

# REPORT AND ACCOUNTS 2021



BANCO INTERNACIONAL  
DE S. TOMÉ E PRÍNCIPE  
DESDE SEMPRE · PARA SEMPRE



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01

MAIN INDICATORS



# 1. MAIN INDICATORS

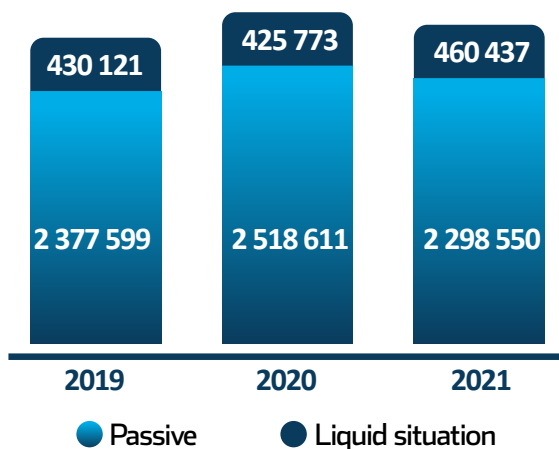
## DEVELOPMENT OF BANKING BUSINESS

VALORES EXPRESSOS EM DOBRAS	2021	2020	2019	ANNUAL CHANGE	
				2021 Vs. 2020	2020 Vs. 2019
Business Volume	3.071.477.979	3.453.772.192	3.363.543.031	-11,07%	2,68%
Customer Credit	890.506.276	1.008.594.461	1.067.092.976	-11,71%	-5,48%
Customer Resources	2.146.129.128	2.398.666.713	2.203.638.068	-10,53%	8,85%
Documentary Credit	17.271.030	17.067.487	8.953.956	1,19%	90,61%
Bank Guarantees Provided	17.571.545	29.443.531	83.858.031	-40,32%	-64,89%
Balance					
Net Asset	2.759.025.950	2.944.383.490	2.807.720.172	-6,30%	4,87%
Net Credit	675.547.892	789.186.518	857.972.776	-14,40%	-8,02%
Customer Resources	2.146.129.128	2.398.666.713	2.203.638.068	-10,53%	8,85%
Net Situation	460.469.337	425.772.926	430.121.053	8,15%	-1,01%
Results					
Financial Margin	118.445.290	115.487.271	135.738.149	2,56%	-14,92%
Complementary Margin	133.669.908	97.567.875	109.448.678	37,00%	-10,86%
Bank Product	252.115.198	213.055.146	245.186.827	18,33%	-13,10%
Operating Result	115.136.495	84.042.328	114.715.640	37,00%	-26,74%
Result before Tax	84.880.003	48.800.751	84.384.181	73,93%	-42,17%
Net Result	62.844.253	35.610.772	62.325.287	76,48%	-42,86%
Ratios					
ROE	13,65%	8,36%	14,49%	-5,28% p.p	-6,13% p.p
ROA	2,28%	1,21%	2,22%	+1,07% p.p	-1,01% p.p
Financial Margin/ Asset	4,29%	3,92%	4,83%	+0,37% p.p	-0,91% p.p
Complementary Margin/ Bank Product	53,02%	45,79%	44,64%	+7,22% p.p	-1,16% p.p
Efficiency Ratio (Cost-to-Income)	63,93%	70,79%	63,48%	-6,86% p.p	+7,31% p.p
Equity/ Asset	16,69%	14,46%	15,32%	+2,23% p.p	-0,86% p.p
Transformation Ratio					
Net Credit/Deposits	31,48%	32,90%	38,93%	-1,42% p.p	-6,03% p.p
Government Debt/Equity Securities	90,98%	105,04%	159,02%	-14,06% p.p	-53,98% p.p
Past Due Credit/ Customer Credit	26,88%	25,40%	21,04%	+1,49% p.p	+4,36% p.p
Accrual for Past Due/Past Due Credit	89,79%	85,65%	96,42%	+4,14% p.p	-10,77% p.p
Solvency	30,82%	28,51%	26,38%	+2,31% p.p	2,13% p.p
Liquidity	62,73%	58,33%	45,65%	+4,40% p.p	+12,68% p.p
No. of Employees	151	158	158	-4,43%	0,00%
# Agencies	12	12	12	0,00%	0,00%
(Credit + Deposits) / Agency	235.139.752	265.654.436	255.134.237	-11,49%	4,13%
(Credit + Deposits) / Employee	18.686.603	20.434.957	19.377.284	-7,38%	4,12%

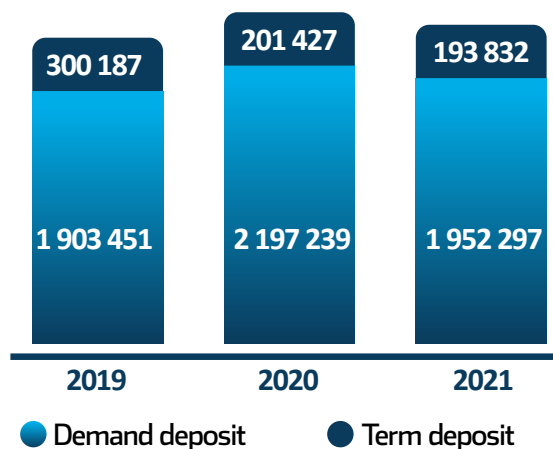


## SUMMARY OF PERFORMANCE AND ACTIVITY

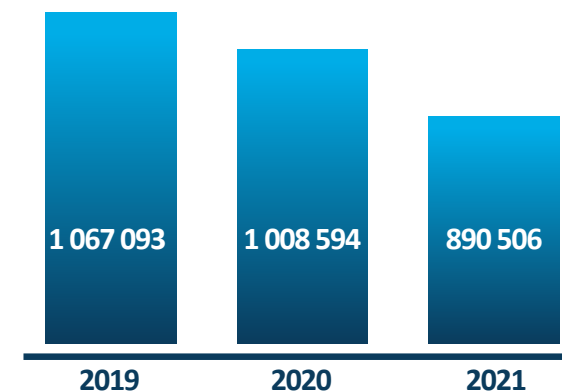
### BALANCE



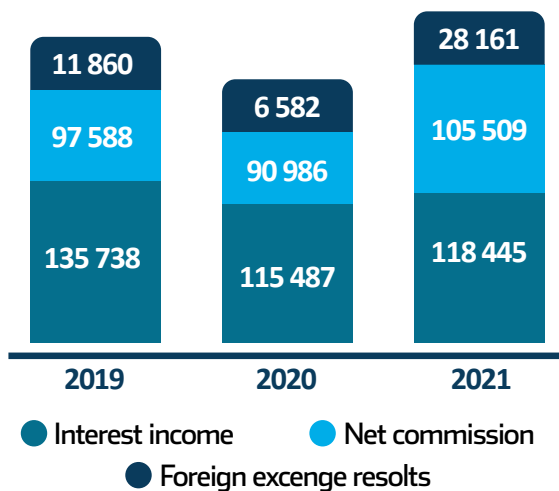
### TOTAL DEPOSITS



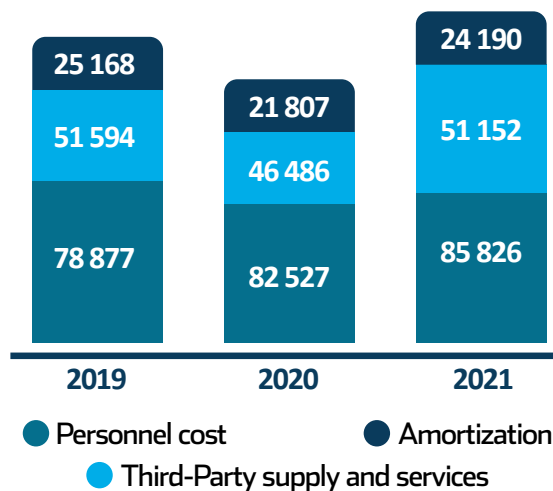
### GROSS CREDIT



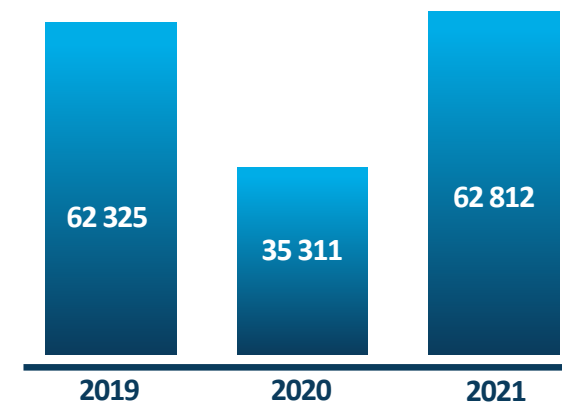
### BANK PRODUCT



### STRUCTURE COST

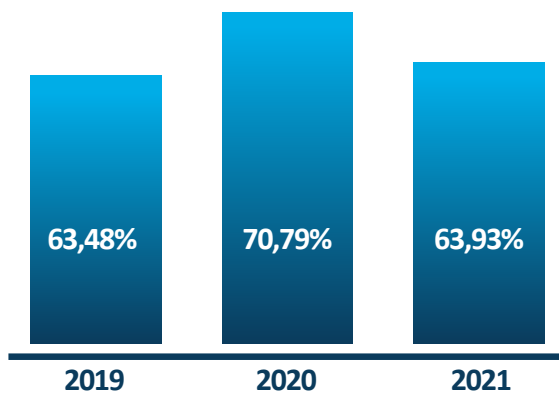


### NET INCOME

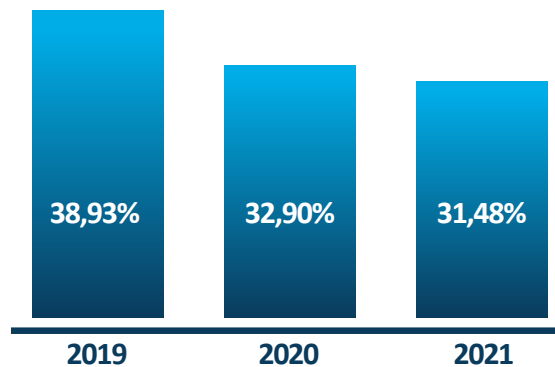


## SÍNTESE DA PERFORMANCE E ACTIVIDADE

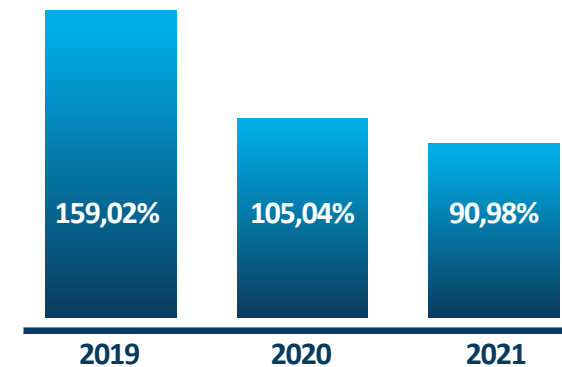
COST-TO-INCOME



NET CREDIT/COSTUMER'S DEPOSIT



PUBLIC DEBT / EQUITY







02

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE



The BISTP developed its activities in 2021 in a context marked by the Covid-19 pandemic, which continued to refuse to break up, and by the socio-economic consequences resulting from the measures taken to control the spread of the virus.

The slowdown in global production as the result of the shortage of raw materials, couple with the a policy of stimulating consumption and investment adopted by several countries through the injection of liquidity into the economy, contributed to pressing the increase in prices in a general manner and the increase of constraints (delays) in the delivery of purchases by suppliers.

There is no doubt that COVID-19 brought with it significant changes for the economy and greater challenges for all sectors of activity, in particular for the financial sector, which historically, in S. Tomé and Príncipe, presents significant difficulty to have a positive profitability. The low productivity index, high level of non-productive assets (excess liquidity in national currency) and a high level of credit risk aggravate it all.

In this environment of great uncertainties and worsening of the economic scenario, it makes it difficult to fully, and faithfully implement the plan defined for the year, since the exogenous variables are larger and can vary very quickly.

Having a business model based on a greater diversification of sources of revenue, a flexible team with an adequate capacity for rapid adaptation to new scenarios and prospecting of business, coupled with a clear vision of the path that the BISTP must follow in order to be a bank of the present and future, remain decisive factors for the Bank to develop its business efficiently and keep

the bank's indicators on positive ground, even in adverse circumstances.

With business continuity intrinsically associated with the people who run it, the focus has also been on protecting Employees. In terms of actions adopted by the Bank, based on the guidelines of the committee created to define the bank's plan of action in relation to COVID-19, the awareness made the Collaborators to be vaccinated, the payment of COVID-19 tests in case of suspicion of contagion and the distribution of kits containing masks and alcohol.

As far as Customers are concerned, the sanitary protocol for access to the facilities was maintained, while Customers were encouraged to use the electronic channels as the fastest means to access the bank's services at this juncture.

In 2021, with the Bank's vision also in the future, actions aimed at greater use of digital channels were in fact accelerated. BISTP launched its mobile internet banking application in order to facilitate customers' access to the bank's services. Investments were also made in the acquisition of ATMs and POS terminals, as well as more advertising in this regard.

The increase in the channel range of access to BISTP services, besides being the fulfillment of the bank's strategy, can also be framed as an adaptation response to the new paradigm and the significant change in the business environment.

Also in the electronic means of payment stands out the introduction of the international payment service Visa in the country. This service is of high importance for S. Tomé and Príncipe in its strategy for growth of the tourist flow, and, strategic for BISTP in its mission of modernization of financial



services and contribution to socioeconomic growth and added value aggregation for all stakeholders.

The signs of the consequence of the slowdown in economic activity caused by COVID-19 are reflected in the contraction of the credit portfolio in the order of -11.7%, of client resources in -10.53% and of the Net Asset in -6.30%.

Despite the contraction of the credit portfolio in the year 2021, it is noted that, from the economic-financial point of view, there were positive signs, such as the Financial Margin growing in the order of +2.5%, the Complementary Margin in +37% and the Net Result in +76.38% compared to the previous year.

The ROE grew by 5.28p.p, the Solvency ratio grew by 2.31p.p and the Liquidity ratio strengthened by 4.40p.p, settling at a very comfortable level (62.73%), being 2.9 times above the regulatory minimum, which is 20%.

In spite of the situation, it should be noted that, despite the various constraints, the results have been improved, which again highlights the bank's strong resilience in its business model and its ability to adapt quickly to the new market conditions.

