



**BANCO INTERNACIONAL
DE S. TOMÉ E PRÍNCIPE**

DESDE SEMPRE · PARA SEMPRE

2020 ANNUAL REPORT

INDEX

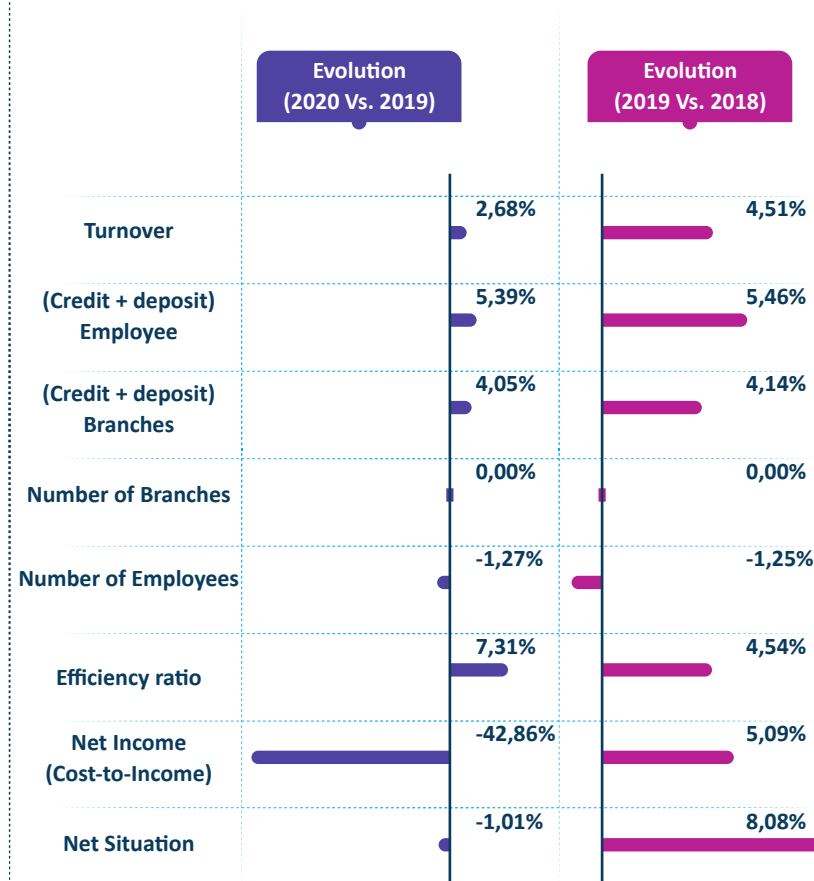
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1. MAIN INDICATORS

AMOUNTS IN DOBRAS	2020	2019	2018	YEAR-ON-YEAR VARIATION	
				2020 Vs. 2019	2019 Vs. 2018
Turnover	3.453.772.192	3.363.543.031	3.218.240.117	2,68%	4,51%
Loans to Customers	1.008.594.461	1.067.092.976	1.040.731.597	-5,48%	2,53%
Customer Resources	2.398.666.713	2.203.638.068	2.115.690.293	8,85%	4,16%
Documentary Credit	17.067.487	8.953.956	17.649.818	90,61%	-49,27%
Bank Guarantees Provided	29.443.531	83.858.031	44.168.409	-64,89%	89,86%
Balance					
Net Assets	2.944.383.490	2.807.720.172	2.614.009.703	4,87%	7,41%
Net credit	789.164.931	857.972.776	824.268.778	-8,02%	4,09%
Customer Resources	2.398.666.713	2.203.638.068	2.115.690.293	8,85%	4,16%
Equity	425.772.926	430.121.053	397.959.205	-1,01%	8,08%
Results					
Financial margin	115.487.271	135.738.149	131.395.144	-14,92%	3,31%
Complementary Margin	97.567.875	109.448.678	116.281.768	-10,86%	-5,88%
Banking Income	213.055.145	245.186.827	247.677.912	-13,10%	-1,01%
Operating Result	84.042.328	114.715.640	126.376.357	-26,74%	-9,23%
Income before tax	48.800.751	84.384.181	80.941.406	-42,17%	4,25%
Net income	35.610.772	62.325.287	59.304.358	-42,86%	5,09%
Ratios					
ROE	8,36%	14,38%	14,90%	-6,13% p.p	-0,52% p.p
ROA	1,21%	2,22%	2,27%	-1,01%p.p	-0,05% p.p
Financial Margin / Assets	3,92%	4,83%	5,03%	-0,91%p.p	-0,20% p.p
Complementary Margin / Banking Product	45,79%	44,64%	46,95%	-1,16%p.p	-2,31% p.p
Efficiency Ratio (Cost-to-Income)	70,79%	63,48%	58,93%	+7,31%p.p	4,54% p.p
Equity / Assets	14,46%	15,42%	15,22%	-0,86%p.p	0,20% p.p
Transformation Ratio	32,93%	38,93%	38,96%	-6,00%p.p	-0,03% p.p
Overdue Credit / Loans to Customers	25,40%	21,04%	23,60%	+4,36%p.p	-2,56% p.p
Provision for Overdue Credit / Overdue Credit	85,65%	96,42%	88,13%	-10,77%p.p	8,30% p.p
Solvency	28,51%	26,38%	25,18%	2,13%p.p	1,20% p.p
Liquidity	58,33%	45,65%	66,34%	+12,68%p.p	-7,38% p.p
No. of Employees	156	158	160	-1,27%	-1,25%
Number of Branches	12	12	12	0,00%	0,00%
(Credit + Deposits) / Branche	265.471.536	255.134.237	244.996.589	4,05%	4,14%
(Credit + Deposits) / Employee	20.420.887	19.377.284	18.374.744	5,39%	5,46%

GRAPHIC EVOLUTION OF INDICATORS





2. MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

The year 2020 was negatively impacted by the COVID-19 pandemic, which forced countries to take exceptional health and economic measures, leading to a significant change in social and economic activity. The restrictions in terms of people's mobility, the closing of many businesses were some of the strong measures taken to contain the level of progress of the pandemic, but which had the side effect of a major reduction in economic activity in general.

In the specific case of the São Tomé and Príncipe market, where tourism began to position itself as one of the main sectors of national activity, the COVID-19 pandemic, led to the shutdown of all hotel units, which represented a severe blow to the dynamics of the national economy.

The national authorities, in order to find solutions to minimize the negative economic impact that this crisis of health origin was generating, adopted some measures of social and economic support, some of which of an economic nature had a negative impact on the banking sector, as in the case of the Regulation 07/2020 (NAP 07/2020) issued by the Central Bank of S. Tomé and Príncipe. With the entry into force of the aforementioned regulation in May 2020, banks were obliged to grant moratoriums, without capitalization of interest, to all customers who fulfilled the requirements described in that regulation. This regulation also stipulated a reduction in the purchase cost of commissions on the sale of checks, debit cards, as well as a 50% reduction in commissions associated with credit.

Thus, in 2020, in addition to being affected by the reduction in economic activity, bank revenues were also directly negatively impacted by this regulation.

The year 2020 was also marked by BCSTP's intervention in the Energy Bank, evidencing, in a way, the increasing difficulty that financial institutions have to

remain solid and profitable in this market.

From the outset, the challenges for management this year were enormous, on the one hand, there was an urgent need to quickly adjust the operational model in order to guarantee the health security of employees and customers, and, on the other hand, find ways to minimize the negative impacts resulting from the pandemic and the social and economic measures taken, aiming at ensuring adequate solvency, profitability and liquidity levels.

The Bank, with the objective of ensuring business continuity in this context, focused its actions on finding solutions to ensure the regular provision of service to customers.

For this purpose, a committee was created with the responsibility for the preparation of the contingency plan and for its adequate adjustment to the evolution of the situation. Since business continuity is intrinsically associated with the people who execute it, the focus of the contingency plan was to: provide employees with the information and tools necessary to protect themselves and their own; create a safe sanitary environment inside the premises; minimize the risk of mass contagion by reducing the number of personnel on the premises; ensure teleworking, observing the necessary computer security measures.

With regard to customers, the Bank not only disseminated information on important care to be taken, created a necessary health protocol for customers to access the facilities, but also encouraged customers to use electronic channels as the fastest way to access to the bank's services, given the circumstances.

In order to minimize the impact on the bank's results due to this crisis, the Bank was able to count on its business model, which, supported by a broad client base, both individuals and companies, managed to show its resilience capacity, allowing the bank's indicators performance of the bank remained remarkably stable.

Thus, the Bank's solvency ratio grew by 2.13 pp, standing at 28.51%, well above the regulatory minimum of 12%. The liquidity ratio also strengthened by 12.68 pp, settling at a very comfortable level (58.33%), being 2.9 times above the regulatory minimum, which is 20%. This year's net result, despite having contracted in the order of 42.68, compared to 2019, was still positive, and the return ratio given by the ROE was 8.36%, against a market ratio that has been historically negative.

The bank's assets grew by 4.87%, as well as customer deposits, which grew by 8.85%, evidencing the reinforcement of customer confidence in the BISTP brand, and in everything that it has been doing in this market throughout its existence.

Loans, because of the conjuncture, experienced a contraction, which was due more to the reduction of credit in the segment of companies and institutions, while credit to individuals fell slightly by -0.2%, showing the great stability of this segment.

Despite the result in 2020, not having surpassed that of 2019, very justified by the difficult situation that marked this economic exercise in 2020, it is once again to highlight the unparalleled contribution of all bank employees that have allowed the Bank, even in adverse conditions, maintain a positive performance.

Outlooks and commitments for 2021

The year 2021, certainly, will also be very affected by the pandemic of COVID-19, in the image of 2020, despite the beginning of the vaccination.

With a very little diversified economic structure, with a low level of tax revenue collection, with an irregular supply of energy and an economically unsustainable source, an imbalance in the balance of payments and a shortage of foreign exchange, the country may have even more difficulties in 2021, in comparison to 2020, in absence of a significant intervention by the partners in providing financial resources indispensable for the maintenance of the country's economic activity, particularly in this context.

For the banking sector, in its desired mission of supporting the economy and promoting economic and social development, the priorities continue to be the improvement of the quality of financial services, the diversification of products and services, the achievement of reasonable levels of profitability, solvency and risks, in order to improve resilience to internal and external shocks.

With the extension of the moratorium, although this time it is less global in terms of entities eligible to benefit from it, banks have seen their revenues decrease once again, thus aggravating the already fragile situation of profitability in the banking sector.

However, despite the greater difficulties expected for 2021, due to the effects of the COVID-19 pandemic and the structural problems of the economy of São Tomé and Príncipe, BISTP renews its commitment to continue contributing to social and economic growth of the country.

The Bank's management will continue to maintain the current governance model, focusing on the principles and values that guide BISTP, focusing on "Excellence" and the development of its activity and on commercial dynamism as a strategy to better serve its Customers, maintaining a prudent risk culture

that leads to its effective careful control, and rationalization for effective cost control, in order to achieve the objectives of growth, profitability, solidity and liquidity.

Thus, for 2021 we will maintain our focus on ensuring the safety of our Employees and our Clients, adjusting our Contingency Plan, according to the evolution of the pandemic situation, and, in the search for an increase in the volume of business, through the following actions:

- Streamline good credit to individuals and companies;
- Diversify and improve risk sharing;
- Streamline the activity of credit recovery in arrears / default;
- Increase proactivity and commercial dynamism in order to achieve objectives set by business unit;
- Increase the number of customers, namely by obtaining a higher rate of banking use by the population;
- Continue to intensify the strengthening of the security of the computer system and electronic banking;
- Betting on new technologies and digital media;
- Improve cost control and rationalization;
- Reinforce the internal control areas;
- Create Value and present Results every quarter.

On behalf of the Management, we end by leaving our sincere thanks to Customers, Employees, and Shareholders, who are the reason for the existence of BISTP, and who, in challenging and adverse situations, have contributed to the Bank continuing to fulfill the mission for which it was created, which is the

generation of value for all its stakeholders.

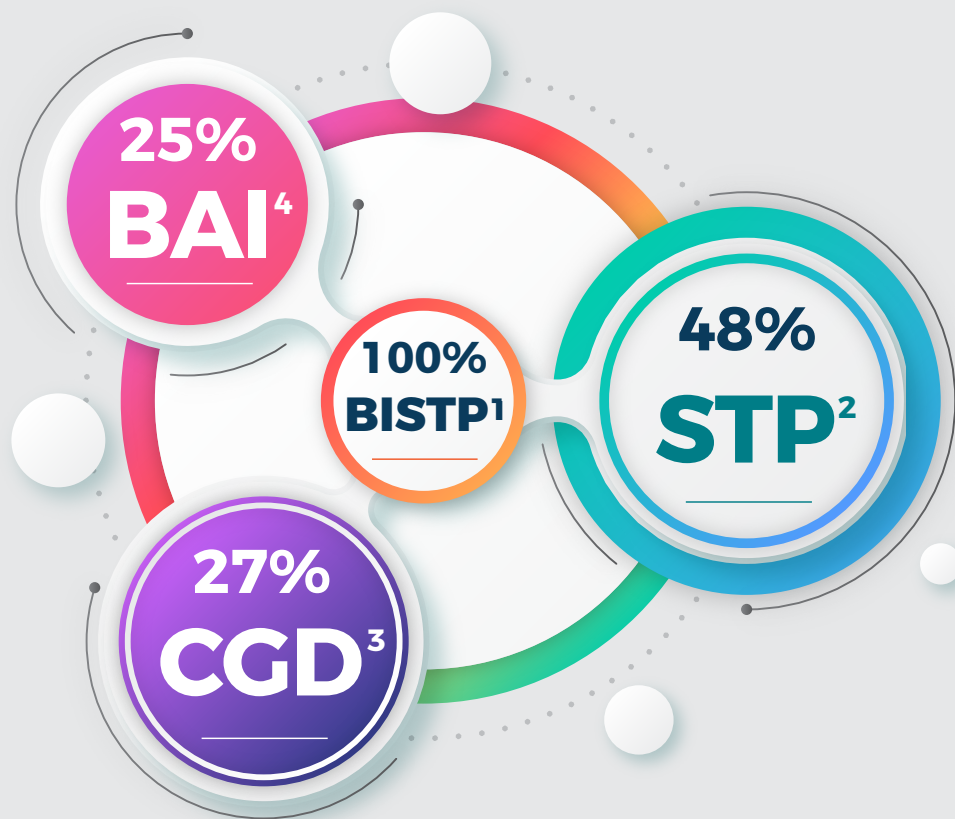
That is why, on our side, we will do our best so that BISTP, “since always and forever”, continues to deserve the trust of its Clients, having a solid financial situation and allowing our Employees to realize their professional dreams.

Protect yourselves and do well.



3. MAIN REFERENCES

3.1 Shareholder Structure



LEGEND:

- 1 - Banco Internacional de São Tomé e Príncipe
- 2 - State of Sao Tome and Principe
- 3 - Caixa Geral de Depósitos
- 4 - Banco Angolano de Investimentos

3.2 Governing Bodies

BOARD OF THE GENERAL MEETING

José Lourenço Soares - President
 Maria Tomé Ferreira Araújo - Secretary
 Inokcelina dos Santos - Secretary

1

ADMINISTRATIVE COUNCIL

Nelson Lombá Fernandes - President
 Miguel Malheiro Reymão - Board Member
 Diallo da Costa Pires dos Santos - Board Member
 Lucamba Magalhães - Board Member
 Francisco José dos Santos Silva - Board Member

2

EXECUTIVE COMISSION

Miguel Malheiro Reymão - President/CEO
 Diallo da Costa Pires dos Santos - Executive Administrator
 Lucamba Magalhães - Executive Administrator

3

AUDIT COMMITEE

João Miguel Pacheco de Sales Luis - President
 João Cândido Soares de Moura Oliveira Fonseca - Board Member

4

3.3 Activity Milestones

01
January

Sponsorship to the Canoe and Surf Federation of São Tomé and Príncipe, for the preparation of the Tokyo Olympic Games.

02
February

Sponsorship to the Ministry of Youth, Sports and Entrepreneurship, for the “March of Liberty” to Fernão Dias, referring to February 3, the day of the Martyrs of Liberty.

03
March

27th anniversary of the International Bank of São Tomé and Príncipe and distribution of gifts to Customers. Cakes were cut simultaneously at all branches at 11 am.

Dinner on the 27th anniversary of BISTP for Employees.

The Central Bank of São Tomé and Príncipe (BCSTP) issued, for the tenth time in the Sao Tome financial market, Treasury Bills (BT), in the amount of 327,000,000.00 dobras, with a maturity of one year, a rate of 3% per year, in which the nominal value of each ticket was 1,000.00 dobras.

04
April

Sponsorship of 3 washbasins to Hospital Dr. Ayres de Menezes to combat Covid-19.

Sponsorship of the Civil Society Platform, which contributed to the prevention of the Covid-19 pandemic among the population.

06
June

Official delivery to the Minister of Health of two ventilator and other health equipment to combat Covid-19.

08
August

Launch of the book “The Testimonial Testimony: the Anthropological Reason of its procedural strength” by Superintendent Roldão Boa Morte.

11
November

BCSTP issues Certificates of Deposit for the first time. The amount placed was 100,000,000.00 dobra, with a repayment term of one month.

12
December

Trademark registration BISTP KWA-NON (SENAPIQ_STP).



Alpínia Purpurata (Vermelha)

4. MACROECONOMIC AND FINANCIAL FRAMEWORK

4.1 International Context

This was the year the world entered the Covid-19 pandemic with persistent and pre-existing external imbalances. The crisis caused a sharp drop in trade and significant fluctuations in exchange rates. The outlook remained highly uncertain throughout the year, as the risk of new waves of contagion, reversal of capital flows and a further decline in international trade always hung on the horizon.

The economic effects and uncertainties after the outbreak of the pandemic at the beginning of 2020 generated a rapid movement to revise projections for the performance of the world economy. Such forecasts and estimates were made at a time of extreme uncertainty and there was reason to believe that the scenario could be worse. Fortunately, the worst forecasts have not been confirmed and, in fact, the performance of world trade has been surprisingly favorable in contrast to the severity of the pandemic scenario.

Naturally, part of this improvement in projections is due to changes in the scenarios for world GDP. The most developed countries promoted fiscal stimulus packages and support packages to support companies with unprecedented amounts, as well as the adoption of extremely expansionary monetary policies. These actions certainly helped to avoid the most pessimistic scenarios and allowed a large part of the countries to witness a relatively quick recovery in economic activity after very strong falls observed in March and April. According to the IMF, the fact that many countries managed to ease social distancing measures relatively quickly also contributed to the recovery, allowing the institution to slightly improve its forecast for world growth this year to -3.5%.

World trade has been having a performance very different from that observed in

other moments of world recession and this point shows that the current crisis is different from the previous ones especially because it has affected the services sector more strongly than the industry as in others recessions. The pandemic has more directly affected activities that involve direct contact between people, as is the case with most services, which are largely non-tradable. Industry and agriculture, on the other hand, are recovering more quickly, as it is easier to keep these activities operating within the rules of social distance. However, there was a drop in imports of road vehicles, oil and oil products, machinery and equipment, chemicals, Clothing & Accessories. Among the few products that registered an increase in imports are almost all medical, pharmaceutical, agricultural, and food products.

However, the IMF warns that the crisis is far from over and given the immense uncertainty, the recovery for 2021 is revised downwards, as the recovery will likely be long, uneven and uncertain and the outlook has deteriorated considerably in some emerging and developing countries, where infections are increasing rapidly. The IMF estimates that after the historic contraction of 2020, the expected reactivation in 2021, the level of world GDP should remain at 5.5%. In the medium term, prospects will be bleak, as social distancing will likely persist until the end of 2022, preventing a real recovery. In addition, a worse scenario cannot be excluded, with the intensification of infections combined with the slowdown in advances in the search for treatments and vaccines, forcing the authorities to take tougher measures.

Eurozone and the USA (The most advanced economies)

Eurozone

The coronavirus pandemic has hit the world and European economy hard and has had very serious economic and social repercussions. European economic activity suffered a severe blow in the first half of the year, although it registered strong growth in the third quarter with the gradual lifting of the containment measures.

The resurgence of the pandemic in recent weeks, which has resulted in the introduction of new public health measures aimed at limiting the spread of the virus, has created, however, new disturbances. Growth forecasts are subject to an extremely high degree of risk and uncertainty due to the epidemiological situation.

The International Monetary Fund (IMF) in its economic forecasts for the year 2020, pointed to a contraction of 7.2% for the euro zone. The loss of jobs and rising unemployment have severely compromised the livelihoods of many Europeans. The political measures adopted by the Member States, as well as the initiatives of the European Union (EU) contributed to alleviating the impact of the pandemic on the labor markets. However, forecasts indicate that the unemployment rate in the euro zone will increase from 7.5% in 2019 to 8.3% for 2020.

A significant rise in general government deficits across the European Union is expected, with an increase in social spending and a decrease in tax revenues, resulting from exceptional policy measures aimed at supporting the economy and the effect of so-called “automatic stabilizers”.

Germany's economy is expected to shrink by 5.4% in 2020, less than expected, due to rescue and stimulus measures to help businesses and consumers weather the pandemic. According to Reuters, during the year, private consumption fell by 6%, while business investment in new equipment also fell sharply. Exports fell by almost 10%, while imports dropped by almost 8.6%. The only positive points came from government spending, which increased state consumption by 3.4%, and construction, where investment rose 1.5%.

In France, the second largest economy in the Eurozone had a historic recession in 2020, due to the Covid-19 epidemic and the shutdown of numerous economic activities during the year. But the break was less strong than anticipated, thanks to last quarter's resistance. According to an estimate by the National Institute of Statistics and Economic Studies (INSEE), the gross domestic product fell 8.3% after growing 1.5% in 2019. However, it is slightly better than the -9% than the IMF and Bank of France anticipated, and much less than the -11% forecast by the French government, considered a prudent forecast. After all, France was hit by a recession not seen since World War II. Household consumption fell by 7.1%, production was down -8.6%, investment fell by 9.8%, while trade was disrupted by a drop of -16.7% in exports and -11.6% in imports. Differently, in certain branches of industry and construction, the behavior was more or less positive, which also shows the effectiveness of the aid applied by the government and which was greatly welcomed by the Minister of Public Accounts, Oliver Dussopt.

According to preliminary data released by the National Institute of Statistics (ISTAT), Italy's GDP fell by 8.8% in the year 2020. According to the World Bank, this is the biggest contraction registered in the country since 1960, although the result is slightly better than the expectations of the government and the IMF, which in the latest forecasts had projected -9% and -9.2% respectively. In November, the government was forced to adopt stricter rules, including a lockdown in some regions to contain the so-called “second wave” of the

pandemic, causing a reduction in all the country's main productive sectors such as agriculture, forestry, fishing, industry and services.

In Portugal, as in the rest of the world, the confinement and stoppage, even if partial, of economic activity, measures necessary to prevent contagion, had a very negative impact on GDP. According to the National Institute of Statistics (INE), Portugal's gross domestic product in 2020 fell by 7.6%. The historical fall in GDP is unprecedented and is related to the effects of the pandemic, which placed the world in deep recession, in which the contribution of net external demand was more negative in 2020, with intense reductions in exports of goods and services, with particular emphasis to the unprecedented decline in exports and tourism. With regard to domestic demand, there was a significant negative contribution to the annual change in GDP, after having been positive in 2019, mainly due to the contraction of private consumption. However, the Ministry of Finance highlighted that despite the sharp fall in GDP, the evolution reflects an improvement compared to the forecast presented by the Government in the State Budget for 2021. Economic activity performed better than previously anticipated in the second half of the year, with a growth of 5.1% compared to the first half.

The Eurozone economy has also weakened with the effective exit of the UK, after Brexit concluded at the end of 2020. The post-Brexit trade agreement has freed British companies of fees and quotas, but the bureaucracy will increase. Several products are now subject to border controls, which can mean additional costs as well as fears of longer crossings to France. British companies also lose the right to operate in the European market without having a branch in one of the Member States. According to the British Statistics Office (ONS), GDP registered a historic drop of -9.9% in 2020. In the fourth quarter, GDP advanced 1% compared to the third quarter, but decreased by 7.8% compared to the same period of the previous year. According to the ONS, the result was not worse

because some sectors of the economy recovered ground when they eased some restrictions in the country in the fight against the pandemic, improving some services in the catering, car sales and hairdressing sectors, but it was not enough for the GDP to reach a positive result.

USA

The United States of America has been hit hard by the Covid-19 pandemic, which has prompted several states to change electoral rules allowing for greater early voting, by mail or in person. Moreover, the health crisis has deepened the polarization between Republicans and Democrats. Of the elections, victory went to the Democratic side, with Joe Biden being elected the new US president.

The economic crisis, a consequence of the pandemic, eroded the economic gains that the country had built over the last decade. According to the US Department of Commerce, the US GDP fell by -3.5%, even though it managed to achieve 4% growth in the last quarter. This result was the worst since 1946, when the country was in transition between the end of World War II and the beginning of the Cold War. The chairman of the US Federal Reserve explained that measures to curb the spread of Covid -19 weigh on economic activity and keep unemployment levels high. The personal savings rate remained high at 13.4% and the fact that people are leaving their money in banks is not a good sign for the economy driven by consumer spending.

Emerging

The economic impact of the Covid-19 pandemic on emerging economies is much deeper than the global crisis. Unlike previous crises, the response has been decisive as we have seen in advanced economies. However, conventional policies are reaching a limit and orthodox policies are not without risks. The

economic shock is even more serious for these economies because of the multiple shocks that hit them. The decline in external demand amplifies the effects of internal containment measures. Tourism dependent countries and oil exporters have been particularly hard hit by declining travel and collapsing commodity prices. With world trade and oil prices retreating, emerging market economies have a tough battle ahead, even given the stabilization of capital outflows and narrowing sovereign spreads compared to the highly volatile market conditions that have been observed. In March, thus, the IMF projected a retraction of -2.4% for 2020, the biggest drop ever recorded for this group of countries. By way of comparison, although the performance of these economies was severely affected by the global financial crisis, they managed to register positive growth of 2.6% in 2009.

According to the China Bureau of Statistics (BNS), the Asian giant ended 2020 with a 2.3% growth in its GDP. This is the lowest rate in 44 years. Even so, the world's second largest economy achieved a rare feat that was to grow in a year marked by the Covid-19 pandemic. The country managed to recover throughout the year, when the health situation improved and the country relaxed restrictions. Chinese industry was back in business in April, when much of the world's production capacity was destroyed. As a result, China was able to produce and export products such as medical equipment and facial masks. Domestic consumption has not yet fully recovered and the official unemployment rate remained at 5.2%, the same level recorded in 2019, the pre-pandemic period. Despite everything, this GDP growth is still surprising and China continues to be closer to surpassing the US and consolidating itself as the main global economy sooner than expected.

In India, the Indian government forecasts the country's economy to shrink by -7.7%, the biggest contraction in nearly 70 years. India's GDP retreated -23.9% between April and June, one of the worst global performances, due to the

confinement decreed by the government in the first quarter. There are data that the economy had been recovering in the second half of the year and indicators such as consumer sales and manufacturing activity show that there is recovery. However, other data remains unstable such as the unemployment rate, which reached 9.06% in December, the highest level in 6 months.

In Brazil, according to the Economic Activity Index (IBC-Br), the country's GDP dropped by -4.05%, even though the index increased by 0.64% in December compared to November. the eighth consecutive month of growth. But this scenario was not enough to recover from the losses registered in March and April, when the IBC-Br had falls of -5.71% and -9.51%. Although this result is lower than expected by the government, this is the biggest drop in GDP since 1990, which at the time had a drop of -4.35%. The production of the Brazilian industry registered an increase, but even so it ended the year with the biggest drop in four years, of -4.5%. Sales in the retail trade sector in turn contracted by -1.2% and returned to the pre-pandemic level. The services sector continues to show greater difficulties in recovering. Highly dependent on services and tourism, which have a greater weight in GDP, the sector retreated in December and interrupted six months of gains, ending the year 2020 with the biggest loss in the historical series and below pre-pandemic levels.

In Russia, Vladimir Putin, at his usual annual television meeting, reported that unemployment rose by 6.3% in October, when the second wave of the epidemic hit; basic products have become more expensive, such as sugar (+70%), oil (+24%) and pasta (+10%), and consumption is falling, after months of inflation and high poverty. This situation convinced the Russian authorities to reject a second confinement, betting on the future success of their Sputnik V vaccine. For Putin, however, Russia is handling the economic issue better than its rivals. The Russian Ministry of Economy has warned that the country's economy will decline -3.6% in 2020, less than any of the big countries of the European Union

and less than the US.

