. 160.442, respectively), recorded under "Loans from International Financial Organizations".

16. CUSTOMER RESOURCES AND OTHER LOANS

This heading is composed as follows:

	2012	2011
<u>Savings deposits</u>		
. From emigrants	2.523.320	2.747.315
. From residents	827.950	760.683
	<u>3.351.270</u>	<u>3.507.998</u>
<u>Other sight deposits</u>		
Demand deposits		
. From residents	14.596.579	15.255.952
. From emigrants	3.857.346	3.749.820
. From on residents	2.056.240	2.010.539
	<u>20.510.165</u>	<u>21.016.311</u>
Mandatory deposits	129.312	158.915
	<u>20.639.477</u>	<u>21.175.226</u>
<u>Other fixed deposits</u>		
Fixed deposits		
. From emigrants	22.333.081	20.101.080
. From residents	8.439.826	7.925.688
. From non residents	794.450	759.393
	<u>31.567.357</u>	<u>28.786.161</u>
<u>Other resources</u>		
Securities transferred with a repurchase agreement		
. Treasury bonds (Note 7)	1.902.330	2.264.280
Checks and money orders to be paid	31.305	73.795
	<u>57.491.739</u>	<u>55.807.460</u>
Interest to be paid	684.006	652.151
	<u>58.175.745</u>	<u>56.459.611</u>

On December 31, 2012 and 2011, demand deposits are not paid, except for specific situations defined according to the guidelines of the Board of Directors of the Bank.

17. PROVISIONS AND IMPAIRMENT

The movement in provisions and impairment of the Bank during the years 2012 and 2011 were as follows:

	2012						Recoveries of written-off loans
	Balances on 31.12.2011	Net Appropriations results	Personnel expenses (Note 29)	Uses	Others (Note 30)	Balances on 31.12.2012	
Impairment							
Impairment of client loans (note 8)	2.887.257	170.052	-	-	-	3.057.309	(55.075)
Impairment of financial assets Available for sale (5)	10.841	-	-	-	-	10.841	
Impairment of other tangible assets (Note 10)	37.671	-	-	-	-	37.671	
Impairment of other assets (Note 14)	203.199	3.182	-	(75.328)	-	131.053	
	<u>3.138.968</u>	<u>173.234</u>	<u>-</u>	<u>(75.328)</u>	<u>-</u>	<u>3.236.874</u>	
Provisions							
Provisions for costs with benefits To employees: (Note 30)							
Retirement pensions	5.367.123	-	440.316	(148.845)	(279.407)	5.379.187	
Medical assistance	222.180	-	59.118	(66.583)	45.051	259.766	
	<u>5.589.303</u>	<u>-</u>	<u>499.434</u>	<u>(215.428)</u>	<u>(234.356)</u>	<u>5.638.953</u>	
Tax contingencies	49.723	-	-	-	-	49.723	
	<u>5.639.026</u>	<u>-</u>	<u>499.434</u>	<u>(215.428)</u>	<u>(234.356)</u>	<u>5.688.676</u>	
	<u>8.777.994</u>	<u>173.234</u>	<u>499.434</u>	<u>(290.756)</u>	<u>(234.356)</u>	<u>8.925.550</u>	
	2011						Recoveries Of written off loans
	Balances on 31.12.2010	Net appropriations results	Personnel expenses (Note 29)	Uses	Others (Note 30)	Balances on 31.12.2011	
Impairment							
Impairment of client loans (note8)	2.470.746	495.635	-	(79.124)	-	2.887.257	(79.047)
Impairment of financial assets Available for sale (Note 5)	10.841	-	-	-	-	10.841	
Impairment of tangible assets (Note 10)	39.083	(1.412)	-	-	-	37.671	
Impairment of other assets (Note 14)	187.001	16.198	-	-	-	203.199	
	<u>2.707.671</u>	<u>510.421</u>	<u>-</u>	<u>(79.124)</u>	<u>-</u>	<u>3.138.968</u>	
Provisions							
Provisions for costs with benefits To employees: (Note 30)							
Retirement pensions	5.143.905	-	421.034	(138.149)	(59.667)	5.367.123	
Medical assistance	188.088	-	47.075	(70.404)	57.421	222.180	
	<u>5.331.993</u>	<u>-</u>	<u>468.109</u>	<u>(208.553)</u>	<u>(2.246)</u>	<u>5.589.303</u>	
Tax contingencies	64.338	(14.615)	-	-	-	49.723	
	<u>5.396.331</u>	<u>(14.615)</u>	<u>468.109</u>	<u>(208.553)</u>	<u>(2.246)</u>	<u>5.639.026</u>	
	<u>8.104.002</u>	<u>495.806</u>	<u>468.109</u>	<u>(287.677)</u>	<u>(2.246)</u>	<u>8.777.994</u>	

18. OTHER SUBORDINATED LIABILITIES

During 2010, the Bank issued 500.000 subordinated bonds with a nominal value of 1.000 Cape Verde Escudos each. Under the conditions defined in the issuance, the loan has a term of seven years and bears interest at a nominal interest rate increased starting at 5.75% for 1st. and 2nd. coupon up to 6.25% for the 7th. coupon. Repayment of the principal will be held partially in semiannual installments of MCVE. 50.000 from the 5th. Semester (inclusive). However, there is the option of early repayment two years after the date of issuance, and thereafter every six months by paying a premium of 0.5% on the nominal value of the bonds to repay.

On December 26, 2012, Bank proceeded to the repurchase of subordinated bonds at nominal value of MCVE. 1.511.

On December 31, 2012 and 2011, interest payable amounted to MCVE. 1.812 and MCVE. 1.018, respectively. In addition, on these dates commissions were being deferred in the value of MCVE. 809 and MCVE. 1.084, respectively.

19. OTHER LIABILITIES

This heading is composed as follows:

	<u>2012</u>	<u>2011</u>
<u>Creditors</u>		
Resources - active account	131.317	130.744
Resources - escrow account	13.043	861
Consigned resources	2.490	2.490
<u>Other demandables</u>		
Tax withholding at source	53.699	59.375
social welfare	11.099	10.623
Others	1.204	726
<u>Charges to be paid</u>		
Personnel expenditure		
. Productivity bonuses	37.744	36.000
. Unused vacation time	5.000	4.638
General administrative expenses	7.503	7.461
Others	139.891	72.864
<u>Deferred income</u>		
Card annuity	16.934	16.857
Commissions to open credits on current account	9.673	10.311
Of guarantees provided	6.801	7.949
Others	345	428
<u>Actuarial deviations (Note 30)</u>		
Retirement pensions	664.442	365.105
<u>Liability operations pending payment</u>	1.217	165
<u>Other accounting accruals</u>	164.369	351.838
	<u>1.266.771</u>	<u>1.078.435</u>

20. EQUITY

The capital of the Bank as at 31 December 2012 is represented by 1.324.765 shares with a nominal value of one thousand Cape Verde Escudos each, fully paid, distributed as follows:

- i) 875.000 nominative shares of type A;
- ii) 449.765 B-shares, to bearer. Holders may be individuals and / or legal national or foreign, domiciled or not domiciled in the country. The A-shares can only be transferred with the consent of the Government. They do not consider taken against the corresponding express vote to the pertaining shares of the State, whatever its number, the relative deliberations to the following substances:
 - d) Amendments to the partnership agreement that imply the loss of the prerogatives of the state shareholder arising from the "Golden Share";
 - a) Merger, split transformation and dissolution of the Bank;
 - b) Approval of the Strategic Plan

In the General Assembly of 25 of March of 2009, an increase of capital of the Bank in the sum of mCve 324.765 was deliberated through the issue of 324.765 B-shares a nominal value of one thousand Cape Verde Escudos each, fully paid in cash. The Bank incurred expenses totaling MCVE. 6.117, which, under the Standard IAS 32 have been reflected directly in equity.