Thus, the 2021 Result proved to be the largest in the Bank's history, reflecting the contribution of its Employees, whose joint work has enabled the Bank, even under adverse conditions, to maintain a positive performance.

At the same time, the BISTP, as the largest Financial Institution in the market, and, imbued with the important mission of contributing imperatively to national economic and social development, having in mind the achievement of the balance between Risk control, sustained growth, Financial soundness,

Liquidity and Profitability, has sought to lead the financial services throughout the country, so that the entire population without exception can access and enjoy the benefits of financial/banking services.

### Prospects and commitments for 2022

With COVID-19 seeming to continue, the year 2022 will certainly remain something marked by this pandemic. The problem of the pandemic is linked to the acceleration of the price and scarcity of raw materials, which has also contributed to greater delays in the delivery of supplies worldwide, the increase in cyber-crimes and the growing tensions at world level over geopolitical issues.

A year of 2022 is expected to be marked by more and new exogenous variables that have affected economic activity worldwide, and certainly S. Tomé and Príncipe, with its already known weaknesses, may feel a greater negative impact of this new environment in accelerated formation.

With a very low diversified economic structure, low tax revenue collection, uneven supply of energy and an economically unsustainable source, balance of payments imbalance and currency shortages, the country could face even more difficulties in 2022. The entry into force of VAT, initially expected in 2021, could occur in 2022, which is likely to impact on the reduction of household purchasing power.

For the banking industry, the challenge will continue to be to accelerate the digital transformation of the business, improve efficiency and productivity, and

tighten risk control. Strengthening resilience to internal and external shocks will depend on the success achieved in these challenges.

Although again facing an adverse juncture for this economic year of 2022, the Bank will continue to maintain the current model of government, focusing on the principles and values that guide the BISTP, with the reach of "Excellence" at the heart of its strategy, on the Customer axis, Human Resources, Processes and Results.

Thus, for 2022 we will maintain our focus on ensuring the safety of our Employees and our Customers, and, in the pursuit of increased turnover and profitability, through the following actions:

- Investing in new technologies and digital media;
- Further strengthen the security of the IT system and electronic banking;
- Promoting good credit to individuals and businesses;
- Diversify and improve risk apportionment;
- To streamline the activity of credit recovery in arrears/default;
- Increase proactivity and trade momentum to achieve targets set per business unit;
- Increasing the number of customers, in particular by achieving a higher rate of people accessing banking services amongst the population;
- Improve cost control and rationalization;
- Strengthen internal control areas.

On behalf of the Executive Board we end by leaving our sincere thanks to the Customers, Employees, Shareholders, who are the reason for the existence of BISTP, and, in challenging and adverse situations, continue to contribute to the

Bank's fulfillment of the mission for which it was created, which is the generation of value for all its stakeholders.

That is why, for our part, we will do our best to ensure that BISTP and its slogan "**forever - forever**" continue to deserve the trust of the Customers, having a solid economic and financial situation and allowing our Employees to fulfill their professional dreams.

Well done.



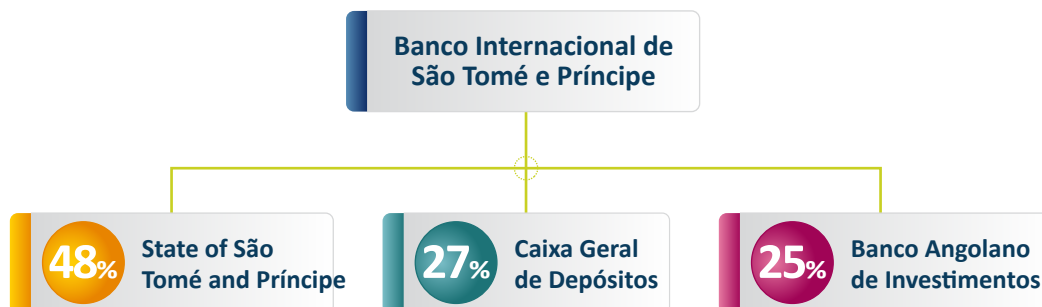


03

MAIN REFERENCES

## 3. MAIN REFERENCES

### 3.1 SHAREHOLDER STRUCTURE



#### Executive Board:

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

#### Supervisory Board:

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

### 3.2 GOVERNING BODIES

#### General Meeting Board:

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

#### Board of Directors:

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

### 3.3 ACTIVITY MILESTONES

#### MARCH 2021

Celebration of the 28th anniversary of International Bank of Sao Tome and Principe and distribution of gifts to customers;  
Sponsorship of the activity SPORTBOOTCAMP, entrepreneurship program in sport, with support from the Entrepreneurship Directorate.  
Sponsorship of EUR 20,000.00 for the Commission Expo Dubai 2020, to support São Tomé and Príncipe's participation in the event.

#### APRIL 2021

Signing a protocol with the Laity for Development, with the intention of supporting the projects that are under way in Sao Tome and Príncipe.  
Sponsorship to Dr. Ayres de Menezes Central Hospital, to support the rehabilitation works of the Pediatric Service, in the amount of STN 122.500,00,



as well as support with office material to equip the building.

### MAY 2021

Sponsorship to MOVE for the holding of the Entrepreneur Fair.

### JUNE 2021

Launch of the new application for mobile phones BISTP KWA NON MOBILE.

### JULY 2021

Launch of new advertising spot on new electronic media and the BISTP KWA NON MOBILE app.

Sponsorship of São Tomé's participation in Expo Dubai 2020.

### AUGUST 2021

Sponsorship to the Attorney General's Office for the XVII Meeting of the Attorneys General of the Community of Portuguese Language Countries (CPLP), whose theme was the "Recovery of Assets in the CPLP Space"

### NOVEMBER 2021

Sponsorship of the São Tomé and Príncipe Chess Federation - FEXA STP, to participate in the African Youth Chess Championship, which took place in the Liberian capital Monrovia, at the invitation of the International Chess Federation - IFAD and the African Chess Confederation - ACC.

### DECEMBER 2021

Sponsorship of the Humanitarian Association of Volunteer Firefighters of São Tomé and Príncipe, to train 50 new volunteers.

Sponsorship for the Homage of Poet and Journalist São de Deus Lima, through the publication of a book entitled (SESENTA GRAVANAS PARA SÃO LIMA "SIXTY GRAVANAS for SÃO LIMA"), organized by the National Union of Writers and Artists of São Tomé and Príncipe - UNEAS:

Sponsorship to MOVE for the Entrepreneur's Fair.



04

MACROECONOMIC AND FINANCIAL FRAMEWORK



### 4.1 INTERNATIONAL CONTEXT

There was an expectation that 2021 would be a year of economic recovery, with the advance of vaccination against Covid-19. However, the scenario was not as forecast and we ended up having a year with some crises that affected the multiple sectors of the world economy.

A fall in the production of a series of products in the pandemic was observed, contrasting with intense demand as the economies opened up. The result was an imbalance that raised prices and led to the lack of some products.

In 2021, high prices were a global phenomenon, reducing people's purchasing power and making it difficult for the economy to recover. The world has had to deal with the high value of energy, both for consumers and for industry. Rather around the world, governments have decided to step up efforts to reduce the emission of polluting gases and curb the use of coal, but have failed to curb the demand for energy from renewable sources.

China went so far as to have some blackouts and the government even had to allow the resumption of the use of coal and increased the purchase of natural gas to generate energy. In Europe, however, with the reopening of economies, there was a rush to buy gas and its demand rose. All this combined with lower wind farm production has resulted in soaring gas prices.

Another problem in the last year was oil. With the economic recovery, the Organization of Petroleum Exporting Countries (OPEC) was expected to resume pre-pandemic production, but this did not occur. With more demand than supply, prices soared by about 60%. Oil-dependent countries, such as the

United States of America, Japan, China, and India, tried to unite to pressure OPEC to increase commodity supply and reduce prices, but the attempt failed and this organization maintained its projection of resuming production gradually only from 2022.

Due to the pandemic and some climatic factors, Asia, which is currently the main producer of chips for semiconductors and equipment used in the manufacture of various electronic products, from cars to smartphones, had to close production units.

There was a big drop in production and some factories around the world had to close. This lower production led to a reduced supply of products and prices increased.

These crises all together, have created another, that of global inflation. The latest projection from the International Monetary Fund (IMF) estimates that most G20 countries (the world's 20 largest economies) would end the year with higher inflation than in 2019, before the pandemic.

This framework is not at all conducive to economic recovery. The most common strategy to combat inflation is to raise the interest rate, something that most developed and emerging countries has already begun to do. However, the control that the interest rate can do in relation to inflation is the deceleration of economic activity and consumption. With the combination of inflation and high interest rates, it is likely that the economic scenario for 2022 will not improve. On the other hand, the analysts' view is that most crises in 2021 should be resolved by 2022. Many of the countries that have been economically affected by the Covid-19 pandemic are also expected to end the



year with growth of their Gross Domestic Product (GDP), showing that the problems have not been sufficient to halt the recovery of their economies.

### EUROZONE AND U.S (MORE ADVANCED ECONOMIES)

#### EUROZONE

The Eurozone economy has been recovering faster than expected after the recession caused by the pandemic. With the advancement of vaccination campaigns and the removal of restrictions, growth resumed in the spring, and continued to be dynamic throughout the summer based on the reopening of the economy. Despite the growing weight of adverse factors, the economy in the Eurozone has restored the level of GDP achieved before the pandemic and has moved from recovery to a phase of expansion.

According to the European Commission, domestic demand should continue to drive this expansion. Improvements in labor markets and the projected decline in the saving rate should help to foster a sustained pace of consumer spending. However, this growth dynamic faced adverse factors. Bottlenecks and disruptions in global supply have affected activity in the euro area, especially in the highly integrated manufacturing sector. In addition, energy prices, in particular natural gas, increased at a turbulent pace, standing well above pre-pandemic levels, affecting consumption and investment.

Given the latest economic forecast, the IMF predicts that the economy in the Eurozone will grow by around 5.2%, driven by the improvement of the labor market, thanks to the relaxation of measures that restricted consumer

activities. The unemployment rate has fallen and there are even sectors with a shortage of labor.

Deficits are also expected to decrease, thanks to the phasing-out of support measures and the functioning of automatic stabilizers as the expansion continues. The high level of budget support that has been maintained since the beginning of the year.

In Germany, Chancellor Angela Merkel has left power after 16 years of rule. The leader of the Social Democrats, Olaf Scholz, was chosen to succeed her. According to the German Federal Statistical Agency, the German economy failed to return to pre-pandemic values, as the shortage of microchips affected the production of the automotive industry and some restrictions against Covid-19 slowed the recovery of Europe's largest economy. However, GDP is projected to grow to 2.7% in 2021 after the 2020 downturn. This result was in line with analysts' expectations and the main drivers of this expansion were the jump in exports and strong public spending to offset the impact of Covid-19.

The French economy is in a frank recovery and the way out of the crisis should continue at a pace of sharp growth. According to the IMF, GDP returned to positive territory in 2021, registering a growth of 6.7%, something unprecedented in more than half a century and one of the best values of the Eurozone in contrast to the year 2020 marked by a major contraction due to confinement and restrictions. This growth was driven by the strong progression in the production of goods and services. Foreign trade also contributes to this improvement, albeit more narrowly, as exports and imports are still at levels well below those recorded before the health crisis.

In Italy, one of the countries most affected by the pandemic, going through severe periods of confinement, has seen a great improvement, and, according to the National Institute of Statistics, the GDP of 2021 will reach 6.2%, promoted by the increase in domestic demand and foreign trade. The policy launched by the previous government and followed by the current government, called the Export Pact, is bearing fruit. This program, consisting of a fund of EUR 1.4 billion, finances enterprises (mainly small and medium-sized enterprises) to have a greater presence in foreign markets. The pact also helps to expand the range of products sold and so Italy has managed to minimize market fluctuations.

In Portugal, too, the result of GDP exceeded all forecasts, although it was below the European average. According to the Portuguese National Institute of Statistics, the national economy grew by 4.9%, the highest since 1990, after the historical decrease of 8.4% in 2020, following the adverse effects of the pandemic. Explaining this development is the very positive contribution of domestic demand, with both private consumption and investment recovering. The contribution of net external demand was much less negative compared with 2020, when exports of goods and services accelerated in volume.

The various economic support measures launched by the government, have materially contributed to a rapid and marked economic recovery and the measures taken to address the socio-economic effects of Covid-19, namely measures to support employment and enterprises (job retention, direct business subsidies, credit lines, bank moratorium, tax deferrals and contributions) have also resulted in increased employment and a reduction in the unemployment rate to levels better than pre-pandemic levels.

The UK left the single European market on 1 January, faced labor shortages, especially in road transport, leading to shortages of various products in supermarkets, restaurants and petrol stations. Brexit also created tensions between the UK and its neighbors

### UNITED STATES OF AMERICA AND CHINA

In early 2021, Joe Biden took office as president of the largest economy on the planet. The economic recovery of the United States of America (US) was strong in the year 2021. After being hit hard by the Covid-19 pandemic, US GDP grew by 5.7%, the strongest pace since 1984.

U.S. economic growth accelerated in the fourth quarter because companies replenished stocks that were depleted to meet strong demand for goods, helping the country's activity record the best performance in nearly 40 years. This growth was also fueled by massive fiscal stimuli, as well as low interest rates.

However, this rise in the economy also led to a rise in inflation. The chaos in the supply of raw materials, labor shortages and the sharp advance in demand led to rapidly rising prices. Thus, the stimulus that still underpinned the economy is almost over and the Federal Reserve (FED), plans to reverse its monthly purchases of assets and will raise interest rates to contain inflation.

This recovery from growth has come to offer some encouragement to the country and President Joe Biden, whose popularity has been declining, after observing a stalled domestic economic agenda, after the US Congress failed to

approve its \$1.75 trillion investment project.

In China, according to data from the country's National Statistics Agency, GDP growth was 8.1%. This expansion was the largest since 2011 and almost in line with analysts' expectations. This growth was driven by industrial production, which grew 4.3% over the previous year. However, there was a deceleration in domestic consumption, with sales falling below what was expected.

China has faced a number of problems this year with the impacts of the energy crisis and the weakening of the real estate sector. Chinese real estate company Evergrande, has been struggling to pay off its debts and has recently been ordered to demolish a few dozen buildings in the country. A series of outbreaks of Covid-19 that blocked the Xi'an industrial center, affecting the production lines of global chip manufacturers such as Samsung and Micron. The second world economy has adopted a zero tolerance policy with Covid-19 on its territory, monitoring isolated cases and conducting mass tests. Therefore, when there are positive cases, it is enough for the government to confine entire cities, damaging further economic growth.