In South Africa, the year was marked by several manifestations due to the particularly complex and difficult moment that the country is going through, with political and economic problems, security and instability that have been observed. Unemployment in South Africa has been at record highs and reached 30.8% during the third quarter of 2020. The country has had some of the strictest containment measures on the African continent, and entrepreneurs have complained heavily about the sharp decline in employment rates. Revenue due to the measures applied to contain the epidemic and they have manifested themselves several times, seeking to alleviate some restrictions. The South African Bureau of Statistics (STATSA) said that the country's GDP recovered 66.1% in the third quarter from the previous one, after having fallen by about 51% in the second quarter due to the pandemic. This recovery largely stems from the relaxation of Covid-19's containment restrictions. However, the IMF estimates that the economy will contract by -7.5% for 2020, and it will take about 5 years for the South African economy to return to pre-pandemic levels, which was already in recession (the second in two years) before being hit by the pandemic.

Sub-Saharan Africa

Sub-Saharan Africa also suffered disruptions in economic activity caused by the COVID-19 pandemic. According to IMF data, production in Sub-Saharan Africa suffered a -3.7% contraction due to blockages associated with the coronavirus. As a result, per capita income declined by -6.1 percent in 2020, pushing average living standards back in at least a decade in a quarter of sub-Saharan African economies. The countries most affected were countries with large domestic

outbreaks, those heavily dependent on travel and tourism, and commodity exporters, particularly oil exporters. In Nigeria, production fell sharply and the economy is estimated to have shrunk by -4.1% in 2020 as the effects of the pandemic affected economic activity across all sectors. The region's oil-exporting countries (Angola, Equatorial Guinea, Republic of Congo, and South Sudan) faced markedly lower prices, while those with large travel and tourism sectors (Cape Verde, Ethiopia, Mauritius, Seychelles) endured a almost complete absence of visitor activity. Contractions in agricultural commodity exporters (Benin, Côte d'Ivoire and Uganda) were less pronounced. Unlike in previous years, investment by large capitals has been preferred by countries in Latin America, Eastern Europe and Asia. This is a problem for Africa, as without this capital it will be difficult to develop.

Perspectives for 2021

The year 2020 was perhaps humanity's worst moment since World War II with many human casualties in nearly 200 countries and more than 80 million people infected by the coronavirus. With that, everything that was expected for the year 2020 had to be revised and the economy changed drastically with the crisis. According to data advanced by the IMF, after the collapse caused by the pandemic, economic activity is expected to grow 5.5% in 2021, although it should remain below pre-pandemic projections. Downside risks include the possibility of further resurgence of the virus, delays in vaccination and more severe effects on economic production from the pandemic and financial stress. The level of uncertainty emphasizes the role of policy makers in not only increasing the chances of better outcomes, but also avoiding the worst ones. Policy measures should balance the risks arising from high indebtedness and anticipated fiscal tightening, as well as promoting resilience, safeguarding health and education, improving governance and increasing debt transparency.

The IMF forecasts a worsening for the Eurozone economy from October's projections to 4.2%, due to the fact that 2020 was a little stronger than expected and so the contraction was less severe. It will take more than a year for the Eurozone to return to its pre-pandemic level. Spain is expected to present the highest growth in the Eurozone in 2021 with the economy increasing 5.9%, above France with 5.5% and 4.2% in Germany. Italy is the country whose projection is the most affected, where GDP growth is expected around 3%. However, not everything is bad. The entity comments that the agreement for Brexit between the United Kingdom and the European Union, eliminated a negative risk, key to the economic growth of the region. The European Central Bank decided to increase support to help countries react to the pandemic and its negative effect on economic activity. The pandemic emergency asset purchase program (PEPP) was expanded by another 500 billion euros and in total, the PEPP stood at 1.85 billion euros. The program has also been extended in time and will run until at least March 2022, nine months more than the previous deadline, which was until June 2021.

In developed economies, the incipient recovery stalled in the third quarter of 2020 after the resurgence of infections points to a slower recovery. US GDP is forecast to expand by 5.5%. This improvement in prospects is a reflection of additional fiscal stimulus, also associated with the expectation that vaccines will be available sooner than expected.

As the only major economy in the world to show positive growth in the year that ended in the shadow of the pandemic, China's economic growth will increase by around 8% in 2021. China's economy will remain strong and consumption is expected to become the main driving force this growth in the near future, together with the expected fiscal support to combat the negative impacts of the pandemic.

India, a country that, before the pandemic, had already robbed China of the fastest economic position in the world from China for a few quarters, could see its GDP increase 11.5%, as a result of the substantial growth in investments, private consumption and public expenditure. The contribution of external trade will be negative, as the increase in domestic demand will give way to a strong increase in imports.

According to a statement from the Central Bank of Portugal, GDP growth is projected to be 3.9% in 2021. Activity will return to pre-pandemic levels by the end of 2022 and an improvement in the labor market is expected. If an increase in employment and a reduction in the unemployment rate. An effective medical solution is also expected to be fully implemented. The actions of fiscal and prudential monetary policies will be decisive in mitigating the crisis and will continue to play a fundamental role in the recovery dynamics. Portugal will also benefit from the European Central Bank bazooka, totaling 45 billion euros and this amount will be divided into three priorities: resilience, climate transition and digital transition. In Sub-Saharan Africa, the IMF forecasts growth of 3.2%. The recovery in private consumption and investment is estimated to be slower than previously forecast and export growth is expected to gradually accelerate, in line with the recovery in activity among the main trading partners. Nigeria's growth could be relaunched to the 1.5% level in 2021, however activity could be dampened by low oil prices, OPEC shares, falling public investment due to weak revenues. In South Africa, growth is expected to pick up by 2.8% in 2021. The expectation of weak growth dynamics reflects the lingering effects of the pandemic and the likelihood that some mitigation measures will have to remain in place longer.

The IMF highlights that among the scars of this crisis is the setback in the fight against poverty in the last two decades, with about 90 million people likely to fall into extreme poverty between 2020 and 2021. The IMF makes a special

appeal to strengthen the multilateral cooperation, including support for the COVAX vaccination fund, so that more countries have access to the COVID-19 vaccine. He also defended that in cases where a country's sovereign debt becomes unsustainable, nations that benefit from a mechanism agreed upon at the request of the G-20, continue to operate within this structure with their creditors, because the debt restructuring of some countries is inevitable in the context of this crisis.

4.2 National Context

The pandemic has severely affected the economy of São Tomé and Príncipe, mainly through tourism losses. An almost total drop in the entry of foreign tourists hit the economy since the beginning of March 2020. Data from the Statistics Department released by the General Directorate of Tourism and Hospitality, the total number of tourists in the country in 2020 was 10718, contrasting with the 34,900 recorded in 2019. The tourism industry, which has been a growth engine for the private sector in recent years and accounts for a large share of formal employment, has come to a complete halt, resulting in a loss of labor income, foreign exchange and tax revenue.

Politics

The National Defense Council decided to make changes in the command of the Army and Coast Guard, as they have reached the end of their mandate, associated with the fact that they have also reached the age limit for passage to the reserve. The inauguration ceremony took place in the presence of the

tutelage minister, Colonel Óscar Sousa, including other country's military leaders, as well as members of the São Toméan executive.

The governments of São Tomé and Príncipe and the People's Republic of China signed an agreement that lays the foundations and dispels doubts about the execution of the project to expand the runway at the São Tomé international airport, as well as the modernization of other infrastructures from the airport. The agreement signed by the Minister of Public Works, Osvaldo Abreu and the Chinese Ambassador to São Tomé, Wang Wei, will be developed in several stages, the most important of which will be to extend the airport runway for another 600 meters, thus allowing the landing of large aircraft.

The National Assembly approved the Government's proposal that extended the implementation of the Value Added Tax (VAT). According to the Government, IT problems made it impossible to implement the VAT law in March, which was approved by the National Assembly and promulgated by the President of the Republic. This new tax, which the National Assembly transformed into law, was the main requirement of the IMF, to accept and sign a new credit facility agreement extended to São Tomé and Príncipe. The Minister of Planning, Finance and Blue Economy, Osvaldo Vaz, assured that the IMF is aware of the delay in implementing the tax and that the authorities are working to make the VAT a fact in the country soon. Osvaldo Vaz assured that the postponement of the implementation of the VAT will not have an impact on the execution of the General State Budget, as they had estimated a still low value from this tax.

At the end of July, the National Assembly approved the Rectification Budget, presented by the Government, with the objective of containing the impacts of Covid-19 on the national economy. With a value of 131 million euros, the Amending Budget depends on more than 96% of international financial assistance. According to Prime Minister Jorge Bom Jesus, the IMF, the World

Bank, the European Union and other bilateral partners will guarantee most of the financing for this budget.

Filipe Nascimento was sworn in as the President of the Regional Government of the Príncipe Island, replacing José Cardoso Cassandra. The new Regional President was inaugurated the Prime Minister, Jorge Bom Jesus, who appealed to a sense of humility and political understanding for major reforms, namely the administrative political status of the Príncipe Island. Filipe Nascimento recognized that the governance needs to be based on dialogue, transparency, open, grounded and close-knit, inclusive, capable of absorbing all the contributions of the critical mass of civil society, and focused on results. He promised to put all his knowledge and all his energies at the service of the Príncipe Island and the country.

In September, the Government of São Tomé and Príncipe was remodeled with the departure of two ministers and the entry of three new ministers. The remodeling was marked by the departure of the former Minister of Foreign Affairs, Cooperation and Communities, Elsa Pinto, replaced by the jurist Edite Tenjua, the new head of Sao Tome's diplomacy. The other exit was for the former Minister of Tourism, Culture, Commerce and Industry, Maria da Graça Lavres, replaced by Aerton do Rosário, the new Minister of Tourism and Culture. The remodeling is also marked with the entry of jurist Cilcio Santos, appointed as the new Minister of Parliamentary Affairs, State Reform and Decentralization, as well as the appointment of engineer Eugénio Nascimento, the new Secretary of State for Public Works, Environment and Spatial Planning.

In November, the new president of the Electoral Commission was elected, with 28 votes in favor of the parliamentary majority. The new Electoral Commission, chaired by Fernando Maquengo, will take steps to carry out voter registration with a view to presidential, local and regional elections in 2021 and legislative

elections in 2022.

Also in that month, the Minister of Planning, Finance and Blue Economy of São Tomé and Príncipe, Osvaldo Vaz, sent to the National Assembly the proposal for the General State Budget (OGE) for 2021, whose global value is 166 million dollars. Osvaldo Vaz explained that this is a budget that respects the primary balance agreed with the IMF and that compared to 2020, this is lower in terms of investment expenditure. In the Minister's view, the 2021 State Budget suffered increases in current expenses, since the country is facing the Covid-19 pandemic. The most benefited areas will be education, health and infrastructure.

Society

The Sao Tome ambassador Armindo Brito Fernandes assumed the position of General Director of the Community of Portuguese Language Countries (CPLP), with the presence of the Executive Secretary, ambassador Francisco Ribeiro Telles, and the permanent representatives of the Member States of the Organization. The Director General is responsible, under the guidance of the Executive Secretary, for the day-to-day management, financial planning and execution, preparation, coordination and guidance of meetings and projects by the CPLP Executive Secretariat.

Hipólito Lima was internationally recognized as one of the most important agents for the protection of sea turtles on the African continent and possibly the world. At the end of 2020, he won the Prince William Prize of Great Britain for environmental preservation in Africa, in the year 2020. Baptized as the “father of sea turtles”, he carries 26 years of work to protect one of the most

endangered species in the marine environment. Hipólito Lima leads the protectionist movement of the marine environment, in all fishing communities where the species spawns and has allowed an increase in the number of sea turtle protectors.

São Tomé and Príncipe was ranked 12th on the Mo Ibrahim Index of African Governance in 2020, with an accelerating trend of progress. According to the report, the country scored 60.4 points, 2.8 more than a decade ago and was the country with the best performance in Central Africa. São Tomé and Príncipe recorded significant improvements in the “Base for economic opportunities” and “Human development” categories, although it stagnated in the “Security and Rule of Law” category and slightly retreated in the “Participation, Rights and Inclusion” category.

São Tomé and Príncipe Cacao won a silver medal in an international competition held in London, England, for the quality of taste given to a chocolate produced by Feitoria do Cacao, in Portugal. The Dark Chocolate, which was made with 72% cocoa of Sao Tome origin, comes from the São Tomé plantations in grain and follows a quality process that culminates in a really good chocolate that respects the values of the entire chain, from the producer to the to the final consumer.

Macroeconomic Evolution

Data released by the Central Bank of São Tomé and Príncipe indicate that the Covid-19 pandemic had a very severe impact on the national economy. According to the study, the business sector recorded a reduction in turnover of around 80%. In the second quarter of the year, period in which the first Covid-19 cases were detected in São Tomé, GDP contracted -23% and caused a 7%

increase in poverty, which is enough for São Tomé society. The pandemic raised the unemployment rate, and it was found that more than 14,000 people in the period of confinement were temporarily or permanently dismissed. In the second quarter more than 2300 people were unemployed.

A technical team from the International Monetary Fund (IMF) led by Xiangming Li, carried out a virtual mission in June 2020, for the first evaluation of São Tomé and Príncipe's economic program supported by the Enlarged Credit Facility (ECF) agreement signed in the first quarter of 2020. The IMF noted that the extended credit facility program started to be well executed, but the COVID-19 pandemic hindered the process. The IMF acknowledged that the São Tomé and Príncipe authorities have developed an adequate plan to respond to the crisis. They worked with international development partners to contain the local outbreak and provide assistance to vulnerable families, lay-off workers and businesses. A small and solidarity contribution was also provided to workers who were relatively unaffected in order to help finance the expenses.

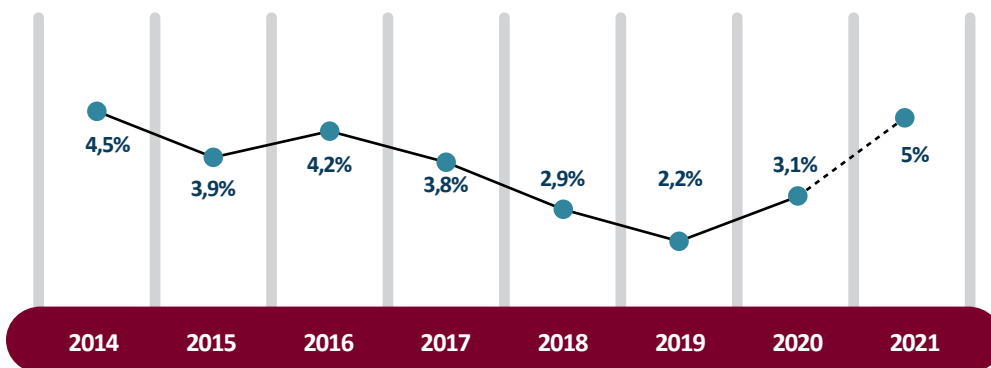
The budget deficit target for 2020 has been revised in order to accommodate a higher level of spending on health and severely affected businesses in the tourism sector. Disbursement was also increased, amounting to approximately US\$4.5 million to meet immediate needs. To lay the foundations for recovery, the structural reform agenda focused on continuing EMAE reform, with a view to improving energy security and reducing the country's debt vulnerability. To support much-needed social and investment expenditure, the mission advised the authorities to complete preparations for the transition to VAT in 2021. To support the recovery of the tourism sector, the authorities were recommended to draw up a plan to withdraw the country on the European Union's list of prohibited air safety operators.

The authorities' plans to improve the business environment, foster gender

equality and promote adaptation to climate change were also welcomed. These reforms can accelerate recovery and promote sustainability and inclusive growth over the medium term.

According to the Ministry of Planning, Finance and Blue Economy of São Tomé and Príncipe, the archipelago's economy grew by around 3.1% in 2020, against 2.2% in 2019. This growth was sustained by the increase in public investments, debt payments to companies (which did not take place for 3 years), improvement in the trade balance, increase in consumption due to the support given to workers and families affected economically and financially by the impact of COVID-19. The IMF had projected that GDP would decrease by -5.3%, based on the fact that the pandemic would negatively influence the Sao Tome economy, due to its fragility as an island state that is heavily dependent on the outside world.

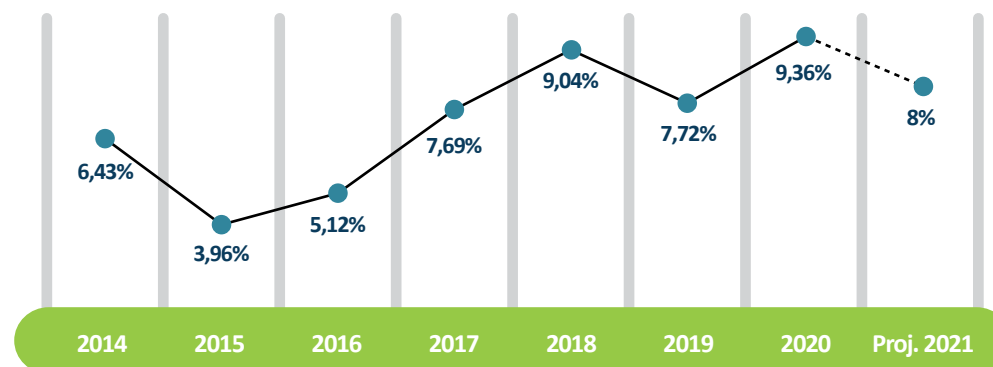
GDP Growth Rate



Fonte: Ministério de Planos e Finanças e Economia Azul

In 2020, the inflation rate was 9.4% against the 7.7% observed in 2019. This variation was driven by the increase in prices observed in foodstuffs, resulting from the large influx of populations in demand for these goods from April 2020, as a consequence of the state of emergency, followed by the confinement decreed by the national authorities in March 2020, with a view to combating COVID-19.

Inflation



Fonte: Ministério do Planeamento, Finanças e Economia Azul

Domestic revenues increased by 3.3% compared to 2019, with emphasis on revenues from the price differential of oil products, the tax on consumption of local production, which includes Cervejeira Rosema, the broadening of the tax base, result of the good work of sectors that collect revenue.

Thus, given the level of internal revenue collected and the monitoring of public expenditure, it allowed the primary deficit to reach 4.7%, as opposed to the 6.3% forecast by the IMF. It should be noted that during 2019 and 2020, public administration salaries were paid without resorting to bank credit. Public investments made in 2020 were 815,184,472.00 doubles, representing a growth of 41% compared to 2019.

In 2019 and 2020, the government settled debts of national and international suppliers/creditors in an amount exceeding 48 million US dollars, 26 million of which corresponding to debts contracted until 2018 and 22 million of commitments contracted between 2019-2020.

In 2020, although the trade balance continues to be in deficit, it improved by around 10% compared to the 2019 result, due to an increase in exports of 24%, mainly supported by exports of palm oil, produced by the company AGRIPALMA. On the other hand, there was a reduction in imports of around 8%, essentially influenced by the fall in the prices of petroleum products on the international market, which led to a reduction in their import value, of around 28%.

Net International Reserves (RIL) correspond to 4 months of imports totaling US\$55.6 million. In the scope of support to the private sector, the Government created a subsidized credit line in the amount of 3 million US dollars to the national private sector with interest rates between 3.5% and 5%.

These performances had the collaboration of multilateral partners (IMF, World

Bank, African Development Bank, European Union, United Nations Agency, International Fund for Agricultural Development) and bilateral partners such as China, Angola, Japan, Portugal, Canada, France, Equatorial Guinea, Gabon and Ghana.

Economy and Investments

At the beginning of 2020, the representatives of Visabeira Group from Portugal, headed by Nuno Marques, were in the country and was received by the Prime Minister, Jorge Bom Jesus. Nuno Marques expressed interest in investing in the country, especially in the areas of energy, telecommunications, tourism and hotels, as the Visabeira Group considers São Tomé and Príncipe a country with an interesting platform to invest in, and with great growth opportunities. In the African market, Visabeira's turnover in Angola and Mozambique was around 102 million euros in 2018, mainly in the hotel, telecommunications and civil construction sectors.

The São Tomé Príncipe National Petroleum Agency (ANP-STP), on behalf of the São Tomé State, signed in July with the oil companies Kosmos Energy, Shell and Galp Energia a 6th addendum to the Production Sharing Contract for a block of oil in the maritime waters of the archipelago. The contractual addendum refers to the contractor group of block 11 of the Exclusive Economic Zone (ZEE), constituted by the ANP-STP itself with 15% related to the charged interest of the Sao Tome state, Kosmos Energy as operator with 35% including Shell and Galp Energia with 30% and 20% respectively. The oil research process in São Tomé and Príncipe is still at an embryonic stage, but the country was also hit by the impacts of the crisis caused by the new reality of the pandemic and delays in research activities.

A national chocolate factory is under construction. The new factory is located in the district of Lobata and is the responsibility of the Organic Cocoa Production and Export Cooperative (CECAB). The infrastructure will have a production unit, including equipment and utensils. The future CECAB chocolate factory has financing from the African Development Bank (ADB), in the amount of 348,262.00 euros, through the Priasa II Project.

The Government of São Tomé provided 3 million euros to the private sector, as part of the post-Covid-19 plan to revive the economy impacted by this pandemic. The Minister of Planning, Finance and Blue Economy, Osvaldo Vaz, announced that the amount is already available and that the money is a help from the multilateral partners. According to the admission rules, beneficiaries will be granted a maximum amount of 50 thousand euros, with interest rates between 3% and 5%. Tourism, manufacturing, agriculture and fisheries are eligible projects and the Trade and Investment Promotion Agency (APCI) will monitor and help fund applicants obtain credit. This amount could reach 5 million euros if the government concludes that all goals are being met.

The São Tomé government creates and makes official the Free Zone project, a platform to provide services for the African sub-region of the Gulf of Guinea and the world, and will be installed in the District of Caué, to the south of the island. The officialization of the project was announced by the Minister of the Presidency of the Council of Ministers, Social Communication and New Technologies, Wuando Castro. To this end, two working commissions were created to follow up the project, with a commission that will deal with the delimitation of land necessary for the implementation of the project, chaired by the Minister of Agriculture, Francisco Ramos, and another that will deal with the process of concession contract negotiation, chaired by Wuando Castro.

A water factory was opened in Monte Café, in the center of the island. The Bom

Sucesso water treatment and processing plant is the first of its kind in the country. It is an investment by an Italian-Libyan consortium valued at more than US\$2 million and will initially focus on the domestic market for the medium term, betting on the sub-regional market of Central Africa and has the capacity to produce 4,000 bottles of 1.5 liters per hour. According to Abdoul Hakim Zareba, Chairman of the Board of Directors, the company is going to move forward with the expansion of the factory to increase production and absorb more labor. Right now the Água Bom Sucesso factory offers 30 jobs and most of the employees live in the surroundings of Monte Café.

Monetary market

Aiming to cover the treasury deficit, the State, through the Central Bank of São Tomé and Príncipe, twice issued Treasury Bills (BT) on the São Tomé financial market. In March 2020 it issued, for the tenth time, BT in the amount of STN 327,000,000.00 for 1 year and in October it once again issued, for the eleventh time, BT in the amount of STN 269,000,000.00, also for 1 year. The rate applied to the Treasury Bills is 3% per year, and the face value of each ticket was STN 1,000.00-doubles. This mechanism is of great importance for managing liquidity and financing the fiscal deficit, as well as diversifying economic agents' savings investment options. Until the end of 2020, the banking sector held a total of STN 596 million debts in the form of Treasury Bills over the State.

Aiming to partially absorb the excess liquidity in the banking system, and mitigate the risks to the functioning of the exchange regime in force, the Central Bank of São and Príncipe twice issued Certificates of Deposits. The first auction was held in November 2020, with the allotted amount of 100,000,000.00 doubloons with a repayment term of one month. The second auction was held

in December, with an equally placed amount of 100,000,000 doubloons with a repayment term of one month. In both auctions, the rate applied is 1% per year. activity of the Executive Management, which has not offered guarantees of prudent management.

The BCSTP's Monetary Policy Committee decided to adapt a prudent monetary policy, guaranteeing monetary conditions that allow economic activity to be stimulated in a context of pandemic caused by Covid-19. Therefore, in April 2020, the reduction of the rate of the marginal lending facility from 11% to 9.5% was announced. It was also decided to reduce the Minimum Cash Reserve (RMC) from 18% to 14% in local currency and from 21% to 17% in foreign currency. However, this last decision was revised in December 2020, where the RMC coefficients were reinstated at 18% for national currency and 21% for foreign currency, in order to maintain an adequate level of bank reserves in the system.

Banking Sector

In 2020, the Central Bank of São Tomé and Príncipe (BCSTP) decided to intervene in the Energy Bank. In its Deliberation 03/2020, the BCSTP justifies that this intervention is due to a set of anomalies recorded in the management of that financial institution in recent years, highlighting that Energy Bank, a commercial bank whose main shareholders are Global Fleet do Reino United and Nikon Insurance STP, has registered consecutive losses since 2013, reflected in the corrosion of own funds, both accounting and qualified, which were below the minimum required. The BCSTP also emphasizes that the bank does not have the liquidity to honor its commitments to depositors and creditors in a scenario of bank run. In addition, it has been recurrently violating the Minimum Cash Reserves, particularly in national currency. There were also gaps in internal control, the absence of the Board of Directors in the effective supervision of the

The BCSTP communiqué also adds that the Energy Bank was unable to submit a recovery and sanitation plan to reverse the situation of financial imbalance that it has been experiencing, despite the various measures adopted by the supervisory institution. Therefore, this inadequate functioning undermines the reputation of the national financial system. Faced with this scenario, BCSTP applied the Energy Bank to a consistent reorganization measure, appointing provisional Administrators to assess its real equity situation and to clean it up, safeguarding the interest of depositors and the stability of the national financial system.

Taking into account the impact of the Covid-19 pandemic on the lives of people in the country, the BCSTP Monetary Policy Committee, in coordination with the government, decided to guide banks to grant moratoriums on the payment of bank benefits to economic agents, companies and individuals whose income or business is directly affected by Covid-19.

The Governor of the Central Bank of São Tomé and Príncipe, Américo Barros, classified 2020 as an atypical year, adverse to the purposes of the world economy with a disastrous impact on the fragile São Tomé economy, given the Covid-19 pandemic. In view of such an adverse context for small economies and the result achieved, the BCSTP Governor considered that the year turned out to be satisfactory for the Sao Tome economy, taking into account the Net International Reserves that reached 4 months of import, thus representing an excellent indicator for maintaining the exchange parity, while the main nominal anchor of Sao Tome's monetary policy. The positive evolution of net credit to the government, which is the statement of the state's situation, was also a good indicator of the country's capacity to counteract the crisis.

He also explained that regarding the monetary policy orientation in a scenario of possible economic recession, the BCSTP remained attentive to fiscal monetary developments, as well as the inflation prospects, adopting policy measures that at times facilitated and at others dried up the excess liquidity of the system. He also added that, despite the level of bad debt, the indicators of financial solidity remained at the legally required levels. Regarding currency circulation, he declared that the legal bases to overcome the constraints arising from the last monetary reform are already in place. It was announced that by the end of the first half of 2021 the introduction of new 200-fold banknotes, the reproduction and improvement of the quality of the 5-fold and 10-fold banknotes, as well as the introduction of new Dobra 24, Visa and Mastercard cards, including the reopening of new terminals for the Dobra 24 network.

RÚBRICAS	SECTOR DATA			BISTP SHARE*		
	2018	2019	ATÉ JUN.20	2018	2019	ATÉ JUN.20
Net credit (Mil STN)	1.342.259	1.378.420	1.326.000	61%	62%	58%
Deposit (Thousand STN)	2.857.414	3.009.927	3.176.152	74%	73%	71%
Own Funds (Thousand STN)	858.375	815.303	803.491	47%	53%	49%
Total Assets (Thousand STN)	4.116.970	4.302.616	4.402.664	61%	65%	63%
Counters	19	19	18	63%	63%	67%
ATM	28	28	30	86%	82%	77%

Data source: www.bcstp.st

* share calculation made by BISTP

RÚBRICAS	SECTOR RATIOS			BISTP RATIOS **		
	2018	2019	ATÉ JUN.20	2018	2019	JUN. 2020
Solvency*	31,08%	28,53%	29,98%	25,18%	26,38%	29,11%
Weight of bad debt	24,56%	26,72%	27,97%	23,60%	21,04%	26,14%
ROE	-1,00%	-1,26%	1,64%	14,90%	14,49%	2,29%
Cost-to-income	70,10%	79,28%	77,40%	58,93%	63,48%	65,90%
General Liquidity*	63,27%	49,42%	56,13%	53,03%	45,65%	53,24%

Data source: www.bcstp.st

*Regulatory Level: Solvability: $\geq 12\%$ General liquidity $\geq 20\%$

** calculation made by BISTP



5. BUSINESS STRATEGY AND GEOGRAPHICAL PRESENCE

5.1 Strategy and Business Model

The Banco Internacional de S. Tomé e Príncipe is the largest financial institution in the national market, offers a vast array of financial products and services, and is the outstanding leader on all fronts, having the largest network of branches and automatic means, and being present in all districts of the country.