On December 31, 2012 and 2011, the Bank's shareholder structure is as follows:

Entity	Number Of shares	%
Caixa Geral de Depósitos, S.A. and Banco Interatlântico, S.A.R.L. Warranty, Insurance Company of Cape Verde, S.A.R.L.	697.446	52,65%
State of Cape Verde ("Golden Share")	132.476	10,00%
Other shareholders	329.017	24,84%
	<u>1.324.765</u>	<u>100,00%</u>

RESERVES, RETAINED INCOME AND PROFIT FOR THE YEAR

On December 31, 2012 and 2011, the headings of reserves and retained income are as follows:

	<u>2012</u>	<u>2011</u>
Revaluation reserves		
. Reserves resulting from valuation at fair value, net		
Of deferred taxes		
- From financial assets available for sale (Note 5)	197.647	(366.946)
- From deferred taxes (Note 13)	(1.110)	(665)
	<u>196.537</u>	<u>(367.611)</u>
Other reserves and retained income, net deferred taxes		
. Legal reserves	692.600	638.924
. Other reserves	2.368.697	2.069.480
. Retained Income	(1.174.877)	(1.174.876)
	<u>1.886.420</u>	<u>1.533.528</u>
Profit for the year	<u>339.088</u>	<u>536.749</u>
	<u>2.422.045</u>	<u>1.702.666</u>

Revaluation reserves

Reflects gains and potential losses on financial assets available for sale, net of tax effect.

Legal reserve

Under the legislation in force in Cape Verde (Law No. 3/V/96), a minimum of 10% of annual net profit must be used to reinforce the legal reserve. This reserve is not distributable except in the event of liquidation of the Bank, which may be used to increase capital or to cover losses after other reserves are exhausted.

22. INTEREST AND SIMILAR INCOME

This heading is composed as follows:

	2012	2011
Interest on customer loans		
. Internal credit	2.973.925	2.910.781
. External credit	46.583	75.706
. Personnel loans	48.395	42.643
. Overdue credit	33.122	21.507
Interest on other loans and receivables (certificated)	446.578	526.772
Recovery of interest and overdue credit expenses	68.087	90.978
Interest on investments at the Bank of Cape Verde		
. Securities of currency intervention	3.651	674
. Securities of monetary regularization	21.104	21.663
. Very short term investments	8.364	3.308
Interest on investments from credit institutions abroad	9.445	7.374
Other interest and similar income	9.100	3.061
Commissions received relating to amortized cost	83.721	136.859
	<u>3.752.075</u>	<u>3.841.326</u>

23. INTEREST AND SIMILAR CHARGES

This heading is composed as follows:

	2012	2011
Interest on resources of the Bank of Cape Verde	7.185	11.754
Interest on sales operations with repurchase agreement		
. Treasury Bonds	112.652	104.198
Interest on savings deposits		
. From emigrants	109.792	115.881
. From residents - Youth Savings	42.369	38.102
Interest on fixed deposit		
. From emigrants	916.664	786.293
. From residents	348.818	301.264
. From nao residents	28.386	22.643
. From other credit institutions in the country	3.318	2.597
Other interest and similar charges	43.156	44.555
Fees paid relating to amortized cost	341	1.636
	<u>1.612.681</u>	<u>1.428.923</u>

24. INCOME FROM EQUITY INSTRUMENTS

This heading is composed as follows:

	2012	2011
Consolidated Income Securities		
From financial mobilization	185.452	187.674
Dividends:		
. Sociedade caboverdiana de tabacos, S.A.	974	974
. SITA - Industrial society of Paints S.A.R.L.	69	193
. Visa International Service Association	22	12
	<u>186.517</u>	<u>188.853</u>

In 2012 and 2011, the Income of Securities Consolidated Financial Mobilization include hits for estimates recorded in the previous year, amounting to MCVE. 11 and MCVE. 47, respectively.

25. INCOME AND FEES AND COMMISSIONS

These headings are as follows:

	2012	2011
<u>Income from services and commissions</u>		
Payment orders received	84.010	72.657
Commissions arising from payment orders issued	60.025	65.604
Warranties and sureties provided	62.893	59.857
Annuities of the network of ATMs (Visa and Vint4)	36.373	35.767
Commissions Western Union	24.881	23.581
Documentary credits	14.117	13.416
Collection of amounts	14.041	16.195
Others	83.655	82.053
	<u>379.995</u>	<u>369.130</u>
<u>Cost of services and commissions</u>		
SISP -Interbanking Society and Payment Systems, S.A.R.L.	(20.091)	(25.569)
Visa International Service Association	(15.983)	(12.184)
Commissions for correspondents	(9.648)	(7.965)
Others	(61)	(49)
	<u>(45.783)</u>	<u>(45.767)</u>

26. NET GAINS FROM FOREIGN EXCHANGE

This heading is composed as follows :

	2012			2011		
	Profit	Losses	Net	Profit	Losses	Net
Results in currencies	126.207	(14.913)	111.294	131.302	(30.535)	100.767
Results in banknotes and coins	62.230	(26.171)	36.059	64.223	(27.525)	36.698
	<u>188.437</u>	<u>(41.084)</u>	<u>147.353</u>	<u>195.525</u>	<u>(58.060)</u>	<u>137.465</u>

27. RESULTS OF DISPOSAL OF OTHER ASSETS

This heading is composed as follows:

	2012	2011
Gains and losses on disposal of other tangible assets	4.551	8.867
Gains and losses on disposal of property received in lieu (Nota 14)	(4.190)	20
	<u>361</u>	<u>8.887</u>

28. OTHER OPERATING INCOME

This heading is composed as follows:

	2012	2011
<u>Other operating income</u>		
Provision of various services		
. Service tax	3.080	74.563
. Others	10.867	13.830
Reimbursement of expenses		
. Post offices	29.136	38.717
. Others	24.019	24.297
Others	30.444	38.943
	<u>97.546</u>	<u>190.350</u>
<u>Other operating expenses</u>		
Other taxes	(9.429)	(9.029)
Damages for loss, theft or falsification of values	(1.651)	(486)
Fines and other legal penalties	(770)	(13.976)
Subscriptions and donations	(696)	(807)
Others	(8.805)	(7.862)
	<u>(21.351)</u>	<u>(32.160)</u>
	<u>76.195</u>	<u>158.190</u>

29. STAFF COSTS AND AVERAGE NUMBER OF EMPLOYEES

This heading is composed as follows:

	2012	2011
Remuneration of employees	748.390	723.653
Remuneration of management and supervision	19.543	19.725
Productivity bonuses	43.653	41.665
Social charges		
· Retirement pensions (Note 30)	440.316	421.034
· Medical assistance (Note 30)	71.990	47.075
· Social welfare	48.725	46.238
· Others	4.519	4.854
Other personnel expenses	31.453	32.040
	<u>1.408.589</u>	<u>1.336.284</u>

In the year 2012 and 2011, the balance of "productivity bonuses" includes an amount of MCVE. 5.910 and MCVE. 5.665 concerning the failure of the estimate made in previous years.