### EMERGING COUNTRIES

Since the start of the Covid-19 pandemic, global markets have experienced more economic turbulence in the past two years than in the past few decades. However, despite unprecedented challenges faced by households and businesses, and setbacks of vaccination campaigns, emerging country markets have shown resilience.

The IMF estimates that the economy in emerging countries rises by 6.5% supported by higher demand and high commodity prices, because many of these countries are highly dependent on commodity exports. On the other hand, inflation in emerging countries has reached its highest index since 2011 as a result of these high prices. Many governments have been eliminating support policies to contain inflationary pressures well and then manage to achieve a recovery.

These countries, in addition to all the obstacles they are trying to overcome, still have the public debt that increased substantially with the Covid-19 pandemic, reaching 64% of GDP, according to estimates, with great variations between countries.

According to the latest IMF report, the economy in India is expected to grow by 9%. The response to the impacts of the Covid-19 pandemic was swift, followed by a comprehensive fiscal package (an additional 10%) of GDP to mitigate the impact on the poorest along with other social protection measures, as well as liquidity and financial support for small and medium-sized enterprises. With the implementation of these growth-oriented reforms aimed at recovering the economy, the government's focus has also been to decrease the existing inequalities in the country, where more than 30% of the young population is unemployed.

In Brazil, the IMF estimates that GDP expansion will reach 4.7%. This figure was leveraged by household consumption and the service sector, which was high due to the advancement of vaccination against Covid-19, so people could go out more, go to restaurants and travel. Industry has also acted well, but on the other hand, the farming sector has fallen. However, Brazil continues to face the



high unemployment rate, which has worsened with the pandemic, above 14% and inflation, which has increased 25% since the recession and wages that have failed to keep up with this level. Therefore, even if inflation is stagnant, private consumption needs to gain a big boost. To mitigate the impact of the pandemic, the Government implemented a series of 12% of GDP fiscal measures that included health spending, income support for low-income households, tax cuts, and import taxes on essential products.

Figures from Russia's economy tell us that it grew by 4.5% in the year 2021, showing that it is recovering from the deep contraction triggered by the pandemic. Almost all sectors of the economy saw an increase in production, mainly in services (hotels and restaurants) and the recovery in global commodity prices. Nevertheless, the living standards of the population and other sectors did not fully recover, suffering from the weaker ruble and high inflation.

Pressure on stubbornly high prices led the Central Bank of Russia to raise its basic interest rate several times over the course of 2021

South Africa was the African country most affected by the Covid-19 pandemic, and this financial and industrial complex, concentrated the largest number of cases in the three waves that plagued the African continent. Its service economy highly dependent on the international movement almost collapsed during the pandemic. As a result, we have seen several revolts and attacks on logistics centers have created even more problems with food and fuel supply. However, vaccination has been satisfactory and the country's attitude towards the pandemic has been exemplary. The South African government predicts GDP growth of 4.6%, due to decisive support for monetary and fiscal policy that

included measures to strengthen the health of various sectors, with lower interest rates, the support of strong international demand and higher commodity prices.

### SUB-SAHARAN AFRICA

Sub-Saharan Africa was hit hard by the Covid-19 pandemic, with economic activity decreasing dramatically in the region. Many countries have gone into confinement causing their economies to slacken, especially those that rely heavily on tourism, manufacturing and services. Increasing social unrest, insecurity and civil strife, especially in the Sahel region, have led to a reduction in investment spending. The policy space to support the recoveries has further decreased throughout the region due to rising public debt levels and the loss of tax revenues. Despite all these setbacks, the IMF estimates that the region is growing by 4%, driven by the recovery in commodity prices and the easing of social constraints, and by the recovery in global trade. In Nigeria and Angola, growth was driven by the recovery in the non-oil sectors. The fact is that oil production throughout the region remained below pre-pandemic levels, due to interruptions in maintenance work and a reduction in investments in the extractive industries.

### PROSPECTS FOR 2022

After the economic cataclysm of 2020, the global economy's recovery in 2021 was effective, but the shortage of essential products, inflation and the health

situation caused by the pandemic, raise fears of a deceleration in 2022. Rich countries have benefited from access to vaccines, however, the rise of a new epidemic wave and the discovery of new variants give the warning signal, because they could prolong the pandemic and induce new economic ruptures. Supply chain disruptions, energy price volatility and wage pressures reinforce uncertainty about inflation. With high interest rates in advanced economies, risks to financial stability and the capital flows, currencies and fiscal positions of emerging markets and developing economies can arise, especially with significant increases in debt over the past two years. Geopolitical tensions, mainly between Russia-Ukraine and China-Taiwan, and the threat of an escalation of violence worldwide will further aggravate the forecasts of growth as well as the inflation outlook. The ongoing climate emergency, with the likelihood of more natural disasters, remains high. Against this background of uncertainty, the IMF is reducing its optimism for growth in 2022 and states that the global economy is expected to grow by 4.4%, in a weaker position than had been predicted.

In the Eurozone, the IMF estimates that economic growth does not exceed 3.9%. This outcome was compounded by the resumption of restrictions on mobility due to the current pandemic wave of Omicron variant and the maintenance of bottlenecks in supply chains. The negative impact should disappear from the second trimester onwards, assuming that the overall increase of this new variant will decrease and the virus will not undergo mutations requiring more mobility restrictions.

Affecting growth in the Eurozone will be the main economies of the single currency, with the IMF estimating that the GDP growth of Europe's largest

economy, the German one, will not exceed 3.8%, due to increased exposure to international trade. For France, growth will be 3.5% and for Italy it will be 3.8%. These projections are exacerbated by expectations of price behavior, with the IMF assuming that prices will remain higher for longer and also due to supply chain constraints that are expected to ease further by the end of 2022. The Director of the IMF's European Department reiterated that IMF support will be targeted at the sectors most affected by the pandemic, to strengthen security networks, facilitate labor relocation and increase public investment.

The IMF points out that the deceleration in world GDP will also be influenced to a large extent by the loss of momentum in the growth of two other world powers: the USA and China.

In the case of the US economy, growth is not expected to expand beyond 4% in the latest known projections. The new prospects are already counting on the withdrawal of the stimulus package proposed by President Joe Biden, which was not approved by Congress, to the value

of 1.75 trillion dollars for the social areas, for education and for combating climate change. On the other hand, they are speeding up the process of monetary normalization by the Federal Reserve, for a first rise in interest rates, as well as maintaining bottlenecks in the supply of various goods and raw materials.

With regard to China, considered the locomotive of world growth, the IMF lowered the estimate of growth to 4.8%. The restrictions imposed by the Beijing government to curb the proliferation of the Covid-19, which has limited private consumption and reduced investment in the real estate sector, were

decisive for these new forecasts. The persistent liquidity crisis in China's property market is closely linked to the default entry of Evergrande Group, which is the country's second largest real estate company in sales, once the world's most valuable real estate company.

Despite projections that in advanced economies, production and investment should return to pre-pandemic trends, levels will remain lower in emerging market economies. All these changes have made the prospects for emerging markets more uncertain. These countries will also face challenges related to the general rise in prices, product supply disruptions resulting in higher and broader inflation, and substantial greater public debt.

While the cost of raising dollar loans remains low, concern about the stability of external financing will lead many emerging markets to raise interest rates, such as Russia, Brazil and South Africa. Thus, the economy in emerging countries is expected to grow by 3.5% for the year 2022 and in the long run, these countries will need to implement reforms that mitigate their vulnerability to commodity shocks, reduce inequalities and increase preparedness for future crises.

The European Commission improved the growth forecasts for the Portuguese economy in 2022, even though it revised downwards the estimates for the Eurozone. GDP is expected to grow by 5.5% and inflation will also be stronger than expected, although Portugal feels less impact than other countries at that level. The resurgence of Covid-19 infections in early 2022, as well as a further drop in international travel, is expected to slow Portuguese economic growth in the first quarter. Assuming an improvement in pandemic conditions, however, growth rates are expected to pick up in the second quarter when the economy is expected to return to pre-pandemic levels. The European Commission

anticipates that domestic demand will contribute significantly to growth in 2022 and the implementation of the Rescue and Resilience Plan will be a very important element.

For sub-Saharan Africa, an increase of 3.7% is foreseen for 2022. This outlook also reflects the continued effects of the pandemic, the reduction of policy support and political uncertainty and the worsening security situation in some countries of this region. Higher commodity prices are expected to support the short-term recovery with higher oil prices and the gradual

easing of OPEC cuts, benefiting Nigeria and Angola. High food prices, coffee and cotton will benefit agricultural exporters in Ethiopia, Kenya and Tanzania. However, for some countries, the expansion of agricultural activities will be limited by several uncertainties, including droughts and below-average rainfall, as well as the intensification of conflicts. The pandemic has slowed progress in poverty reduction and key development goals across the region, reversing over a decade of per capita income gains in some countries. A substantial moderation in global economic growth could trigger a significant correction in commodity prices to the detriment of oil and metal producers in the region.

### 4.2 NATIONAL CONTEXT

São Tomé and Príncipe has also been affected by the effects of the Covid-19 pandemic, as has happened in all the countries around the world. The pandemic has led to many restrictions and has had a negative impact on social and economic life in the country. Although the virus did not reach São Tomé and Príncipe with the same intensity as in other parts of the world, the low

vaccination coverage against Covid-19 in the archipelago has worried health authorities. Despite various warnings and official information recommending preventive care and protection because of the coronavirus and its variants, everyday life has been lived with normality. All sectors have been affected, mainly tourism, and the risk of the deterioration of the macroeconomic situation persists. Public sector debt is very high, driven mainly by imports of fuel for power generation. According to the IMF, pandemic impact mitigation continues to require adequate external support accompanied by gradual fiscal consolidation. Reforms in revenue administration, public finance management, governance and transparency are inevitable in order to achieve a credible medium-term budgetary strategy.

### POLITICS

At the beginning of 2021, the then President of the Republic, Evaristo de Carvalho, vetoed the new electoral law, refusing to promulgate the law until a full reform was possible, demanded for all quarters of society, including almost the entire universe of the national political class. Evaristo de Carvalho explained that, being the main guarantor of the Constitution, he could not give his approval to a text with which he is not in total harmony, especially with regard to the limits of the exercise of civil and political rights in a free manner.

In January 2021, the National Assembly approved the General State Budget (OGE) of \$166 million for the 2021 economic year, with 30 parliamentary majority votes. At the end of the vote, Prime Minister Jorge Bom Jesus stated that this was a plan of economic recovery in the face of the Covid-19 pandemic,

and stressed that he would start injecting finance, credit in the private sector to revive the national business fabric.

In February 2021, Rui Fernando Sucena do Carmo presented to the President of the Republic his letters of credentials as the new Ambassador of Portugal in São Tomé and Príncipe. The new Portuguese diplomat promised to strengthen cooperation between the two countries, especially in the health sector.

In April 2021, Intendente Samuel da Conceição António was announced as the new director of the Judicial Police, replacing Aurito Vera Cruz, who was the coordinator of this police.

Under the joint presidency of Jorge Bom Jesus, Prime Minister of São Tomé and Príncipe and Rosário Bento Pais, Ambassador of the European Union (EU), accompanied by the Heads of Mission of the Member States accredited in São Tomé and Príncipe (France, Spain and Portugal), the annual political dialog between São Tomé and Príncipe and the EU took place. Discussion between the two sides has enabled the state of play on bilateral political relations and to address issues related to maritime safety, good governance, human rights and cooperation between São Tomé and Príncipe and the European Union.

Guinea-Bissau President Umaro Sissoko Embaló visited São Tomé and Príncipe shortly after Evaristo de Carvalho made a trip to Guinea-Bissau. This visit allowed the two governments to initial some agreements, namely the exemption of the entry visas of the two countries, as well as the negotiation of political aspects related to the CPLP Summit of Heads of State and Governments, which was held the following month in Angola.

São Tomé and Príncipe went to elections to choose a new president. Candidate



Carlos Vila Nova got 57.6% in the second round of the presidential elections of September 5, while the other candidate, Guilherme Posser da Costa got 42.4%. In his first statement to the press after the victory, the new President of the Republic highlighted the commitment to the pacification of society and expressed the intention to take all the proposals that were debated with the electorate throughout the period of the electoral campaign and that the time is to start rolling up sleeves and working, because the future is only done with work.

São Tomé and Príncipe's Minister of Planning, Finance and Blue Economy, Osvaldo Vaz, has resigned. Osvaldo Vaz, left the Government, at a time when the executive of Jorge Bom Jesus has in Parliament a proposal for salary adjustment, which the Government promised to approve to impart greater salary justice in the Civil Service of São Tomé. For his position he was appointed Engrácio da Graça, an economist and former Director of Taxes. Engrácio da Graça, had urgent challenges ahead, namely the preparation of the OGE for the year 2022 and the financial agreements between São Tomé and Príncipe and the international partners.

São Tomé and Príncipe and Ghana have signed a general cooperation agreement with emphasis on citizen mobility, understanding on political and diplomatic consultations, including memoranda in the areas of tourism, arts and culture. The documents signed by the foreign ministers of both countries, Edite Tenjua and Shirley Botchwey, from São Tomé and Príncipe, bring about better cooperation between the two countries as regards

The free market, the air transport market and the protocol on the free movement of persons and goods will create opportunities for progress

between the two peoples.

The National Assembly of São Tomé and Príncipe approved the general state budget for the economic year 2022 with 28 votes in favor from the parliamentary majority in power.

Estimated at around 158 million euros, Jorge Bom Jesus stated that 98.2% of the public investment structure will be provided by external resources, with only 1.8% of public investment expenditure being covered by internal resources, which indicates a great dependence on external aid for development in our country.

The Prime Minister of Portugal, António Costa, made a quick visit to São Tomé and Príncipe. At the meeting with his São Toméan counterpart, Jorge Bom Jesus, the Portuguese Prime Minister highlighted the consolidation of cooperation ties between the two countries, after the signing of the Strategic Cooperation Program (SGP), evaluated at 60 million euros for 5 years. The areas of cooperation are education, defense and security and health, even highlighting that the project Health for All has been a success story.