BISTP's business model is centered on two main segments, namely, corporate/institution banking and retail (private) banking. Thus, the bank seeks, in a segmented manner, to better serve its customers, creating and providing financial products and services that are more suited to the profile of each customer segment.

2020 was a particularly exceptional year, characterized by a health crisis with major economic impacts and on the companies' business model.

Despite the situation, the Bank continued to focus its efforts on consolidating and maintaining its market leadership. The actions undertaken with a focus on the progressive consolidation of leadership are reflected in the important investments made in the automatic payment network and in the greater dissemination of available electronic services (debit cards and internet banking). In 2020, with the crisis caused by COVID-19, the bank took the opportunity to accelerate the progress of actions aimed at increasing the digitization of processes considered critical in operating activity, as well as actions that contribute to stimulate the increase in the number of new users electronic channels (debit cards and internet banking).

Focus on increasing the number of customers and greater penetration of electronic banking

- The bank has sought to expand its customer base, promoting prospecting for customers of the future (younger customers) and more susceptible to the use of electronic banking services. The expansion of the customer base has been achieved through greater geographic coverage and a strong image of financial strength.
- The growth in the number of users of electronic channels results from joint actions between the increase in the network (POS and ATM), marketing regarding the advantages and convenience offered by the various electronic channels, especially Internet Banking and Debit Card.
- This pandemic period allowed to further highlight the advantages that electronic media offer, which certainly helped to create a potential for future new users.

Model sustainability

- The resilience of BISTP's business model demonstrated over these years rests on an adequate heterogeneity of its customer portfolio in each segment in which it operates (Retail Banking and Corporate and Institutional Banking), with retail banking taking over a preponderant role in preserving the resilience of the business model given the less volatile profile of customers belonging to this segment, thus allowing for greater business stability in this segment.

COVID-19 crisis management

- Aiming to adjust the operational process in view of the constraints imposed by the COVID-19 pandemic, a commission was created with the mission of preparing the contingency plan and monitoring its application, as well as ensuring its adequacy to the updates/procedures issued by the health authorities, with the ultimate objective of preserving customers and employees. Among some of the important measures taken is the reduction in the number of people in the workplace by 50%, with teams working in 15-day shifts, digital processing of documents, as well as the disinfection and temperature control of people accessing buildings.

The progressive transformations promoted by the Bank, aimed at adapting its strategy and business to the demands/challenges of the market and authorities, are important and necessary for the bank to continue adding value and solidity to its business model.

The positive results achieved in 2020, despite all the factors that negatively impacted the bank's revenues and, in the business globally, reveal a solid business model and a strategic performance that adjusts to changes and challenges of the financial sector.

The Bank's main objective is to ensure that its business model and strategic performance allow for a sustainable growth of the bank's value and its solidity for all its stakeholders. Therefore, the focus on achieving higher levels of profitability, greater operational efficiency and better control of credit risk are essential for strengthening the leadership position in this market, and ensuring the Bank's perpetuity.

It is important to remember that in 2019 the Bank had reaffirmed its commitment to the continuous pursuit of "Excellence" in all the Bank's strategic axes, through its 2019-2022 Strategic Guideline. In the budget and activity plan for 2020, the purpose of achieving excellence in the **four strategic axes (Customers, Human Capital, Processes and Results)** was reiterated.

In the Customers axis, the following objectives are aimed at:

- Strengthen customer trust and loyalty in the Brand, making access to financial services and information faster, safer and more convenient;
- Promote financial inclusion, seeking to increase the number of Customers through better coverage of the national territory;
- Increase proactivity for customer diversification (both in economic sectors and in segment).

In the Human Capital axis, the following objectives are aimed at:

- Leverage human capital by improving technical skills using specific training;
- Valuing human capital and strengthening team spirit;
- Ensure a forward-looking management that ensures a generational transition at the level of leadership without negative effects on quality and competitiveness.
- Adjust the performance assessment and career management system to promote greater employee satisfaction and professional fulfillment.

In the Technological Innovation and Internal Procedures axis, the following objectives are aimed at:

- Ensure that investments in IT infrastructure ensure that the Bank makes the essential of its services available to customers at a distance, in a safe, convenient and easy way;
- Increase the level of automation of internal processes, aiming to achieve greater efficiency.

In the Results axis, the following objectives are aimed at:

- Develop commercial strategies that guarantee the qualitative and quantitative increase in customers and credit operations;
- Creation of more financial services in line with market dynamics and the needs of private and institutional clients;
- Rationalization aimed at greater cost efficiency in contributing to generating results;
- Strengthen prudence in credit risk control, with a view to reducing the cost of risk, through the constitution of provision appropriations.
- Proactive in the recovery of credits, through the sale of properties received as donation.

Thus, in terms of actions taken around these axes, it should be noted that with regard to the customer axis, the Bank, in the face of a predictable deterioration in the financial situation of companies operating in the activities most impacted by the COVID- 19, was proactive in defining a plan to grant a moratorium long before regulatory authorities issued a mandatory default granting rule. In addition, the bank continued to grant financing to companies and individuals in order to ensure the viability/continuity of activities that have solid indicators

and fundamentals to overcome and come out stronger after the crisis.

Through these actions, the bank positioned itself as the first national financial institution to take the initiative to support companies and private customers who had greater financial difficulties with the onset of this crisis.

With regard to human resources, in order to ensure the safety of teams and ensure business continuity, sanitary security measures were adopted, such as the use of masks in the facilities, hand disinfection at entry, reduction of the number of employees in the facilities by 50% and adoption of biweekly shift work by team, circulation of documents digitally, and holding meetings via telematics. The Bank also periodically distributed masks to employees, disinfection material, and every fortnight that coincided with the shift change, the facilities were disinfected. These measures made it possible to ensure the continuity of the bank's activities within a framework of security for employees and customers.

The commissioning of the credit workflow project in 2020, as planned, was crucial in this period when the circulation of documents through various instances could imply a risk of contamination by the COVID-19 virus. In addition to currently allowing the bank to reduce the need for paper circulation in relation to the credit process, this application allows the digitization of the essential documents that make up the credit process, which translates into effective gains in terms of processing time of information, reduction of printing cost and cost of document circulation within the bank.

The careful monitoring of companies and individuals, as well as the sanitary safety conditions created, associated with the creation of IT solutions that improved the efficiency of carrying out the most critical operations for the business, were decisive in ensuring the continuity of the business in this very

adverse environment. .

Notwithstanding the pandemic situation and its disastrous effects on the bank's economic activity and business, BISTP maintained its focus on the continuous search to generate customer confidence and satisfaction, being always close and proactive in presenting the best financial solutions for them.

Notwithstanding the multiple constraints that negatively affected the business, forcing important reorganizations of operating circuits and team management, the Bank, through its entire team, faced 2020 as an important challenge and as another unique moment to renew its commitment to its customers, employees, Shareholders and all stakeholders regarding the pursuit and consolidation of a business model based on the values of ethics, rigor, prudence, transparency and professionalism, and maintaining the reach of "Excellence" in each axis strategic, as its purpose in every action it undertakes, in order to increasingly strengthen the market's confidence in the BISTP brand.

5.2 Geographical Presence and Distribution Channel

As a pioneer financial institution in the national market, and which has built, over the years, an important image of confidence in this market, BISTP, despite the competition from more banks in the market over the years, has managed to remain the leader highlighted on all fronts and as a safe haven for depositors, reflecting the market's level of confidence in the institution's solidity and perpetuity.

Thus, naturally, BISTP maintains all its interest in consolidating its position as the main and largest financial institution in the country, leading the expansion of the financial services network throughout the country.

With the slogan "BISTP goes further, BISTP is closer", the bank keeps alive its ambition of bringing the financial service ever closer to the population, either by increasing the number of physical infrastructures (Caixa de Automáticas, POS , Branches), and by the increase and improvement in the capacity of technological infrastructures (internet banking services and mobile banking). By understanding that access to a financial service can positively contribute to improving the economic and social situation of its users, the expansion of the financial services network throughout the country is, for BISTP, fully aligned with its Mission and Vision.

It is imbued with this important mission that BISTP has, at its level, been at the forefront of the restructuring process of the Dobra24 network. Within the framework of this restructuring project, which is at a very advanced stage, and for which it is expected to be completed in the first quarter of 2021, a substantial improvement in the quality of the network (technological infrastructure) is expected, as well as the integration of new services.

To allow customers to enjoy the benefits that the new network will bring, BISTP will increase its machine park (ATM and POS), providing free renewal of debit cards that are still within the validity period .

Currently with 12 branches, with a fleet of 23 ATMs and 120 POS, the bank holds a market share of respectively 67%, 74% and 92%. For 2021, the ambition is to double the number of ATMs and POS, seeking greater coverage of the national territory through this equipment, but without discoloring, also, the possible possibility of creating new service desks in order to ensure full coverage of the country and contribute to greater banking of the population.

Notwithstanding the intention to expand the physical infrastructures, BISTP has been investing more and more in the improvement of its technological infrastructures, aiming to ensure a growth in scale of users of financial services and access to them in an easier, more convenient, faster and safer. Therefore, in 2021, the Bank hopes to launch its first APP “BISTP Kwa-Non” compatible with iOS and Android.

Its ambition to gradually increase and improve its infrastructure to better ensure greater geographic coverage, in particular, by increasing the number of ATM's, TPA/POS's and improving the Internet-Banking service, is being translated into important investments that the Bank has made in recent years.



6. BISTP MAIN BUSINESS AREAS IN 2020

6.1 Retail Banking: Individuals

The economic crisis caused by the pandemic conditioned the Bank's plans regarding the increase in the volume of credit and other financial operations in this segment. The deceleration in economic activity resulted in a reduction in household income and a potential increase in credit risk.

Thus, in 2020, despite the Bank maintaining its policy for granting credit unchanged, there was a reinforcement of prudence in the analysis of credit risk, both at the time of granting and in monitoring. As a result of a closer monitoring of the credit operations in progress, the bank proceeded with the granting of moratoriums, in light of NAP 09/2020, and consequently proceeded with a prudential reinforcement of the provision for loans whose borrowers showed greater signs of fragility of their income at this stage.

Although economic activity slowed down in 2020, the retail banking segment experienced a very slight contraction in the order of -0.2%, in terms of credit volume. The weight of the volume of credit in this segment came to represent 53.7% of the bank's overall credit, against 50.81% in 2019. This variation reveals a stability in the level of the credit portfolio in this segment, characterized by being less volatile compared to the business segment. Due to this less volatile characteristic, Retail Banking plays a leading role in ensuring greater resilience to the bank's business model in general.

The deposit portfolio for this segment experienced a slight contraction of around -1.4%, causing its weight in the total deposit portfolio (sight and term deposits) to drop to 36.6%. retreat of 3.87 percentage points compared to 2019.

Notwithstanding the reduction in the weight of individual customers in the

volume of credit and deposits, having a combined weight (Loans and Deposits) on the bank's total loan and deposit portfolio of 41.66% in 2020, against 43.8 % in 2019, this segment has a significant importance in the risk diversification strategy, and in the reinforcement of the activity's resilience capacity.

Deposits

Deposits in this segment registered a contraction in the order of -1.4%, which is due to the reduction registered in terms of term deposits (-19.47%). Demand deposits, which are non-remunerated liabilities, registered, on the contrary, an expansion in the order of +5.25%.

INDIVIDUALS (CUSTOMER DEPOSIT PORTFOLIO)				VARIATION	
CUSTOMER DEPOSITS (excluding interest payable)	2018	2019	2020	19 Vs. 18	20 Vs. 19
Demand deposits	693.072.402	650.473.038	684.642.749	-6,15%	5,25%
Term Deposits	261.833.534	239.391.818	192.792.798	-8,57%	-19,47%
Total Customer Deposits	954.905.936	889.864.855	877.435.547	-6,81%	-1,40%

Amount in STN

Deposits in this segment stood at mSTN877,435, translating into a reduction of mSTN-12,429 compared to 2019, ie -1.4%.

The growth of demand deposits of +5.25% compared to 2019, even in a period of crisis, reflects the stability of the deposit portfolio in this segment and the

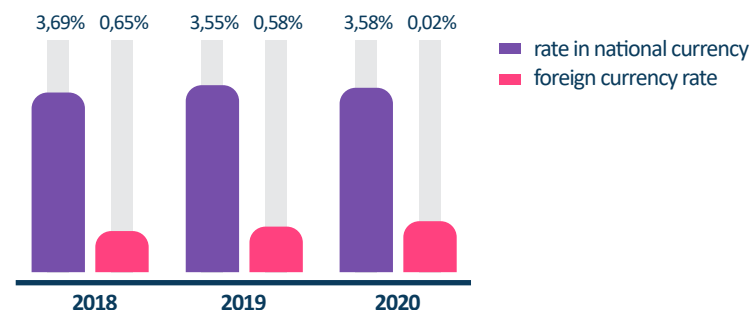
confidence that customers place in the institution's solidity. It should be noted that the situation of financial fragility or bankruptcy of smaller financial institutions that has been registered over the years - and in 2020 was no exception, with the Energy Bank, a Nigerian capital bank, being intervened - has reinforced the BISTP's position as a refuge bank, which certainly contributed to the growth of demand deposits in 2020.

With this growth, the weight of demand deposits in 2020 rose to 78.03% of total deposits in this segment, against 21.97% of term deposits.

With regard to term deposits, there was a slight increase in the STN-weighted average rate, resulting from the maturity of some term deposits with lower rates, but which were not renewed. Despite the slight increase in the average rate, it should be noted that the bank has been adjusting its interest rate on term deposits downwards. However, the impact of these rate reductions only affect the new term deposit contracts. Term deposits outstanding with longer maturities are not impacted by these reductions. Taking into account that the volume of term deposits has been falling, reflecting a lower volume of new term deposit contracts, it appears that the weighted average rate is being more influenced by older contracts.

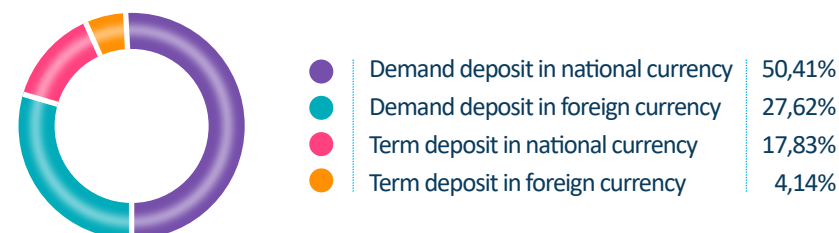
Maturity of time deposit contracts	Maturity of Term Deposits 2020	
	Capital	Weighted Average Rate
Up to 6 months	51.183.734	0,87%
From 6 to 12 months	70.722.172	0,88%
More than 12 months	70.886.891	6,41%
Total	192.792.798	2,91%

Currency breakdown of the Funding Rate (Weighted Average)



With regard to the composition of deposits by currency, there is a greater predominance of deposits in national currency (68.24% of total deposits) compared to deposits in foreign currency (31.76%).

Weight of deposits by currency



Credit

Faced with a more adverse scenario, the bank, despite keeping its credit policy practically unchanged, nevertheless found itself in need of raising its credit risk analysis criteria.

The volume of the loan portfolio in this segment, in 2020, experienced a marginal contraction of around 0.2% compared to 2019, corresponding to a reduction in absolute terms of -mSTN1,199.

CREDIT PORTFOLIO	2018		2019		2020		VARIATION			
							19 Vs. 18		20 Vs. 19	
	Nº	amount	Nº	amount	Nº	amount	Nº	amount	Nº	amount
Regular Credit	5.097	436.884.246	5.374	457.981.758	4.906	435.122.522	5,4%	5,3%	-8,7%	-5,4%
Irregular Credit	136	72.692.211	178	80.931.297	511	102.592.394	30,9%	8,8%	187,1%	29,8%
Overdrafts	1.186	1.408.508	2.763	1.138.709	3.304	1.138.265	133%	-19,2%	19,6%	0,0%
Total Credit Portfolio	6.419	510.984.964	8.315	540.051.764	8.721	538.853.181	29,5%	5,7%	4,9%	-0,2%
Amount in STN										

The volume of credit in a regular situation contracted (-5.4%), while risk credit registered growth (+29.8%), this evolution being a reflection of the stagnation of economic activity that characterized the year 2020.

CREDIT PORTFOLIO - REGULAR							VARIATION			
Credit Portfolio	2018		2019		2020		19 Vs. 18		20 Vs. 19	
Regular Credit	Nº	amount	Nº	amount	Nº	amount	Nº	amount	Nº	amount
Housing with Mortgage										
Guarantee	169	117.774.601	155	102.327.901	145	94.137.240	-8,3%	-13,1%	-6,5%	-8,0%
Consumption	1.525	67.959.472	1.512	74.838.171	1.328	72.401.459	-1,2%	10,1%	-11,9%	-3,3%
Automobile	10	1.835.906	10	2.410.899	11	3.547.379	0,0%	31,3%	10,0%	47,1%
Health	16	1.447.732	15	1.200.318	7	394.810	-0,06	-17,1%	-53,3%	-67,1%
Other credits to individuals	3.377	247.866.535	3.692	279.082.896	3.415	264.641.635	9,2%	12,6%	-7,4%	-5,2%
Total Regular Credit (1)	5.097	436.884.246	5.374	459.860.185	4.906	435.122.522	5,4%	5,3%	-8,7%	-5,4%
Amount in STN										

In terms of the credit portfolio in good standing, there was a contraction in almost all credit purposes, with the exception of credit for the purchase of automobiles, which saw a growth in volume of around 47.1%. Consumer credit registered the smallest contraction in the group of purposes (-3.3%), while credit for health and housing registered the biggest falls, respectively -67.1% and -8.0%.

Despite the actions taken to monitor and recover credit, a less favorable economic environment countered the efforts of the recovery areas, led by the Credit Recovery Office in close cooperation with the Legal Office, and led to an increase in irregular credit (+ 29.8%).

It should be noted that, for prudential reasons, the bank raised the risk level for loans, despite not having more than 90 days of payment in arrears, through the reinforcement of the provision, which also contributed to the increase in the volume of loans with delay of more than 90 days in the order of 57%.

With regard to credit in litigation, it should be noted that the recovery route that has had some effectiveness is extra-judicial, resulting in the recovery/amortization of overdue and litigious credits, with prospects of continuing the gradual recovery of these credits in the future. While it has not been possible through the courts to resolve the bad debt processes in a timely manner, this being a major conditioning factor for the success of the recovery efforts.

6. BISTP main business areas in 2020

CREDIT PORTFOLIO - IRREGULAR							VARIATION			
Credit Portfolio	2018		2019		2020		19 Vs.18		20 Vs.19	
Irregular Credit	Nº	amount	Nº	amount	Nº	amount	Nº	amount	Nº	amount
With delays > 90 days										
Housing with Mortgage Guarantee	16	20.798.454	24	24.621.925	27	30.319.714	50,0%	18,4%	12,5%	23,1%
Consumption	23	521.299	41	1.298.817	127	5.204.168	78,3%	149,2%	209,8%	300,7%
Automobile	2	1.153.163	1	1.004.656	3	1.789.955	-50,0%	-12,9%	200,0%	78,2%
Health	1	59.259	2	67.659	0	-	1	14,2%	-100,0%	-100,0%
Others	57	25.964.432	75	22.844.115	320	40.927.921	31,6%	-12,0%	326,7%	79,2%
Total of Credits with delays > 90 days	99	48.496.606,64	143	49.837.171,38	477	78.241.757,40	44,4%	2,8%	233,6%	57,0%
Litigation										
Housing with Mortgage Guarantee	3	2.257.739,10	6	6.637.782,25	7	7.103.188,87	100,0%	194,0%	16,7%	7,0%
Consumption	9	3.555.023,12	8	3.418.740,64	9	3.292.084,19	-11,1%	-3,8%	12,5%	-3,7%
Others	25	18.382.841,99	21	19.159.175,74	18	13.955.363,50	-16,0%	4,2%	-14,3%	-27,2%
Total credits in litigation	37	24.195.604,21	35	29.215.698,63	34	24.350.636,56	-5,4%	20,7%	-2,9%	-16,7%
Total Irregular Credit (2)	136	72.692.210,85	178	79.052.870,01	511	102.592.393,95	30,9%	8,8%	187,1%	29,8%

Amount in STN

payment in arrears corresponds to mSTN21,855, and those that are current or are less than 90 days in arrears, but for which the bank believes there is a potential increase in risk, corresponds to STN56,387.

Credit in litigation experienced a contraction (-16.7%), having gone from mSTN29,215 to mSTN 24,351, as a result of the recovery of credits via payment in kind.

The bank has maintained a very prudent and rigorous provision policy, with the essential credit in an irregular situation being duly provisioned. In 2020, the coverage of allowance for doubtful accounts on the irregular portfolio was 70%, despite representing a drop of 10 percentage points compared to 2019, the coverage is still comfortable. This reduction in terms of coverage is essentially due to the fact that the new loans that entered the irregular situation have lower levels of provision, thus diluting the average coverage of the provision by the credit.

From the point of view of the evolution of credit quality, it is possible to list the following aspects:

Increase in the weight of irregular credit in the total credit of this segment, from 14.6% in 2019 to 19.0% in 2020.

Increase in the level of coverage of total credit (Regular and Irregular) by the provision, in this segment, standing at 15.2%, against 14.1% in 2019.

Credit in arrears for more than 90 days stood at mSTN78,242, against mSTN49,837 in 2019, that is, an increase of 57.0%. However, the volume of credits with 90 days or more of effective

Regarding the evolution of credit by currency, the strategy continues to be to adjust the currency in which the financing is granted to the customer to the customer's income currency. As the main part of customer income is in local currency, there has been a greater weight of credit in local currency to the detriment of foreign currency.

Weight of credits by currency



6.2 Corporate Banking: Companies and Institutions

Businesses, particularly in the area of tourism and related services, were severely affected by the economic and health consequences of the pandemic. Measures to combat COVID-19 practically led to the suspension of the activities of some companies, and to a substantial reduction in business volume. Many companies were forced to temporarily close their doors and lay off employees.

In the face of an unfavorable environment, companies also reduced their demand for bank financing, either for stock rotation or for investment/business expansion.

In this bleak scenario and with increased risk, the bank sought to remain by the side of companies, being proactive, granting a moratorium on companies operating in the most economically affected sectors and granting financing more adjusted to the needs and moment of the companies.

The Companies and Institutions segment accounted for 46.3% and 63.4%, respectively, of the total loan and deposit portfolio in 2020.

Deposits

The volume of deposits for this segment in 2020 grew by 16.11%, representing an increase of mSTN210,725, supported by the 19.7% growth in demand deposits, while time deposits registered a contraction in the order of -87.1%.

The contraction of term deposits is essentially justified by the fact that some term deposits (deposits of large depositors) have reached their maturity and transferred to the demand deposits account. This magnitude of variation observed in time deposits shows a high concentration and little stability of time deposits in this segment.

Segmentação de depósitos por tipo

COMPANY (CUSTOMER DEPOSIT PORTFOLIO)				VARIATION	
DEPOSIT PORTFOLIO (excluding interest payable)	2018	2019	2020	19 Vs. 18	20 Vs. 19
Demand deposits	1.073.217.340	1.268.148.486	1.513.396.721	17,82%	19,68%
Term Deposit	85.982.434	43.803.535	5.639.651	-49,06%	-87,13%
Total Customer Deposits	1.159.199.775	1.311.952.022	1.519.036.373	12,86%	16,11%

Amount in STN

With regard to the composition of deposits by currency, it is noted that deposits in national currency represent 80.0% of total deposits, against 76.6% in 2019.

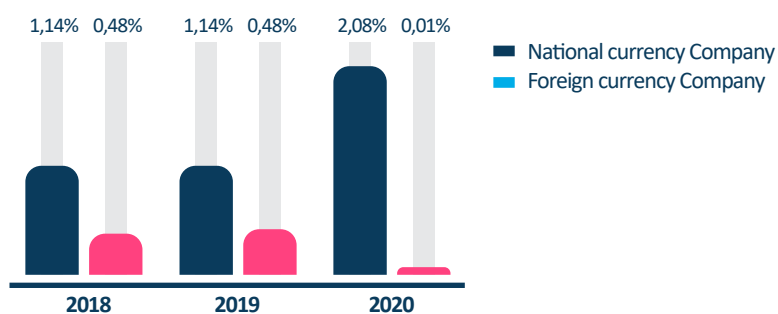
Weight of deposits by currency



Average funding rates for this segment remain low, despite a slight increase, as a result of the maturity of some larger deposits that had lower rates. Term deposits in this segment are more volatile and generally tend to look for better returns.

Maturity of term deposit contracts	Term deposit maturity 2020	
	Capital	Weighted Average Rate
Up to 6 months	1.464.280	1,00%
From 6 to 12 months	415.026	0,67%
More than 12 months	3.760.346	2,40%
Total	5.639.652	1,91%

Capitation Rate by currency group (Weighted Average)



Credit

Credit to the economy contracted (-11.16%), which in absolute terms represented a reduction of mSTN58,354. This evolution highlights the impact of the adverse environment on the demand for bank credit by companies. Even so, BISTP has been attentive to the small business opportunities that arise and has been paying particular attention to this segment, looking for financing solutions more suited to the economic context and the situation of each company, in particular.

6. BISTP main business areas in 2020

CREDIT PORTFOLIO	2018		2019		2020		VARIATION			
							19 Vs.18		20 Vs.19	
	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
Regular Credit	77	217.072.274	74	240.789.113	63	295.024.113	-3,9%	10,9%	-14,9%	22,5%
Irregular Credit	45	172.776.670	41	144.895.246	42	152.558.391	-8,9%	-16,1%	2,4%	5,3%
Overdrafts	26	134.375.190	65	137.229.460	90	16.977.259	150,0%	2,1%	38,5%	-87,6%
Total Credit Portfolio	148	524.224.134	180	522.913.819	195	464.559.763	21,6%	-0,2%	8,3%	-11,16%

Amount in STN

CREDIT PORTFOLIO - REGULAR							VARIATION			
Credit Portfolio	2018		2019		2020		19 Vs.18		20 Vs.19	
Regular Credit	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
Trade	34	48.709.552	32	52.512.362	26	52.851.735	-5,9%	7,8%	-18,8%	0,6%
Construction	7	43.673.189	8	35.010.383	7	33.493.924	14,3%	-19,8%	-12,5%	-4,3%
Services	23	15.849.338	21	58.228.572	16	44.756.272	-8,7%	267,4%	-23,8%	-23,1%
Agriculture	5	2.489.711	3	1.958.960	3	2.055.503	-40,0%	-21,3%	0,0%	4,9%
Others*	8	106.350.483	10	93.078.837	11	161.866.680	25,0%	-12,5%	10,0%	73,9%
Total Regular Credit	77	217.072.274	74	240.789.113	63	295.024.113	-3,9%	10,9%	-14,9%	22,5%
Amount in STN					*(Companies; Public institutions and Other private companies)					

Amount in STN

*(Companies; Public institutions and Other private companies)

The marginal growth of credit to trade and the contraction of credit to the construction sector reflect the weak dynamics of the economy in 2020. The public works that normally dynamize the construction sector became scarce, due to the financial difficulty of the State, causing the companies operating in this field of activity retract their demand for bank financing. Associated with this fact, some companies have been writing off their debts, further accentuating the impact on the reduction of the portfolio.