On December 31, 2012 and 2011, the Bank had the following number of employees:

	2012	2011
Administrators	5	5
Directors	9	9
Managers	84	86
technicians	168	163
Administratives	88	96
Auxiliary staff	84	88
	<u>438</u>	<u>447</u>

On December 31, 2012 and 2011, the numbers presented above include 31 and 42 employees with an employment contract fixed term, respectively.

30. RETIREMENT PENSIONS AND OTHER EMPLOYEE BENEFITS

30.1 Retirement pensions

The Bank assumed responsibility for giving their employees retirement pensions which are determined based on the salary in effect at the date of retirement (Note 2.2 m). To determine the liability for retirement pensions in payment and past service personnel on the assets actuarial assessments were carried out by Fidelity Insurance Company, SA, as at December 31, 2012 and 2011. The technical basis and assumptions used in these studies were as follows:

	2012	2011
Actuarial method	Project United Credit	Project United Credit
Mortality table	TV 73/77	TV 73/77
Disability table	EVK 80	EVK 80
Discount rate	6%	6%
Rate of increase in salaries	3,0%	3,5%
Rate of increase in pensions	1,5%	1,5%
Retirement Age	58 years or 35 years Of service	58 years or 35 years Of service

The comparison between the actuarial and financial assumptions used in determining pension costs of the Bank for the years 2012 and 2011 and the actual values is shown in the following table:

	2012		2011	
	<u>Presuppositions</u>	<u>Real</u>	<u>Presuppositions</u>	<u>Real</u>
Rate of increase in salary	3,0%	3,20%	3,5%	3,22%
Rate of increase in pensions	1,5%	0,76%	2,0%	0,87%

On December 31, 2012 and 2011, the past service liability of the Bank in accordance with actuarial studies made, amounted to:

	2012		2011	
	<u>Number of people</u>	<u>Responsa-bilities</u>	<u>Number of people</u>	<u>Responsa-bilities</u>
Assets and former employees	223	3.036.113	234	3.270.221
Retired and pre-retired	124	2.202.139	115	1.957.697
Pensioners	18	129.497	17	125.812
Restructuring Fund	7	11.437	7	13.393
Total	<u>372</u>	<u>5.379.186</u>	<u>373</u>	<u>5.367.123</u>

In the actuarial studies, workers with a fixed term employment contract and the workers enrolled in the National Institute of Social Security are not to be considered, since the Bank does not have responsibilities with pension liabilities of these employees.

The movement in the value of liabilities for pensions during the years 2012 and 2011 were as follows:

Balance December 31, 2010	5.143.905
Employee contributions	19.876
Cost registered by the Bank (Note 29)	421.034
Pensions paid	(138.149)
Actuarial deviations	(79.543)
Balance December 31, 2011	5.367.123
Employee contributions	19.928
Cost registered by the Bank (Note 29)	440.316
Pensions paid	(148.845)
Actuarial deviations	(299.335)
Balance December 31, 2012	5.379.187

30.2 Medical Assistance

To determine responsibilities for post-employment health, the Bank obtained an actuarial assessment carried out by an expert with reference to December 31, 2012 and 2011. The assumptions and technical bases used in this study were the following:

Mortality table	TV 73/77
Technical Rate	6%
Rate of increase in salaries	3,5%
Rate of inflation of medical costs	3,0%

Based on this study, on December 31, 2012 and 2011, liabilities for expenses related to health care to provide the employees of the Bank and the members of their households after retirement age amounts to MCVE. 238.022 and MCVE. 222.180, respectively (Note 17).

The movement in the value of health care liabilities for the years 2012 and 2011 were as follows:

Balance December 31, 2010	188.088
Employee contributions	11.433
Cost registered by the Bank (Note 29)	40.813
Medical expenses paid	(70.404)
actuarial deviations	52.250
Balance December 31, 2011	222.180
Employee contributions	11.248
Cost registered by the Bank (Note 29)	59.118
Medical expenses paid	(66.583)
actuarial deviations	33.803
Balance December 31, 2012	259.766

30.3. Deferred actuarial deviations

The changes in the caption of deferred actuarial deviations in the years of 2012 and 2011 can be demonstrated as follows:

	<u>Pensions</u>	<u>Health</u>	<u>Total</u>
Balances December 31, 2010 (Notes 14 and 19)	<u>(285.562)</u>	<u>71.344</u>	<u>(214.218)</u>
Actuarial deviations in the year	(79.543)	52.250	(27.293)
Amortization of deviations above the corridor	-	(6.262)	(6.262)
Balances December 31, 2011 (Notes 14 and 19)	<u>(365.105)</u>	<u>117.332</u>	<u>(247.773)</u>
Actuarial deviations in the year	(299.335)	33.803	(265.532)
Amortization of deviations above the corridor	-	(12.872)	(12.872)
Balances December 31, 2012 (Notes 14 and 19)	<u>(664.440)</u>	<u>138.263</u>	<u>(526.177)</u>

31. GENERAL ADMINISTRATIVE EXPENDITURE

This heading has the following composition:

	<u>2012</u>	<u>2011</u>
Charges relating to SISP	106.088	113.308
Water, gas and electricity	105.958	74.171
Maintenance and repairs	99.642	102.061
Advertising and publishing	75.625	89.663
Communications and shipping costs	62.688	67.129
Cash transports	32.958	23.377
Security and surveillance	32.193	27.883
Rents and leases	31.284	34.383
Prints and supplies of current consumption	27.061	26.877
Training of staff	20.478	4.574
Fuels	18.104	16.207
Consultants and external auditors	12.418	10.591
Insurance	10.525	11.331
Transportations	8.819	9.973
Technical assistance	8.584	5.746
Subsistence allowances	7.438	7.373
Accommodation costs	4.154	4.819
Representation expenses	3.312	4.802
Others	70.185	58.307
	<u>737.514</u>	<u>692.575</u>

32. CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities associated with banking activities are registered in off-balance sheet and are as follows:

	<u>2012</u>	<u>2011</u>
<u>Potential liabilities</u>		
. Guarantees and sureties	3.547.352	3.932.351
. Open documentary credits	<u>459.752</u>	<u>196.458</u>
	4.007.104	4.128.809
Deposit and custody of securities	<u>11.237.206</u>	<u>10.541.351</u>
	<u>15.244.310</u>	<u>14.670.160</u>

33. OPERATING SEGMENTS

The Administrative Board prepares an annual basis for segment information reporting purposes for the accounts of consolidated activity of Caixa Geral de Depósitos. The operating segments defined for this report are as follows:

- Corporate Finance - includes activities related to the management of public debt securities, national corporate bonds, equity instruments and securities Consolidated Financial Mobilization.
- Negotiation and sales - comprises activities related to the management of investments and deposits on other financial institutions.
- Payment and settlement - includes activity related to loans and debt.
- Commercial banking - includes the activities of fundraising from companies. In this segment are included loans, checking accounts, letters discounts as well as credit to the public sector.
- Retail banking - comprises banking among individuals. Included in this segment are consumer credit, mortgage loans, and also the deposits received from individuals.
- Others - Other activities that do not fall into any of the previous categories.