### SOCIETY

The musical duo Calema, composed by brothers António and Fradique Ferreira, and the stylist Roselyn Silva stood out in the Celebration of the 25 years of the broadcaster RDP África in Portugal. Originally from São Tomé and Príncipe, the Calema won the Prestige Africa 25 Years award in the music category and dedicated the award to all musicians and stressed that the award is an

incentive to do more and elevate Portuguese-speaking culture further. Roselyn Silva, from São Tomé and Príncipe, was the winner of the prize in the fashion area, which is already a reference in the Portuguese-speaking world. In her speech, Roselyn stressed the active role of various Africans in their countries and in the diaspora, which has done everything to elevate their nations, and the continent's roots further into the Global space.

Mário Lopes, a social activist and ambassador to São Tomé and Príncipe from the African Union Youth Charter and the Next Einstein Forum, was recognized as one of the 100 most influential personalities of African descent in 2021. The list promoted by the UN to show the positive contributions made by people of African descent around the world and the honorees are important players in the union of spirit, justice and recognition of Africa, its people on the continent and its entire diaspora. This is the first time that a São Tomé has made the list where the Portuguese Minister of Justice, Francisca Van Dunem, also stands out. President Barack Obama attended the recognition ceremony.

The writer Albertino Bragança was awarded the Literary Award Guerra Junqueiro Lusofonia 2021 in Portugal. This award is given in the context of the Freixo International Festival of Literature, and aims to rescue the values of literature in the Portuguese language space. Albertino Bragança considered that this award is a warning to São Toméans for the importance of books and reading.

São Tomé and Príncipe has been considered the country with the fewest organized crime according to the Global Index of Transnational Organized Crime. The report assesses the levels of organized crime in the countries and their resistance to the activity of organized crime. São Tomé and Príncipe has

had a good evaluation, putting it at the top of the list as far as security is concerned. In the Portuguese-speaking African countries (PALOP), from the safest, São Tomé and Príncipe is followed by Cape Verde, Equatorial Guinea, Angola, Guinea-Bissau and finally Mozambique.

### MACROECONOMIC DEVELOPMENTS

In the second year of Covid-19, the pandemic conditioned the country's economy and the Governor of the Central Bank of São Tomé and Príncipe, Américo Barros, confirmed the economic slowdown in 2021. Américo Barros stated that recent data point to a contraction of GDP that will be around 1.8%, justified by the decrease in public investments and by the weakening of the private sector, with emphasis on the tourism sector. The year 2021 confirmed that the country imports a lot and exports little, causing a worsening of the trade deficit of around 22.1%, promoting pressure on foreign exchange reserves, without jeopardizing the conditions for the preservation of the fixed parity with the euro, in the framework of the economic cooperation agreement with Portugal, as well as the commitments made with the IMF.

An IMF virtual mission, headed by Eteri Kvintradze, was carried out to carry out the third assessment of São Tomé and Príncipe's economic program, supported by the Extended Credit Facility (ECF) agreement. Discussions in the ECF assessment focused on measures to address urgent health, social and economic needs and support the recovery of the economy. The IMF team noted that the Covid-19 pandemic shaken the fragile balance in the country, putting livelihoods at risk. By 2021, growth is expected to slow to 2%, reflecting

the delay in the return of tourists. Mitigating the impact of the pandemic requires adequate external support, accompanied by gradual fiscal consolidation. Eteri Kvintradze welcomed the authorities' commitment to introducing VAT while safeguarding poverty reduction and social spending programs.

Permanent solutions to recent energy failures have involved accelerating the development of sustainable and alternative energy sources within the overall strategy for energy sector reform.

It was recommended that the country speed up other structural reforms to help reduce the country's vulnerabilities and increase long-term growth potential. Commitment to authorities

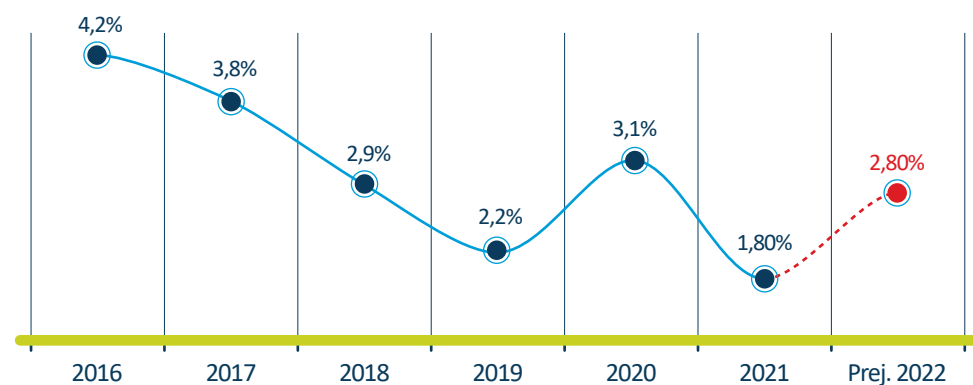
to take action to remove the country from the EU's list of banned aviation operators would contribute to a further recovery of tourism. Reforms aimed at improving the business environment, promoting gender equality and adapting to climate change are also important.

According to the BCSTP, for 2021 it should be noted that following the extraordinary increase in public spending in 2020, in order to mitigate the effects of the pandemic (financed by external resources), the sharp decline in donations for public investments, the worsening of the energy crisis, the GDP growth rate is expected to be around 1.8% by 2021, as the recovery of tourism and service activities will be a gradual process.

For 2022, the Central Bank expects moderate economic growth of around 2.8%, suggesting optimism mainly in the recovery of tourism-related activities, the expected recovery of the agriculture and fisheries sector and the stronger

dynamics that is expected in the services sector. In the industrial sector, energy stabilization and an increase in production are expected in major companies such as Rosema and Agripalma.

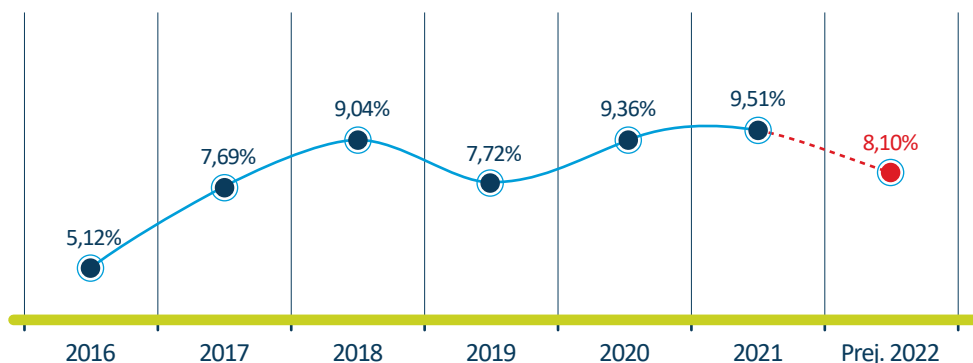
## GDP growth rate





Despite the contraction of GDP, inflation rose to 9.51% for the year 2021, reflecting the supply-side shock of the domestic primary sector (vegetables and fish), as well as some pressure from imported goods influenced by high food prices. For 2022, inflation is expected to be on a downward, albeit moderate, profile, with a projected rate of 8.1%. Despite the shortage on the supply side of fish and derivatives, resulting from a lasting structural framework, there will be compensation for improvements in horticultural production throughout the year.

## Evolution of Inflation



Source: Central Bank of São Tomé and Príncipe

Data from the Central Bank of São Tomé and Príncipe, after worsening global and primary deficits in 2020, reaching 4% and 3.3% respectively, with the pandemic developing less favorably in the course of 2021, indicators point to a more considerable decline in donations. Efforts by the authorities will favor the financing of short-term expenditure aggravated by the pandemic. Thus, the

primary deficit will continue to remain above 2% of nominal GDP, standing at 3.7% and 3.8% of nominal GDP in 2021 and 2022. For the overall deficit, a reduction from 4.5% to 3.7% is expected in 2021 and 2022 respectively, resulting from the constraint to contain the advance of public debt.

As of November 2021, exports of goods totaled \$17.337 million, up 27.1% from the same period. Exports of cocoa totaled 52.9% while exports of palm oil accounted for 32.5% of total exports, with exports of US\$9.174 million and US\$5.632 million respectively.

Imports of goods totaled USD 138,305 million, mainly explained by increased imports of consumer goods, capital and petroleum products. Despite the sharp increase in exports, the worsening trade deficit at the end of 2021 is projected to be around USD 123.2 million, representing a worsening of USD 67 million in the balance compared to the same period, mainly explained by the increase in imports by around 23% and the decrease in the inflow of budget support donations. By 2022, the change in the current balance will not change significantly, but is expected to be around USD 123.9 million.

As far as the International Net Reserves (ILR) are concerned, they are expected to stabilize around 5 months of imports, as financial support and disbursements under the Rapid Credit Facility (RCF) and ECF have financed external needs in the country.

## ECONOMICS AND INVESTMENTS

Despite the health crisis caused by the Covid-19 pandemic, the financial sector

was able to increase revenues in 2021. In addition to tax collection, tax expansion and other tax measures, local beer production has been one of the major contributors to increasing state revenues.

The Board of Directors of the World Bank (WB) approved an additional funding of \$8 million for the Social Protection and Skills Development Project (SPSD). This donation reinforces the ongoing SPSP work and strengthens government support for the development, management and operation of an effective and sustainable national social protection network system for poor families. The approval of this additional funding brings the total SPSP budget to USD 18 million.

The IMF Executive Board decided to disburse \$2.73 million to support social spending and post-pandemic recovery. The good macroeconomic performance achieved by the São Tomé and Príncipe government, even at a time of pandemic, allowed for a positive review of the agreement. This disbursement of US\$2.73 million for 2021 brings to US\$10.34 million the total amount of funding already released by the IMF for São Tomé and Príncipe since 2019.

As part of the measures to revive the post-pandemic economic activities of the Covid-19, the São Tomé and Príncipe government has announced the negotiation with the African Development Bank (ADB), to strengthen the credit line for the national private sector. These negotiations aimed to negotiate with the BAD to increase the current USD 3 million to USD 6 million.

This fund is provided by international partners and is being managed by the Agency for Trade and Investment Promotion (APCI).

The Minister for Infrastructure and Natural Resources, Osvaldo Abreu, has

assured us that the government is still committed to building a deep-water port in the town of Fernão Dias. The São Toméan authorities and a Ghanaian consortium called SAS Ebonb Africa signed an agreement comprising not only the construction of the large enterprise but also the concession of the ports of Ana Chaves, on the island of São Tomé and the port on the island of Príncipe, under a Public Private Partnership (PPP). In a project budgeted at US\$ 250 million, in which the State is going to be present at all stages of the work, the domestic and foreign operators resident in the country will have the participation in an enterprise that is intended to be strategic for the São Toméans.

The Anglo-Dutch oil company SHELL is drilling in São Tomé and Príncipe's Exclusive Economic Zone (EEZ) block. According to the signed agreement, drilling work on Block 6 in the territorial sea of the country is expected to take place in the first quarter of 2022. SHELL's shares in the São Tomé and Príncipe EEZ started after the acquisition in September 2020 of the participation rights on blocks 6,10,11 and 13 that were held by the US company Kosmos Energy.

The African Development Fund approved 10.7 million for São Tomé and Príncipe. This fund is intended to encourage the recovery of the economic sector. The country's small and medium-sized enterprises linked to the sectors of agriculture and tourism are one of the main targets of financing that also intends to improve the business environment and to remove the obstacles that prevent the private sector from being a driver of economic growth. This EUR 10.7 million will enable the implementation of the first phase of the Zuntamón initiative, launched under the Lusophone Pact.

Oi, the operator that held 51% of the shares of the Country's

Telecommunications Company (CST) received and accepted the proposal of Visabeira Global for the total acquisition of the shares. The São Tomé and Príncipe government said that it could not afford to exercise the right of pre-emption in the purchase of shares, following a petition by NOSSA.COM which had denounced the government's bad business and because an international consultation had not been launched to raise other offers. With this purchase Visabeira Global intends to boost fixed and mobile internet services, modernize the 3G network and invest in the 4G network, expand the optical fiber network, invest in Pay TV services, among others.

The price of fuel became the same throughout the country, with the reduction of the price of fuel in the Autonomous Region of Príncipe to the same price as in São Tomé, that is, 30 dobras per liter for gasoline and 25 dobras per liter for diesel.

The proposal for a price reduction was proposed by the President of the Regional Government, Filipe Nascimento, to the Central Government. The Autonomous Region of the Prince had suffered a fuel crisis due to rising prices, leading the Regional Government to suspend the sale and negotiate with the Central Government to reduce prices. Work between the Regional and Central Governments and other partners will continue in search of conditions for the installation of reservoirs for the increase of fuel storage capacity in the Prince Autonomous Region.

### MONEY MARKET

As part of the internal debt market development strategy, the BCSTP issued 5 times in the São Tomé and Príncipe financial market, Treasury bills (BT). In

February, March, May, August and September 2021 BT was issued for a total of STN 361.758.555.00. All BTs have a term of one year, the rate applied varies between 3% and 5% annually and the nominal value of each Ticket was STN 1.000.00. This mechanism is of great importance for the management of liquidity and financing of the tax deficit, as well as the diversification of savings application options of economic agents

Aiming at partially absorbing excess liquidity in the banking system, and mitigating the risks to the functioning of the current exchange rate regime, the Central Bank of São Paulo issued Certificates of Deposit (CDS) ten times. Auctions were conducted at an average of almost one per month, where the total of STN 666,654,142.34 were placed, all with a repayment term of one month. In all auctions the rate applied was 1% per annum.

In 2021, a new platform was inaugurated with a new system of transactions by ATM and POS, allowing the payment of taxes and services of some companies, such as EMAE, CST and UNITEL. This platform also accepts the international cards of the VISA network. At the inauguration, Prime Minister Jorge Bom Jesus stated that this new payment platform comes to adjust the country to the best practices of payment systems and is a bet on a digital economy, technological innovation, reform and modernization of public administration, growth of the private sector, creation of a favorable business environment, attraction of foreign direct investment, investment in specialized human capital that are priorities of the government and compete for the country's transformation agenda. The acceptance of VISA cards is a significant milestone for São Tomé and Príncipe as a country that promotes tourism, taking into account that it will contribute to the increase in the flow of tourists and guarantee the placement



of São Tomé and Príncipe on the international map of tourist destinations.