6. BISTP main business areas in 2020

CREDIT PORTFOLIO - IRREGULAR							VARIATION			
Credit Portfolio	2018		2019		2020		19 Vs.18		20 Vs.19	
Crédito Irregular	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
With delays > 90 days										
Trade	13	20.798.454	24	24.621.925	27	30.319.714	50,0%	18,4%	12,5%	23,1%
Construction	2	521.299	41	1.298.817	127	5.204.168	78,3%	149,2%	209,8%	300,7%
Services	3	1.153.163	1	1.004.656	3	1.789.955	-50,0%	-12,9%	200,0%	78,2%
Agriculture	2	59.259	2	67.659	0	-	1	14,2%	-100,0%	-100,0%
Others	2	25.964.432	75	22.844.115	320	40.927.921	31,6%	-12,0%	326,7%	79,2%
Total credits overdue > 90 days	22	67.864.500	17	28.727.590	16	12.180.224	-22,7%	-57,7%	-5,9%	-57,6%
Trade	14	67.945.526	14	79.335.200	17	103.633.461	0,0%	16,8%	21,4%	30,6%
Construction	2	23.120.326	2	23.120.326	2	23.120.326	0,0%	0,0%	0,0%	0,0%
Services	5	9.307.058	5	9.179.163	5	9.093.531	0,0%	-1,4%	0,0%	-0,9%
Agriculture	1	184.688	1	184.688	1	184.688	0	0,0%	0,0%	0,0%
Others	1	4.354.572	2	4.348.279	1	4.346.160	100,0%	-0,1%	-50,0%	0,0%
Total credits in litigation	23	104.912.170	24	116.167.656	26	140.378.167	4,3%	10,7%	8,3%	20,8%
Total Irregular Credit (2)	45	172.776.670	41	144.895.246	42	152.558.391	-8,9%	-16,1%	2,4%	5,3%
Amount in STN										

Amount in STN

Irregular credit expanded by around 5.3% in 2020, driven by the growth of credit in litigation, which grew 20.8%, while credit in arrears for more and 90 days fell by -57.6% , with commercial credit being the main responsible for both the reduction of credit in arrears > 90 days, as well as the increase in credit in litigation, showing, to some extent, a swap and an increase in the level of risk in this segment.

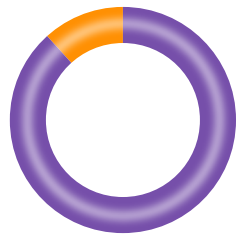
With regard to the quality of the portfolio, it should be noted that despite the efforts invested in better monitoring and credit recovery, market conditions (weak economic activity) and legal conditions (excessive delays in the judicial treatment of disputes) continue to condition better results in terms of recovery of credits in an irregular situation, in particular of credits in litigation.

As the result of the aforementioned constraints, the weight of irregular credit over total credit in this segment is still high (32.8%), despite a slight contraction compared to 2019, when this ratio stood at 27.7 %.

In terms of provision, we highlight the maintenance of a prudent and strict policy, with total provision covering 32.8% of the total credit in this segment and the provision for doubtful debts covering approximately 96.9% of irregular credits (credit overdue for more than 90 days and in litigation), despite a slight contraction of around 2.7 percentage points, when compared to 2019.

Regarding the composition of credit by currency, it is noted that in 2020, credit in national currency had a weight of 95.49% against 95.9% in 2019. This weight of credit in national currency results from the BISTP policy in strengthen the confidence of economic agents in the national currency, link the currency in which loans are granted with the currency of the clients' income, but also to reduce the bank's exposure to fluctuations in indexing rates (Euribor and Libor).

Weight of credits by currency nature



● Credit in national currency
● Credit in foreign currency

95,49%
4,51%

6.3 Electronic Banking (Debit Card and e- Banking)

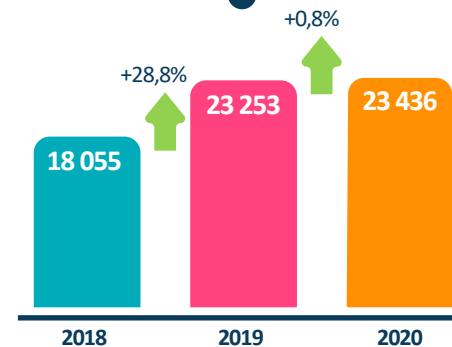
Debit Card - "Dobra 24"

Within the scope of the electronic banking massification policy, the Bank continues to promote incentives for the subscription and use of electronic services. Adhesion to debit cards, TPA/POS and internet banking has been encouraged when opening an account and through cross-selling, in particular with credit operations.

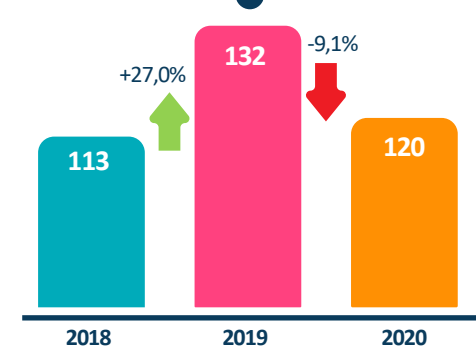
Commercial and marketing dynamism aimed at greater dissemination of electronic services has contributed to the gradual increase in the number of customers using electronic banking.

Despite some reluctance on the part of merchants to adhere to the TPA/POS, in some cases for reasons of mere resistance to change and in others for reasons of the associated cost, it has been possible to gradually increase the number of this means of payment in the market. Marketing campaigns have had an important impact on this increase.

Debit Cards (numbers)



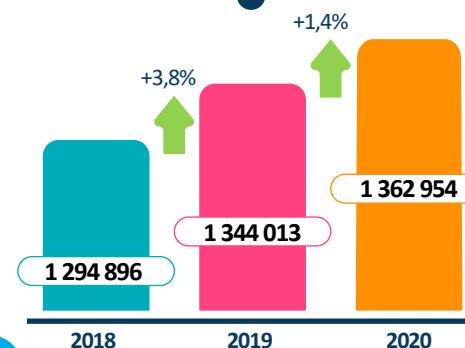
POS/TPA (numbers)



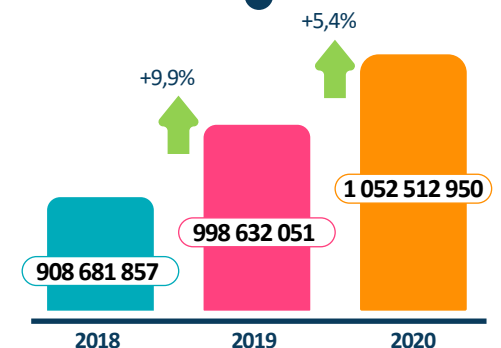
Also with regard to promoting greater use of cards, as in previous years, in December, the already traditional promotional campaign "Compra Fácil (Easy purchase), is with BISTP card" was carried out, aimed at encouraging the use of credit and Debit cards for purchases.

With the effect of these campaigns and the increase in the number of debit cards, we are seeing an annual increase in both the number and volume of transactions. The total number of transactions carried out at ATM and TPA / POS was 1,344,013, representing a growth of 3.8% and the volume transacted was mSTN 998,632, that is, 9.9% more than in 2018.

Number of transactions (ATM and POS)



Volume of Transactions (ATM and POS)

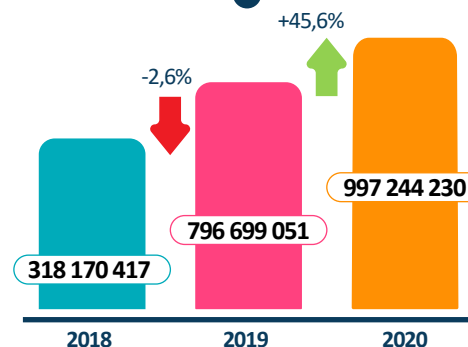


6. BISTP main business areas in 2020

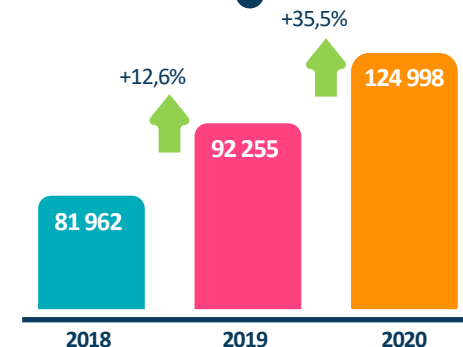
In addition to this service offering greater convenience to the customer, it has the great potential of allowing the Bank to reduce the current high level of influx of customers at the branch to carry out withdrawal, transfer and consultation of balances and account movements.

To respond to the growing demand for automatic payment methods (ATM and TPA/POS), a network restructuring and improvement plan was approved by the management company of the Dobra 24 network (SPAUT). The expected improvements of this service may contribute to the policy of massification of the number of debit cards and placement of TPA/POS developed by the Bank.

Volume of Transactions (in STN)



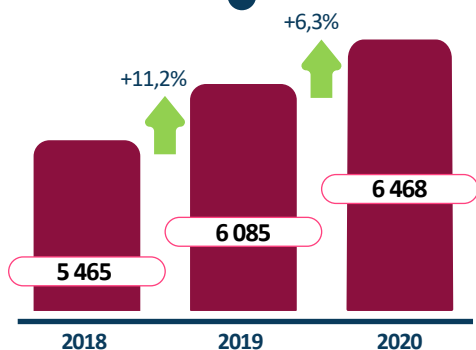
Number of de Transactions



E-banking (Kwa-Non)

The number of internet banking service users (kwa-Non) has also been growing, as has the number and volume of transactions carried out through this channel.

e-Banking Contrat





7. RISK MANAGEMENT PRINCIPLES

Risk Management Office (RMO)

Throughout 2020, despite the COVID-19 pandemic, the Bank continued with the dissemination and improvement of the Internal Control System, aiming to respond to the demands of the national and international financial system.

Risk appetite

BISTP carries out its business activities with prudence and in a controlled and sustainable manner, and always seeks to adapt and reconcile the goals set for the business and the risk tolerance levels defined in terms of sustainability and medium-long-term profitability.

Thus, the Bank defines and implements controls and limits for the risks it considers to be materially relevant to which its activity is exposed. This process is supported by the “Risk Appetite Statement” – the RAS (Risk Appetite Statement) whose general principles are based on qualitative statements that define the Bank's risk strategy.

These principles derive from and are aligned with the business strategy and the understanding of the resulting risk-benefit trade-offs and are part of the Bank's culture and strategy, supporting all its activities.

Risk Appetite is specified by qualitative statements and quantitative metrics, both globally and in each risk category.

For each metric, up to four values were defined: Objective – defines the optimal level of risk that each business unit defines in its planning process in order to meet the established strategic objectives; Tolerance - determines a level of

worrisome risk that should result in consideration of corrective measures; Limit - represents a level of risk that poses a serious threat to the business and therefore requires immediate action; Recovery Plan Trigger: defines a level associated with the assessment of the need to launch, by the Bank's management, recovery measures.

All risk limits are approved by the competent governance bodies defined in internal regulations, and are periodically reviewed and updated.

Risk strategy

The delimitation of risk appetite, translated into the RAS, as the primordial set of indicators that translate and materialize the risk appetite, constitutes one of the guiding vectors of BISTP's "Risk Strategy", which is approved by the Bank's Board of Directors, under proposal of the Risk Management Office, being previously assessed by the Executive Committee (EC) and by the Risk Committee (CR). In fact, from the RAS, the main lines of action to be developed by the Bank are established in order to address the mitigation or control of all identified material risks. The set of these lines of action formally constitutes the Bank's Risk Strategy.

Therefore, the RAS and the Risk Appetite Governance Model (Riskapptite Framework) are inseparable and central elements of BISTP's risk management, both aimed at controlling and mitigating risks classified within the scope of the risk identification process.

Integration between business and risk management

The risk appetite framework – which includes the identification of material risks, the RAS and RAF – is reviewed at least once a year, whenever the quarterly monitoring so advises. The process formalizes the global approach, including policies, processes, controls and systems, through which Risk Appetite is defined, communicated, monitored and operationalized. Thus, the following elements are defined:

- Areas involved and their respective roles and responsibilities;
- Accountability for metrics and limits;
- Risk monitoring and reporting choreography;
- Mechanisms for breaking the tolerance or threshold level;
- Model for integrating Risk Appetite into management practices;
- Processes for reviewing and updating the RAS/RAF;

In addition, there is an interaction, in both directions, between the definition of the Bank's risk appetite structure and the business objectives, represented at the level of business planning and budgeting. Thus, the risk appetite structure conditions the business objectives environment since the business plan respects the risk limits defined by the Board of Directors, that is, profitability is subordinated to risk.

Therefore, the business objective and risk appetite structures are the pillars for the pursuit of the activities and business lines developed, constituting in themselves, beacons/limits of global controls over the financial strength of the BISTP, such as the tests of effort and internal processes for assessing Capital and Liquidity adequacy.

Internal Control

The Risk Management function is an integral part of the Bank's Internal Control System (SCI), together with the Compliance and Internal Audit functions, thus contributing to an environment of solid internal control and risk delimitation on which the Bank develops its business activities, as well as business support.

Within the scope of the SCI, the Risk Management and Compliance functions form the Bank's risk management system (SGR), which is materialized in an integrated set of resources, standards and processes that contribute to ensuring an appropriate framework for the different natures and materiality of the risks underlying the activities carried out, aiming to achieve the Bank's business objectives in a sustainable and prudent manner.

In this context, the SCI and the SGR provide BISTP with the ability to identify, assess, monitor and control the risks - internal and/or external - to which the Bank is exposed, in order to ensure that they are maintained at acceptable levels, as well within the limits defined by the Board of Directors.

Thus, the SGR embodies the so-called “2nd Line of Defense” in relation to the risks to which the Bank's activities are exposed. It should also be noted that the 1st Line of Defense is ensured, on a day-to-day basis, by all the Bank's organizational units - supported by a process of training and awareness of risks, as well as the delimitation of activities through a system full and detailed internal rules (NIS) – and last but not least, the 3rd Line of Defense is developed through the Internal Audit function, in a transversal and independent manner.

It should also be noted that the SCI:

- It is supported by an information and communication system that aims to ensure the capture, treatment, sharing and internal/external disclosure of relevant information about the business, in a consistent and comprehensive manner, of the activities carried out and the risks that affect them, in a consistent manner, timely and reliable.
- The system includes continuous monitoring, with internal control insufficiencies being registered – in the form of recommendations/deficiencies or opportunities for improvement – for correction/eradication and, eventually, regulatory reporting, if the situation requires it.

Risk commission

The Risk Committee, appointed by the Board of Directors, is composed of two non-executive directors and a representative appointed by the BAI Shareholder, with a set of powers, including:

- Advise the Board of Directors on BISTP's risk appetite and the institution's general, current and future risk strategy, taking into account all types of risks, financial and non-financial, in order to ensure that they are harmonized with the institution's business strategy, objectives, culture and business values;
- Supervising the consistency between all important products and services offered to customers, as well as the institution's business model and risk strategy, presenting to the Board of Directors correction plans, when that analysis results in that the referred conditions do not adequately reflect the risks;

- Monitor the management policies of all risks related to the activity of BISTP, financial and non-financial, namely business and strategy, solvency, liquidity, interest rate, credit, market, operational, IT, Compliance and reputation, exchange and political;
- Assess and promote the effectiveness and efficiency of BISTP's internal control processes, namely through the assessment of auditors' recommendations, internal or external, and monitor the proper implementation of the adopted measures;
- Monitor BISTP's risk strategy and risk appetite.

Audit and Internal Control Committee

The Audit and Internal Control Committee (CACI), elected by the Board of Directors, is composed of two non-Executive Directors and a representative appointed by the Shareholder BAI, with a set of powers, including:

- Promote and monitor compliance with the legal and regulatory provisions, the BISTP Statutes, the rules and recommendations issued by the supervisory entities, as well as the general policies, rules and practices established internally;
- Assess and promote the effectiveness and efficiency of the Internal Audit Function, ensuring the direct functional reporting of this function;
- Promote the pursuit of the fundamental objectives set, in terms of internal control and risk management by the Central Bank of São Tomé and Príncipe (BCSTP), as well as in the supervision directives addressed to credit institutions and financial companies;

- Monitor the activity of the Executive Committee;
- Carry out a critical appraisal of the Bank's Internal Control System, following up on the complementary autonomous assessments that are attributed to the Internal Audit Function, as emanating from the supervisory authorities and ensuring that its effectiveness and completeness contribute to the very effectiveness and efficiency of the Internal Control System.
- Definition of reporting models for similar functions;
- Monitoring of risks and the application of shared and disseminated methodologies.

Risk Office

The Risk Office is the structural unit responsible for the risk control function at the transversal level of the BISTP, the function is carried out by a Structural Body, namely the Risk Management Office – RMO, except for the Compliance risk which is dealt with in the unit structure for this purpose (Compliance Office). The RMO is responsible for informing the Risk Committee of the level of risk, proposing measures to improve the control environment and implementing mechanisms to ensure compliance with the approved limits. The functions of the RMO, briefly described and enumerated, are as follows:

- Ensure the effective application of the risk management system, through continuous monitoring of its adequacy and effectiveness, as well as the measures taken to correct any deficiencies or improve the system;
- Advising and presenting to the Executive Committee and the Risk Committee the situation resulting from the periodic monitoring carried out on the risks in the monitoring process, as well as indicating whether the appropriate measures have been taken to correct any deficiencies;
- Disclosure of risk management guidelines and methodologies to the Structural Bodies;
- Participation in the definition and implementation of the BISTP Contingency Plan against the COVID-19 pandemic (eg definition of criteria to reinforce the provision to accommodate the impacts of the pandemic on credit customers; launch of a survey of economic agents with relevant exposure in the portfolio monitoring and monitoring of the Bank's implementation of the measures adopted by the authorities to deal with the pandemic (legal moratorium);
- Continuous improvement of the risk governance, measurement and control model at the Bank's level;

Key developments and achievements in 2020

In 2020, the risk management function continued to focus on the process of implementing programmed metrics, as well as on the continuous improvement of the risk control system already implemented, namely in the permanent monitoring of the risk levels to which the Bank is exposed in relation to the tolerance limits of the guaranteed RAS, and, at the same time, keeping the Bank in full compliance with the regulatory and/or supervisory requirements and, consequently, keeping the internal regulatory structure that is adequate for the control and management of risks up to date.

The most relevant activities developed in 2020 were, roughly, the following:

- Improvement in the effectiveness of the internal control system;
- Improvement in the liquidity risk control system.

Credit risk

This risk is embodied in losses recorded in the credit portfolio, whether due to the incapacity of the main debtors of the credit operation (Borrowers), or by the guarantors of the operation, if any, of the issuers of securities or, even, of the counterparties of contracts, in fulfilling its credit obligations. Therefore, this type of risk ends up being the most relevant, representing, overall, the largest share of the Bank's global risk exposure.

The COVID-19 pandemic

The year 2020 was marked by the COVID-19 pandemic (still experienced at the beginning of the year 2021 - time of writing this report), which ended up becoming an unprecedented global contingency event and significantly affected the activities of the Bank.

The Bank's operability, as well as the protection of Employees and Customers, was ensured (continues to be) through the activation of the Contingency Plan for Business Continuity, arising from the Bank's PCN (Business Continuity Plan), which implied the adoption of measures such as: Teleworking for the security team and/or employees included in the risk group – with reinforcement of the security system in terms of connectivity with the Bank's system; distribution and installation of protective materials and the adoption of rules for the occupation of spaces and the movement of the Bank's users, who must respect and comply with all the measures indicated and installed.

From a transactional perspective, it is essential to highlight the impact embodied in operational effort and increased operational risk, around the process of materializing the legal moratorium, both in terms of loans to individuals and companies, as they involved, from the month of May 2020, a gigantic effort to materialize all the moratoria and load them into application in a timely manner, a process that required the development of the Bank's core software.

Still within the scope of the legal moratorium, it is important to highlight the modality adopted by the national authorities, that is, the moratoriums granted prohibited banks from calculating and recording interest during the moratorium period, and, consequently, capitalizing them. Roughly speaking, they ended up being a kind of temporary suspension (6 months with 3 more extension, in 2020) of the debt, without the Customer having to pay a price (interest) for the capital that is/was still in its possession.

However, the adoption of this moratorium methodology had a negative impact on revenues, and banks were still exposed to risk in the insurance coverage process in credit operations, since the granting of a moratorium implied the extension of the financial plan and legal measures were not adopted to cover exposure beyond the initial plan agreed with the insured (ie outstanding capital, due to the extension of the initial term of the operation, which ended up not being covered by insurance, life and multi-risk). This special phenomenon of legal moratorium still continues, although it is only for activities related to tourism and the like, as government authorities decided to extend for another 3 months (January-March 2021) the concession of moratorium for the aforementioned sector.

Business continuity management

BISTP's business continuity management is versed in the Business Continuity Plan, which is roughly segmented into two large groups - Operational Continuity Plan and Technology Recovery Plan. The dissemination and improvement process for each of the segments is still ongoing.

As previously mentioned, the occurrence of the COVID-19 pandemic gave rise to the activation of a specific contingency plan, still in the first half of 2020: BISTP Contingency Plan the COVID-19 Pandemic. Within the scope of this plan, the Bank, aiming at business continuity, implemented a set of measures to respond to threats, following the guidelines of the health authorities and in articulation with its Stakeholders, such as:

- Definition of procedures to respond to emergencies in the face of occurrences (detection system and procedures for forwarding affected Employees, creation of isolation areas);
- At the level of prevention and protection measures, through the Marketing Office – MKO, channels were created for the dissemination of useful information on the issue of prevention and protection (e.g. behaviors to be adopted); distribution of protective equipment, namely gloves, masks, hand sanitizers, acrylic separators; space occupation rules to avoid crowding; demarcation of the pavement with the minimum distance recommended by the authorities, in all buildings of the bank serving the public, and reinforcement of cleaning routines, as well as periodic disinfestation of facilities;
- Measures within the scope of business continuity, namely the creation of

backup teams (a team that must be able to replace another team in case of contamination); development of conditions for placing some employees in telework, etc.

For the year 2021, the RMO foresees the continuation of the processes, and the continuation of the dissemination of the risk culture in the BISTP.



8. HUMAN RESOURCES

The year 2020, in terms of Human Capital, was marked by the negative impact of the covid-19 pandemic, which forced the HR management level to make adaptations and changes in the management instruments and in the defined strategic policies. Thus, given this new context, there was a need to change the work logic, with priority given to the teleworking system and shift work.

With the progress of the pandemic, HR's focus in 2020 was focused on preventive management, in conjunction with the Security Officer, executing the guidelines of the service orders created for this purpose, aiming to reduce the risk of contagion within the institution. Thus, an attempt was made to disseminate information within the institution regarding the care and responsible behavior to have, to protect themselves and others. A channel for carrying out PCR tests was also created in order to identify the serological status of the employee who manifests some type of symptom or who was in direct contact with someone who tested positive for Covid-19.

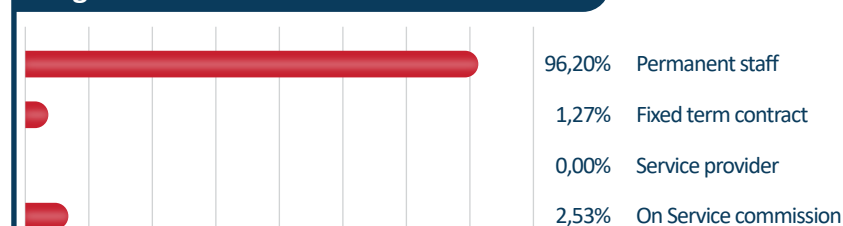
HR was also responsible for monitoring the evolution of employees who tested positive for Covid-19 and who were in isolation at home, and for managing their reintegration into the work team, after complying with all the defined protocol by the health authorities and reflected in the service order in force at the bank.

In this way, it was possible to keep employees working in the safest sanitary environment, minimize the risk of mass contamination within the institution, and have an adequate level of human resources to ensure the continuity of the Bank's activity in a truly atypical environment.

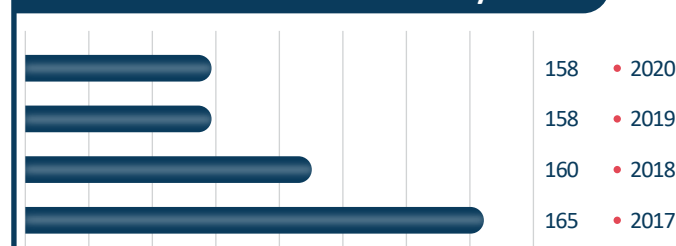
Distribution by Legal Bond

In 2020, the staff of BISTP was composed of 158 employees, of which 3 were on commission, 6 on a service provision basis and 149 with permanent employment.

Legal bond of the 2020 workforce



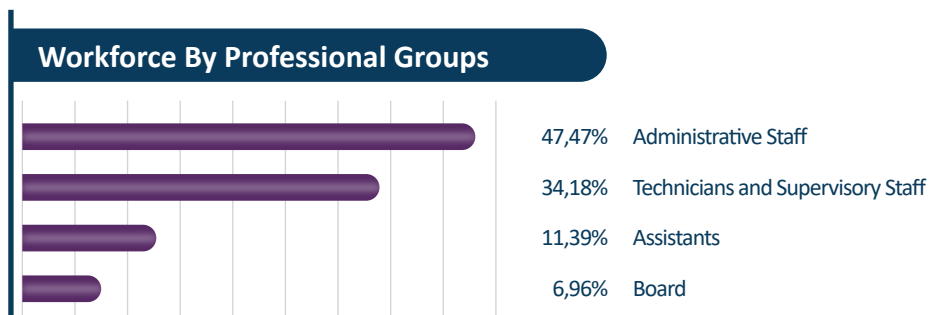
Evolution of staff in the last 4 years



Functional Distribution

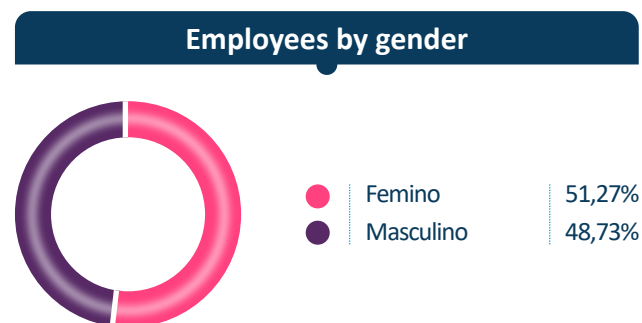
According to the new Career Plan, administrative staff continue to be the professional group with the largest number of employees (77), and represented 47.47% of the total workforce. Employees from the technical staff and with Supervisory duties represent around 34.18% of the workforce. The professional

group with management functions (11 elements) represents about 6.96% of the total workforce.

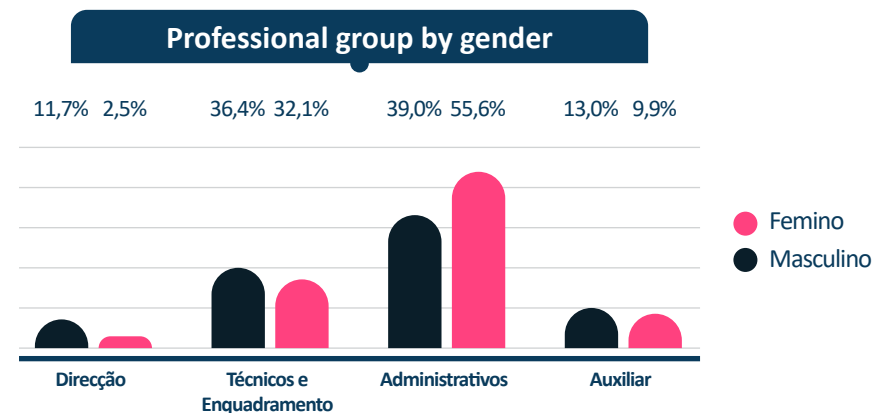


Distribution by gender

In the distribution by gender, the trend towards an increase in the number of women continues (81 female employees and 77 male employees). From this distribution it is easily understood that there is a slight increase in the feminization rate (51.27%).

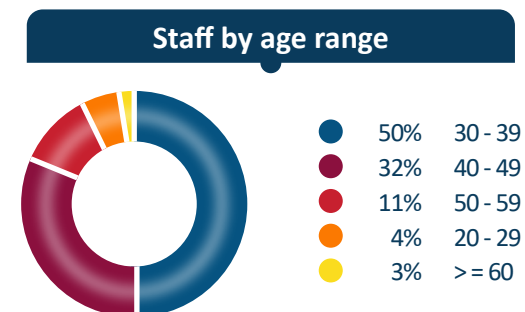


As can be seen in the following graph, there is a notable gender difference in the administrative group.