As of December 31, 2012 and 2011, the information on the Bank's operating segments used can be summarized as follows:

2011						
Corporate Finance	Negotiation And sales	Payment And settlement	commercial banking	Retail banking	Others	Total
Interest and similar income	526.772	36.081	-	1.504.292	1.774.181	-
Interest and similar charges	(106.092)	(18.508)	-	(236.704)	(1.067.619)	-
FINANCIAL MARGIN	420.680	17.573	-	1.267.588	706.562	-
Income from equity instruments	188.853	-	-	-	-	188.853
Income from services and commissions	-	89.550	48.810	105.886	124.884	369.130
Charges from services and commissions	-	(33.534)	(12.184)	-	(49)	(45.767)
Net income from foreign currency	-	137.465	-	-	-	137.465
Income from disposal of other assets	-	-	-	-	8.887	8.887
Other operating income	-	-	-	-	158.190	158.190
OPERATING INCOME	609.533	211.054	36.626	1.373.474	831.397	3.229.161
Provisions and net impairment of reversals and recoveries	(2.180)	-	-	(226.418)	(267.039)	78.878
	607.353	211.054	36.626	1.147.056	564.358	2.812.402
Others costs and profits						(2.275.653)
Net income for the year						536.749
Cash and deposits at central bank	-	9.726.629	-	-	-	9.726.629
Deposits at other credit institutions	-	656.366	-	-	-	656.366
Financial assets available for sale	-	6.310.502	-	-	-	6.310.502
Investments at credit institutions	-	1.210.696	-	-	-	1.210.696
Client credit	4.174.206	-	-	17.205.453	20.292.316	41.671.975
Resources from other credit institutions	-	565.699	-	-	-	565.699
Customer resources and other loans	-	-	-	10.245.940	46.213.671	56.459.611

2012						
Corporate Finance	Negotiation And sales	Payment And settlement	Commercial Banking	Retail banking	Others	Total
Interest and similar income	446.578	51.663	-	1.462.948	1.790.886	-
Interest and similar charges	(113.269)	(14.026)	-	(270.852)	(1.214.536)	-
FINANCIAL MARGIN	333.309	37.637	-	1.192.096	576.350	-
Income from equity instruments	186.517	-	-	-	-	186.517
Income of services and commissions	-	107.145	54.585	39.799	178.466	379.995
Charges from services and commissions	-	(29.738)	(15.983)	-	(62)	(45.783)
Net income from foreign currency	-	147.353	-	-	-	147.353
Income from disposal of other assets	-	-	-	-	361	361
Other operating income	-	-	-	-	76.195	76.195
OPERATING INCOME	519.826	262.397	38.602	1.231.895	754.754	2.884.030
Provisions and net impairment of reversals and recoveries	(32.659)	-	-	(61.773)	(75.620)	51.892
	487.167	262.397	38.602	1.170.122	679.134	2.765.870
Other costs and profits						(2.426.782)
Net income for the year						339.088
Cash and deposits at central bank	-	2.342.558	-	-	-	2.342.558
Deposits in other credit institutions	-	816.608	-	-	-	816.608
Financial assets available for sale	-	7.060.548	-	-	-	7.060.548
Investments in credit institutions	-	11.513.360	-	-	-	11.513.360
Client credit	3.913.987	-	-	16.421.317	20.102.360	40.437.664
Resources from other credit institutions	-	541.719	-	-	-	541.719
Customer resources and other loans	-	-	-	10.607.997	47.567.748	58.175.745

The total of the Bank's activity is carried out in the Republic of Cape Verde.

34. RELATED ENTITIES

They are considered related parties of the Bank the CGD Group companies, associated companies, and governing bodies.

On December 31, 2012 and 2011, the Bank's financial statements include the following balances and transactions with related parties, excluding management bodies:

	2012				
	Grupo Caixa Geral de Depósitos				
	State of Cape Verde	CGD	Bank Interatlântico	Promotor	Associates
Assets:					
Deposits in other credit institutions	2.342.558	71.618	-	-	-
Investments in credit institutions	10.523.620	980.304	-	-	-
Public debt securities	3.357.248	-	-	-	-
Financial assets available for sale	6.999.638	-	-	50.000	-
Client credit	-	-	-	75.557	335.842
Impairment	(33.409)	(20.228)	-	(10.841)	(12.767)
Other assets	995.424	20.228	12.322	67	9.514
Liabilities:					
Resources from other credit institutions	-	-	(16.040)	-	(59.404)
Client resources and other loans	(461.742)	-	-	(5.512)	(50.897)
Other liabilities	(54.523)	-	-	-	(11.666)
Off balance sheet					
Guarantees received	2.016.460	-	-	150.000	41.349
Profits:					
Interest and similar charges	33.119	9.420	-	-	17
Income from equity instruments	185.452	-	-	-	-
Expenses:					
Interest and similar charges	-	-	-	-	-
Cost of services and commissions	-	(3.329)	-	-	(20.091)
General administrative expenditure	-	-	-	(41.384)	(106.088)
Impairment of other net financial assets of reversals and recoveries	-	-	-	-	2.894

	2011				
	Grupo Caixa Geral de Depósitos				
	State of de Cape Verde	CGD	Bank Interatlântico	Promoter	Associates
Assets:					
Deposits in other credit institutions	9.726.629	46.453	-	-	-
Investments in credit institutions	399.540	801.459	-	-	-
Public debt securities	3.457.130	-	-	-	-
Financial assets available for sale	6.251.342	-	-	50.000	-
Client loans	-	-	-	87.843	296.208
Impairment	(33.409)	(15.594)	-	(10.841)	(15.648)
Other assets	1.049.084	19.197	10.834	247	2.242
Liabilities					
Resources from other credit institutions	-	-	(15.360)	-	(149.778)
Client resources and other loans	(505.847)	-	-	(964)	(29.031)
Other liabilities	(70.698)	-	-	(7.120)	(13.356)
Off balance sheet:					
Received guarantees	2.149.478	-	-	150.000	41.349
Proveitos:					
Interest and similar charges	25.646	7.325	-	302	143
Income from equity instruments	187.674	-	-	-	-
Expenses:					
Interest and similar charges	-	-	-	-	(2.597)
Charges from services and commissions	-	(2.619)	-	-	(25.569)
General administrative expenses	-	-	-	(34.680)	(113.308)
Impairment of other net financial assets of reversals and recoveries	-	-	-	-	(1.619)

Transactions with related parties are generally made based on the market values of the respective dates.

Management bodies

In 2012, the costs of the remuneration and other benefits granted to members of the Board of Directors of the Bank amounted to MCVE. 19.843 (mCve. 19.725 in 2011).