### BANKING

The Central Bank of São Tomé and Príncipe (BCSTP) has decided to implement resolution measures for Energy Bank São Tomé and Príncipe in the face of financial imbalance, namely the reduction of equity below the legal minimum and the non-compliance with solvency and liquidity ratios. It was necessary to activate legal mechanisms available to solve the situation of Energy Bank São Tomé and Príncipe. In its resolution 04/2021, the ASCB decided to implement a resolution measure consisting in the total or partial disposal of the assets, liabilities and off-balance sheet items and assets under its management. It has suspended the directors, executive directors and equivalent representatives of Energy Bank São Tomé and Príncipe from their activities, as well as the blocking of their personal assets to compensate for any losses arising from management actions.

With this resolution, the ASCB aims to ensure that all transferable deposits are fully collateralized and that no legal or contractual rights of depositors and the balance of deposits are affected. Under the same legal provision, it is also intended to ensure that the contractual terms of the credits granted by Energy Bank São Tomé and Príncipe, to be transferred to other banks, are not altered to the detriment of borrowers. Consequently, the periodic repayments (principal and interest) will continue to be made by the borrowers on the same terms as they were made to Energy Bank São Tomé and Príncipe.

The BCSTP released new 5-, 10- and 200-fold notes in the country's financial system, justifying that the two with the lowest face value do not adapt to the

country's climatic characteristics, showing accelerated wear and putting in question its security elements. In view of this, the BCSTP decided to produce the new banknotes in cotton paper, with a design similar to the previous one, without a transparent window and with enhanced durability and strength characteristics. As for the 200-ply notes, they were put into circulation to replace the old ones that were collected in 2019, by irregularities that compromised the credibility and security of the national financial system. It was also reported that the production of the new banknotes has no cost to the country and are more resistant, safer and with greater longevity.

At the celebration of another anniversary of the Central Bank of São Tomé and Príncipe, the Governor of this body, Américo Barros, said that the great challenge in the near future is to move quickly towards digital innovation. The Covid-19 pandemic has caused some delay in the introduction of new payment systems and services, forcing the adoption of innovative practices whose technological component has gained even greater emphasis. To modernize the automated payment system, the ASCB relies on the help of international partners. BAD's involvement has funded the modernization of SWITCH and Disaster Recovery (DR.) and, with World Bank funding; the Core Banking System (CBS) and Enterprise Resource Planning (ERP) projects will be implemented.

These projects are essential for the modernization of the entire payment systems infrastructure, integrating a vision that is not limited to ATM and POS, but also bringing together a component of financial inclusion for economic growth, which is both inclusive.

In view of the worsening epidemiological situation, with the increase in the number of cases of Covid-19 infection in 2020, and consequently the suspension of activities in almost all economic sectors of the country, the Monetary Policy Committee of the BCSTP in coordination with the government had decided to direct banks to grant moratoria on the payment of bank benefits to economic agents, companies and individuals. This year, an amendment was made to the Decree-Law extending the banking moratorium until the end of June 2021. Thus, subordinated and self-employed businesses and workers in the tourism and related sectors, hotels, catering, aviation, artists and music-cultural and craft professionals continued to benefit from the banking moratorium.

## Key Financial Sector Indicators

Regulatory Framework	2017	2018	2019	2020	Until Jun 2021	Regulatory Levels
Solvency	33,3%	31,1%	28,5%	29,0%	28,9	12%
Liquidity	58%	63%	49%	58%	60%	20%
Sectoral Framework	2017	2018	2019	2020	Until Jun 2021	
Number of Seats	6	5	5	5	4	
Assets as % of GDP*	48,5%	47,8%	46,6%	47,4%	47,6%	
Net Lending as % of GDP*	15,4%	15,6%	14,9%	13,9%	12,4%	
Deposits as % of GDP*	32,5%	33,2%	32,6%	34,6%	34,1%	
Transformation Ratio (Credit/Deposit)	60%	60%	59%	53%	50%	
Bad Credit Level (> 90 days)	24,9%	24,6%	26,7%	29,6%	33,7%	
Cost-to-Income	75,0%	70,0%	79,0%	79,0%	73,0%	
ROE	-2,7%	-1,0%	-1,3%	4,1%	3,4%	
ROA	-0,7%	-0,2%	-0,2%	0,7%	0,6%	

Source: BCSTP

\*BISTP Calculation

## BISTP quota

	2018	2019	2020	Until Set 2021	Var. 2021/2020	
Total Asset	63,49%	65,26%	65,3%	63,7%	-1,60	pp
Equity	46,36%	52,76%	52,3%	54,5%	2,20	pp
Deposits	73,65%	73,15%	74,9%	70,7%	-4,20	pp
Net Credit	61,41%	62,24%	60,1%	56,9%	-3,20	pp
Bank Product	68,93%	70,46%	70,1%	73,5%	3,40	pp
Agencies	60%	60%	66,7%	70,6%	3,90	pp
ATM	75%	72%	74,2%	81,4%	7,20	pp

Source: GPC





05

**BUSINESS STRATEGY AND GEOGRAPHIC PRESENCE OF THE BISTP**



### 5.1 BUSINESS STRATEGY AND MODEL

Banco Internacional de S. Tomé e Príncipe is a financial institution active in the retail and investment banking segment with a universal offer, offering a full range of financial products and services to meet all the financial needs and expectations of households, businesses, companies and institutions. It is an institution that values the relationship with the client, oriented towards participation in socioeconomic development, bringing the financial service closer and closer to the population, by widening the coverage network throughout the country with physical presence (Agencies, ATM and POS) and digital (e-banking) available to serve on a 24x7 basis.

Simplifying the processes for subscribing to the products most relevant to customers is also an objective that has been pursued, with the aim of improving the experience provided to Customers and strengthening the proximity relationship.

As in 2020, 2021 was also a troubled year, due to the increase in the number of new cases of Covid-19. This pandemic crisis led the bank to speed up actions already under way to stimulate the increase of users of electronic and digital banking (debit cards and internet banking).

#### **Focus on increasing customer numbers and e - banking penetration:**

- The bank launched its e-banking APP in the last quarter of 2021, enabling customers to access banking services more quickly, easily and conveniently.
- An advertising campaign was launched in December about the advantages of electronic and digital channels.

#### **Sustainability of the model:**

- BISTP's business model, based on two markets containing a heterogeneity of customers in each of them, confers greater resilience and versatility to the Bank's business, allowing it to maintain a performance on positive ground even in more adverse circumstances.

#### **COVID-19 crisis management:**

- As part of the management of the situation of Covid-19 within the bank, the focus continued to focus on the protection of employees and customers, with the maintenance of the control of access to the Bank's premises, such as hand hygiene, use of mask, temperature measurement at the entrance of the Bank's premises, and the maintenance of a reduced number of customers within the branches in order to avoid agglomerations.

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

The focus on achieving higher levels of profitability, greater operational efficiency and better credit risk control are indispensable for strengthening the leading position in this market, and for ensuring the Bank's longevity.

To fulfill such desires the Bank follows its ideal of "Excellence" in its four strategic axes (**Customers, Human Capital, Processes and Results**).

In 2021, some actions planned and implemented allowed the Bank to take qualitative steps towards its ideal of "Excellence" in each strategic axis..

### CUSTOMERS

In view of the current situation, which requires restrictive measures in terms of circulation and access to the Bank's premises, improving conditions for access to products and services by electronic and Internet has become one of the priorities. To enable customers to withdraw their deposits more easily and avoid long queues, which have arisen at this juncture, to access the agency, the Bank has invested in increasing its ATM and TPA/POS park. The internet-banking mobile app was also launched, which was a qualitative leap in this service, allowing the customer, in addition to a more user-friendly interface in terms of navigation inside the page, it also gives the customer greater convenience and convenience of access to the bank's services in a 24 hours a day and 7 days a week. Marketing campaigns were conducted to explain to customers the advantages offered by digital channels of access to the bank's products and services.

### HUMAN CAPITAL

The good performance achieved by the Bank over the years, and in particular in adverse environments such as the current one, is due to a dedicated human capital focused and determined on continuing to make BISTP the best financial institution on the market in all aspects. As human capital is one of our most valuable assets and one of the factors of success, in this context of pandemic the focus has continued to be on the protection of employees, and therefore health security measures have been maintained, such as the use of masks in the facilities, disinfection of the hands at the entrance and the holding of meetings preferably by telematics when the participants are numerous. The Bank also made the distribution of masks for the employees and disinfection

material. These measures allowed the continuity of the bank's activities within a framework of security for employees and customers.

In spite of the constraints imposed by the pandemic, the bank, this year 2021, advanced a training action aimed at strengthening the technical and theoretical skills of first-line managers in the field of corporate management. The training action was prepared by ISEG - Portugal and delivered from 19 July to 04 October..

### INTERNAL PROCESSES

The commissioning of the credit workflow project in 2020 was an important step in digitizing the most critical processes in the bank's activity. In 2021, some up-grade of this application was carried out so that it is able to satisfactorily meet the expectations in terms of the digitalization of the essential of the credit process. New digitization needs have also been identified, the implementation of which is scheduled for 2022, namely the process of complaint management, management of issuance of transfers abroad and the process of reconciliation of transactions taking place in the Doubra 24 network, with debit card and Visa Network card.

### Results

The effects of the economic constraints generated by the Covid-19 pandemic are visible in the real economy and have been felt throughout 2021. Nevertheless, the Bank, through its entire team, has once again demonstrated its versatility, ability to understand the situation, and rapid adaptation to it.

With a business model whose strategy is oriented to meet the expectations of

all that give it life (Customers, Employees, Shareholders and Society) the Bank has consistently achieved satisfactory results that have contributed to the strengthening of its solidity and liquidity ratios, allowing advances towards its ideal of "Excellence".

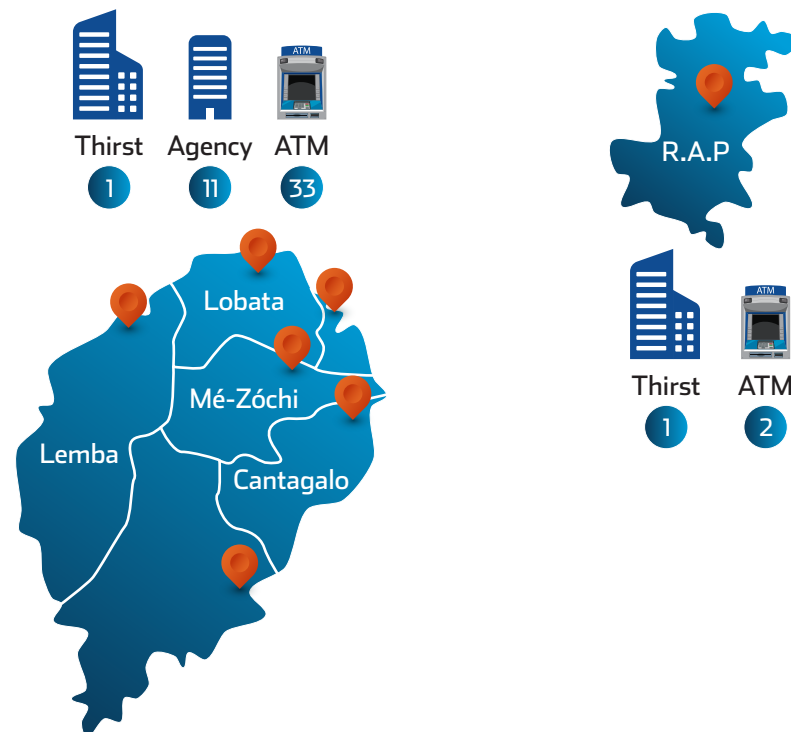
Despite the falls in the credit portfolio, it is noted that the diversifications in the bank's sources of income allowed a positive result to be achieved and higher than last year. The solidity and efficiency ratios also improved compared to last year by 2.31 pp and 4.40 pp, respectively, having been fixed at 30.82% and 62.73%.

### 5.2 GEOGRAPHICAL PRESENCE AND DISTRIBUTION CHANNEL

The BISTP, as the largest financial institution in the market, and, imbued with the important mission of contributing imperatively to national economic and social development, with a view to achieving a balance between profitability, sustained growth, financial strength, liquidity and risk control, has sought to bring financial services to the whole country, so that the entire population without exception can access and enjoy the benefits of financial services.

In 2021, the first steps were taken to realize the desired ambition of having an agency in all districts of the country. Today the Bank is present with an agency in 4 of the 7 districts of the country, however, in spite of not yet having an agency in all districts, the presence of the Bank is already visible through the Automatic/ATM Areas that are installed from the north to the south of the country, already covering all districts.

#### BISTP: Presence in the Country



By 2022, it is expected to be able to build two new agencies in the more peripheral districts, in order to cover the whole country and bring financial service to all, thus contributing to maximum bancarization of the population and even to financial inclusion. The digital channel is also expected to penetrate further the spread of financial services throughout the country.





06

**BISTP'S MAIN BUSINESS AREAS IN 2021**

## 6. BISTP'S MAIN BUSINESS AREAS IN 2021

### 6.1 RETAIL BANKING: PRIVATE

The resurgence of new cases of Covid-19 in 2021 accentuated the adverse economic situation. In an environment such as this, the challenges for promoting the maintenance or growth of the credit portfolio and other similar financial products are enormous.

Businesses, particularly in the tourist sector, are still in difficulties and households have seen their purchasing power fall as inflation has risen. The visible deceleration in economic activity has fueled increased credit risk.

The contraction of the credit portfolio in the retail segment, in the order of -3.7% in 2021 compared to last year, reflects the marked cooling of economic activity in 2021. However, the weight of the volume of credit in this segment now represents 58.52% of the bank's overall credit, compared to 53.7% in 2020, and this variation shows greater stability in the credit portfolio in this segment, characterized by being less volatile compared to the corporate segment. Because of this less volatile feature, Retail Banking continues to play a leading role in ensuring greater resilience to the bank's business model in general.

The deposit portfolio for this segment grew by 4.61%, increasing its share in the total deposit portfolio (current and time deposits) to 42.82%, a growth of 6.07 percentage points compared to 2020.

The share of private customers in the total volume of credit and combined deposits has risen from 47,41 % to 41,66 % in 2020. This segment has proved to be very important in the risk diversification strategy and in strengthening the resilience of the bank's business as a result of greater heterogeneity among

retail customers.

### Deposits

Deposits in this segment varied by -1.4%, which was a result of the reduction in time deposits (-19.47%). Demand deposits, which are non-remunerated liabilities, have expanded by +5.25%.