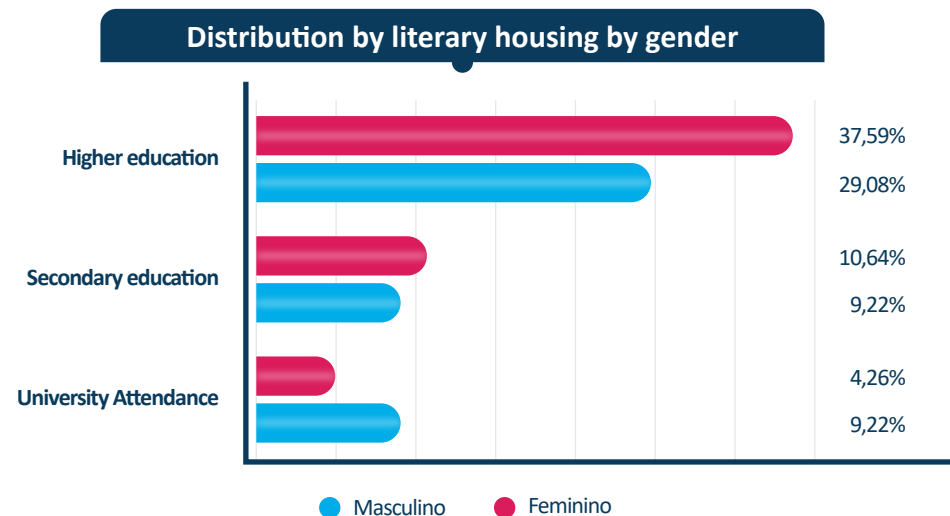
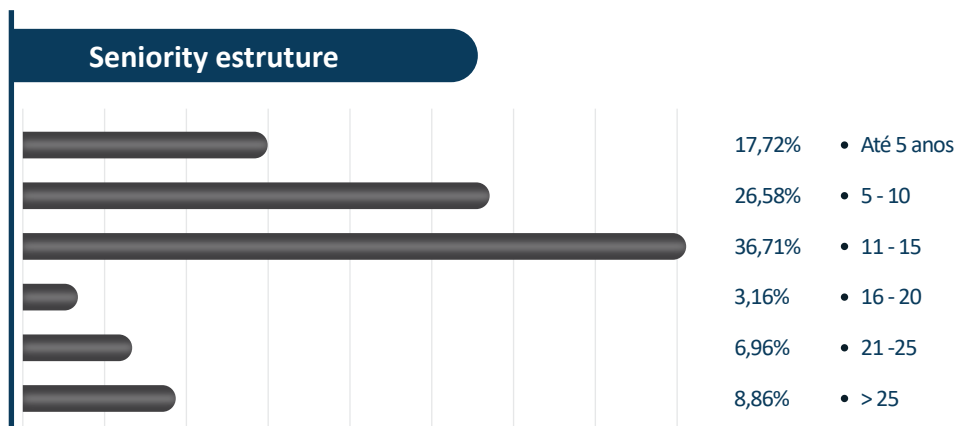
Age distribution

The age group with the highest number of employees is between 30 and 39 years old, a situation similar to the same period of the previous year, in 2020 they represented 50% of BISTP staff.



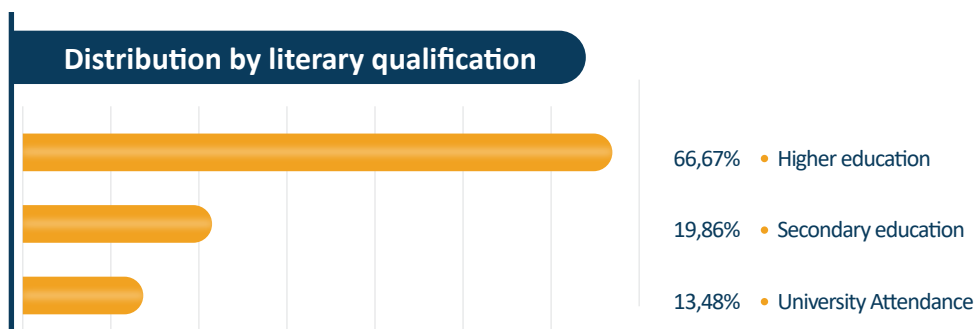
Distribution by seniority

At BISTP, the length of service of 36.71% of employees is between “11 to 15 years”.



Distribution according to level of education

BISTP's strong commitment to hiring young graduates in recent years has allowed for an increase in the qualification rate of employees. Thus, in 2020, the number of employees with higher education qualifications reached 66.67% of the Bank's total staff (professionals with banking functions).





9. SOCIAL RESPONSIBILITY

Social responsibility implies the notion that a company is not only intended to make a profit and, in addition to bringing financial benefits to the people who work in the company, it must contribute socially to its surroundings.

Social responsibility (SR) is a concept that encompasses the voluntary actions of companies that work for the benefit of their public, both internal and external. Socially responsible organizations are those that rethink their current postures, behaviors and behaviors and, in this way, structure themselves to put into practice attitudes that promote the well-being of those involved

As always, BISTP has guided its management model over the years not only by monetary interests - profit, but, as has been seen, also by other stakeholders such as, for example, its employees, local communities, non-governmental organizations that have the noble objective of supporting the social reintegration of children and young people at risk of social exclusion, Customers, suppliers, public authorities, competitors and society in general. Its social responsibility has proved to be a decisive factor for its development and growth over its more than 27 years of existence, as well as for São Santomean society in its various aspects.

The year 2020, as is public and worldwide knowledge, was an atypical year resulting from the COVID-19 pandemic. In this field (RS), BISTP chose to channel a large part of its resources to support the Ministry of Health in the fight against this pandemic. However, it continued its annual contribution to the Association of the Blinds and those who suffer from double vision, (ACASTEP) and to the Association of the Disabled of STP (ADSTP), which have developed exceptional work in these areas. The bank also continued to support on a monthly basis, the children's home from the Novo Futuro Foundation with the purchase of school material. The Children and Youth Foundation had also been benefited through

the granting of monthly support for the development of actions aimed at protecting and the accompaniment of underprivileged children and young people in social and civic, cultural, educational, recreational and material areas.

Education

The right to education has been recognized by some governments and the United Nations.

As has been mentioned, one of the main pillars of a society and one of the means identified for the development of São Tomé and Príncipe, the BISTP in 2020, maintained contracts with the Universities of STP – USTP, in which it awards prizes to the best final year students from each of the 3 Organic Units, the attribution of scholarships to the most needy student, from each of the 3 Organic Units, and with an average greater than or equal to 14 points and the contribution to Investments in laboratories, in addition to the collaboration protocol with the USTP Integrated Master's Project - INTRA-ÁFRICAPAX LUSÓFONA, whose aim is to raise the quality of teaching and research, providing an experience of mobility among other partner universities, through a postgraduate education program.

Sport

The goals of sport can be, in addition to competition, also recreational, or improving health, or even improving physical and/or mental fitness.

In this area in 2020, given the pandemic situation, no major activities were

carried out, as the successive states of emergency and public health calamity decreed by the Santomean Government did not allow the practice of sports. However, earlier in the year, BISTP sponsored the STP Canoeing and Surfing Federation in preparation for the Olympic Games.

Culture

In 2020, the realization of cultural activities was completely suppressed, so that only at the end of the year was it possible to launch the Book entitled **“The Testimonial Evidence: The Anthropological Reason for its Procedural Strength”** by the Commander of the National Police, Superintendent Roldão dos Santos Dias Boa Morte – the book is an insight into the reality of the Democratic Rule of Law in Sao tome and makes a correlation with the Sao Tome jurisprudence.

It should be noted that the BISTP has for over 12 years a partnership protocol with the Portuguese Cultural Center to promote joint activities, the sharing of collections and support for the holding of events in the areas of culture, economy, civil society, science, education and health.

Other important support given in 2020:

Emphasis goes to the Sponsorship of the Ministry of Health, supporting the Contingency Plan with the delivery of two Fans and various other health equipment to combat COVID-19 (around EUR 50,000.00).

- Financing of three lavatories to the Dr. Ayres de Menezes Hospital to combat Covid-19;
- Sponsorship of the “Don't Close Your Eyes Campaign: Protect our Children and Adolescents from Sexual Abuse”, represented by several Associations, whose objectives are to draw the attention of national authorities to a greater effort in combating Sexual Violence against minors in STP and get the involvement of civil associations and society in general in this struggle, as part of the commemorations of the International Women's Day.



10. FINANCIAL ANALYSIS

10.1 Balance Sheet Components

In 2020, the bank's activity was severely affected by the stagnation of economic activity, but also, and to a large extent, by the economic measures taken by the regulatory authorities, through the NAP 07/2020, which resulted in substantial losses of revenue for the Bank, both in terms of interest income and commission income.

Despite the negative impacts that the measures taken to contain the advance of the pandemic brought to the economy in general, and the economic measures, in particular those set out in the NAP 07/2020, brought to the banks, the BISTP managed to maintain its results in positive terrain, and present a solid position of liquidity and solvency, thus demonstrating that its business model has a great capacity for resilience and that it is adequately diversified in this market.

Thus, in 2020, the bank's total assets grew by 4.87%, essentially supported by the growth of reserves held at the Central Bank. Liabilities also grew, in the order of 5.93%, as a result of the growth in customer deposits.

Equity registered a slight drop of -1.01%, as a result of the drop in net income for the year by -42.86% and provisions for general risks by -10.72%, the latter being due to the reduction volume of credits classified in the normal class.

The volume of gross credit to customers contracted by around -5.48%, which, in absolute terms, represents a fall of mSTN 58,498, when compared to 2019.

Regarding the quality of the portfolio, it should be noted that, despite the efforts made in terms of recovery, the historical level of default, given by the irregular credit ratio on the global portfolio, is still high, with an increase in this ratio, to

25.40%, against 21.04% in the previous year, and this growth is intrinsically related to the adverse economic situation that marked the year 2020. The volume of credit in an irregular situation was fixed at mSTN 256,164, against mSTN 224,493 in 2019.

Faced with a situation that has contributed to the deterioration of the credit portfolio, the Bank has adopted a conservative posture, increasing its level of coverage of provision. In 2020 the provisions created to cover irregular credit amount to mSTN219,408. Thus, the stock of provision on the balance sheet recorded a growth of 4.92% compared to 2019 (year in which the provision was fixed at mSTN209,120). Coverage of provision on irregular credit in 2020 was 85.7%, evidencing a very conservative provisioning policy, despite a reduction compared to 2019 by 7.5 percentage points.

"Applications in Credit Institutions" grew by 6.45% (mSTN 19,181), essentially in US dollars, as a result of more attractive remuneration rates that are being practiced, when compared to Euribor rates, or the Euro Interbank Offer Rate.

"Investments in Securities" fell by around 29.9%, with a contraction in absolute terms of mSTN 175,056, as a result of a lower subscription volume of Treasury Bills issued by the State, justified by the need to adopt a management prudential with regard to exposure to sovereign debt risk.

The increase in cash at the Central Bank of around 67.45% is essentially due to the lower volume of investments in Treasury Bills.

With regard to fundraising, it should be noted that, despite the continued intensification of interbank competition in the area of fundraising, and the maintenance of low rates of return on liabilities, customer deposits at the Bank

grew by around 8.85% setting at mSTN2.398,666, demonstrating a strong stability of the deposits. This performance in the ability to raise and maintain resources, despite measures to reduce liability rates, is explained by the image of solidity, rigor and confidence that the bank manages to convey to its customers.

The level of transformation (Net Credit/Customer Deposits) is still relatively low. In 2020, this ratio deteriorated, as the result of the credit contraction, having settled at 32.93% against 38.93% in 2019.

10.2 Components of the Income Statement

The negative evolution of the credit portfolio, associated with the moratorium, which translated into the forgiveness of credit interest for all customers who, in light of NAP 07/2020, requested the moratorium, contributed to a contraction of the interest charged on credit operations. credit in the order of -15.51%. Similarly, NAP 07/2020 forced a 50% reduction in commissions associated with credit, which led to a reduction in “Other Interest and Similar Income” by -15.01% compared to 2019.

Interest received on investments in time deposits in other credit institutions abroad fell by -41.04% as a result of the reduction in interest rates on investments in the international market, as a result of measures taken by countries to reduce rates directors close to zero.

Bond interest rose moderately by 7.19%, due to an average volume of bonds held in the portfolio higher than in 2019.

Interest paid on time deposits from customers experienced a contraction of around 12.68%. This reduction in interest paid is the result of downward adjustments in the rates of time deposits taken by the Bank, given the excess liquidity in the market and few alternatives to adequately monetize these deposits taken.

The financial margin dropped by -14.92%, driven by the contraction of interest on credit and financial investments.

With the devaluation of the US dollar in the international market throughout 2020, and with the bank having a long position in this currency, there was a lower exchange rate revaluation result in 2020, which was mSTN 6,582, against mSTN 11,860 in 2019, translating into a drop in the order of -44.50%.

The lower growth in net commissions of around 3.97%, largely explained by the implications of NAP 07/2020, which forced banks to reduce commissions on the sale of checks and debit cards at their acquisition cost, not allowed the Bank to record an expansion of its complementary margin.

As a result of the reduction in the Complementary Margin and the Financial Margin, the Global Activity Product likewise saw a drop of around -13.10%.

The Operating Cost registered a contraction, albeit slight, of -1.12%, driven by the reduction in expenses with “Outsourced Supplies and Services” in the order of -9.9%. Contrary to this evolution, personnel costs grew by 4.63%, justified by the salary adjustment of management bodies and employees.

The 160.17% increase in provisioning appropriations is essentially justified by the potential increase in the level of credit risk in view of the economic and financial difficulties caused by the COVID-19 pandemic. Thus, in 2020, there was

a prudential reinforcement of provision.

The Net Result for the year 2020, due to the numerous constraints that negatively impacted the sources of revenue, registered a contraction compared to 2019, in the order of -42.86%, with a reduction of mSTN26,714.

Despite this contraction and despite the various constraints, it is noted that, it was possible to maintain the results in positive territory, which, once again, demonstrates the great resilience of the bank's business model and its rapid capacity to adaptation to new market conditions.



II. PROPOSAL FOR APPLICATION AND DISTRIBUTION OF RESULTS

In analogy and identical proportion to previous years, the Board of Directors proposes, taking into account the legal and statutory provisions, that the net result of STN 35,610,772 (Thirty-five million, six hundred and ten thousand, seven hundred and seventy- two folds), referring to the year 2020, has the following application:

Items	Percentage	Amount (STN)
Legal Reserves	10%	3.561.077
Free Reserves	30%	10.683.231
shareholders	60%	21.366.463
Net Result	100%	35.610.772
Amount in STN		



12. EXTERNAL AUDIT REPORT



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Relatório de Auditoria

RELATÓRIO SOBRE A AUDITORIA DAS DEMONSTRAÇÕES FINANCEIRAS

Opinião

Auditámos as demonstrações financeiras anexas do Banco Internacional de São Tomé e Príncipe, S.A.R.L (adiante igualmente designado por "Entidade" ou "Banco"), que compreendem o balanço em 31 de dezembro de 2020 (que evidencia um total de 2.944.383.490 Dobras de São Tomé e Príncipe (STN), um total de situação líquida de 425.772.926 STN, incluindo um resultado líquido de 35.610.772 STN, a demonstração dos resultados, a demonstração de alterações na situação líquida e a demonstração dos fluxos de caixa do exercício findo naquela data, bem como as notas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspetos materiais, a posição financeira do Banco Internacional de São Tomé e Príncipe, S.A.R.L. em 31 de dezembro de 2020, o seu desempenho financeiro e fluxos de caixa relativos ao ano findo naquela data, de acordo com os princípios contabilísticos geralmente aceites em São Tomé e Príncipe para o sector bancário.

Bases para a Opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Revisores Oficiais de Contas. As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" abaixo. Somos independentes da Entidade e cumprimos os demais requisitos éticos nos termos do Código de Ética do IESBA (*International Ethics Standards Board for Accountants*).

Estamos convictos de que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na auditoria das demonstrações financeiras do período corrente.

Essas matérias foram consideradas no contexto da auditoria das demonstrações financeiras como um todo, e na formação da nossa opinião, e não emitimos uma opinião separada a esse respeito.


Descrevemos de seguida as matérias relevantes de auditoria do ano corrente:




Banco Internacional de São Tomé e Príncipe, S.A.R.L
Relatório do Auditor Independente
31 de dezembro de 2020

1. Provisões e imparidade para a carteira de crédito sobre clientes

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Em 31 de Dezembro de 2020, o valor bruto da rubrica Créditos sobre clientes (Nota 6) ascende a 1.008.573 milhares de STN e as provisões para crédito irregular reconhecidas a deduzir a esta rubrica ascendem a 219.408 milhares de STN. Adicionalmente, o Banco apresenta provisões para crédito regular e para posições extrapatrimoniais reconhecidas na rubrica Provisões diversas (Notas 15) na Situação líquida, no montante de total de 17.381 milhares de STN. O impacto nos resultados da dotação de provisões do ano registados na rubrica Provisões para crédito líquidas de reposições e anulações (Nota 15) ascende a 10.108 milhares de STN.</p> <p>A política contabilística que retrata o tratamento contabilístico conferido às provisões para riscos de crédito é divulgada na nota explicativa às demonstrações financeiras 2.2 alínea c). As provisões são apuradas conforme previsto na Norma de Aplicação Permanente ("NAP") 07/2007 - "Classificação de Activos e Provisões" do Banco Central de São Tomé e Príncipe ("BCSTP"). Esta NAP prevê a classificação das operações de crédito em classes de risco que refletem o escalonamento temporal dos créditos e juros vencidos em função do período decorrido após o vencimento das prestações de crédito.</p> <p>Tal como descrito na Nota 2.1. o BCSTP autorizou que não fosse calculada a imparidade de acordo com a IFRS 9 - Instrumentos financeiros. Contudo, nos termos do nº 7 do capítulo III do PCIF, o Banco realizou uma análise individual de imparidade sobre Grupos Económicos individualmente significativos para aferir da suficiência das provisões regulamentares face à estimativa do valor dos créditos que se considera recuperável, tendo para esses registado o maior entre o valor de imparidade (provisões económicas) e de provisões regulamentares.</p> <p>Conforme previsto no artigo 4.º da NAP 07/2007 a obrigação de classificação dos ativos e constituição de provisão não abrange os direitos garantidos ou detidos sobre o Estado de São Tomé e Príncipe.</p> <p>Em resposta à pandemia COVID-19, o Decreto-Lei n.º 7/2020, de 7 de maio, complementado pela NAP 07/2020, de 22 de maio, emitida pelo BCSTP, introduziu a possibilidade de moratórias sobre os créditos, que permitiram aos devedores adiar até 6 meses o pagamento das suas prestações, sem serem considerados incumprimentos e sem capitalização de juros. Estas moratórias suspenderam a contagem de dias em atraso, o que aumentou o julgamento inerente à identificação de créditos de cobrança duvidosa ou com risco de perda.</p> <p>Em 29 de janeiro de 2021, o BCSTP comunicou ao Banco a Deliberação n.º 2/2021, de 28 de janeiro, do Venerando Conselho de Ministros, de prorrogar até ao mês de março de 2021 a moratória bancária acima referida, às empresas e aos trabalhadores subordinados e por conta própria afetos aos sectores do turismo e afins, hotelaria, restauração, aviação, artistas e profissionais músico-culturais e de artesanato.</p>	<p>A nossa abordagem sobre o risco de distorção material incluiu uma resposta específica que se traduziu numa abordagem combinada de avaliação de controlos e procedimentos substantivos, designadamente:</p> <ul style="list-style-type: none"> ▶ Obtivemos o entendimento dos procedimentos de controlo interno existentes no processo de quantificação das perdas por imparidade e provisões regulamentares para o crédito a clientes e testámos a eficácia operacional dos principais controlos implementados, incluindo para os clientes abrangidos pelas moratórias; ▶ Realizámos testes de revisão analítica sobre a evolução do saldo das provisões para crédito a clientes, comparando-o com o período homólogo e com as expectativas formadas, dos quais são de destacar o entendimento das variações ocorridas na carteira de crédito e alterações dos pressupostos e metodologias de imparidade; ▶ Realizámos testes sobre a aplicação da metodologia de cálculo das provisões regulamentares definidas pela NAP 07/2007 do BCSTP e sobre a aplicação das regras previstas na NAP 07/2020 para os devedores com moratória; ▶ Selecionámos uma amostra de clientes objeto de análise individual de imparidade, para avaliação dos pressupostos utilizados pelo Órgão de Gestão na quantificação da imparidade. Esta análise incluiu: (i) a análise da informação disponível sobre o negócio e a situação económico-financeira dos devedores e dos relatórios de avaliação dos colaterais; (ii) indagações para entender a estratégia de recuperação definida e os pressupostos usados na determinação do valor recuperável; e (iii) impactos estimados pelo Banco para refletir os efeitos da pandemia COVID-19; ▶ Análise das divulgações incluídas nas notas explicativas às demonstrações financeiras, tendo por base os princípios geralmente aceites no sector bancário em São Tomé e os registos contabilísticos.

 <p>Banco Internacional de São Tomé e Príncipe, S.A.R.L. Relatório do Auditor Independente 31 de dezembro de 2020</p>	
Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Neste contexto, em 31 de dezembro de 2020 existiam 22 operações de crédito com moratória que ascendem a STN 37.564.866, representando 3,74% do total de crédito (Nota 6).</p> <p>Considerando que a pandemia diminuiu a previsibilidade da evolução da economia e da capacidade financeira das empresas e particulares que atuam nas atividades mais impactadas pela mesma, a determinação das perdas da carteira de crédito a clientes é mais incerta.</p> <p>A significativa expressão das rubricas de crédito sobre clientes e a imprevisibilidade da atividade económica com impactos no apuramento das provisões que lhes estão associadas, requerendo a aplicação de pressupostos e julgamentos por parte do órgão de gestão do Banco, justificam que este assunto represente uma matéria relevante de auditoria.</p>	
2. Valorização de imóveis recebidos em dação por recuperação de crédito	
Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Em 31 de Dezembro de 2020, a rubrica "Outros ativos" (Nota 9) apresenta um montante bruto de 35.066 milhares de STN associado a imóveis recebidos em dação por recuperação de crédito e um montante de provisão reconhecido a deduzir a esta rubrica que ascende a 10.006 milhares de STN.</p> <p>De acordo com a política contabilística em vigor no Banco, divulgada na nota explicativa às demonstrações financeiras 2.2 alínea d), os imóveis são objeto de avaliações periódicas realizadas por avaliadores independentes, que dão origem ao registo de perdas por imparidade quando o valor decorrente dessas avaliações é inferior ao seu valor líquido contabilístico.</p> <p>O justo valor dos imóveis resulta de um processo de estimativa do órgão de gestão que se baseia em julgamentos e pressupostos e é consubstanciado numa avaliação periódica efetuada por um especialista contratado. Os pressupostos considerados incluem a melhor utilização que pode ser dada ao ativo, o que constitui uma transação comparável ou o valor potencial do rendimento que pode ser obtido com o imóvel.</p> <p>Devido à pandemia COVID-19 a incerteza sobre a estimativa do justo valor aumentou devido ao incremento potencial do prazo para venda dos imóveis e do prémio de risco exigido por potenciais investidores. Nos exercícios de 2019 e 2020 o Banco optou por constituir provisões adicionais específicas para estes imóveis, em função da sua antiguidade em carteira, tendo para o efeito utilizado uma taxa de depreciação de 12,5% por ano de antiguidade em relação à última avaliação de 2018.</p> <p>Os imóveis recebidos em dação por recuperação de crédito constituíram uma matéria relevante de auditoria pela sua significativa expressão e por requererem a aplicação de pressupostos e julgamentos por parte do órgão de gestão do</p>	<p>A nossa abordagem sobre o risco de distorção material incluiu uma resposta específica que se traduziu numa abordagem de procedimentos substantivos, designadamente:</p> <ul style="list-style-type: none"> ▶ Entendimento do processo de valorização dos imóveis recebidos por recuperação de crédito concedido; ▶ Realização de testes de detalhe com o objetivo de aferir sobre a propriedade dos ativos adquiridos em recuperação de crédito; ▶ Análise dos pressupostos e julgamentos subjacentes às avaliações preparadas por avaliadores independentes dos ativos adquiridos em recuperação de crédito; ▶ Realização de testes de detalhe ao cálculo das provisões adicionais específicas em função da antiguidade em carteira; ▶ Análise dos valores apresentados nas demonstrações financeiras para aferir da sua concordância com os registos contabilísticos e as divulgações, para análise da sua plenitude face aos normativos existentes.

 <p>Banco Internacional de São Tomé e Príncipe, S.A.R.L. Relatório do Auditor Independente 31 de dezembro de 2020</p>	
Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
<p>Banco no que respeita à sua valorização e à determinação das correspondentes perdas por imparidade, os quais poderão não se concretizar no futuro e consequentemente originar perdas diferente das estimadas.</p>	
Responsabilidade do órgão de gestão e órgão de fiscalização pelas demonstrações financeiras	
<p>O órgão de gestão é responsável pela:</p> <ul style="list-style-type: none"> ▶ preparação de demonstrações financeiras que apresentem de forma verdadeira e apropriada a posição financeira, o desempenho financeiro e os fluxos de caixa da Entidade de acordo com os princípios contabilísticos geralmente aceites em São Tomé e Príncipe para o sector bancário; ▶ elaboração do Relatório de Gestão nos termos legais e regulamentares; ▶ criação e manutenção de um sistema de controlo interno apropriado para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou erro; ▶ adoção de políticas e critérios contabilísticos adequados nas circunstâncias; e ▶ avaliação da capacidade da Entidade de se manter em continuidade, divulgando, quando aplicável, as matérias que possam suscitar dúvidas significativas sobre a continuidade das atividades. <p>O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.</p>	
Responsabilidades do auditor pela auditoria das demonstrações financeiras	
<p>A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detetará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.</p> <p>Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:</p> <ul style="list-style-type: none"> ▶ identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno; ▶ obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da Entidade; ▶ avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão; ▶ concluímos sobre a apropriação do uso, pelo órgão de gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade da Entidade para dar continuidade às suas atividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida 	



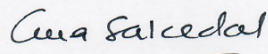
Banco Internacional de São Tomé e Príncipe, S.A.R.L.
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31 de dezembro de 2020

até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que a Entidade descontinue as suas atividades;

- ▶ avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- ▶ comunicamos com os encarregados da governação, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificado durante a auditoria;
- ▶ das matérias que comunicamos aos encarregados da governação, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, exceto quando a lei ou regulamento proibir a sua divulgação pública; e
- ▶ declaramos ao órgão de gestão que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percecionadas como ameaças à nossa independência e, quando aplicável, quais as medidas tomadas para eliminar as ameaças ou quais as salvaguardas aplicadas.