On December 31, 2012 and 2011, the loans granted to members of the Board of Directors amounted to MCVE. 86.842 and MCVE. 84.066, respectively.

35. DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

Policies for managing the financial risks inherent to the activity of the Bank

Risk limits and exposure levels authorized are defined and approved by the Board taking into account the overall strategy of the Bank and its market position.

Currency risk

The Financial and International makes a daily monitoring of the Bank's positions in foreign currency, always aiming to eliminate losses.

The rates of the Cape Verde Escudos against the Euro is fixed at 1 Euro/110,265 Cape Verde Escudos, resulting from an agreement convertibility between Cape Verde and Portugal, so it is not considered by the Bank of Cape Verde to position effects foreign currency.

Next, we present the disclosures required by IFRS 7 on the main types of risk inherent in the business of the Bank.

Market risk, liquidity and interest rate

The Office of Market Risk and Liquidity is responsible for the implementation of methods and techniques to improve the quality of risk management inherent in the Bank's balance sheet.

Market risk

The financial sector in Cape Verde still lacks the developed capital market and the over the counter is non-existent, so the alternative of investing in financial instruments can be summarized essentially to bonds and shares.

The Bank has a portfolio of financial assets that have some representation of the asset, but has not been established for trading purposes, but rather for investment.

Liquidity and interest rate risk

The liquidity control is ensured by the directorate of Financial and International (DFI) that keeps track of the balances among the correspondents and the Bank of Cape Verde.

The DFI is responsible for performing operations in financial markets, placing foreign currency assets and operations to ensure the refinancing of the Bank, or application of surplus liquidity, with careful management to avoid defaults with the Bank of Cape Verde.

In the capeverdian banking sector , the coefficient of Minimum Cash Cash is 18%, so in case of difficulties banks have a greater ability to meet its obligations to customers.

Additionally, according to Notice No. 8/2007, of 19 November, the Bank of Cape Verde, the DFI calculates liquidity ratios to cover the liabilities due within seven, thirty ninety days and one year.

The Risk Management Department also produces timely analysis of the interest rate and the structure of assets and liabilities, including the portfolio of loans to customers with indexed interest rate.

On December 31, 2012 and 2011, the contractual residual terms of financial instruments were as follows.

		2012							
		Residual maturity contractual							
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 ano	Up to 3 years	Up to 5 years	Up to 10 years	More 10 years
		Total							
<u>Assets</u>									
Cash and deposits at central banks		2.342.558	-	-	-	-	-	-	2.342.558
Deposits in other credit institutions		816.608	-	-	-	-	-	-	816.608
Investments in credit institutions		11.513.360	-	-	-	-	-	-	11.513.360
Public debt securities		509.039	-	-	610.848	741.253	931.542	564.566	3.357.248
Client loans(gross value)		6.285.587	1.788.399	2.142.428	2.040.092	3.241.743	3.397.742	7.792.723	43.494.973
		21.467.152	1.788.399	2.142.428	2.650.940	3.982.996	4.329.284	8.357.289	61.524.747
<u>Liabilities</u>									
Deposits from central banks and other credit institutions		(362.690)	(35.000)	-	-	-	(144.029)	-	(541.719)
Customer resources and other loans		(24.484.091)	(5.179.696)	(6.017.278)	(17.295.302)	(5.199.277)	(101)	-	(58.175.745)
		(24.846.781)	(5.214.696)	(6.017.278)	(17.295.302)	(5.199.277)	(144.130)	-	(58.717.464)
Differential		(3.379.629)	(3.426.297)	(3.874.850)	(14.644.362)	(1.216.281)	4.185.154	8.357.289	2.807.283

		2011							
		Residual maturity contractual							
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 ano	Up to 3 years	Up to 5 years	Up to 10 years	More 10 years
		Total							
<u>Assets</u>									
Cash and deposits at central banks		9.726.629	-	-	-	-	-	-	9.726.629
Deposits in other credit institutions		656.366	-	-	-	-	-	-	656.366
Investments in credit institutions		1.210.696	-	-	-	-	-	-	1.210.696
Public debt securities		-	-	407.005	101.751	1.290.297	808.922	849.155	3.457.130
Client loans(gross value)		6.355.491	1.998.161	2.370.155	3.253.105	5.356.854	3.071.658	6.671.089	44.559.232
		17.949.182	1.998.161	2.777.160	3.354.856	6.647.151	3.880.580	7.520.244	59.610.053
<u>Liabilities</u>									
Deposits from central banks& other credit institutions		((403.814)	-	-	-	-	(161.885)	-	(565.699)
Customer resources and other loans		(25.111.590)	(5.453.521)	(6.246.520)	(15.266.233)	(4.381.65)	(102)	-	(56.459.611)
		(25.515.404)	(5.453.521)	(6.246.520)	(15.266.233)	(4.381.65)	(161.987)	-	(57.025.310)
Differential		(7.566.222)	(3.455.360)	3.469.360	(11.911.367)	2.265.496	3.718.593	7.520.244	2.584.783

Credit risk

Credit risk is one of the most significant risks of the Bank's activity and is closely associated with the possibility of financial loss arising from failure of counterparties, including large enterprises, small and medium enterprises, promoting small business, individuals and financial institutions.

The Risk Management Division (RMD) examines credit risk for companies and individuals whose accumulated liabilities exceed MCVE. 20.000.

It is the responsibility of risk DGR to issue opinions on proposals made by the business, which are sent for consideration of the Executive Committee. Additionally, the DGR performs analysis of evolution semester credit portfolio of the Bank, the risk classes of mortgage loans, development in customer deposits, in order to understand their behavior.

Credit risk

Maximum exposure to credit risk

On December 31, 2012 and 2011, the maximum exposure to credit risk of the Bank shows the following breakdown:

	<u>2012</u>	<u>2011</u>
Public debt securities	<u>3.357.248</u>	<u>3.457.130</u>
Investments in credit institutions	11.513.360	1.210.696
Financial assets available for sale	374.600	187.722
Client credit	<u>40.317.466</u>	<u>41.671.975</u>
	<u>52.205.426</u>	<u>43.070.393</u>
Warranties and sureties	3.547.352	3.932.351
Open documentary credits	<u>459.752</u>	<u>196.451</u>
	<u>4.007.104</u>	<u>4.128.802</u>
Maximum exposure	<u>59.569.778</u>	<u>50.656.325</u>

Quality of credit granted to customers On December 31, 2012 and 2011, the gross balance sheet value of credit granted to customers, guarantees and documentary credits, excluding credits and other receivables - securities and accrued interest, had the following composition:

2012					
	Credits with collective analysis			Other balances	Total
	Credit without default	Credit with default	Credits in "Default"		
Companies					
Loans to companies					
Debt due to mature	10.322.259	1.909.185	2.020.315	75.708	14.327.468
Overdue	4.322	10.428	1.976.849	-	1.991.598
	<u>10.326.581</u>	<u>1.919.613</u>	<u>3.997.164</u>	<u>75.708</u>	<u>16.319.067</u>
Guarantees and loans documentários a empresas					
	3.869.175	9.353	16.454	-	3.894.982
	<u>3.869.175</u>	<u>9.353</u>	<u>16.454</u>	<u>-</u>	<u>3.894.982</u>
Retail					
Mortgage loans					
Debt due to mature	14.527.762	336.995	931.940	-	15.796.697
Overdue	7.097	9.993	195.618	-	212.707
	<u>14.534.858</u>	<u>346.988</u>	<u>1.127.558</u>	<u>-</u>	<u>16.009.405</u>
Credit for consumption					
Debt due to mature	1.174.051	12.044	54.728	-	1.240.823
Overdue	960	2.261	41.916	-	45.137
	<u>1.175.012</u>	<u>14.305</u>	<u>96.644</u>	<u>-</u>	<u>1.285.961</u>
Small businesses					
Debt due to mature	1.185.708	32.426	153.525	-	1.371.659
Overdue	681	3.503	189.593	-	193.776
	<u>1.186.389</u>	<u>35.929</u>	<u>343.117</u>	<u>-</u>	<u>1.565.435</u>
Other credits					
Debt due to mature	1.738.476	177.006	291.644	-	2.207.125
Overdue	19.141	3.902	136.491	-	159.534
	<u>1.757.616</u>	<u>180.909</u>	<u>428.134</u>	<u>-</u>	<u>2.366.659</u>
guarantees provided					
Debt due to mature	45.924	-	-	-	45.924
Public Sector					
Debt due to mature	2.077.750	588	66.198	-	2.144.536
Overdue	-	-	77	-	77
	<u>2.077.750</u>	<u>588</u>	<u>66.275</u>	<u>-</u>	<u>2.144.613</u>
Total Debt due to mature	34.941.106	2.477.597	3.534.804	75.708	41.029.215
Tol Overdue	<u>32.201</u>	<u>30.087</u>	<u>2.540.543</u>	<u>-</u>	<u>2.602.831</u>
Total credit	<u>34.973.306</u>	<u>2.507.684</u>	<u>6.075.347</u>	<u>75.708</u>	<u>43.632.046</u>

	Credits with collective analysis			Other balances	Total
	Credits without default	Credits with default com	Credits in "Default"		
Companies					
Loans to companies					
Debt to mature	12.601.798	1.233.420	1.228.639	88.406	15.152.263
Overdue	4.116	4.825	1.644.883	-	1.653.824
	<u>12.605.914</u>	<u>1.238.245</u>	<u>2.873.522</u>	<u>88.406</u>	<u>16.806.087</u>
Warranties and credits documentaries to companies					
Debt to mature	4.058.106	-	-	-	4.058.106
	<u>4.058.106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4.058.106</u>
Retail					
Mortgage loan					
Debt to mature	13.629.261	282.693	787.198	-	14.699.152
Overdue	5.206	8.037	120.166	-	133.409
	<u>13.634.467</u>	<u>290.730</u>	<u>907.364</u>	<u>-</u>	<u>14.832.561</u>
Credit for consumption					
Debt to mature	1.381.844	15.015	74.970	-	1.471.829
Overdue	1.775	2.263	31.353	-	35.391
	<u>1.383.619</u>	<u>17.278</u>	<u>106.323</u>	<u>-</u>	<u>1.507.220</u>
Small businesses					
Debt to mature	1.538.478	29.357	213.666	-	1.781.501
Overdue	958	3.483	155.033	-	159.474
	<u>1.539.436</u>	<u>32.840</u>	<u>368.699</u>	<u>-</u>	<u>1.940.975</u>
Other credits					
Debt to mature	2.825.752	343.937	139.292	-	3.308.981
Overdue	23.427	15.579	129.670	-	168.676
	<u>2.849.179</u>	<u>359.516</u>	<u>268.962</u>	<u>-</u>	<u>3.477.657</u>
Guarantees provided					
Debt to mature	57.849	-	-	-	57.849
	<u>57.849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57.849</u>
Public sector					
Debt to mature	1.856.518	1	-	-	1.856.519
Overdue	1.672	-	74	-	1.746
	<u>1.858.190</u>	<u>1</u>	<u>74</u>	<u>-</u>	<u>1.858.265</u>
Total Debt to mature	<u>37.949.606</u>	<u>1.904.423</u>	<u>2.443.765</u>	<u>88.406</u>	<u>42.386.200</u>
Total overdue	<u>37.154</u>	<u>34.187</u>	<u>2.081.179</u>	<u>-</u>	<u>2.152.520</u>
Total credits	<u>37.986.760</u>	<u>1.938.610</u>	<u>4.524.944</u>	<u>88.406</u>	<u>44.538.720</u>

In preparing the tables presented above, were considered the following classifications:

- "Credit without default"
 - Companies: loans without payments due or past due balances up to 30 days;
 - Individuals: loans without payments due or past due balances up to 7 days;
- "Credit in default"
 - Business: loans with overdue balances between 30 and 90 days;
 - Individuals: loans with overdue balances between 7 and 90 days;
- "Credit in default" - loans with overdue balances exceeding 90 days. With respect to loans granted to companies, if the customer submits at least one operation with installments overdue more than 90 days, the total exposure to the Bank has been reclassified to this category.

Additionally, overdue credit includes only the amounts of the transactions or installments due and unpaid on the date of reference. In Note 8, the heading "Overdue" includes the total amount receivable relating to transactions in arrears.

On December 31, 2012, the balance of credits that have been assigned specific impairment through individual analysis totaled MCVE. 15.216.336, amounting to the impairment MCVE. 2.095.930. As described in Note 2.2. d) loans subject to individual analysis which were not assigned specific impairment were encompassed in a collective analysis.

In the column "Other Sales" it was considered the book value of gross loans to group entities that were not included in the analysis under the impairment model developed by the Bank.

Fair value

The following table presents the comparison between the fair value and book value of the principal assets and financial liabilities held at amortized cost at December 31, 2012 and 2011.

	2012				
	Balances analyzed			Balances Unanalyzed	Total balance
	Balance sheet value	Fair Value	Difference	Balance Sheet value	
<u>Assets</u>					
Cash and deposits at central bank	2.342.558	2.342.558	-	-	2.342.558
Deposits in other credit institutions	816.608	816.608	-	-	816.608
Financial assets available for sale	7.005.303	7.005.303	-	55.245	7.060.548
Investments in credit institutions	11.513.360	11.513.360	-	-	11.513.360
Public debt securities	3.357.248	3.359.819	2.571	-	3.357.248
Client credit	39.003.437	37.800.153	(1.203.284)	1.434.227	40.437.664
	<u>64.038.514</u>	<u>62.837.801</u>	<u>(1.200.713)</u>	<u>1.489.472</u>	<u>65.527.986</u>
<u>Liabilities</u>					
Deposits from central banks and other credit institutions	541.719	537.478	(4.241)	-	541.719
Client resources and other loans	58.175.745	58.275.355	99.610	-	58.175.745
Other subordinated liabilities	500.301	538.743	38.442	(809)	499.492
	<u>59.217.765</u>	<u>59.351.576</u>	<u>133.811</u>	<u>(809)</u>	<u>59.216.956</u>