Individuals (Customer Deposits Portfolio)				Variance	
Customer Deposits (excluding interest payable)	2018	2019	2020	20.vs.19	21.vs.20
Demand Deposits	650.473.038	684.642.749	731.092.367	5,25%	6,78%
Term Deposits	239.391.818	192.792.798	186.763.132	-19,47%	-3,13%
Total Customer Deposits	889.864.855	877.435.547	917.855.499	-1,40%	4,61%

Amount in STN

Deposits in this segment have been set at mSTN 917,855, resulting in an increase of mSTN 40,419 compared to 2020, or +4.61%.

The growth of overnight deposits at +6.78% compared to 2020, even in a period of crisis, reflects the stability of the deposit portfolio in this segment and the confidence that customers place in the soundness of the Institution. It is important to highlight the situation of financial fragility or bankruptcy of the smaller financial institutions that has occurred over the years in São Tomé and Príncipe.

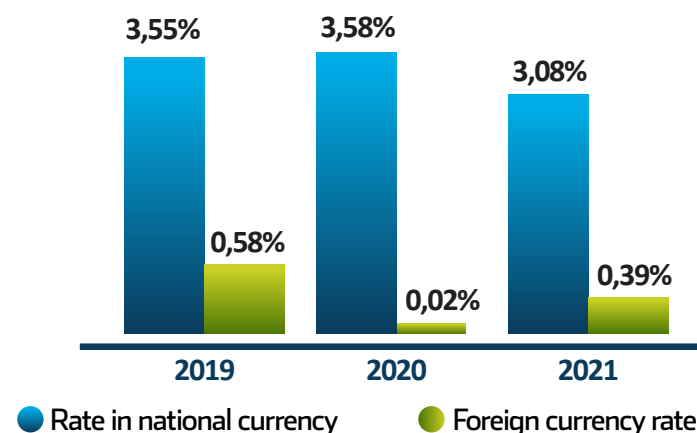
With this growth, the weight of overnight deposits in 2021 increased to 79.7% of total deposits in this segment, against 20.3% of term deposits.

For time deposits, there is a contraction in the weighted average rate in NTS, resulting from a policy of applying lower collection rates, justified by the situation of excess liquidity in the financial market, and the problem of the surplus of unspent resources is aggravated in a crisis environment in which bank credit is contracting.

Ongoing term deposits with longer maturities are not impacted by the lower rate policy and, therefore, the weighted average rate is being influenced more by older contracts.

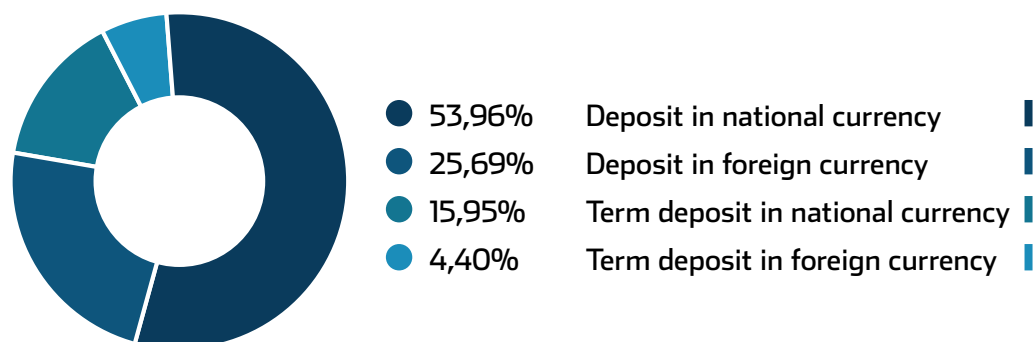
Maturity of Fixed - term deposits 2021		
Maturity of forward deposit contracts	Capital	Weighted Average Rate
Up to 6 months	14.228.872	0,94%
6 to 12 months	21.528.580	0,96%
More than 12 months	151.046.208	3,72%
<b>Total</b>	<b>186.803.661</b>	<b>3,08%</b>

### FUNDING RATE PER GROUP OF COINS (WEIGHTED AVERAGE)



As regards the composition of deposits by currency, it is noted that there is a greater predominance of deposits in domestic currency (69.91% of total deposits) compared with deposits in foreign currency (30.09%).

### WEIGHT OF DEPOSITS BY CURRENCY





## Credit

The volume of the credit portfolio in this segment in 2021 contracted by -3.7% compared to 2020, corresponding to a reduction in absolute terms of -mSTN 19.959.

Credit Portfolio	2019		2020		2021		Variance			
	Nº	Amount	Nº	Amount	Nº	Amount	20 Vs. 19		21 Vs. 20	
							Nº	Amount	Nº	Amount
Regular Credit	5.374	459.860.185	4.906	435.122.522	5.227	417.224.846	-8,7%	-5,4%	6,5%	-4,1%
Irregular Credit	178	79.052.870	511	102.592.394	224	100.910.037	187,1%	29,8%	-56,2%	-1,6%
Discovered	2.763	1.138.709	3.304	1.138.265	7.435	758.710	19,6%	0,0%	125,0%	-33,3%
<b>Total Credit Portfolio</b>	<b>8.315</b>	<b>540.051.764</b>	<b>8.721</b>	<b>538.853.181</b>	<b>12.886</b>	<b>518.893.593</b>	<b>4,9%</b>	<b>-0,2%</b>	<b>47,8%</b>	<b>-3,7%</b>

The volume of regular lending contracted (-4.1%). Similarly, the credit risk contracted by -1.6%. The biggest contraction in regular lending is a reflection of the stagnating economic activity environment that characterized 2021.

Credit Portfolio - Regular							Variance			
Credit Portfolio	2019		2020		2021		20 Vs. 19		21 Vs. 20	
Regular Credit	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
Housing with mortgage Guarantee.	155	102.327.901	145	94.137.240	134	76.260.057	-6,5%	-8,0%	-7,6%	-19,0%
Consumption	1.507	74.838.171	1.328	72.401.459	1.559	81.710.489	-11,9%	-3,3%	17,4%	12,9%
Car	10	2.410.899	11	3.547.379	13	4.229.712	10,0%	47,1%	18,2%	19,2%
Health	15	1.200.318	7	394.810	7	579.927	-0,5333	-67,1%	0,0%	46,9%
Other retail claims	3.687	279.082.896	3.415	264.641.635	3.514	254.444.661	-7,4%	-5,2%	2,9%	-3,9%
Total Regular Credit (1)	5.374	459.860.185	4.906	435.122.522	5.227	417.224.846	-8,7%	-5,4%	6,5%	-4,1%

At the level of the regular credit portfolio, there is a contraction in the purpose of lending and housing in the order of -19%. Credit for car purchases grew by around 19.2% in volume and consumer credit by 12.9%. "Other consumer credit", which generally also contains credits for investments in small private businesses, contracted by -3.9%.

In a less favorable economic environment, defaulted credit recoveries become even more difficult and there is a potential increase in the risk of new credit default. In the face of recovery difficulties, aggravated by the conjuncture and the potential increase of the risk of default, the Bank has established as policy, regular monitoring of clients done at the level of agencies and managers and, action of credit recovery in the most complex cases, led by the Legal and Recovery Office.

Despite the current situation, irregular credit has contracted by -1.6% compared to 2020. With regard to credit in litigation, it should be noted that the extreme length of time (not to say inoperability) the courts have taken in dealing with these credit cases makes recovery by this route virtually ineffective and a major factor conditioning the success of recovery efforts.

Credit Portfolio - Irregular							Variance			
Credit Portfolio Irregular Credit	2019		2020		2021		20 Vs. 19		21 Vs. 20	
	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
With delays > 90 days	24	24.621.925	27	30.319.714	34	44.421.860	12,5%	23,1%	25,9%	46,5%
Housing with Mortgage Guarantee	41	1.298.817	127	5.204.168	45	2.701.035	209,8%	300,7%	-64,6%	-48,1%
Consumption	1	1.004.656	3	1.789.955	2	1.005.441	200,0%	78,2%	-33,3%	-43,8%
Car	2	67.659	0	-	1	147.854	-1	-100,0%	-	-
Health	75	22.844.115	320	40.927.921	109	23.851.478	326,7%	79,2%	-65,9%	-41,7%
Other	143	49.837.171,38	477	78.241.757,40	191	72.127.667,77	233,6%	57,0%	-60,0%	-7,8%
Total late credits > 90 days										
Litigation										
Housing with Mortgage Guarantee	6	6.637.782,25	7	7.103.188,87	6	7.405.815,71	16,7%	7,0%	-14,3%	4,3%
Consumption	8	3.418.740,64	9	3.292.084,19	8	3.153.040,07	12,5%	-3,7%	-11,1%	-4,2%
Other	21	19.159.175,74	18	13.955.363,50	19	18.223.513,69	-14,3%	-27,2%	5,6%	30,6%
Total claims in litigation	35	29.215.698,63	34	24.350.636,56	33	28.782.369,47	-2,9%	-16,7%	-2,9%	18,2%
Total Irregular Credit (2)	178	79.052.870,01	511	102.592.393,95	224	100.910.037,24	187,1%	29,8%	-56,2%	-1,6%

Montante em STN

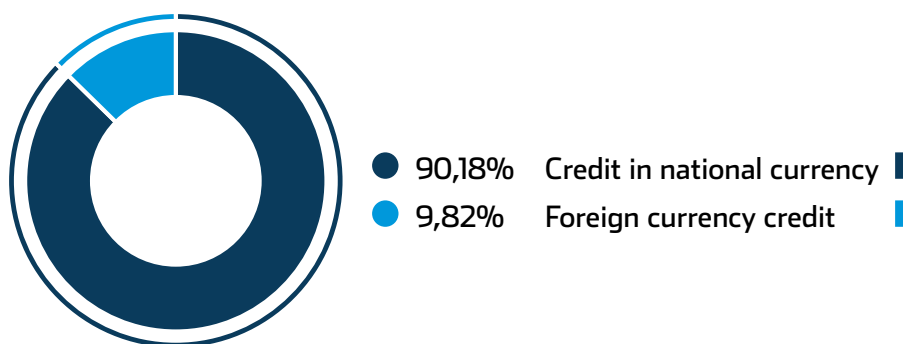
**From the point of view of credit quality developments, the following can be listed:**

- Increase, albeit marginal, of the weight of irregular credit in the total credit of this segment, from 19.04% in 2020 to 19.45% in 2021, justified in great measure by the greater contraction of regular credit (-7.8%) when compared with the irregular credit that contracted in -1.6%.
- Increase in the coverage level of the total credit (Regular and Irregular) by the provision, in this segment, standing at 17.0%, against 15.2% in 2020.

- The credit risk classified in the credit category of late credit for more than 90 days was fixed at mSTN72.127, against mSTN78.241 in 2020, i.e. a contraction of -7.8%.
- Credit in litigation (credit in court) grew (+18.2%), from mSTN24.351 to mSTN 28.782.
- The bank has maintained a very prudent and rigorous provisioning policy and the bulk of outstanding credit has been adequately provisioned. In 2021, the bad debt provision coverage on the irregular portfolio was 78%, an 8 percentage point growth compared to 2020.

As regards the evolution of credit by currency, the strategy remains to adjust the currency in which the financing is granted to the client's income currency. As the bulk of customer income is in the local currency (Dobra), there has been a greater credit weight in the local currency at the expense of the foreign currency.

WEIGHT OF CREDITS BY CURRENCY



### 6.2 CORPORATE BANKING: COMPANIES AND INSTITUTIONS

Businesses in the tourism and related services area are still the most affected by the economic and health consequences of the pandemic. Despite a timid resumption of tourist activities, the level of tourist activity is still very low.

In the face of an unfavorable environment, firms also reduced the demand for bank financing, both for stock rotation and for investment/business expansion.

In this unexciting and increasingly risky scenario, the bank has maintained its lending strategy, but adjusted to the needs and timing of the companies.

The **Companies and Institutions** segment has a weight of 41.5% and 57.2% of the total credit and deposit portfolio in 2020.

#### Deposits

The volume of deposits for this segment contracted in 2021 by -18.77%, supported by a reduction of -18.77% in overnight deposits and -18.95% in term deposits.

This magnitude of change in deposits shows a certain concentration and lower stability of time deposits in this segment.

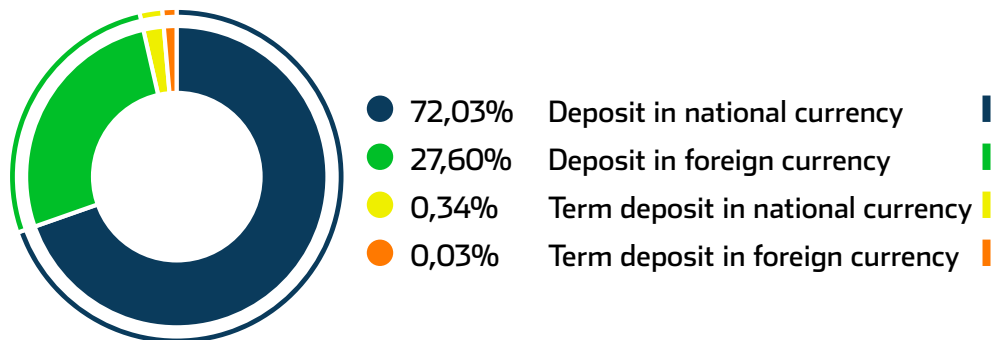


### Corporate (Customer Deposits Portfolio)

Deposit Portfolio (excluding interest payable)	2018	2019	2020	Variance	
				20.vs.19	21.vs.20
Demand Deposits	1.264.507.965	1.504.653.357	1.222.229.779	18,99%	-18,77%
Term Deposits	43.803.535	5.639.651	4.571.150	-87,13%	-18,95%
Total Customer Deposits	1.308.311.501	1.510.293.009	1.226.800.929	15,44%	-18,77%

As regards the currency composition of deposits, it is noted that deposits in national currency represent 80.0% of total deposits, compared to 76.6% in 2020.