Lisboa, 5 de abril de 2021

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Representada por:



Ana Rosa Ribeiro Salcedas Montes Pinto - ROC n.º 1230
Registada na CMVM n.º 20160841



13. FINANCIAL STATEMENTS

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L

Balance sheet on December 31, 2020 and 2019

Values in São Tomé and Príncipe Dobras (STN)

A TIVO	Notas	2020			2019		PASSIVO E SITUAÇÃO LÍQUIDA	Notas	2020	2019
		Ativo bruto	Amortizações e provisões	Ativo líquido	Ativo líquido					
Caixa e disponibilidade no Banco Central	3	1,042,924,243		1,042,924,243	658,429,128	Depósitos:				
Disponibilidades à vista sobre instituições de crédito	4	111,820,075		111,820,075	134,341,442	À vista	11	2,197,239,470	1,918,587,020	
Outros créditos sobre instituições de crédito	5	316,676,668		316,676,668	297,474,102	A prazo ou com pré-aviso	11	201,427,244	285,051,048	
Créditos sobre clientes	6	1,008,572,874	(219,407,943)	789,164,931	857,972,776	Recursos de outras entidades	12	11,367,040	12,582,563	
Títulos de investimento	7	409,827,206		409,827,206	584,883,721	Outros passivos	13	44,440,005	95,566,733	
Imobilizações corpóreas	8	394,933,299	(174,712,021)	220,221,278	229,278,881	Contas de regularização	14	64,136,805	65,811,755	
Imobilizações incorpóreas	8	41,229,915	(32,854,316)	8,375,599	6,744,609	Total do Passivo		2,518,610,563	2,377,599,119	
Imobilizações em curso	8	3,285,425		3,285,425	1,708,685	Capital	16	166,600,000	166,600,000	
Imobilizações financeiras	8	2,940,000	(2,940,000)	-	-	Reservas	16	201,267,690	176,337,574	
Outros ativos	9	46,633,610	(10,005,932)	36,627,678	33,655,730	Resultados transitados	16	933,876	933,877	
Contas de regularização	10	5,460,387		5,460,387	3,231,098	Provisões diversas	15	21,360,589	23,924,315	
						Resultado do exercício	16	35,610,772	62,325,287	
						Total de Situação Líquida		425,772,926	430,121,053	
Total do Ativo		3,384,303,702	(439,920,212)	2,944,383,490	2,807,720,172	Total do Passivo e da Situação Líquida		2,944,383,490	2,807,720,172	

The notes form an integral part of these financial statements.

the accountant

The Board of Directors

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L

Income Statement for the years ended December 31, 2020 and 2019

	Notas	2020	2019
Interest and similar income	20	121,909,957	143,093,288
Interest and similar charges	20	(6,422,686)	(7,355,140)
FINANCIAL MARGIN		115,487,271	135,738,149
Income from services and commissions	21	99,284,360	89,188,057
Service Charges and Commissions	21	(16,441,626)	(9,505,375)
Net Income from Foreign Exchange	22	6,582,038	11,860,421
Other exploration Results	23	8,143,103	17,905,576
		213,055,145	245,186,827
Staff expenses	24	(82,527,213)	(78,877,147)
General Administrative Expenses	25	(46,485,605)	(51,594,040)
Year Amortizations	8	(21,806,546)	(25,167,596)
Credit provisions net of replacements and cancellations	15	(10,108,005)	1,050,026
Other provisions net of replacements and cancellations	15	(3,327,026)	(6,213,886)
RESULTS BEFORE TAXES		48,800,751	84,384,181
Income tax	19	13,189,979	22,058,894
RESULT OF THE EXERCISE		35,610,772	62,325,287

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L

Statement of change in Shareholders Equity for the years ended December 31, 2020 and 2019

	Reservas					Provisões diversas	Resultado líquido do exercício	Correcções dos resultados dos exercícios anteriores	Total	
	Capital	Legal	Reavaliação cambial	Reavaliação Outras	Total					
Saldos em 31-12-2018	166.600.000	32.389.496	892.214	31.139.164	88.194.956	152.615.831	18.505.139	59.304.358	933.877	397.959.205
Excesso de estimativa do imposto do exercício de 2017	-	-	-	-	-	-	-	-	-	-
Distribuição do resultado líquido do exercício de 2018	-	-	-	-	-	-	-	-	-	-
Incorporação em reservas	-	5.930.436	-	-	17.791.307	23.721.743	-	(23.721.743)	-	-
Distribuição de dividendos	-	-	-	-	-	-	-	(35.582.615)	-	(35.582.615)
Resultado líquido do exercício	-	-	-	-	-	-	-	62.325.287	-	62.325.287
Transferência do saldo provisão p/ depreciação do capital	-	-	-	-	-	-	-	-	-	-
Transferência de reserva para capital	-	-	-	-	-	-	-	-	-	-
Movimento provisões diversas (Nota 15)	-	-	-	-	-	-	5.419.176	-	-	5.419.176
Saldos em 31-12-2019	166.600.000	38.319.932	892.214	31.139.164	105.986.264	176.337.574	23.924.315	62.325.287	933.877	430.121.053
Excesso de estimativa do imposto do exercício de 2017	-	-	-	-	-	-	-	-	-	-
Distribuição do resultado líquido do exercício de 2018	-	-	-	-	-	-	-	-	-	-
Incorporação em reservas	-	6.232.529	-	-	18.697.586	24.930.115	-	(24.930.115)	-	-
Distribuição de dividendos	-	-	-	-	-	-	-	(37.395.172)	-	(37.395.172)
Resultado líquido do exercício	-	-	-	-	-	-	-	35.610.772	-	35.610.772
Transferência do saldo provisão p/ depreciação do capital	-	-	-	-	-	-	-	-	-	-
Transferência de reserva para capital	-	-	-	-	-	-	-	-	-	-
Movimento provisões diversas (Nota 15)	-	-	-	-	-	-	(2.563.726)	-	-	(2.563.726)
Saldos em 31-12-2020	166.600.000	44.552.461	892.214	31.139.164	124.683.850	201.267.689	21.360.589	35.610.772	933.877	425.772.927

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L

Statement of Cash Flows for the years ended December 31, 2020 and 2019

Cash flow	2020	2019
Operational Activities		
Net income for the year	35,610,772	62,325,287
Adjustments:	0	
Year Amortization	21,806,546	25,167,599
Provisions and Impairment	13,435,031	5,163,861
Changes in operating assets and liabilities	0	
(Increase) / decrease in investments in credit institutions	(19,180,979)	(15,232,100)
(Increase) / decrease in customer credit	62,500,553	(34,963,570)
(Increase) / decrease in other assets	(11,254,643)	4,154,727
(Increase) / decrease in customer funds and other loans	195,028,645	87,947,775
(Increase) / decrease in other liabilities	(40,613,451)	47,867,066
Operational Activity Flow	257,332,474	182,430,643
Investment Activities		
(Payments) / Receipts related		
Bonds and other securities	182,927,094	(259,882,822)
Tangible Fixed Assets	(14,899,002)	(3,258,727)
Intangible Fixed Assets	(5,309,882)	(2,122,030)
Investment Activity Flow	162,718,210	(265,263,579)
Financing Activity		
Payments relating to:		
Dividends distributed	(37,395,172)	(17,079,655)
Settlement of IRC 2019 and Payment on Account 2020	(20,681,764)	(4,359,786)
Fluxo da Actividade de Financiamento	(58,076,936)	(21,439,441)
Net increase/(decrease) of cash and cash equivalents	361,973,748	(104,272,377)
Cash and cash equivalents at the beginning of the period	792,770,571	897,042,948
Cash and cash equivalents at the end of the period	1,154,744,318	792,770,571



14. NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTORY NOTE

The Banco Internacional de São Tomé e Príncipe, S.A.R.L. (hereinafter also referred to as “Bank” or “BISTP”), headquartered in São Tomé, and incorporated by Public Deed of March 3, 1993.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or others, which it applies, together with its own resources, in the granting of loans to customers, deposits with the Central Bank of São Tomé and Príncipe, investments in institutions of credit, acquisition of securities and other assets, for which it is duly authorized. It also provides other banking services, having for this purpose, on December 31, 2020, a national network of twelve branches, located in the city of Sao Tome (9), in the city of Trindade (1), in the city of Santana (1) and in Príncipe island (1), in addition to having 3 automatic areas with ATM in the capital of the districts of Lobata, Lembá and Caué.

2. BASIS OF PRESENTATION AND SUMMARY OF MAIN ACCOUNTING POLICIES

The Financial Statements now presented were prepared in order to comply with current legislation.

2.1. Presentation bases

The attached financial statements were prepared under the assumption of continuity of operations, based on the books and records kept by the Bank in accordance with the principles established in the Chart of Accounts for Financial Institutions (PCIF), pursuant to Permanent Application Standard

No. 5/09 , of July 9, issued by the Central Bank of São Tomé and Príncipe. The PCIF, which entered into force on January 1, 2010, represents an approximation to the International Financial Reporting Standards (NIRF), containing a wide range of adaptations to the São Tomé reality.

Through communication from the Central Bank of São Tomé and Príncipe, dated December 3, 2010 and whose guidelines were extended in new communications dated April 24, 2015, December 8, 2015, March 10, 2017 and 26 of March 2018, the following exceptions to the provisions defined in the PCIF were authorized:

- The deferral of credit associated commissions was made using the straight-line method, and not the effective interest rate;
- The securities in the portfolio were recorded at acquisition cost, thus not applying the concept of fair value in their valuation;
- Provisions for loans granted were determined based on the rules provided for in NAP 7/2007, and therefore no impairment was calculated in accordance with IAS 39/IFRS 9;
- The presentation of disclosures in accordance with IFRS 7 – “Financial Instruments: Disclosures” will only be mandatory after the implementation of the provisions defined above.

On March 5, 2019 and January 21, 2020, the Central Bank of São Tomé and Príncipe issued new communications extending all the exceptions listed above to the provisions defined in the PCIF for the years 2018 and 2019, less the recognition of the titles portfolio, and which directed the BISTP to

comply with the provisions of the PCIF in point 6 of chapter “III. SPECIFIC ACCOUNTING RULES”.

It was also clarified that IFRS not provided for in the PCIF are not mandatory. Nevertheless, the Central Bank allows the Bank to fully introduce IFRS, as long as the procedures adopted are disclosed in the notes to the accounts and duly validated by the Banking Supervision.

In December 2020, the Central Bank of Príncipe issued a new communication extending all accounting procedure conditions mentioned in the communication of March 5, 2019.

These financial statements were approved for issue by the BISTP Board of Directors at its meeting on March 18, 2021 and are pending approval at the General Meeting of shareholders. However, it is the understanding of the Board of Directors that the financial statements will be approved without significant changes.

2.2. Accounting policies

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

a) Exercise specialization

Income and costs are recognized according to the period of operation of the operations, in accordance with the accounting, principle of accrual accounting, and are recorded when they fall due, irrespective of when they are received or paid.

b) Conversion of balances and transactions in foreign currency

The Bank's financial statements as of December 31, 2020 are expressed in the functional currency, in Dobras de São Tomé and Príncipe, with assets and liabilities denominated in other currencies having been converted into national currency, based on the published indicative purchase exchange rate by the Central Bank of São Tomé and Príncipe on those dates, pursuant to the provisions of Permanent Application Regulation No. 5/09, of 9 July.

Through the entry into force of Permanent Application Standard No. 17/09, of December 31, of the Central Bank of São Tomé and Príncipe, the exchange parity with the Euro (EUR) was established as of January 1, 2010, having the exchange rate was fixed at 1 Euro/24.5 Dobras de São Tomé and Príncipe (STN). On December 31, 2019 and 2018, the exchange against the US Dollar (USD) was as follows:

	2020	2019
1USD	19,9495 STN	21,8965 STN

Transactions in foreign currency are recorded in accordance with the principles of the "multi-currency" system, with each transaction being recorded according to the respective currency of denomination. Monetary assets and liabilities expressed in foreign currency are converted into STN at the purchase exchange rate communicated by the Central Bank of São Tomé and Príncipe on a daily basis. In turn, non-monetary assets and liabilities are translated into the functional currency at the exchange rate in effect on the date of the end of the transaction day.

Costs and income relating to exchange differences are recorded in the income statement for the year in which they occur, under the heading “Net income from foreign exchange transactions”.

The conversion of revenues and costs in foreign currencies is carried out on an exchange rate basis at the exchange rate at the end of the day.

Pursuant to Permanent Application Standard No. 5/09, institutions that made their capital in foreign currency are authorized to make a provision for foreign exchange risks, aimed at maintaining the capital value. It is also admitted that financial institutions make a provision for the revaluation of property, plant and equipment. These two provisions are intended exclusively to be incorporated into the institutions' capital, upon approval by the Central Bank of São Tomé and Príncipe.

c) Provisions for credit risks

As defined in the PCIF, loan provisions must temporarily correspond to the higher of regulatory provisions and impairment. As described in Note 2.1, for the years 2020 and 2019, the Central Bank of São Tomé and Príncipe authorized that impairment not be calculated in accordance with IFRS 9.

However, pursuant to paragraph 7 of chapter III of the PCIF, the Bank carried out an individual impairment analysis on individually significant Economic Groups to assess the sufficiency of regulatory provisions in relation to the estimated value of credits that are considered recoverable, having recorded the higher between the impairment value (economic provisions) and regulatory provisions.

For the non-significant portfolio, the Bank calculated the provisions for credit risks in accordance with the provisions of the Permanent Application Regulation nº 07/2007, of August 6, of the Central Bank of São Tomé and Príncipe.

For off-balance sheet exposures, the Bank started, as of 2018, to set up provisions on the amount of exposure calculated based on the rule contained in the Official Gazette No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3.

Pursuant to these Rules, the Bank classifies credit operations in ascending order of risk, according to the following categories:

- a) normal**
- b) Under supervision**
- c) Below normal**
- d) Doubtful credit**
- e) Loss**

The classification of credit operations to the same customer, for the purpose of setting up provisions, is carried out in the category that presents the greatest risk and is independent of the guarantees associated with each operation.

Irregular credit is classified in risk categories according to the time elapsed since the date of entry of the operations in default, with the minimum levels of provisioning calculated according to the following table:

Category	Normal	Under Supervision	Below Normal	Doubtful Credit	Loss
% of provision	2%	10%	25%	50%	100%
Time elapsed since defaulted	Up to 30 days	From 30 to 89 days	From 90 to 180 days	From 180 to 360 days	More than 360 days

Overdue interest, as well as credits in coercive collection, are fully provisioned. Additionally, specific additional provisions were recorded for some situations where more significant difficulties in the recovery of credits are estimated, including restructured credits.

The Bank's Board of Directors considers that the appropriations for the aforementioned provisions are fully deductible for the purposes of calculating income tax, as they are inherent/indispensable for the realization of income subject to tax. Additionally, the nature of the provisions recorded is based on the regulations issued by the Central Bank of São Tomé and Príncipe, in accordance with the competence assigned to it by the Law on Financial Institutions.

Provisions determined by the individual impairment analysis and for customers in the below normal, doubtful credit and loss categories are recorded as a credit under the caption "Loans on customers" in assets.

Provisions for the normal and supervised categories and those for off-balance sheet exposures are recorded under "Miscellaneous provisions" in shareholders' equity.

The obligation to classify assets and make a provision does not cover the rights held over the State of S. Tomé and Príncipe or guaranteed by

it, pursuant to article 4 of NAP 07/2007.

In response to the COVID-19 pandemic, Decree-Law No. 7/2020, of May 7, complemented by NAP 07/2020, of May 22, introduced a range of moratoria on credits that allowed debtors to defer until 6 months of payment of your installments, without being considered defaults and without capitalization of interest. These moratoria suspended the counting of days in arrears, which increased the judgment inherent in the identification of doubtful debts or those with risk of loss.

On January 29, 2021, the Central Bank of Sao Tome and Principe communicated to the Bank Deliberation No. 2/2021, of January 28, of the Venerable Council of Ministers, to extend the moratorium until March 2021 referred to above, to companies and subordinate and self-employed workers in the tourism and related sectors, hotels, restaurants, aviation, artists and musician-cultural and craft professionals.

d) In lieu of payment

Real estate and other assets received as payment for the recovery of irregular credits are recorded under "Other assets" (Note 9), in accordance with article nº 8 of Permanent Application Regulation nº 7/07, of 6 August.

The receipt of goods or amounts in payment of irregular credit payment is made at the minimum between the principal amount of the credit or asset to be received, plus any expenses incurred with legal proceedings and the fair value estimated by the independent appraisers.

During 2018, and in order to assess the fair value of the properties received as payment, the Bank requested independent appraisals. Provisions were recorded if the fair value estimated by the independent appraiser is lower than the book value.

In the years 2019 and 2020, the Bank chose to set up specific additional provisions for these properties, depending on their age, using a depreciation rate of 12.5% per year of age for this purpose.

Provisions for Goods in payment in kind are also recorded under “Other assets” (Note 9), to be deducted from the gross value of the good.

e) Tangible and intangible assets

Tangible fixed assets acquired up to 1998 are recorded at acquisition cost, revalued in accordance with current legislation. Subsequent additions of tangible fixed assets are recorded at acquisition cost, less depreciation. Depreciation is calculated using the straight-line method, in twelfths, in accordance with the amortization rates defined in Law No. 5/93, of August 10, which correspond to the following years of estimated useful life:

	Years of lifespan
Own Service Properties	50
Equipment:	
Furniture and supplies	8
Machines and Tools	2 - 10
Computer equipment	3 - 4
Indoor installations	8 - 20
Transport material	4

The acquisition cost includes expenses that are directly attributable to the acquisition of the assets. Maintenance and repair expenses are recognized as a cost for the year, under “General Administrative Expenses”.

Intangible assets essentially correspond to costs with the acquisition, development or preparation for use of software used in the

development of the Bank's activities. These fixed assets are amortized using the straight-line method, in twelfths, over a period of three years.

Software maintenance expenses are recorded as a cost in the year in which they are incurred.

Costs associated with equity operations, including expenses with capital increases, are recorded directly as a deduction from equity, not affecting the result for the year.

f) Securities portfolio

According to the PCIF, the securities in the portfolio must be classified into categories according to the nature of the financial instruments and the Bank's intention to acquire them. This regulation also provides for the accounting of part of the instruments at fair value.

Thus, as BISTP intends to keep its securities until maturity, that is, it does not have the objective of disposing of the securities in the short term or obtaining a short-term gain, no provisions are recorded for any capital losses potential arising from the devaluation of the securities, except in the case of situations where there is evidence of impairment.

As at 31 December 2020, investments in securities are recorded at nominal value and correspond to Treasury Bills of the State of São Tomé and Príncipe. The positive or negative difference between the acquisition cost and the nominal value of the securities, which corresponds to the premium or discount verified at the time of purchase, is recognized in accounting terms as a cost or income between the acquisition date and the maturity date. Securities are accounted for in assets at their nominal value, and shown in the balance sheet in the line designated "Investment securities".

The discount amount is recorded in liabilities under "Revenues with deferred income" (Note 14), and presented in the line designated as "Revenue accounts"

g) Financial fixed assets

On December 31, 2020 and 2019, the heading "Financial fixed assets" corresponds to the Bank's participation in the Automatic Payment Management Company of São Tomé and Príncipe (SPAUT). Financial fixed assets are recorded at acquisition cost and are subject to impairment analyses.

h) Taxes

The Bank is subject to Income Tax through the application of a normal rate of 25%, as provided for in Article 81 of the Tax Code, enacted through Law no. 16/2008, of 31 December.

Additionally, to the amount calculated for tax collection, stamp duty is added at the normal rate of 6%, which is reflected in the item "Other operating results" in the income statement.

It should also be noted that the interest on Treasury Bills issued by the State of São Tomé and Príncipe is subject to withholding tax at a rate of 20%, this amount being subsequently deductible for the purposes of calculating the tax estimate.

Deferred taxes are not recorded, as there are no temporary asset or liability differences between the book values and the tax values.

i) Retirement pensions

Law No. 1/90, of 8 May, which regulates the Social Security system in São Tomé and Príncipe, provides for the attribution of retirement pensions to all workers registered with Social Security who reach the age considered normal for the cessation of the professional activity (57 or 62 years depending on whether they are female or male, respectively). The value of these pensions is calculated under the terms of Articles 59 and 67 of the aforementioned Law. According to its Article 99, the contribution rates for this system are 6% for the employer and 4% for workers. In addition to these contributions, the Bank did not assume any additional responsibility for its employees' retirement benefits.

However, as it anticipates that a supplement to the retirement pension awarded by the Social Security will be granted, as of 2008, the Bank recorded a provision for pensions under the heading "Sundry provisions" of the shareholders' equity, in the amount of STN 21,510,168. This provision was determined based on an estimate that assumed that the supplement would correspond to approximately 20% of salary at the time of retirement.

The distribution of this amount was in the nature of a short-term benefit and the Bank will only make additional contributions in subsequent years if it so decides. The Bank will bear no responsibility for the fund.

The percentage held by each employee was calculated based on their seniority and average salary. The Bank's employees on 31 December 2016 were beneficiaries of this award.

During the 2017 financial year, the Board of Directors distributed all the retirement and survival provisions constituted in 2008 in the amount STN 21,510,168, this amount having been transferred to a demand deposit account at the Bank held by the Workers Social Fund from the bank.

j) Seniority awards

The Bank assumed the commitment to pay seniority bonuses corresponding to one or two months of salary, to employees who have completed 15 and 30 years of service, respectively. Seniority awards are recognized linearly over the employees' length of service under the heading "Costs payable", being recorded in "Accounts for regularization" (Note 14) and presented in the results under the "Staff costs" category.

k) Commissions

According to the PCIF, commissions charged by the Bank in granting credit must be deferred and recognized in income using the effective rate method, regardless of when these commissions are collected or paid. As described in Note 2.1, in 2019 and 2018, the Bank obtained authorization from the Central Bank to defer these commissions using the straight-line method.

Commissions associated with guarantees provided, documentary credits and card annuities are deferred on a straight-line basis over the corresponding period.

Commissions for services rendered are recognized as income over the

period of provision of the service or all at once, if they correspond to compensation for the execution of single acts.

l) Credit to customers and other amounts receivable

Credits and other receivables comprise all financial assets corresponding to the provision of money, goods or services to a debtor. This concept covers the typical activity of granting credit to customers, as well as credit positions resulting from operations with third parties carried out within the scope of the institution's activity and excludes operations with credit institutions. These financial assets are initially recorded at the contracted amounts, when originated by the Bank, or at the amounts paid, when acquired from other entities.

Interest, commissions and other costs and income associated with credit operations are accrued over the life of the operations against income items, regardless of when they are collected or paid.

The Bank writes off credits from the assets (write-offs) of operations that it considers irrecoverable and whose provisions are constituted by the total value of the operation.

Credits are subject to provisions as disclosed in Note 2.2 c).

m) Guarantees provided and irrevocable commitments

Liabilities for guarantees provided and irrevocable commitments are recorded under off-balance sheet items at the value at risk, with interest, fees, commissions or other income recorded under results over the life of the operations.

These liabilities are covered by the provisions for the constitution of provisions for credit risk provided for in Permanent Application Regulation No. 7/07, and in the Official Gazette No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3, as disclosed in Note 2.2 c).

n) Other financial liabilities

This category includes resources from central banks, other credit institutions and customers.

These financial liabilities are measured at their nominal value plus any commissions and all incremental costs directly attributable to the transaction.

o) Provisions and contingent liabilities

A provision must be recognized when there is a present obligation (legal or constructive), (i) resulting from a past event, for which there is (ii) a strong probability of making an outflow of resources and which is (iii) quantifiable in a reliable way.

When the occurrence of an outflow of resources is not probable, or the estimate of the amount of the obligation cannot be reliably determined, we are faced with a contingent liability, which should only be subject to disclosure, unless the possibility of occurrence is remote.

p) Caixa e seus equivalentes

For the purposes of preparing the cash flow statement, the Bank considers as "Cash and cash equivalents" the amounts recorded in the

balance sheet of very short-term investments, available immediately without loss of value, which include the cash and cash equivalents items at the Central Bank and cash on hand at credit institutions.

Demand deposits at the Central Bank (BCSTP) in national currency are intended to comply with the provisions in force for the maintenance of minimum cash reserves.

3. CASH AND AVAILABILITY AT THE CENTRAL BANK

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Cash		
National currencies	56,693,119	51,372,753
Foreign currencies		
Euros	9,758,043	15,958,258
US Dollars	3,858,712	9,311,662
Other currencies	9,336,696	6,529,710
	79,646,571	83,172,382
Demand deposits at the Central Bank of São Tomé and Príncipe		
National Currencies	876,410,506	499,406,487
Foreign Currencies		
Euros	76,730,497	64,615,230
US Dollars	10,136,670	11,235,029
	963,277,673	575,256,746
	1,042,924,243	658,429,128

On December 31, 2020 and 2019, the minimum cash reserves are updated by applying the percentages of 18% on eligible liabilities in national currency and 21% on eligible liabilities in foreign currency, respectively, for the preceding month in two months the start of the maintenance period, under the terms of the Permanent Application Regulation No. 18/2011, of August 17, of the Central Bank of São Tomé and Príncipe. These deposits are not remunerated.

4. CREDIT INSTITUTIONS ON SIGHT AVAILABILITY

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Checks to be collected		
Abroad	37,975	56,889
In the country	4,895,793	1,108,779
	4,933,768	1,165,668
Bonds to be collected in the country	28,254,050	276,712
Demand deposits abroad		
Caixa Geral de Depósitos:		
Headquarters (Lisbon)	58,578,064	77,097,796
Cash Advance		
Electronic Banking		
France branch	159,089	289,097
Banco Comercial Português	12,695,009	39,247,899
Banco Santander Totta	3,418,620	13,445,179
Banco Angolano de Investimento Angola	3,591,127	2,589,072
Banco Caixa Angola		-
Other Credit Institutions	188,218	228,730
	78,630,127	132,897,773
Other availabilities	2,130	1,290
	111,820,075	134,341,442

Checks to be collected correspond to checks on customers of other banks, which, as a rule, are collected in the first following working days.

On December 31, 2020 and 2019, the heading “Securities to be collected in the country” is composed of “Banking Orders” from the General Directorate of Treasury, made available by this institution to the Bank for the purposes of settling its liabilities. These amounts were settled in full with the Central Bank of São Tomé and Príncipe in the first days of January of the respective following year.

5. OTHER CREDITS ON CREDIT INSTITUTIONS

As at December 31, 2020 and 2019, this item corresponds to time deposits, which have the following structure by currency and interest rate. The Certificates of the Central Bank of S. Tomé and Príncipe have a fixed income of 1% per year, with a maturity of 30 days.

2020						
	Moeda	Taxa de Juro	Montante em divisa	Montante em STN	Juros a Receber	Total
Caixa Geral de Depósitos	USD	0.19%	3,200,000	63,838,400	28,302	63,866,702
Banco Comercial Português	USD	1.80%	6,600,000	131,666,700	2,212,001	133,878,701
Banco Comercial Português	USD	0.29%	1,000,000	19,949,500	19,124	19,968,624
Banco Comercial Português	USD	0.29%	2,175,000	43,390,163	41,594	43,431,757
Certificado de Depósitos Banco Central	STN	1.00%	55,509,298	55,509,298	21,587	55,530,885
				314,354,060	2,322,607	316,676,668

2019						
	Moeda	Taxa de Juro	Montante em divisa	Montante em STN	Juros a Receber	Total
Banco Angolano de Investimento-BAI	USD	2.26%	1,000,000	21,896,500	25,981	21,922,481
Caixa Geral de Depósitos	USD	1.80%	3,250,000	71,163,625	469,680	71,633,305
Caixa Geral de Depósitos	USD	1.80%	2,300,000	50,361,950	332,389	50,694,339
Caixa Geral de Depósitos	USD	1.80%	670,000	14,670,655	96,826	14,767,481
Banco Comercial Português	USD	3.00%	6,150,000	134,663,475	3,793,021	138,456,496
				292,756,205	4,717,897	297,474,102

As of December 31, 2020 and 2019, time deposits have the following structure, according to the residual maturities:

	2020			2019		
	Montante em STN	Juros a receber	Montante Total	Montante em STN	Juros a receber	Montante Total
Deadline Up to 3 month	187,175,998	2,233,588	189,409,585	156,559,975	3,819,002	160,378,977
Residual Between three months and a year	127,178,063	89,020	127,267,082	136,196,230	898,895	137,095,125
	314,354,060	2,322,607	316,676,668	292,756,205	4,717,897	297,474,102

6. CREDITS ON CUSTOMER

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Regular Credit		
Commercial discounts	2,558,046	2,301,106
Loans	679,715,246	641,964,089
Crédit on checking account	19,870,454	18,236,631
Overdrafts on demand deposits	17,097,871	137,811,403
	719,241,616	800,313,228
Foreign currency:		
Commercial discounts		
Loans	26,924,055	36,926,667
Crédit on checking account	1,078,835	1,220,806
Overdrafts on demand deposits	4,345	11,800
Other Credits	-	-
	28,007,235	38,159,273
Total regular credit (1)	747,248,852	838,472,501
Irregular Credit		
Local Currency:		
Capital	203,276,968	170,032,783
Interest	368,666	480,444
	203,645,633	170,513,227
Foreign currency:		
Capital	52,471,728	53,933,612
Interest	46,731	46,244
	52,518,459	53,979,856
Irregular credit total (2)	256,164,092	224,493,083
Total credit granted (3) = (1) + (2)	1,003,412,944	1,062,965,584
Interest receivable from credit granted (4)	5,159,930	4,127,392
Total gross credit (5) = (3) + (4)	1,008,572,874	1,067,092,976
Provisions for credit granted (Nota 15) (6)	(219,407,943)	(209,120,200)
Total net credit (7) = (5) - (6)	789,164,931	857,972,776

Based on the division between regular and irregular credit in light of the Permanent Application Standard No. 7/2007, of August 6, of the Central Bank of São Tomé and Príncipe, the credit portfolio on December 31, 2020 and 2019 segmented if as follows:

	2020	2019
Regular Credit		
Normal	695,879,629	775,941,652
Under supervision	51,369,223	62,530,848
	747,248,852	838,472,501
Irregular Credit		
Below normal	36,676,691	6,950,991
Doubtful credit	28,155,738	29,775,495
Loss	26,602,859	42,383,243
Credit in coercive collection	164,728,803	145,383,354
	256,164,092	224,493,083

According to the Central Bank of Sao Tome and Principe(BCSTP) chart of accounts for financial institutions, loans with installments overdue up to 89 days, included in classes 1 and 2 of the loan portfolio (normal situation and under supervision, respectively), are considered to be in good standing. Loans with installments overdue for more than 90 days, included in classes 3, 4 and 5 of the loan portfolio (below normal, doubtful and loss, respectively), are considered irregular or adversely classified. Credit in coercive collection is included in class 5 of the credit portfolio and consists of contracts that are in a situation of litigation.