	2011				
	Balances analyzed			Balances Unanalyzed	Total balance
	Balance Sheet value	Fair value	Difference	Balance Sheet value	sheet value
<i>Assets</i>					
Cash and deposits at central bank	9.726.629	9.726.629	-	-	9.726.629
Deposits in other credit institutions	656.366	656.366	-	-	656.366
Financial assets available for sale	6.255.257	6.255.257	-	55.245	6.310.502
Investments in credit institutions	1.210.696	1.210.696	-	-	1.210.696
Public debt securities	3.457.130	3.449.441	(7.689)	-	3.457.130
Client credit	40.362.392	39.535.396	(826.996)	1.309.583	41.671.975
	<u>61.668.470</u>	<u>60.833.785</u>	<u>(834.685)</u>	<u>1.364.828</u>	<u>63.033.298</u>
<i>Liabilities</i>					
Deposits from central banks and other credit institutions	565.699	565.699	-	-	565.699
Client resources and other loans	56.459.611	56.213.878	(245.733)	-	56.459.611
Other subordinated liabilities	501.018	557.810	56.792	(1.084)	499.934
	<u>57.526.328</u>	<u>57.337.387</u>	<u>(188.941)</u>	<u>(1.084)</u>	<u>57.525.244</u>

In determining fair value, we used the following assumptions:

- As regards balances in cash and applications in banks, short-term, the balance sheet value corresponds to the fair value;
- For financial assets available for sale:
 - The fair value of securities Consolidated Financial Mobilization was determined by the Bank based on the equity value disclosed in the annual "International Support for Cape Verde Stabilization Trust Fund" set the gap with the market value of bonds held by the Fund;
 - The shares of VISA were valued based on the quotation on the stock exchange;
 - Participation in the Promotion, Risk Capital Society of Cape Verde, SARL was registered at historical cost, leaving registered impairment MCVE. 10.841 to reduce the carrying amount of its estimated realizable value.
 - The value of shares of the Capeverdeian Company of Tobacco, calculated based on the corresponding listing on the Stock Exchange of Cape Verde on that date was less than the book value as at MCVE. 2415 and MCVE. 1.403, on December 31, 2012 and 2011, respectively. The Bank maintained the shares at the historical cost, considering that the company has remained stable and even distributed dividends, and for the reduced liquidity of the security on the Stock Exchange of Cape Verde.

- Shares in the Fund G.A.R.I. and SITA - Society of Industrial Paints Ltd., in view of its reduced book value were registered at historical cost.
- The fair value of remaining instruments was determined by the Bank based on models of discounted cash flows, taking into account the contractual terms of operations and using interest rates appropriate given the type of instrument, taking into account the rates charged for similar instruments issued or contracted near the end of the year.
- The column "Balances unanalyzed" includes mainly non-performing loans, net of provisions created.

Sensitivity analysis - interest rate

On December 31, 2012 and 2011, the impact on the fair value of financial instruments sensitive to interest rate risk, excluding financial derivatives, the parallel shifts in the yield curve benchmark interest 50, 100 and 200 "basis points "(bps), respectively, can be demonstrated by the following tables:

		2012					
		- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Client credit	(Gross balances)	920.628	426.614	205.459	(189.671)	(367.891)	(684.391)
Total sensitive assets		920.628	426.614	205.459	(189.671)	(367.891)	(684.391)

		2011					
		- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Client credit (gross balances)		1.492.478	754.636	379.349	(657.238)	(770.334)	(1.281.316)
Total sensitive assets		1.492.478	754.636	379.349	(657.238)	(770.334)	(1.281.316)

The impact of a displacement of 50, 100, 200 bps in interest rate curves reference of sensitive assets and liabilities corresponds to the scenarios used internally by management entities in monitoring and controlling exposure to interest rate risk.

		Projected Financial Margin					
		- 200 bp	- 100 bp	- 50 bp	+ 50 bp	+ 100 bp	+ 200 bp
Results for	2012	(323.996)	(161.998)	(80.999)	80.999	161.998	323.996
Results for	2011	(273.955)	(130.473)	(56.731)	84.751	156.492	55.884

In calculating the impacts presented in the table above, it was considered that the assets and liabilities sensitive to interest rate at the balance sheet dates Referral of the calculation remain stable over the years 2009 and 2008, respectively, proceeding to the renewal, wherever applicable,

considering the market conditions prevailing in these renewal dates and the average "spread" of live operations on December 31, 2012 and 2011.

Note that the information contained in the tables above relates to a static scenario, not into account alterations in the strategy and policies of risk management interest rate that the Bank may take as a result of changes in benchmark interest rates.

Foreign currency risk

Decomposition of financial instruments by currency

On December 31, 2012 and 2011, financial instruments were as follows by currency:

	2012				
	Capeverdean escudos	Euros	Dollars North Americans	Others	Total
<u>Assets</u>					
Cash and deposits in central banks	1.703.168	502.036	91.291	46.063	2.342.558
Deposits in other credit institutions	64.178	410.195	315.729	26.506	816.608
Financial assets available for sale (gross values))	7.060.548	-	-	-	7.060.548
Investments in credit institutions	10.523.620	330.795	658.945	-	11.513.360
Public debt securities	3.357.248	-	-	-	3.357.248
Client loanss (gross values)	41.630.240	1.857.671	7.062	-	43.494.973
Investments in subsidiaries, associates and joint ventures	232.356	-	-	-	232.356
Other assets	1.452.945	-	-	-	1.452.945
Accumulated impairment	(3.199.203)	-	-	-	(3.199.203)
	<u>62.825.100</u>	<u>3.100.697</u>	<u>1.073.027</u>	<u>72.569</u>	<u>67.071.393</u>
<u>Liabilities</u>					
Resources from central banks and other credit institutions	(393.649)	(144.309)	(3.761)	-	(541.719)
Customer resources and other loans	(55.728.913)	(1.363.966)	(1.075.513)	(7.353)	(58.175.745)
Other subordinated liabilities	(499.492)	-	-	-	(499.492)
Other liabilities	(974.094)	(84.918)	(203.785)	(4.371)	(1.267.168)
	<u>(57.596.148)</u>	<u>(1.593.193)</u>	<u>(1.283.059)</u>	<u>(11.724)</u>	<u>(60.484.124)</u>
Net exposure	5.228.952	1.507.504	(210.032)	60.845	6.587.269

	2011				
	Capeverdean escudos	Euros	Dollars North American	Others	Total
<u>Assets</u>					
Cash and balances in central banks	9.109.052	446.618	122.541	48.418	9.726.629
Deposits in other credit institutions	257.486	158.137	226.049	14.694	656.366
Financial assets available for sale (Gross values)	6.321.343	-	-	-	6.321.343
Investments in credit institutions	399.540	132.998	678.158	-	1.210.696
Public debt securities	3.457.130	-	-	-	3.457.130
Client credits (Gross values)	42.981.525	1.556.508	21.199	-	44.559.232
Investments in subsidiaries, associates and joint ventures	215.915	-	-	-	215.915
Other assets	1.419.437	-	-	-	1.419.437
Accumulated impairment	(2.971.466)	(127.176)	(2.655)	-	(3.101.297)
	<u>61.189.962</u>	<u>2.167.085</u>	<u>1.045.292</u>	<u>63.112</u>	<u>64.465.451</u>
<u>Liabilities</u>					
Resources from central banks and other credit institutions	(392.364)	(171.923)	(1.412)	-	(565.699)
Customer resources and other loans	(54.238.510)	(1.167.079)	(1.045.887)	(8.135)	(56.459.611)
Other subordinated liabilities	(499.934)	-	-	-	(499.934)
Other liabilities	(877.768)	(58.160)	(139.190)	(3.317)	(1.078.435)
	<u>(56.008.576)</u>	<u>(1.397.162)</u>	<u>(1.186.489)</u>	<u>(11.452)</u>	<u>(58.603.679)</u>
Net exposure	5.181.386	769.923	(141.197)	51.660	5.861.772

36. CAPITAL MANAGEMENT

Capital management in BCA, based on the following general principles:

- comply with the regulatory requirements set by the Bank of Cape Verde, the banking supervisory agency in the country;
- Generate an adequate return, with the creation of shareholder value, providing you a return the capital invested;
- To support the development of the activity, maintaining a solid capital structure, able to respond to the growth strategies of the Bank;
- Ensuring the reputation of the institution by preserving the integrity of the the operations practiced in the course of their business.