### WEIGHT OF DEPOSITS BY CURRENCY

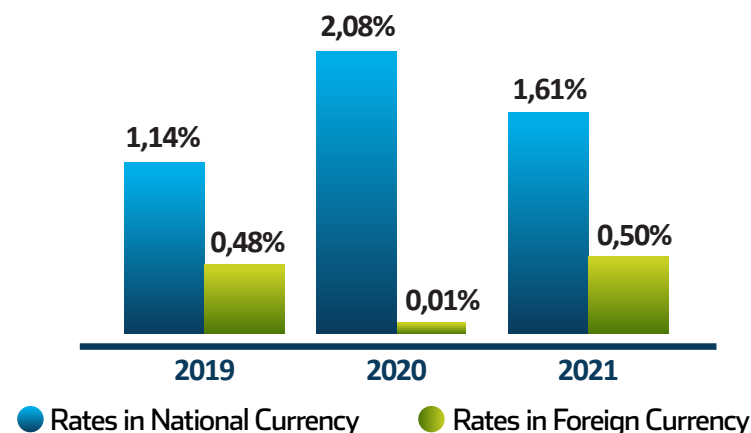


Average collection rates for this segment remain low, falling by 0,34 pp compared to 2020. Forward deposits in this segment are more volatile and their holders tend to generally seek better returns.

### Maturity of time deposits 2021

Maturity of forward deposit contracts	Capital	Weighted Average Rate
Up to 6 months	1.605.000	1,00%
6 to 12 months	360.388	1,00%
More than 12 months	2.565.232	2,13%
<b>Total</b>	<b>4.530.621</b>	<b>1,56%</b>

### FUNDING 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 development highlights the impact of the adverse environment on firms' demand for bank credit, but is also partly explained by the partial amortization/early settlement of some loans of significant amounts. Even so, BISTP has been attentive to the few

business opportunities that arise and has given particular attention to this segment, looking for financing solutions more suited to the economic context and the situation of each company in particular.

Credit Portfolio	2019		2020		2021		Variance			
	Nº	Amount	Nº	Amount	Nº	Amount	20 Vs. 19		21 Vs. 20	
							Nº	Amount	Nº	Amount
Regular Credit	74	240.789.113	63	295.024.113	54	227.172.230	-14,9%	22,5%	-14,3%	-23,0%
Irregular Credit	41	144.895.246	42	152.558.391	53	138.019.645	2,4%	5,3%	26,2%	-9,5%
Discovered	65	137.229.460	90	16.977.259	142	2.629.650	38,5%	-87,6%	57,8%	-84,5%
<b>Total Credit Portfolio</b>	<b>180</b>	<b>522.913.819</b>	<b>195</b>	<b>464.559.763</b>	<b>249</b>	<b>367.821.525</b>	<b>8,3%</b>	<b>-11,2%</b>	<b>27,7%</b>	<b>-20,82%</b>

Amounts in STN

Credit Portfolio - Regular							Variance			
Credit Portfolio	2019		2020		2021		20 Vs. 19		21 Vs. 20	
Regular Credit	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
Trade	32	52.512.362	26	52.851.735	20	46.685.710	-18,8%	0,6%	-23,1%	-11,7%
Construction	8	35.010.383	7	33.493.924	5	44.199.544	-12,5%	-4,3%	-28,6%	32,0%
Services	21	58.228.572	16	44.756.272	18	34.684.464	-23,8%	-23,1%	12,5%	-22,5%
Agriculture	3	1.958.960	3	2.055.503	3	1.546.313	0,0%	4,9%	0,0%	-24,8%
Other (Corporates; Public Institutions and Other Private Enterprises)	10	93.078.837	11	161.866.680	8	100.056.199	10,0%	73,9%	-27,3%	-38,2%
Total Regular Credit	74	240.789.113	63	295.024.113	54	227.172.230	-14,9%	22,5%	-14,3%	-23,0%

Amounts in STN

There is a credit crunch in all sectors except the construction sector, showing an adverse economic environment across almost all sectors of activity.

Credit Portfolio Irregular Credit	Credit Portfolio - Irregular						Variance			
	2019		2020		2021		20 Vs. 19		21 Vs. 20	
	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
<b>With delays &gt; 90 days</b>	9	26.996.364	5	4.303.038	17	17.731.648	-44,4%	-84,1%	240,0%	312,1%
Trade	1	307.870	3	2.907.185	5	4.198.803	200,0%	844,3%	66,7%	44,4%
Construction	3	303.428	4	3.309.240	4	1.885.134	33,3%	990,6%	0,0%	-43,0%
Services	2	1.068.635	1	684.746	3	1.397.895	-50,0%	-35,9%	200,0%	104,1%
Agriculture	2	51.294	3	976.015	1	393.310	50,0%	1802,8%	-66,7%	-59,7%
Other	17	28.727.590	16	12.180.224	30	25.606.790	-5,9%	-57,6%	87,5%	110,2%
<b>Total late credits &gt; 90 days</b>										
<b>Litigation</b>										
Trade	14	79.335.200	17	103.633.461	14	75.493.232	21,4%	30,6%	-17,6%	-27,2%
Construction	2	23.120.326	2	23.120.326	2	23.120.326	0,0%	0,0%	0,0%	0,0%
Services	5	9.179.163	5	9.093.531	5	9.268.448	0,0%	-0,9%	0,0%	1,9%
Agriculture	1	184.688	1	184.688	1	184.688	0	0,0%	0,0%	0,0%
Other	2	4.348.279	1	4.346.160	1	4.346.160	-50,0%	0,0%	0,0%	0,0%
<b>Total claims in litigation</b>	24	116.167.656	26	140.378.167	23	112.412.855	8,3%	20,8%	-11,5%	-19,9%
<b>Total Irregular Credit (2)</b>	41	144.895.246	42	152.558.391	53	138.019.645	2,4%	5,3%	26,2%	-9,5%

Amounts in STN

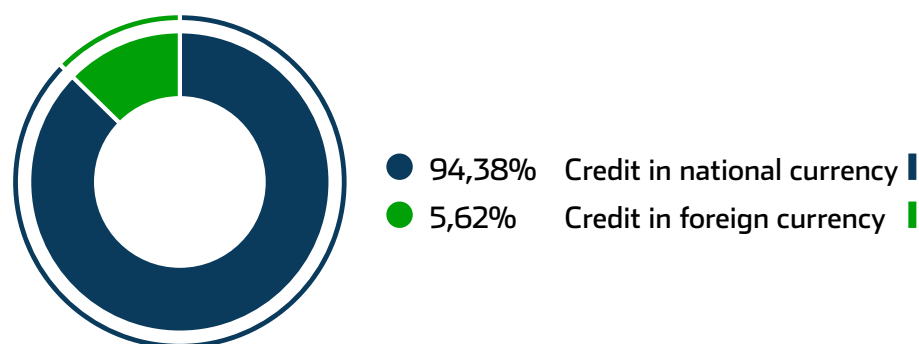
In general terms, irregular credit has contracted by -9.5%, due to a reduction in the amount of credit in litigation of -19.9%, resulting from the recovery of some claims in litigation by way of out-of-court settlement.

As regards the quality of the portfolio in this segment, it is noted that efforts to improve credit monitoring and recovery, market conditions (weak economic activity) and judicial conditions (excessive delays/inoperability in the judicial handling of disputes) continue to condition better results in terms of recovery of irregular claims, in particular of claims in litigation. As a result of the aforementioned constraints, the weight of irregular credit on total credit in this segment is still high (37.5%), despite the contraction of irregular credit in this segment. Compared to 2020, the credit quality ratio is deteriorating by 4,7 percentage points.

In terms of provision, the maintenance of a prudential and rigorous policy with the total provision covering 37.8% of the total credit of this segment and the provision for bad debt covering about 98.4% of the irregular credit (late credit over 90 days and in litigation), translating into an increase in the coverage ratio by 3.9 percentage points compared to 2020.

As regards the composition of credit by currency, it is noted that in 2021, credit in national currency had a weight of 94.38% against 95.49% in 2020. This weight of credit in the national currency results from the BISTP's policy to strengthen the confidence of economic agents in the national currency, to relate the currency in which the financing is granted to the currency of the clients' income, but also to reduce the bank's exposure to fluctuations in the indexing rates (Euribor and Libor).

**WEIGHT OF CREDITS BY CURRENCY TYPE**



### 6.3 ELECTRONIC BANKING (DEBIT CARD AND E-BANKING)

The constraints imposed by the Covid-19 pandemic helped to stimulate greater customer interest/need in the use of electronic banking services. In order to respond to the growing interest in e-banking, BISTP has intensified its investments in equipment purchase (ATM and TPA/POS), the launch of an internet banking APP, the production of advertising campaigns on the advantages of these services, in particular with regard to convenience and

speed at a time when people's mobility was restricted by security concerns.

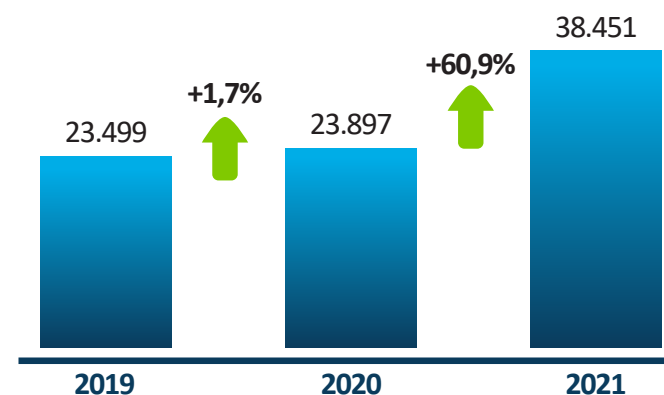
#### Debit Card - "Fold 24"

As part of the policy of mass market electronic banking, the Bank continues to promote incentives for the subscription and use of electronic services. Adherence to the debit card, TPA/POS and internet banking continues to be stimulated at the time of opening the account and also through cross-selling, in particular with credit operations.

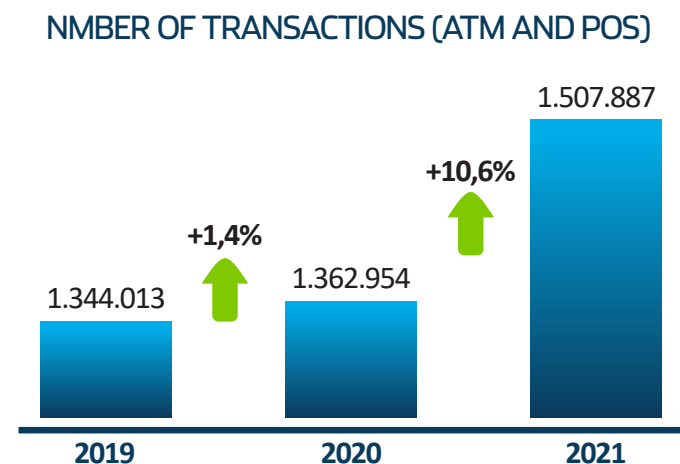
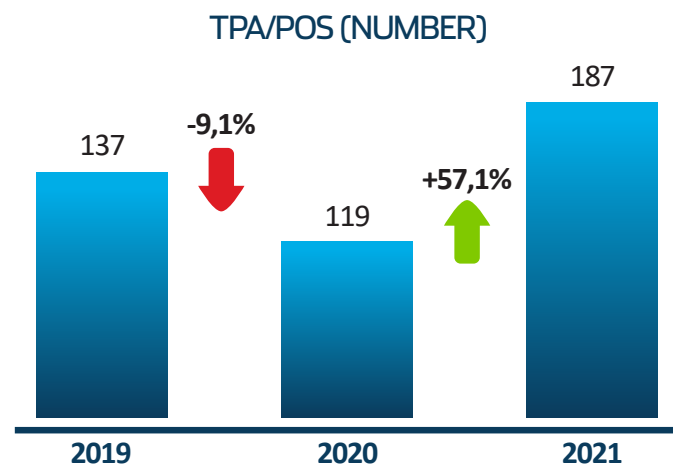
Commercial dynamization and marketing, aiming at greater dissemination of electronic services, has contributed to the gradual increase in the number of customers using electronic banking.

With the pandemic, there was greater demand from customers for adherence to TPA/ POS. In 2021 the number of POS equipment installed grew by 57% compared to 2020.

**DEBIT CARDS (NUMBER)**

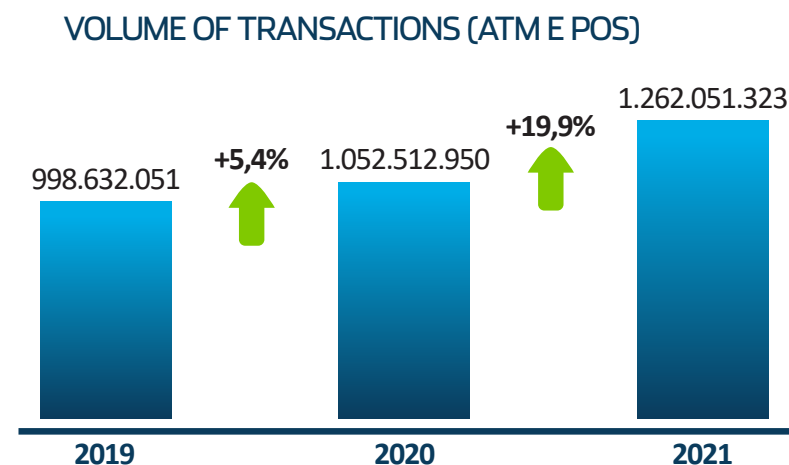






Also regarding the promotion aiming at the greater use of cards, as in previous years, the already traditional promotional campaign "Buy Easy, it's with BISTP card" was held in December, which has aimed at encouraging the use of debit cards in purchases.

With the effect of these campaigns and an 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 made at ATM and TPA/POS was 1,507,884, representing a growth of 10.6% and the volume traded was mSTN 1,262,051,323, i.e. 19.9% more than in the year 2020.



In addition to this service offering greater customer convenience, it has the great potential to enable the Bank to reduce the current high level of over - the - counter customer inflow for withdrawing transactions, transfers and inquiries of balances and account movements.

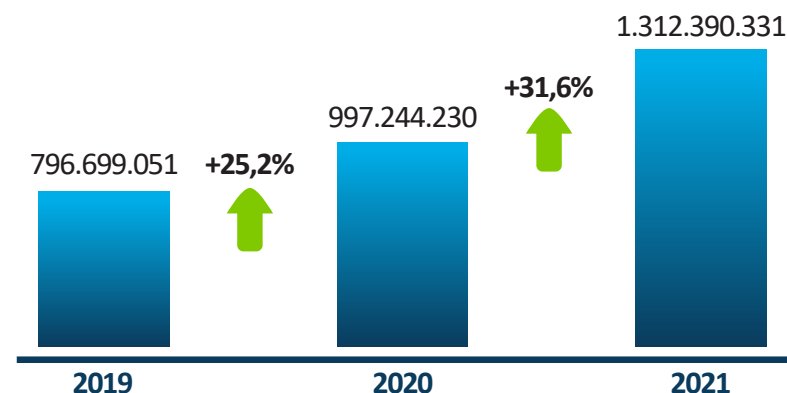
## E-banking (Kwa-Non)

The number of users of the internet service banking (kwa-Non) has also been increasing, as has the number and volume of transactions made on this channel.