For the purposes of distributing the table below, the distinction between outstanding credit and overdue credit is made based on the division between outstanding exposure (without days of delay) and overdue (with default) of each contract.

On December 31, 2020 and 2019, provisions for loans granted amounted to 236,053 mSTN and 227,463 mSTN, respectively, and refer to customers classified in the "Regular and Irregular" categories. As at December 31, 2020 and 2019, the provisions made for customers in the "Irregular" categories amount to 219,408 mSTN and 209,120 mSTN, respectively, and are deducting the gross amount of credit in assets in the line "Credit on customers". Provisions made for customers in the "Regular" category are reflected in the heading "Sundry provisions" (Notes 15 and 16) of Shareholders' Equity and amount to 16,645 mSTN and 18,343 mSTN, referring to the year 2020 and 2019, respectively.

As at December 31, 2020 and 2019, the composition of credit and respective provisions by classes shown in the previous map can be detailed as follows:

2020								
Classe	Vivo	Vencido			Total de Crédito	Provisões		
		Capital	Juros	Total		Regulamentar	Económicas	Total
Normal	644,846,478	42,983,175	8,049,976	51,033,151	695,879,629	10,741,321	-	10,741,321
Sob supervisão	45,935,943	5,374,525	58,754	5,433,279	51,369,223	1,461,878	4,442,159	5,904,037
Total de Crédito Regular	690,782,421	48,357,700	8,108,730	56,466,430	747,248,852	12,203,199	4,442,159	16,645,358
Abaixo do normal	34,471,288	2,200,403	5,000	2,205,404	36,676,691	1,090,797	8,927,965	10,018,762
Crédito Duvidoso	17,904,821	10,157,878	93,039	10,250,917	28,155,738	4,860,108	13,197,410	18,057,518
Perda	10,150,641	16,134,861	317,357	16,452,218	26,602,859	9,564,942	17,037,918	26,602,859
Crédito em Contencioso	-	164,728,803	-	164,728,803	164,728,803	164,728,803	-	164,728,803
Total de crédito irregular	62,526,750	193,221,946	415,396	193,637,342	256,164,092	180,244,650	39,163,293	219,407,943
	753,309,172	241,579,646	8,524,127	250,103,773	1,003,412,944	192,447,849	43,605,452	236,053,301
2019								
Classe	Vivo	Vencido			Total de Crédito	Provisões		
		Capital	Juros	Total		Regulamentar	Económicas	Total
Normal	731,872,080	39,240,918	4,828,654	44,069,572	775,941,652	11,678,281	189,613	11,867,894
Sob supervisão	58,386,974	4,015,932	127,943	4,143,875	62,530,848	1,585,162	4,890,023	6,475,185
Total de Crédito Regular	790,259,054	43,256,850	4,956,597	48,213,447	838,472,501	13,263,443	5,079,636	18,343,080
Abaixo do normal	5,516,063	1,416,689	18,239	1,434,928	6,950,991	456,028	1,281,720	1,737,748
Crédito Duvidoso	23,325,110	6,355,934	94,450	6,450,384	29,775,495	2,601,782	17,014,074	19,615,855
Perda	8,156,789	33,812,455	413,999	34,226,454	42,383,243	28,255,151	14,128,091	42,383,243
Crédito em Contencioso	-	145,383,354	-	145,383,354	145,383,354	145,383,354	-	145,383,354
Total de crédito irregular	36,997,962	186,968,433	526,688	187,495,120	224,493,083	176,696,314	32,423,885	209,120,200
	827,257,016	230,225,282	5,483,285	235,708,568	1,062,965,584	189,959,758	37,503,522	227,463,280

On December 31, 2020 and 2019, additional provisions for loans granted (economic provisions) were created in the amounts of STN 43,605,452, and STN 37,503,522, respectively. The growth of economic provisions in 2020, as shown in the previous map, is due to the growing situation of economic uncertainty caused by the COVID-19 pandemic, and as a result of which it is estimated that more significant difficulties in collecting irregular or restructured credits.

As of December 31, 2020, there are 22 credit operations with a moratorium amounting to STN 37,564,866, with 36,889,765 relating to companies (2 operations) and 675,101 relating to individuals (20 operations).

The table below shows the amount of credit exposures to the sectors that were most affected by the Covid-19 pandemic:

Sectores que sofreram maior impacto com a pandemia de COVID-19								
Empresas que operam no sector de Serviços (Ano de 2020)								
Classe	Vivo	Capital	Vencido Juros	Total	Total de Crédito	Regulamentar	Provisões Económicas	Total
Normal	47,289,339	-	-	-	47,289,339	825,210	-	825,210
Sob supervisão	1,242,978	-	-	-	1,242,978	24,860	99,438	124,298
Total de Crédito Regular	48,532,317	-	-	-	48,532,317	850,070	99,438	949,508
Abaixo do normal	-	-	-	-	-	-	-	-
Crédito Duvidoso	-	920,630	-	920,630	920,630	411,105	49,210	460,315
Perda	-	-	-	-	-	-	-	-
Crédito em Contencioso	-	8,206,339	-	8,206,339	8,206,339	8,206,339	-	8,206,339
Total de crédito irregular	-	9,126,969	-	9,126,969	9,126,969	8,617,444	49,210	8,666,654
	48,532,317	9,126,969	-	9,126,969	57,659,286	9,467,514	148,648	9,616,162
Empresas que operam no sector de Turismo (Ano de 2020)								
Classe	Vivo	Capital	Vencido Juros	Total	Total de Crédito	Regulamentar	Provisões Económicas	Total
Normal	900,475	-	-	-	900,475	18,009	-	18,009
Sob supervisão	-	-	-	-	-	-	-	-
Total de Crédito Regular	900,475	-	-	-	900,475	18,009	-	18,009
Abaixo do normal	3,365,608	-	-	-	3,365,608	67,312	893,570	960,882
Crédito Duvidoso	4,346,160	-	-	-	4,346,160	4,346,160	-	4,346,160
Perda	-	-	-	-	-	-	-	-
Crédito em Contencioso	-	-	-	-	-	-	-	-
Total de crédito irregular	7,711,768	-	-	-	7,711,768	4,413,472	893,570	5,307,042
	8,612,243	-	-	-	8,612,243	4,431,481	893,570	5,325,051

As of December 31, 2020 and 2019, the composition of the customer loan portfolio, for financing purposes, can be detailed as follows:

	2020			2019		
	Crédito regular	Crédito irregular	Crédito concedido	Crédito regular	Crédito irregular	Crédito concedido
Empresas						
Agrícola	964,496	-	964,496	1,234,948	-	1,234,948
Automóvel	469,928	-	469,928	374,534	203,241	577,775
Comércio	2,235,373	3,802,549	6,037,923	182,346	4,040,624	4,222,969
Construção	1,968,032	2,708,137	4,676,169	1,727,073	2,514,282	4,241,354
Consumo	371,368	1,107,712	1,479,080	1,201,947	948,964	2,150,911
Habitação	682,057	14,841,841	15,523,898	993,946	15,036,174	16,030,121
Importação	6,398,704	902,338	7,301,042	5,233,146	953,598	6,186,745
Investimento:	121,993,920	85,886,456	207,880,376	143,773,359	77,702,726	221,476,085
-Agricultura e Pecuária	979,354	684,956	1,664,311	1,548,382	1,071,056	2,619,438
-Comercio	23,884,841	65,595,846	89,480,687	21,155,851	63,597,889	84,753,739
-Construção	46,102,297	2,766,917	48,869,214	56,020,673	307,870	56,328,542
-Educação	1,594,636	-	1,594,636	-	51,294	51,294
-Serviços	48,532,317	9,126,969	57,659,286	62,617,543	8,326,339	70,943,881
-Turismo	900,475	7,711,768	8,612,243	2,430,912	4,348,279	6,779,191
Outros Tipos	22,421,043	43,696,814	66,117,857	37,756,982	43,644,516	81,401,498
Turismo	-	-	-	-	-	-
Organismo Central do Estado	154,108,993	-	154,108,993	185,391,414	-	185,391,414
	311,613,915	152,945,848	464,559,763	377,869,695	145,044,124	522,913,819
Particulares						
Agrícola	1,190,983	159,778	1,350,761	1,660,332	36,574	1,696,907
Automóvel	3,547,379	1,789,955	5,337,334	2,410,899	1,004,656	3,415,555
Comércio	638,950	7,788,256	8,427,206	1,455,588	7,582,548	9,038,136
Construção	168,570,509	27,634,131	196,204,640	213,499,004	12,690,239	226,189,243
Consumo	72,913,873	9,122,103	82,035,976	75,580,792	5,113,646	80,694,438
Educação	935,528	155,305	1,090,832	1,488,834	-	1,488,834
Exportação	-	-	-	-	-	-
Habitação	150,783,099	31,431,309	182,214,407	125,576,225	21,793,179	147,369,403
Importação	-	507,374	507,374	-	524,524	524,524
Investimento	35,515,802	17,546,607	53,062,409	36,126,106	18,610,917	54,737,023
Outros Tipos	1,144,004	7,083,428	8,227,431	1,604,708	12,025,016	13,629,724
Saúde	394,810	-	394,810	1,200,318	67,659	1,267,977
	435,634,937	103,218,244	538,853,181	460,602,806	79,448,958	540,051,764
	747,248,852	256,164,092	1,003,412,944	838,472,501	224,493,083	1,062,965,584

As of December 31, 2020 and 2019, credit in good standing has the following structure by currency and average interest rate:

	2020		2019	
	Interest Rate	Regular Credit	Interest Rate	Regular Credit
In Sao Tome Dobras	12.49%	719,241,616	11.85%	800,313,228
In US Dollars	6.88%	24,083,669	8.33%	6,071,804
In Euros	7.52%	3,923,566	6.84%	32,087,469
		<u>747,248,852</u>		<u>838,472,501</u>

As of December 31, 2020 and 2019, credit to customers has the following structure, according to the residual maturities:

	2020	2019
	Total	Total
Up to one year	73,967,017	138,907,755
From one to five years	506,855,393	389,227,099
More than five years	311,192,617	364,201,007
Credit with indefinite duration	111,397,917	170,629,722
	<u>1,003,412,944</u>	<u>1,062,965,584</u>

Credit with indefinite duration includes credit in coercive collection and contracts in which the contractual maturity date is exceeded.

7. INVESTMENT SECURITIES

As of December 31, 2020 and 2019, this item is made up as follows:

	Moeda	Custo de aquisição	Taxa de Juro	Data de vencimento	2020			
					Montante em STN	Juros a receber	Desconto	Total
Bilhete de Tesouro (STPBTTES0010)	STN	165,048,544	3%	12/03/2021	165,048,544	-	4,951,456	170,000,000
Bilhete de Tesouro (STPBTTES0011)	STN	189,152,627	3%	07/10/2021	189,152,627	-	5,674,579	194,827,206
Bilhete de Tesouro (STPBTTES0012)	STN	44,343,952	3%	29/06/2021	44,343,952		656,048	45,000,000
					<u>398,545,123</u>	<u>-</u>	<u>11,282,083</u>	<u>409,827,206</u>
	Moeda	Custo de aquisição	Taxa de Juro	Data de vencimento	2019			
					Montante em STN	Juros a receber	Desconto	Total
Bilhete de Tesouro (STPBTTES0008)	STN	276,564,068	3%	12/03/2020	276,564,068	-	8,319,653	284,883,721
Bilhete de Tesouro (STPBTTES0009)	STN	291,262,136	3%	07/10/2020	291,262,136	-	8,737,864	300,000,000
					<u>567,826,204</u>	<u>-</u>	<u>17,057,517</u>	<u>584,883,721</u>

14. Notes to the financial statements

On December 31, 2020 and 2019, the bonds are registered at their nominal value. The discount amount is recorded in the account referring to “Revenues with deferred income” and reflected in liabilities in “Regularization accounts” (Note 14).

On December 31, the Bank only had Treasury Bills of the State of São Tomé and Príncipe in its portfolio.

8. FIXED ASSETS

The movement in these items during the years ended December 31, 2020 and 2019 was as follows:

	31/12/2019					Abates				31/12/2020		
	Activo Bruto	Amortizações acumuladas	Activo líquido	Aquisições	Amortizações do exercício	Activo Bruto	Amortizações acumuladas	Imparidade	Transferências	Activo Bruto	Amortizações acumuladas	Activo líquido
Imobilizações corpóreas												
Imóveis de serviço próprio	260,452,211	(67,805,182)	192,647,029	-	(7,771,117)	1,055,912	(234,061)	-	-	259,396,298	(75,342,238)	184,054,060
Mobiliário e material	49,946,001	(36,320,110)	13,625,891	-	(3,416,350)	11,035,096	(9,711,459)	-	-	38,910,905	(30,025,001)	8,885,904
Maquinas e ferramentas	36,978,956	(33,550,617)	3,428,339	8,511,015	(1,607,515)	11,688,670	(11,297,138)	-	-	33,801,302	(23,860,994)	9,940,307
Equip. Informático-hardware	29,775,760	(22,389,271)	7,386,489	1,234,029	(3,067,966)	4,928,143	(4,607,726)	-	900,360	26,982,006	(20,849,511)	6,132,495
Instalações interiores	18,069,988	(11,220,814)	6,849,173	206,788	(1,223,124)	4,591,601	(3,547,859)	-	34,544	13,719,719	(8,896,080)	4,823,639
Material de Transporte	13,097,576	(12,726,759)	370,817	2,400,000	(418,734)	2,067,300	(2,067,300)	-	-	13,430,276	(11,078,193)	2,352,082
Equipamentos de Segurança	5,806,780	(3,417,532)	2,389,247	35,525	(380,998)	1,110,088	(896,588)	-	-	4,732,216	(2,901,943)	1,830,274
Outros Equipamentos	2,876,573	(1,516,213)	1,360,359	-	(241,848)	-	0	-	-	2,876,573	(1,758,061)	1,118,512
Património artístico	1,221,535	-	1,221,535	-	-	137,530	0	-	-	1,084,005	-	1,084,005
	418,225,379	(188,946,498)	229,278,881	12,387,358	(18,127,653)	36,614,342	(32,362,130)	0	934,904	394,933,299	(174,712,021)	220,221,278
Imobilizações incorpóreas												
Equip. Informático-software	35,864,876	(29,120,267)	6,744,609	5,309,882	(3,678,892)	-	-	-	-	41,174,759	(32,799,160)	8,375,599
Outros	55,156	(55,156)	-	-	-	-	-	-	-	55,156	(55,156)	-
	35,920,033	(29,175,424)	6,744,609	5,309,882	(3,678,892)	-	-	-	-	41,229,915	(32,854,316)	8,375,599
Imobilizações em curso												
Imobilizações incorpóreas	551,496	-	551,496	315,131	-	-	-	-	-	866,627	-	866,627
Imóveis de serviço próprio	199,396	-	199,396	1,292,025	-	-	-	-	-	1,491,421	-	1,491,421
Imóveis arrendados	-	-	-	-	-	-	-	-	-	-	-	-
Mobiliário e material	-	-	-	-	-	-	-	-	-	-	-	-
Máquinas e ferramentas	40,885	-	40,885	-	-	-	-	-	(40,885)	-	-	-
Equipamento informático	859,475	-	859,475	184,145	-	-	-	-	(859,475)	184,145	-	184,145
Instalações interiores	57,432	-	57,432	720,343	-	-	-	-	(34,544)	743,231	-	743,231
Outras Imobilizações Corpóreas	-	-	-	-	-	-	-	-	-	-	-	-
	1,708,685	-	1,708,685	2,511,644	-	-	-	-	(934,904)	3,285,425	-	3,285,425
Imobilizações financeiras												
SPAUT	2,940,000	(2,940,000)	-	-	-	-	-	2,940,000	-	2,940,000	(2,940,000)	-
	2,940,000	(2,940,000)	-	-	-	-	-	2,940,000	-	2,940,000	(2,940,000)	-
	458,794,096	(221,061,922)	237,732,174	20,208,884	(21,806,546)	36,614,342	(32,362,130)	2,940,000	-	442,388,639	(210,506,337)	231,882,302

On December 31, 2020 and 2019, the item "Financial Fixed Assets - SPAUT" refers to an 8% interest, corresponding to 120 shares, in the Automatic Payment Management Company of São Tomé and Príncipe (SPAUT), whose capital social security amounts to STN 36,750,000.

During 2017, the Bank provisioned 100% of this participation, as a result of the lack of audited financial information and the consequent low prospect, by the

Bank's Board of Directors, of future recoverability. Although in 2020 SPAUT started a process of restructuring its business model, aiming at a substantial improvement in the quality of service and inclusion of new payment services in the Dobra24 network, BISTP, prudently, maintains its participation provisioned at 100%.

On December 31, 2020, following the inventory carried out, write-offs were carried out from assets that were no longer able to continue to be used, the value of which amounted to STN 34,567,718.56.

With regard to the acquisitions that took place in 2020, the "Machinery and Tools" item, "Transport Material" in tangible fixed assets and "Equip. IT-software" in fixed assets in intangibles, which experienced greater variation due to the acquisition of new ATM and POS machines, computer programs within the scope of the Dobra24 network restructuring project, and the partial renewal of the Bank's vehicle fleet.

9. OTHER ASSETS

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Properties received as payment for credit recovery	35,066,287	30,925,482
Cash Advance	227,826	768,921
Western Union	997,475	1,094,825
Income tax (IRC) receivable	6,765,696	-
Income tax (IRS) receivable	997,475	-
Others	2,578,852	7,216,502
	46,633,610	40,005,730
Provisions for credit recovery assets (Note 15)	(10,005,932)	(6,350,000)
	36,627,678	33,655,730

On December 31, 2020, there was a total of STN 6,765,696 of income tax receivable, resulting from a volume of results, this year, much lower than the result of 2019. Therefore, the quarterly advance payments of income tax throughout 2020 they exceeded by STN 6,765,696 the IRC calculated based on the result obtained in the fiscal year 2020.

The important variation in the "Others" line is essentially due to the receipt by the State of the indemnification paid to the outgoing administrators, exonerated by the State shareholder.

The properties received as payment for credit recovery are more relevant in terms of "Other Assets". In 2020, the Bank received a property in arrears for credit recovery, which represents a gross asset in the amount of STN 4,140,805, leading to an increase in these assets in the Bank's balance sheet. Based on the Bank's historical data, an average time of sale of the properties in the portfolio was estimated at around 3 years.

On December 31, 2020 and 2019, the breakdown by age of the Bank's real estate portfolio is as follows:

Year of Acquisition	Balance in 31/12/2019	Movement in 2020				Balance in
		Acquisition	Transfer	Sale	Currency revaluation	
Anterior a 2012	241,693	-	-	-	-	241,693
2012	2,211,563	-	-	-	-	2,211,563
2013	2,240,398	-	-	-	-	2,240,398
2014	-	-	-	-	-	-
2015	980,000	-	-	-	-	980,000
2016	4,777,500	-	-	-	-	4,777,500
2017	1,436,328	-	-	-	-	1,436,328
2018	-	-	-	-	-	-
2019	19,038,000	-	-	-	-	19,038,000
2020	-	4,140,805	-	-	-	4,140,805
Total	30,925,482	4,140,805	-	-	-	35,066,287

As of December 31, 2020 and 2019, the properties received as payment for credit recovery are summarized as follows:

Year of acquisition	2020			2019		
	Gross Value	Provisions	Net Value	Gross Value	Provisions	Net Value
Before 2012	241,693	241,693	-	241,693	241,693	-
2012	2,211,563	2,211,563	-	2,211,563	1,935,118	276,445
2013	2,240,398	1,960,349	280,049	2,240,398	1,680,299	560,099
2014	-	-	-	-	-	-
2015	980,000	612,500	367,500	980,000	490,000	490,000
2016	4,777,500	2,388,750	2,388,750	4,777,500	1,791,563	2,985,938
2017	1,436,328	211,328	1,225,000	1,436,328	211,328	1,225,000
2018	-	-	-	-	-	-
2019	19,038,000	2,379,750	16,658,250	19,038,000	-	19,038,000
2020	4,140,805	-	4,140,805	-	-	-
Total	35,066,287	10,005,932	25,060,355	30,925,482	6,350,000	24,575,482

As of December 31, 2020 and 2019, the Bank has recorded provisions in the amount of STN 10.005.932 and STN 6.350,000, respectively, to cover capital losses on the realization of these properties. These provisions are calculated based on the different methods defined in Note 2.2 d).

The portfolio of properties received as payment for credit recovery recorded a new entry in 2020 of STN 4,140,805.

10. ASSET SETTLEMENT ACCOUNTS

As of December 31, 2020 and 2019, this item is made up as follows:

Receivable income
Other commissions

2020	2019
1,058,902	561,000

Expenses with deferred costs:

Software Licenses	1,035,321	1,003,153
Insurance	825,930	701,073
Income	85,015	165,015
Other expenses	118,897	154,705
	2,065,163	2,023,946

Other asset regularization accounts
Others

2,336,322	646,152
5,460,387	3,231,098

The item "Expenses with deferred costs" includes expenses incurred by the Bank that are being deferred.

The biggest growth of "Other asset regularization accounts", having reached

in 2020 the amount of STN 2,336,322 against 646,152 in 2019, mainly to the notarial and tax costs assumed by the bank, within the scope of a process of receiving a property upon payment of credit, but which, later, will be refunded by the customer.

11. CUSTOMER DEPOSITS

As of December 31, 2019 and 2018, this item is made up as follows:

14. Notes to the financial statements

	2020	2019
Demand deposits		
Resident in national currency		
Autonomous bodies and private companies	931,315,636	708,983,861
Privates	442,329,489	420,722,417
State bodies and public companies	278,680,755	262,689,158
	1,652,325,880	1,392,395,435
Foreign currency residents:		
Autonomous bodies and private companies	252,301,726	239,326,835
Privates	227,928,853	229,750,621
State bodies and public companies	50,298,604	57,114,129
	530,529,183	526,191,585
Non-residents in foreign currency		
Privates	14,384,407	-
Total demand deposits (1)	2,197,239,470	1,918,587,020
Term deposits:		
Resident in national currency		
Privates	156,472,985	165,941,716
Autonomous bodies and private companies	5,158,136	31,488,754
State bodies and public companies	-	-
	161,631,121	197,430,470
Foreign currency residents:		
Autonomous bodies and private companies	170,541	65,929
Privates	36,319,813	85,733,458
	36,490,353	85,799,387
Non-residents in foreign currency		
Privates		
Autonomous bodies and private companies	1,110,975	-
	1,110,975	-
Interest payable on term deposits from customers	2,194,794	1,821,191
Total term deposits (2)	201,427,244	285,051,048
Total customer deposits (3) = (1) + (2)	2,398,666,713	2,203,638,068

As of December 31, 2020 and 2019, customer term deposits have the following structure by currency and average interest rate:

	2020		2019	
	Interest Rate	Amount	Interest Rate	Amount
In Sao Tome Dobras	3.53%	162,875,046	3.17%	199,066,195
In US Dollars	0.03%	24,902,255	0.70%	67,429,011
In Euros	0.01%	11,949,733	0.09%	17,448,313
In Pounds Sterling	0.00%	900,210	0.36%	1,107,529
		200,627,244		285,051,048

Customer demand deposits are not remunerated.

As of December 31, 2020 and 2019, customer term deposits have the following structure, according to the residual maturities:

	2020			2019		
	Capital	interest	Total	Capital	interest	Total
Up to three months	20,776,507	881,665	21,658,172	45,373,642	776,912	46,150,554
From three to six months	31,871,507	445,797	32,317,304	32,575,809	380,378	32,956,187
More than six months	145,784,435	867,333	146,651,768	205,280,406	663,901	205,944,308
	198,432,449	2,194,795	200,627,244	283,229,857	1,821,191	285,051,048

12. RESOURCES FROM OTHER ENTITIES

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Nacional Currency	10,627,474	11,995,025
Foreign Currency	739,566	587,538
	11,367,040	12,582,563

On December 31, 2020 and 2019, the balance of the headings "National currency" and "Foreign currency" correspond, respectively, to amounts of certified checks and amounts deposited in the current account abroad whose depositors and beneficiaries are unknown.

13. OTHER LIABILITIES

As of December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Creditors:		
Collateral for credit operations	7,353,409	4,462,031
Security deposit for opening documentary credits	2,179,450	48,294,492
Providers	3,158,811	553,560
Other creditors	28,014,653	39,558,311
Stamp duty on banking transactions	1,054,740	694,183
Withholding tax on capital income	194,601	191,936
consumption tax	605,219	503,521
Other taxes and duties	624,870	493,232
Withholding tax on independent work	1,254,254	815,466
	44,440,005	95,566,733

As of December 31, 2020 and 2019, the balance of other creditors consists essentially of dividends to be paid to Caixa Geral de Depósitos. The reduction in this item in 2020 is essentially due to the receipt of dividends by shareholder of Angolan Investment Bank (Banco Angolano de Investimentos).

14. LIABILITY SETTLEMENT ACCOUNTS

As of December 31, 2020 and 2019, this item is made up as follows:

Costs to be paid

Vacation and vacation pay	9,867,649	9,103,899
Productivity bonus	8,021,264	8,853,277
Seniority award	3,636,910	3,165,906
Other costs to pay	7,508,728	5,881,928
	29,034,551	27,005,009

Income with deferred income

Current account loans and credits	21,772,465	19,513,422
Bonds and other securities	5,939,552	8,316,941
Guarantees and guarantees provided	763,282	3,056,637
Other incomes	49,092	39,645
	28,524,390	30,926,645

Other regularization accounts:

Payment system compensation	6,577,864	3,742,508
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Income tax payable (Note 19)

	-	4,137,593
	64,136,805	65,811,755

The productivity bonus for the years 2020 and 2019 is STN 8.021.264 and STN 8.853.277, respectively.

The item other costs payable refers to supplier invoices and general expenses, received at the end of the respective year.

On December 31, 2020 and 2019, the balance of the item "Income with deferred income – Loans and credits in current account" refers to the deferral of commissions associated with credit operations.

On December 31, 2020 and 2019, the balance of the item "Other regularization accounts - Payment system compensation" refers to the balance payable related to the compensation of the automatic payment system.

15. PROVISIONS

The movement of provisions in the years ended December 31, 2020 and 2019 was as follows:

	2020						Saldo em 31/12/2020
	Saldo em 31/12/2019	Dotação líquida	Utilizações	Transferência	Diferenças de câmbio e outros	Reclassificação	
A deduzir ao ativo							
Provisões para crédito concedido (Nota 6)	209,120,200	13,664,147	385,820	-	(1,596,716)	(1,393,868)	219,407,943
Provisões para imobilização financeiras (Nota 8)	2,940,000	-	-	-	-	-	2,940,000
Provisões para ativos por recuperação de crédito (Nota 9)	6,350,000	3,709,774	-	-	(53,843)	-	10,005,932
	218,410,200	17,373,921	385,820	-	(1,650,559)	(1,393,868)	232,353,875
Reconhecida na situação líquida							
Provisão para riscos gerais de crédito (Nota 6 e 16)	18,343,078	(3,088,023)	-	-	(3,565)	1,393,868	16,645,357
Provisões para exposições extrapatrimoniais (Nota 18)	1,275,285	(468,118)	-	-	(71,465)	-	735,702
Provisões para outros ativos (Nota 9 e 16)	2,895,163	(382,748)	-	-	56,327	-	2,568,742
Outras provisões (Nota 16)	1,410,787	-	-	-	-	-	1,410,787
	23,924,315	(3,938,890)	-	-	(18,704)	1,393,868	21,360,589
	242,334,515	13,435,031	385,820	-	(1,669,263)	-	253,714,463
	2019						Saldo em 31/12/2019
	Saldo em 31/12/2018	Dotação líquida	Utilizações	Transferência	Diferenças de câmbio e outros		
A deduzir ao ativo							
Provisões para crédito concedido (Nota 6)	216,462,818	(5,404,442)	2,368,805	-	430,628		209,120,200
Provisões para imobilização financeiras (Nota 8)	2,940,000	-	-	-			2,940,000
Provisões para ativos por recuperação de crédito (Nota 9)	1,183,293	5,166,707	-	-			6,350,000
	220,586,112	(237,734)	2,368,805	-			218,410,200
Reconhecida na situação líquida							
Provisão para riscos gerais de crédito (Nota 6 e 16)	14,148,939	4,190,303	-	-	3,836		18,343,078
Provisões para exposições extrapatrimoniais (Nota 18)	1,101,232	164,112	-	-	9,941		1,275,285
Provisões para outros ativos (Nota 9 e 16)	3,037,185	(145,825)	-	-	3,804		2,895,163
Outras provisões (Nota 16)	217,783	1,193,004	-	-	-		1,410,787
	18,505,139	5,401,595	-	-	17,581		23,924,315
	239,091,250	5,163,861	2,368,805	-	17,581		242,334,515

Provisions for other assets at December 31, 2020 had a balance of 2,568,742, corresponding to the provisions created as a result of internal fraud.