Capital adequacy for the risk profile of the Bank is monitored and controlled by the application of the laws regulating the financial system in Cape Verde, with particular attention to the Notice No. 4/2007 of the Bank of Cape Verde, which lays the foundation for calculating the ratio Solvency, having incorporated the Market Risk and Operational Risk in calculating this ratio, in addition to having reformed procedures for determining the contribution of credit risk.

According to Notice No. 4/2007, the solvency ratio is obtained by applying the following formula:

$$[FP / (VAPRC + + VAPRTC VEAPRO)] \times 100$$

Where:

FP - Value of Equity, determined according to Notice No. 3/2007.

VAPRC - Value of Risk Weighted Assets Credit.

VAPRTC - Value of Risk Weighted Assets of Exchange Rate.

VEAPRO - Value Equivalent Operational Risk Weighted Assets.

The solvency ratio is calculated by Financial and International (DFI), specifically the Division of Planning and Management Control (DPG), with the contribution of the International Division and Liquidity (DIL) concerning the determination of the value of the Weighted Assets by Exchange Rate Risk.

The procedures for determining the variables that make up this ratio are defined in Regulation 3/2007 (Equity) and Annexes 1, 2 and 3 of Notice No. 4/2007 (Risk Weighted Assets for Credit Risk Weighted Assets and Market Operational Risk Weighted Assets).

The Notice No. 3/2007 defines the positive and negative components for the calculation of Equity, obtained from the sum of Tier I with the COF and adjustments, through deductions defined by the Bank of Cape Verde.

In the following table we can verify the composition of regulatory capital of the Bank on December 31, 2012:

Realized capital	1.318.648		
Premiums for the issue of shares and other securities	-		
Legal reserves, statutory and other formed by undistributed earnings	3.061.297		
Positive results from previous accounting periods	-		
Positive results from last year	-		
Positive provisional results for the current year	339.088		
Positive Actuarial deviations (Corridor method) - not recognized in income or reserves	664.442		
Minority interests ⁽¹⁾			
SUM		5.383.475	
Intangible assets	45.951		
Negative results from previous accounting periods	1.174.877		
Negative results of the last year	-		
Negative provisional results for the current year	-		
Insufficient provisions	-		
Negative revaluation reserves	-		
Negative actuarial deviations (Corridor method) and past service costs - Not recognized in	138.263		
Own shares	-		
Positive differences of first consolidation ⁽¹⁾	-		
Positive revaluation differences on first application - equity method of accounting ⁽¹⁾	-		
SUM		1.359.091	
CAPITAL BASE BEFORE THE IMPLEMENTATION OF TRANSITIONAL ARRANGEMENTS			4.024.384
Transitory regime foreseen in point 4 of N.º 5 of notice No. 3/2007- Impact on transition in core capital base yet to be acknowledged	-		
ELIGIBLE BASIC OWN FUNDS			4.024.384
Legal revaluation reserves of fixed assets	-		
Currency conversion reserves and hedging reserves of net investments in operating units in			
Subordinated loans and preference shares	498.489	-	498.489
Other revaluation reserves		1.621	
Other elements			
ADDITIONAL OWN FUNDS		500.110	500.110
OWN FUNDS BEFORE DEDUCTIONS			4.524.494
Participations to be deducted			
Exceeding 10% of capital		45.343	
Less than or equal to 10% of capital	51.224	-	45.343
Fixed assets received in repayment of own credit	19.648	-	19.648
Own funds destined to specific coverages (point 12 Of no.11 Of notice no. 9 / 99)			534.709
Insufficient liquidity (point 2 No.15 Of notice no.8/2007)			-
OWN FUNDS FOR CALCULATION OF CONCENTRATION RISK			3.924.794
Part exceeding the limits of risk concentration (Point d) n.º12 Of notice no.3/ 2007)			-
OWN FUNDS			3.924.794

⁽¹⁾

⁽¹⁾ Only for the determination of own funds on a consolidated and consolidated adjusted base

In the table above we can see that the final value of the Equity results from the sum of these two large aggregates, including Tier I and COF, excluding some deductions provided by the Bank of Cape Verde.

The Tier I Capital correspond to greater stability of the Bank, with the main components share capital, reserves, retained earnings, net income for the year and the impact of the transition corresponding to the charges with the benefits of workers resulting from adoption of International Financial Reports Standards (IFRS), more specifically the IAS 19 - employee Benefits.

In fact, the assimilation of these rules required the adoption of a transitional clearance of Core Capital, seeking a change of accounting rules harmonious previous to the recent, without much interference prudential rules.

The COF are constituted essentially by Revaluation Reserves positive or negative of some assets, and subordinated debt subject to the prior approval of the Bank of Cape Verde.

One component positive value of Equity is the capital, whose minimum value set by the Government on the proposal of the Bank of Cape Verde through Ordinance No. 19/2005 of 14 March, is 300 million Shields Cable Green. The total own funds can not be, at any time below the minimum capital.

In addition to stipulating that the value of the Equity must exceed the minimum capital required by law, Notice No. 4/2007 also establishes that should be observed at all times, an appropriate relationship between the Capital and the assets and off-balance sheet, weighed against the risks. This relationship is defined by Solvency Ratio, whose minimum value is 10%.

As can be seen from the table above, the total own funds of the Bank on 31 December 2012, amounting to 4 million Cape Verde Escudos, more than the legally required minimum capital and sufficient to maintain an appropriate relationship with the elements and Off-balance sheet assets weighted for risk, representing a solvency ratio of 11.78%.

The regulations of the Bank of Cape Verde, regarding capital adequacy, are based on the Basel Accord I, and therefore are still not required some practices introduced by Basel II, such as the

implementation of a system of self-assessment and determination an adequate level of internal capital risk profile, or even the use of external ratings for measuring the credit risk weights. However, considering that the Supervisory Authority has based its operations by adopting international best practices, it is expected in the near future, the assimilation of the main recommendations of Basel II, applicable to the reality of the country.

Given this, and considering the expected positive effect of the capital management and improvement of quality of assets and liabilities, the Bank created the Risk Management Department whose actions may prove to be a competitive advantage for the institution.