16. MOVEMENT IN THE NET SITUATION

The movement in the equity headings for the years ended December 31, 2020 and 2019 was as follows:

	Reservas					Provisões diversas	Resultado líquido do exercício	Correcções dos resultados dos exercícios anteriores	Total	
	Capital	Legal	Reavaliação cambial	Outras	Total					
Saldos em 31-12-2018	166.600.000	32.389.496	892.214	31.139.164	88.194.956	152.615.831	18.505.139	59.304.358	933.877	397.959.205
Excesso de estimativa do imposto do exercício de 2017	-	-	-	-	-	-	-	-	-	-
Distribuição do resultado líquido do exercício de 2018	-	-	-	-	-	-	-	-	-	-
Incorporação em reservas	-	5.930.436	-	-	17.791.307	23.721.743	-	(23.721.743)	-	-
Distribuição de dividendos	-	-	-	-	-	-	-	(35.582.615)	-	(35.582.615)
Resultado líquido do exercício	-	-	-	-	-	-	-	62.325.287	-	62.325.287
Transferência do saldo provisão p/ depreciação do capital	-	-	-	-	-	-	-	-	-	-
Transferência de reserva para capital	-	-	-	-	-	-	-	-	-	-
Movimento provisões diversas (Nota 15)	-	-	-	-	-	-	5.419.176	-	-	5.419.176
								-		
Saldos em 31-12-2019	166.600.000	38.319.932	892.214	31.139.164	105.986.264	176.337.574	23.924.315	62.325.287	933.877	430.121.053
Excesso de estimativa do imposto do exercício de 2017	-	-	-	-	-	-	-	-	-	-
Distribuição do resultado líquido do exercício de 2018	-	-	-	-	-	-	-	-	-	-
Incorporação em reservas	-	6.232.529	-	-	18.697.586	24.930.115	-	(24.930.115)	-	-
Distribuição de dividendos	-	-	-	-	-	-	-	(37.395.172)	-	(37.395.172)
Resultado líquido do exercício	-	-	-	-	-	-	-	35.610.772	-	35.610.772
Transferência do saldo provisão p/ depreciação do capital	-	-	-	-	-	-	-	-	-	-
Transferência de reserva para capital	-	-	-	-	-	-	-	-	-	-
Movimento provisões diversas (Nota 15)	-	-	-	-	-	-	(2.563.726)	-	-	(2.563.726)
								-		
Saldos em 31-12-2020	166.600.000	44.552.461	892.214	31.139.164	124.683.850	201.267.689	21.360.589	35.610.772	933.877	425.772.927

Capital

As of December 31, 2016, the Bank's share capital is represented by 150,000,000 shares, with a nominal value of one thousand Sao Tome and Principe Dobras, fully subscribed and paid up.

During 2017, the Bank decided to carry out a capital increase, in the amount of STN 16,600,000, through the incorporation of foreign exchange revaluation reserves constituted in past years. The number of shares representing the Bank's share capital was increased from 150,000,000 as of December 31, 2016 to

166,600,000 as of December 31, 2017. The par value of the shares was maintained at STD 1,000.

As of December 31, 2020 and 2019, the Bank's shareholder structure, broken down by number of shares, is as follows:

	2020	
	Number of shares	%
The state of Sao Tome and Principe	79,968,000	48%
Caixa Geral de Depósitos	44,982,000	27%
Angolan Investment Bank - Angola	41,650,000	25%
	166,600,000	100%

	2019	
	Number of shares	%
The state of Sao Tome and Principe	79,968,000	48%
Caixa Geral de Depósitos	44,982,000	27%
Angolan Investment Bank - Angola	41,650,000	25%
	166,600,000	100%

Legal reserve

Pursuant to paragraph a) of Article 23 of the BISTP Statutes, the Bank must set up a legal reserve fund until its capital equals it. For this purpose, a minimum of 10% of the previous year's net income is transferred annually to this reserve. This reserve can only be used to cover accumulated losses, when the other constituted reserves are exhausted, or for incorporation in the capital.

Revaluation reserve

This reserve results from revaluations of tangible fixed assets carried out in previous years and complying with the legislation previously in force, which provided for the revaluation of fixed assets through the application of exchange rate devaluation coefficients. The balance of the revaluation reserve on December 31, 2019 and 2018, in the amount of STN 892.214, results from the revaluations carried out by the Bank up to 1998. Through the entry into force of the Chart of Accounts for Financial Institutions (PCIF), in the Under the terms of Permanent Application Regulation no. 5/09, of 9 July, issued by the Central Bank of São Tomé and Príncipe, this revaluation was optional and can only be used for capital increase (Note 2.2 b)).

Exchange revaluation reserve

Pursuant to the provisions of Permanent Application Standard No. 1/02, of January 10, revoked through Permanent Application Standard No. 28/11, of December 30, in order to retain part of the profits generated in national currency as a result of the exchange rate devaluation, the Bank started to update its net assets in foreign currency. The amounts of monthly exchange revaluations at the level of the foreign exchange position were recorded in a special currency revaluation reserve, included in the Bank's own funds, but which did not affect the results for the year. This reserve is not distributable and can only be used to increase capital. As of March 2008, with the entry into force of Permanent Application Regulation No. 11/07, of November 26, of the Central Bank of São Tomé and Príncipe, the revaluation of the exchange position in foreign currencies started to be recorded in the results for the year. . In 2014, the Bank incorporated in this caption the provision for the exchange rate devaluation of the share capital against the Euro constituted in 2008, for the period between 1 March and 31 December 2008, plus the impact of the update of the share capital

against the Euro in the financial year of 2009 in the total amount of mSTD 1,904,626. In 2017, the revaluation reserve was reduced by STN 16,600,000, as a result of the capital increase decided by the Bank.

This provision had been set up under the terms of the Permanent Application Regulation nº 11/07, of November 26, of the Central Bank of São Tomé and Príncipe and can only be used to increase the Bank's share capital.

Miscellaneous provisions

The miscellaneous provisions item presented in the Bank's shareholders' equity includes provisions for general credit risks (Note 2.2 c), Note 6 and Note 15), provisions for off-balance sheet exposures (Note 2.2 c), Note 15 and Note 18) and Note 15), provisions for other assets (Note 2.2 d), Note 9 and Note 15) and other provisions (Note 15). The recording of these provisions in the Bank's equity is as defined in the PCIF.

17. BALANCES AND TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2020 and 2019, the main balances and transactions held with the Bank's shareholders are as follows:

	2020	2019
Cash on hand on credit institutions (Note 4)		
The Caixa Geral de Depósito's Group	58,737,153	77,386,893
Banco Angolano de Investimentos- Angola	3,591,127	2,589,072
	62,328,280	79,975,965
Credits and Others on Credit Institutions		
The Caixa Geral de Depósito's Group (Nota 5)	63,866,702	137,095,125
Banco Angolano de Investimentos- Angola (Nota 5)	-	21,922,481
The State of S. Tomé e Príncipe (Nota 6)	154,108,993	185,391,414
	217,975,694	344,409,020
Bonds and other securities (Note 7)		
The Caixa Geral de Depósito's Group	-	-
Banco Angolano de Investimentos- Angola	-	-
The State of S. Tomé e Príncipe	409,827,206	584,883,721
	409,827,206	584,883,721
Other Assets (Note 9)		
The Caixa Geral de Depósito's Group	227,826	768,921
Banco Angolano de Investimentos- Angola	-	-
	227,826	768,921
Customer Resources (Note 11)		
The Caixa Geral de Depósito's Group	-	-
Banco Angolano de Investimentos- Angola	-	-
The State of S. Tomé e Príncipe	89,003,781	74,393,267
	89,003,781	74,393,267
Other Liabilities (Note 13)		
The Caixa Geral de Depósito's Group	27,952,427	27,731,722
Banco Angolano de Investimentos- Angola	-	11,826,433
The State of S. Tomé e Príncipe		
	27,952,427	39,558,155
Financial Margin (Note 20)		
The Caixa Geral de Depósito's Group	1,639,669	3,633,300
Banco Angolano de Investimentos- Angola	86,852	634,146
The State of S. Tomé e Príncipe	16,706,527	15,541,368
	18,433,047	19,808,814

18. OFF-BALANCE SHEET HEADINGS

As of December 31, 2020 and 2019, these items are made up as follows:

	2020	2019
Guarantees provided and other possible liabilities:		
Guarantees and sureties provided	29,443,531	83,858,031
Open Documentary Credits	17,067,487	8,953,956
	<u>46,511,018</u>	<u>92,811,987</u>
Liability for service provision		
Collection of values from abroad	1,606,261	4,809,027
Deposits and safekeeping	1,080,000	1,080,000
	<u>2,686,261</u>	<u>5,889,027</u>
Third Party Responsibilities:		
Real guarantees	<u>1,398,654,807</u>	<u>1,532,507,444</u>
Other off-balance sheet accounts:		
Consignments	411,613	525,371
Miscellaneous accounts	22,630,045	23,983,017
	<u>23,041,658</u>	<u>24,508,388</u>

As of December 31, 2020 and 2019, the provisions for guarantees and sureties provided have the following amounts:

	2020	2019
Provisions for guarantees and sureties provided (Note 15)	<u>735,702</u>	<u>1,275,285</u>

Provisions for guarantees and sureties provided are presented under the heading of miscellaneous provisions included in the Bank's shareholders' equity (Note 16), as defined in the PCIF.

As described in Note 2.2 c), as of December 31, 2019, the provisions constituted are equivalent to 2% of the total off-balance sheet exposure calculated in accordance with the Instruction No. 2, Regulation 2.2 and 2.3 published in Official Gazette. the No. 25/1992,

19. TAXES

On December 31, 2020 and 2019, income tax balances were calculated as follows:

	2020	2019
Income before tax	48,800,751	84,384,181
Adjustments:	-	-
Taxes paid on behalf of a third party (Art. 30, nº 1, subparagraph d))	-	-
Salaries and other remuneration payable (Art. 30, nº 3, subparagraph c))	763,756	14,509
Performance bonus payable (Art.30, nº 3, subparagraph c))	1,261,272	1,493,040
Seniority premium payable (Art.30, nº 3, subparagraph c))	391,997	452,862
Fines and other sanctions (Article 30.1 e)	-	241,725
Life Insurance (Art.30, 3 a))	-	-
Non-deductible amortizations (Art.40, nº 1, subparagraph e))	610,281	463,245
Insurance, repairs and maintenance of light vehicles (Art.30, nº 2)	511,515	491,927
Vehicle fuel (Art. 30, 2)	396,627	653,540
Representation expenses (Art. 31, 3)	23,722	40,548
Collectable matter	<u>52,759,921</u>	<u>88,235,576</u>
Income tax (25% rate)	13,189,980	22,058,894
Excessive tax estimate from previous years	-	-
Current tax for the year (1)	<u>13,189,980</u>	<u>22,058,894</u>
Payments on account (2)	<u>16,544,171</u>	<u>16,227,786</u>
Withholding taxes (3)	<u>3,411,503</u>	<u>1,693,515</u>
Tax payable (4) = (1) - (2) - (3)	<u>(6,765,694)</u>	<u>4,137,593</u>
	(Nota 9)	(Nota 14)

In the years 2020 and 2019, prepayments of stamp duty, in the amount of STN 997,174 and STN 1,283,985, respectively, were reflected in the item "Other operating results" in the income statement (Note 23).

The tax authorities are entitled to review the Bank's tax situation for a period of five years, which may result due to different interpretations of tax legislation, possible corrections to taxable income for the years 2016 to 2020. Given the nature of any corrections that may be made, it is not possible to quantify them at this time. However, the Bank's Board of Directors understands that any additional settlements that may result from these reviews will not be significant for the attached financial statements.

The amount of withholding tax includes a 20% rate applied to the interest on Treasury Bills issued by the State of São Tomé and Príncipe, as referred to in Note 2.2 h).

20. FINANCIAL MARGIN

In the years ended December 31, 2020 and 2019, these items are made up as follows:

	2020	2019
Interest and similar income		
Of credit granted	95,834,392	113,420,279
Of bonds and other long-term debt securities	13,659,472	12,743,716
Commissions associated with credit operations	7,950,298	9,354,434
From applications in credit institutions abroad	4,465,796	7,574,859
Others	-	-
	121,909,957	143,093,288
	6,395,337	7,347,394
	27,349	7,746
	6,422,686	7,355,140

The extraordinary measures taken by the authorities through the NAP 07/2020, and more specifically with regard to the granting of a moratorium without capitalization of interest and the 50% reduction in commissions inherent to credit operations, impacted negatively the financial margin and it is estimated that they contributed to the bank registers a loss of interest and credit fees around STN 12,076,655.

CRÉDITO COM MORATÓRIA AO ABRIGO DA NAP 07/2020				
Default credit	Amount in STN	Nº of operations	Interest suspended until september 2020	Interest suspended until dez. 2020 (estimate)
Private	105.706.217	1.709	7.374.734	8.752.690
Companies	42.966.766	19	1.648.410	1.957.547
Total	148.672.984	1.728	9.023.144	10.710.237
Estimate Income on new credits opened from May to September (study and opening commission reduced by 50%)			1.366.418	1.366.418
Total impact of interest and credit income			10.389.562	12.076.655

21. INCOME AND SERVICE AND COMMISSION CHARGES

In the years ended December 31, 2020 and 2019, these items are made up as follows:

	2020	2019
Income from services and commissions:		
Transfer Fees	37,942,486	32,783,515
Guarantee and surety commissions	3,465,647	5,054,396
Import documentary credit commissions	4,055,340	3,195,672
Intervention commission	3,451,781	3,811,035
Risk commission	182,038	205,739
Other commissions	50,187,069	44,137,701
	99,284,360	89,188,057
Charges for services and commissions:		
Card maintenance	4,319,590	3,878,167
Banking services provided on behalf of third parties	7,835,126	2,286,176
Service Fees	1,975,136	1,928,353
Other commissions	2,118,620	1,208,284
Due to commitments made by third parties	193,155	204,396
	16,441,626	9,505,375

The item "Income from Services and Commissions - Other Commissions" essentially refers to commissions on the sale of currency, commissions for the maintenance of current deposit accounts and commissions on transfers of values.

The item "Income from services and commissions – Risk commission" refers to commissions charged on cash-advance advance operations.

Among the extraordinary measures taken by the authorities through NAP 07/2020, there is also the reduction in the price of issuing checks at the purchase cost, that is, banks, under this rule, were required to cancel their margin about selling checks. This measure resulted in an estimated loss of commissions in STN of 2,112,420.

COMMISSION ON ISSUING CHECKS				
total amount of commission	NAP effect 07/2020	Estimated without application of NAP 07/2020	Estimated loss	Variation
	1.484.440	3.596.860	7.374.734	-59%

22. RESULTS OF THE EXCHANGE RATE REVALUATION"

In the years ended December 31, 2020 and 2019, this item is made up as follows:

	2020			2019		
	Losses	Profit	Net	Losses	Profit	Net
Results on bank notes and coins	(6,102,001)	5,571,450	(530,551)	(38,119,616)	21,718,002	(16,401,614)
foreign exchange results	(2,170,150,166)	2,177,262,754	7,112,588	(1,207,819,417)	1,236,081,452	28,262,036
	(2,176,252,166)	2,182,834,204	6,582,038	(1,245,939,033)	1,257,799,454	11,860,421

23. OTHER EXPLORATION RESULTS

In the years ended December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Other operating income		
Provision of various banking services	9,637,537	13,581,254
Others	1,334,643	3,641,080
Reimbursement of bank charges	3,106,915	2,889,320
Recovery of bad debts	991,591	1,347,874
Capital gains on the sale of fixed assets	703,190	42,875
	15,773,876	21,502,404
Other operating costs		
Contributions and donations	(1,798,750)	(1,552,174)
Taxes and fees	(1,173,043)	(1,478,999)
Others	(4,658,981)	(565,655)
	(7,630,773)	(3,596,828)
	8,143,103	17,905,576

As at December 31, 2020 and 2019, the balance of the provision of sundry banking services essentially includes income from the sale of checks in the amount of STN 6,147,794, and STN 8,535,489, respectively.

The heading other operating costs includes, in the year 2020, the amount of STN 4,267,982 relating to write-offs from the inventory of fixed assets.

24. STAFF COSTS

In the years ended December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Remuneration of management and supervisory bodies	11,154,022	7,749,269
Remuneration of employees	63,032,571	59,565,198
Productivity bonus	3,557,082	6,647,204
Mandatory social charges	3,350,258	2,978,869
Optional social charges	551,392	394,953
Seniority awards (Note 2.2 i))	471,004	492,369
Others	410,884	1,049,285
	82,527,213	78,877,147

On December 31, 2020 and 2019, the Bank had 148 and 149 permanent employees, respectively, at its service.

In the years ended December 31, 2020 and 2019, the item "Personnel Costs - Others" includes STN 314,054 and STN 718,402 related to voucher expenses in 2020 and employee get-together party organized during 2019.

The mandatory social charges item refers to Social Security charges and the death subsidy. As for optional charges, this item consists of medical social services, hospital admission as well as medical assistance and medication.

25. GENERAL ADMINISTRATIVE EXPENSES

In the years ended December 31, 2020 and 2019, this item is made up as follows:

	2020	2019
Water, electricity and fuel	8,036,888	8,214,720
Communications	6,717,873	6,280,965
Upkeep and repair	3,783,849	5,546,355
Printed material and current consumables	3,397,999	4,966,143
Computer services	5,459,275	4,724,033
Rents and leasing	4,023,761	4,037,129
Security and surveillance	2,933,982	2,792,761
Studies and consultations	2,588,032	2,643,944
Travel and representation	1,088,791	1,750,959
Advertising	1,390,954	1,617,010
Others	7,064,201	9,020,021
	46,485,605	51,594,040

26. BALANCE SHEET BY CURRENCY

As of December 31, 2020 and 2019, the Bank's balance sheet by currency has the following structure:

	2020					
	Moeda	Moeda estrangeira				Total
	nacional	EUR	USD	Outras	Total ME	
Caixa e disponibilidades no Banco Central	933,103,625	86,467,631	13,995,382	9,357,606	109,820,618	1,042,924,243
Disponibilidades à vista sobre instituições de crédito	33,153,265	40,477,071	34,037,073	4,152,666	78,666,810	111,820,075
Outros créditos sobre instituições de crédito	55,530,885	-	261,145,783	-	261,145,783	316,676,668
Créditos sobre clientes	755,902,933	28,140,798	5,121,109	91	33,261,998	789,164,931
Obrigações e outros títulos	409,827,206	-	-	-	-	409,827,206
Imobilizações corpóreas	220,221,278	-	-	-	-	220,221,278
Imobilizações incorpóreas	8,375,599	-	-	-	-	8,375,599
Imobilizações em curso	3,285,425	-	-	-	-	3,285,425
Imobilizações financeiras	-	-	-	-	-	-
Outros ativos	31,291,214	4,338,990	997,475	-	5,336,465	36,627,678
Contas de regularização	3,769,433	1,687,294	2,463	1,196	1,690,953	5,460,387
Total do Ativo	2,454,460,862	161,111,783	315,299,286	13,511,558	489,922,628	2,944,383,490
Depósitos:						
À vista	1,652,325,880	309,857,500	231,563,975	3,492,116	544,913,590	2,197,239,470
A prazo ou com pré-aviso	163,675,046	11,950,365	24,900,796	901,037	37,752,197	201,427,244
Recurso de outras entidades	10,779,502	587,539	1	-	587,538	11,367,040
Outros passivos	8,749,538	35,202,680	487,787	-	35,690,467	44,440,005
Contas de regularização	57,443,966	6,399,779	293,658	598	6,692,839	64,136,805
Total do Passivo	1,892,973,932	363,997,862	257,246,214	4,392,555	625,636,631	2,518,610,563
Ativo/(Passivo) líquido	561,486,930	(202,886,079)	58,053,072	9,119,004	(135,714,003)	425,772,927

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	2019					Total
	Moeda nacional	Moeda estrangeira			Total ME	
		EUR	USD	Outras		
Caixa e disponibilidades no Banco Central	550,779,240	80,573,488	20,546,690	6,529,710	107,649,889	658,429,128
Disponibilidades à vista sobre instituições de crédito	1,386,321	64,169,838	52,766,337	16,018,946	132,955,121	134,341,442
Outros créditos sobre instituições de crédito	-	-	297,474,102	-	297,474,102	297,474,102
Créditos sobre clientes	813,931,739	37,314,807	6,726,230	0	44,041,037	857,972,776
Obrigações e outros títulos	584,883,721	-	-	-	-	584,883,721
Imobilizações corpóreas	229,278,881	-	-	-	-	229,278,881
Imobilizações incorpóreas	6,744,609	-	-	-	-	6,744,609
Imobilizações em curso	1,708,685	-	-	-	-	1,708,685
Imobilizações financeiras	-	-	-	-	-	-
Outros ativos	22,458,054	9,944,605	1,253,071	-	11,197,676	33,655,730
Contas de regularização	1,732,995	1,474,678	23,425	-	1,498,103	3,231,098
Total do Ativo	2,212,904,244	193,477,417	378,789,855	22,548,656	594,815,928	2,807,720,172
Depósitos:						
À vista	1,392,395,435	316,670,911	206,793,197	2,727,477	526,191,585	1,918,587,020
A prazo ou com pré-aviso	199,251,661	17,218,676	67,435,228	1,110,979	85,764,883	285,016,544
Recurso de outras entidades	12,029,530	587,539	- 1	-	587,538	12,617,067
Outros passivos	44,374,705	30,724,232	20,467,796	-	51,192,028	95,566,733
Contas de regularização	59,959,908	5,400,224	451,623	-	5,851,847	65,811,755
Total do Passivo	1,708,011,239	370,601,582	295,147,842	3,838,456	669,587,880	2,377,599,119
Ativo/(Passivo) líquido	504,893,005	(177,124,165)	83,642,013	18,710,200	(74,771,952)	430,121,053

27. SUBSEQUENT EVENTS

Even in the first months of 2021, there is an increase in new cases of Covid-19. In view of this scenario, the State resumed some measures aimed at reducing the number of people in circulation, such as the reduction of working hours for public services and earlier closing of stores and supermarkets. The State also decreed the extension of the moratorium for another three months for the sectors most affected by Covid-19, with emphasis on the tourism sector. Thus, this moratorium differs a little from the first situation, in that the first was extended to everyone, as long as they had a negative variation, even though marginal, in their income at a given time.

Thus, it is expected that the bank's activity will continue under a lot of pressure on the revenue side in 2021. Therefore, our structures were sensitized to adopt action plans aimed at prospecting more sources of revenue, but at adequate risk, and the reduction of operating costs.

With the increase in new pandemic cases, the Bank, in accordance with its Contingency Plan, decided, at the end of February this year, to reduce the number of staff inside its facilities. Aiming to ensure business continuity, the bank's priority will be centered on protecting its employees and customers, providing all the necessary resources so that teams working inside the premises or in teleworking continue to contribute in an environment of total safety.

It is difficult to estimate at this juncture the setback that this new wave of pandemic could cause in the economy and in our activity. In line with 2020, we will monitor the evolution of the pandemic and adjust our Contingency Plan according to needs.



15. FISCAL COUNCIL REPORT AND OPINION

RELATÓRIO E PARECER DO CONSELHO FISCAL

Nos termos da Lei, nomeadamente da Lei nº 9/92 sobre as Instituições Financeiras, e dos Estatutos do Banco Internacional de São Tomé e Príncipe, S.A. R. L. (BISTP), o Conselho Fiscal apresenta o seu Relatório de Atividade e Parecer sobre o Relatório de Gestão e Contas do Banco Internacional de São Tomé e Príncipe, relativos ao exercício de 2020, bem como sobre a proposta de aplicação de resultados apresentada pelo Conselho de Administração.

1. RELATÓRIO DE ATIVIDADE

No âmbito das competências que lhe estão atribuídas como órgão de fiscalização da sociedade, o Conselho Fiscal procedeu, em 2020, ao acompanhamento da gestão e dos resultados da empresa, em especial no que respeita:

- ao cumprimento e controlo das políticas e estratégias definidas pelo Conselho de Administração;
- à observância das disposições legais, regulamentares e estatutárias;
- à adequação das políticas, critérios e práticas contabilísticas adotados e ao processo de preparação da informação financeira;
- à eficácia dos sistemas de controlo interno, gestão de riscos e auditoria interna.

Para o efeito, o Conselho Fiscal desenvolveu designadamente, no exercício em apreço, as seguintes ações:

- analisou as normas internas vigentes e respetivas atualizações;
- acompanhou a evolução da estrutura organizativa do BISTP com reforço das suas áreas de controlo, bem como o funcionamento das suas principais unidades orgânicas, nomeadamente a Comissão de Riscos e a Comissão da Auditoria e Controlo Interno;
- analisou a informação obtida das principais áreas responsáveis pela preparação e divulgação da informação financeira e pela gestão e controlo de riscos;
- recolheu informação do Conselho de Administração em matérias relacionadas com as atribuições do Conselho Fiscal, nomeadamente as relacionadas com as demonstrações financeiras e a evolução da atividade da sociedade. O Conselho Fiscal esteve presente em quatro Conselhos de Administração do BISTP;
- reuniu, em reuniões trimestrais com os primeiros responsáveis dos Gabinetes de Compliance, de Auditoria Interna, de Gestão de Riscos e de Planeamento e Controlo:
 - i) de realçar o acompanhamento das recomendações e das resoluções das deficiências apresentadas no relatório de Controlo Interno entregue no Banco Central.
 - ii) em relação à gestão do principal risco, o de crédito, de assinalar as medidas tomadas conducentes a uma melhoria do risco e a um adequado provisionamento num ambiente de acrescida incerteza face à pandemia em geral e à legislação sobre as moratórias em particular. Este assunto deverá manter-se sob monitorização em 2021 tendo presente que as moratórias foram prorrogadas por mais tempo e a situação pandémica/vacinação vai continuar.

- reuniu, com os representantes dos Auditores Externos, inteirando-se das principais conclusões e recomendações pelos mesmos formuladas, no âmbito do desempenho das respetivas atribuições. As matérias consideradas relevantes para o Auditor Externo, as provisões para a carteira de crédito de clientes e a valorização de imóveis recebidos em dação por recuperação de crédito, foram especialmente acompanhadas pelo órgão de fiscalização.

O Conselho Fiscal examinou, além disso, nos termos da Lei:

- o Balanço a 31 de Dezembro de 2020 e as Demonstrações de Resultados relativas ao exercício de 2020.
- o Relatório de Gestão do Conselho de Administração respeitante ao exercício de 2020
- o Relatório do Auditor Independente, que merece o nosso acordo.

2. PARECER SOBRE O RELATÓRIO, CONTAS E PROPOSTA APRESENTADOS PELA ADMINISTRAÇÃO

Face ao exposto, o Conselho Fiscal é de parecer que:

- as Demonstrações Financeiras e o Relatório de Gestão estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis e dão uma imagem verdadeira e apropriada da situação financeira e resultados da sociedade;
- o Relatório de Gestão expõe de forma rigorosa a evolução dos negócios da sociedade, encontrando-se em concordância com as contas do exercício;

pelo que recomenda consequentemente a sua aprovação, bem como da proposta de aplicação de resultados, na Assembleia Geral anual de Acionistas.

Finalmente, o Conselho Fiscal manifesta o seu agradecimento e apreço ao Conselho de Administração e aos Serviços da sociedade, pela colaboração e disponibilidade sempre proporcionadas.

Cidade de São Tomé, 5 de Abril de 2021

O CONSELHO FISCAL



Presidente – João Sales Luís



Vogal – João Fonseca