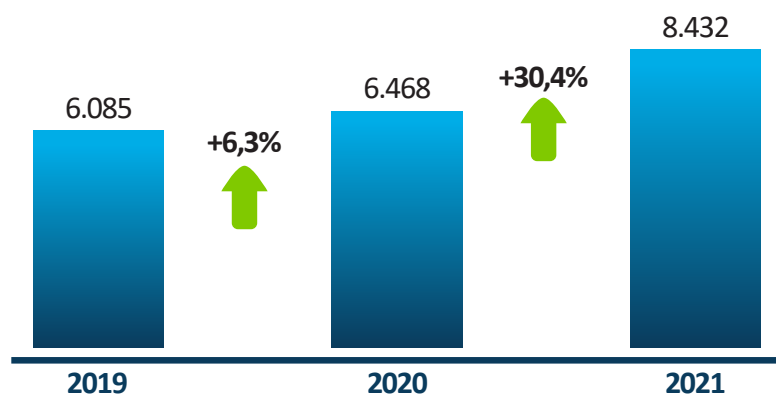
The launch of this service's mobile app will contribute to greater use of this channel in the near future to access banking services.

In terms of users, there is an increase of 30.4% in 2021 compared to 2020 and the volume of transactions made from this channel grew by 31.6% compared to 2020.

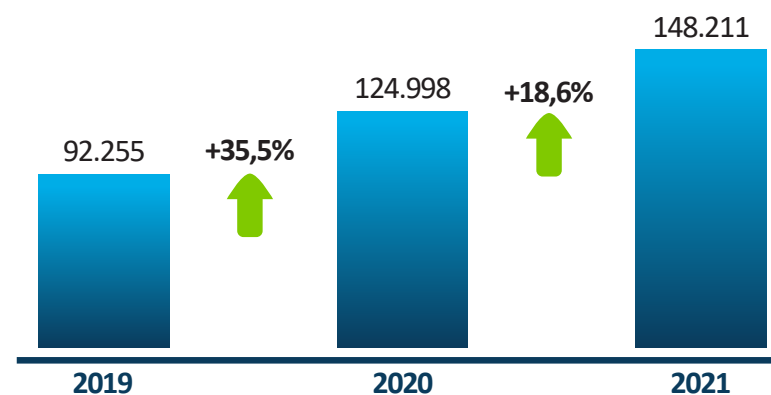
## VOLUME OF TRANSACTIONS ( STN)

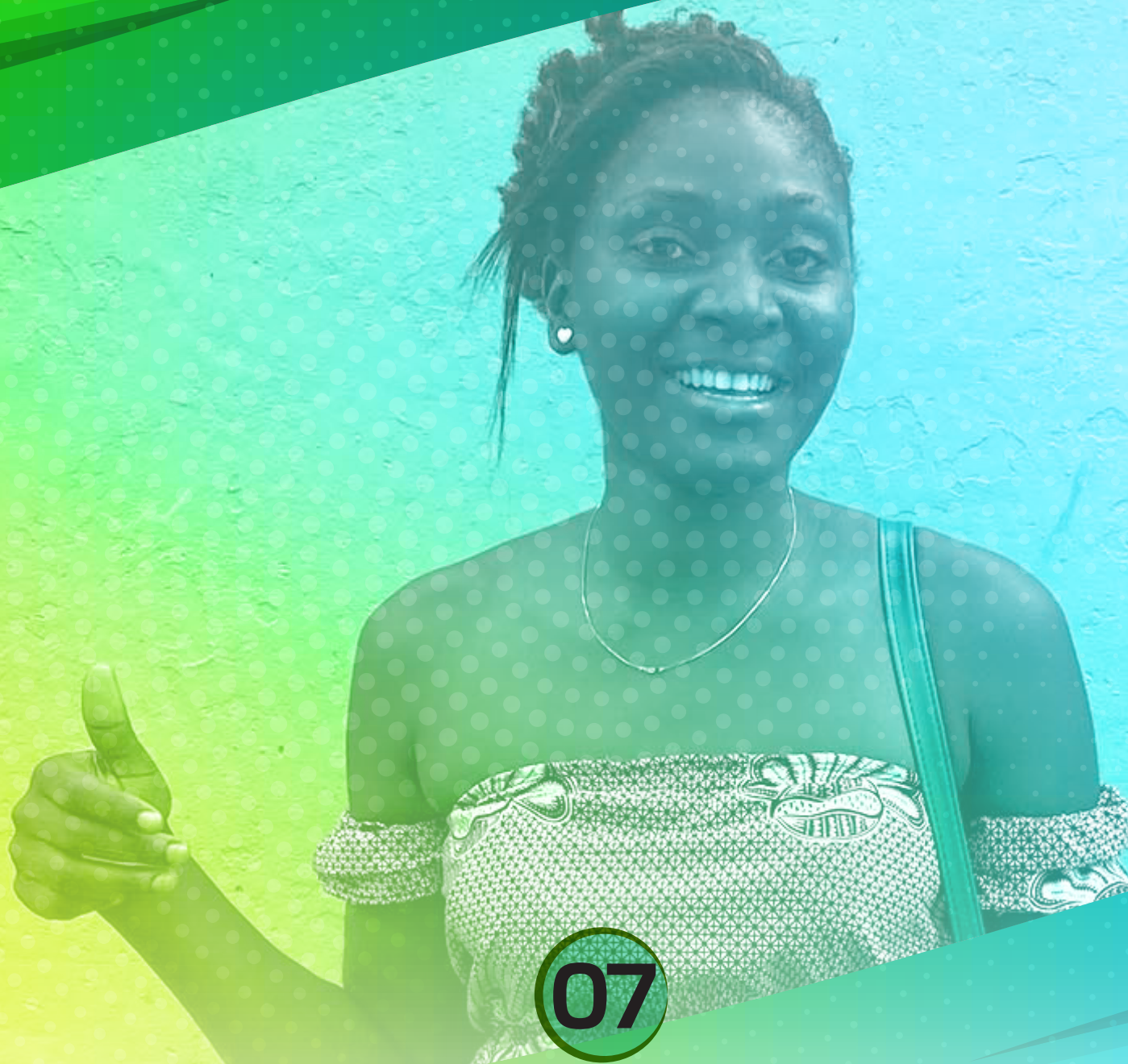


## CONTRACTS E-BANKING



## NUMBER OF TRANSACTIONS





07

## RISK MANAGEMENT PRINCIPLES

### RISK MANAGEMENT OFFICE (GRN)

Throughout the year 2021, 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 as well as international financial system.

### RISK APPETITE

BISTP conducts its business activities prudently and in a controlled and sustainable manner, and always seeks to adapt and reconcile the business objectives and risk tolerance levels defined in relation to medium to long term sustainability and profitability. And, the period of uncertainty that the world is going through, much due to the impacts of COVID-19, has led the Bank to further fine-tune its level of demand.

The Bank has therefore defined and implemented controls and limits for the risks it considers to be materially relevant to which its business is exposed. This process is supported by the "Risk Appetite Statement" (RAS), the general principles of which are based on qualitative statements defining the Bank's risk strategy. These principles are aligned with the business strategy and 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 overall and in each risk category.

For each metric, up to four values have been 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 concern risk that should result in consideration of remedial 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 for the Bank's management to launch recovery measures.

All risk limits are approved by the competent Governance bodies defined in the internal rules and are periodically reviewed and updated

### RISK STRATEGY

The delineation of risk appetite, translated into RAS, as the main set of indicators that translate and materialize the risk appetite, is one of the guiding factors of the "Risk Strategy" of the BISTP, and it is approved by the Bank's Board of Directors, on a proposal from the Office Risk and Standards, and is assessed in advance by the Executive Commission (EC) and the Risk Commission (CR). Indeed, the main lines of action to be taken by the Bank in order to address the mitigation or control of all identified material risks are established from RAS. All these lines of action constitute, formally, the Bank's Risk Strategy.

Therefore, RAS and the Risk Appetite Framework remain inseparable and central elements of BISTP's risk management, both aiming at controlling and mitigating classified risks in the risk identification process.



### INTERNAL CONTROL

The Risk Management function remains an integral part of the Bank's Internal Control System (ICS), alongside the Compliance and Internal Audit functions, thus contributing to a sound internal control environment and risk limits over which the Bank carries out its business activities as well as business support activities.

Within the CIS, the Risk Management and Compliance functions form the Bank's risk management system (RMS), which materializes into an integrated set of resources, rules and processes that contribute to ensuring an appropriate framework for the different nature and materiality of the risks underlying the activities carried out, with a view to achieving the Bank's business objectives in a sustainable and prudent manner.

In this respect, the CIS and the SGR provide the 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 remain at acceptable levels, as well as within the limits defined by the Board of Directors.

Thus, the SGR embodies the so-called "Second 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, in the day to day, by all organizational units of the Bank - supported by a process of training and awareness of risks, as well as in the delimitation of activities through a system of internal standards (SNI) complete and detailed - and last but not least, the 3rd Line of Defense is developed through the Internal Audit function, in a cross-cutting and independent manner.

### RISK COMMISSION

The Risk Board, appointed by the CA, is composed of two non-Executive Administrators and one representative nominated by the BAI Shareholder, with a set of competencies in their position, highlighting:

- advise the Board of Directors on the risk appetite of the BISTP and the general, current and future risk strategy of the Institution, taking into account all types of risks, financial and non-financial, in order to ensure that they are aligned with the business strategy, objectives, culture and corporate values of the Institution;
- supervise the consistency between all important products and services offered to clients and the business model and risk strategy of the Institution, and provide the Board of Directors with remedial plans where that examination shows that those conditions do not adequately reflect the risks;
- monitor policies for the management of all risks related to BISTP's activity, financial and non-financial, including business and strategy, solvency, liquidity, interest rate, credit, market, operational, IT, Compliance and reputation, foreign exchange and political risks;
- assess and promote the effectiveness and efficiency of BISTP's internal control processes, including by evaluating the recommendations of internal or external auditors, and monitor the proper implementation of the measures adopted;
- Monitor the risk strategy and risk appetite of BISTP

### AUDIT AND INTERNAL CONTROL COMMITTEE

The Audit and Internal Control Commission (CACI), elected by the Board of Directors, is composed of two non-Executive Directors and one representative nominated by the BAI Shareholder, with a set of competencies, which are highlighted:

- promote and monitor compliance with legal and regulatory provisions, the BISTP Statute, standards and recommendations issued by supervisors, and the general policies, standards and practices established internally;
- assess and promote the effectiveness and efficiency of the Internal Audit Function by ensuring the direct functional reporting of this function;
- promote the achievement of the key objectives set for internal control and risk management by the Central Bank of São Tomé and Príncipe (BCSTP), as well as the supervisory directives addressed to credit institutions and financial companies;
- monitor the work of the Executive Board;
- carry out a critical assessment of the Bank's Internal Control System, monitoring the complementary autonomous assessments that are attributed to the Internal Audit Function as emanating from supervisory authorities and ensuring that their effectiveness and completeness contribute to the effectiveness and efficiency of the Internal Control System itself.

### RISK OFFICE

The Risk Office is the unit of structure responsible for the cross - cutting risk control function of the BISTP, the function is developed by a Structure Unit, namely Risk and Standards Office - GRN, except Compliance risk which is dealt with in the unit of structure proper for the purpose (Office of Risk and Standards - GRN). It is the responsibility of the NRM to inform the Commission of the level of risk, to propose measures to improve the control environment and to implement the mechanisms to ensure compliance with the approved limits. The functions of the GRN, summarized and enumerated, are as follows:

- ensure the effective implementation of the risk management system through continuous monitoring of its adequacy and effectiveness, as well as the actions taken to address any deficiencies or improve the system;
- advising and reporting to the Executive Board and the Risk Board on the situation resulting from the regular monitoring of risks in the monitoring process, as well as indicating whether appropriate measures have been taken to address any deficiencies;
- the dissemination of risk management guidelines and methodologies to the Structures;
- the definition of reporting models for similar functions;
- risk monitoring and the application of shared and disseminated methodologies.
- With the aggregation of the standards component, the office also started to develop and update the Bank's standards system, with the introduction

of new standards, as well as updating those that prove necessary. The agglutination resulted essentially from the unification of the function that had been ensured by the head of Risk Management.

## MAIN DEVELOPMENTS AND ACHIEVEMENTS IN 2021

In 2021, the risk management function kept the focus on the process of implementing the scheduled metrics, as well as on the continuous improvement of the risk control system already implemented, namely on the permanent monitoring of the levels of risk to which the Bank is exposed in relation to the tolerance limits of the RAS assured, and at the same time keep the Bank in full compliance with regulatory and/or supervisory requirements and consequently keeping up to date the internal regulatory structure that is appropriate for risk control and management.

The most relevant activities carried out in 2020 were roughly as follows:

- Participation in the continuous update of the
- BISTP contingency against the COVID-19 pandemic;
- Continuous improvement of the governance, measurement and risk control model at the Bank level;
- improving the effectiveness of the internal control system;
- improvement in the liquidity risk control system;
- Updating of internal standards resulting from the departmental agglutination process, with agglutinations as a principle that can result in

greater operational efficiency.

## CREDIT RISK

This risk consists of losses recorded in the credit portfolio, whether due to the inability of the main obligors of the credit operation (Borrowers), or the guarantors of the operation, if any, of the issuers of securities, or even of the counterparties to contracts, to meet their credit obligations. Therefore, this type of risk ends up being the most relevant and represents, overall, the largest share of the Bank's overall risk exposure.

Unity: STN

### Credit Risk - concentration

Largest Customers in relation to the total portfolio with credit characteristics - year 2021

STN	4º trimester		3º trimester		2º trimester		1º trimester	
	%	Absolute	%	Absolute	%	Absolute	%	Absolute
20 biggest customers*	39%	342.673.769,97	38%	337.113.834,54	39%	354.825.294,97	40%	361.683.757,34
50 biggest customers*	49%	434.187.128,42	48%	425.397.014,07	49%	443.497.467,06	50%	452.270.276,74
100 biggest customers*	56%	496.072.216,35	55%	483.336.313,07	56%	501.236.427,79	56%	512.165.885,54
<b>Portfolio Total*</b>	-	<b>886.715.118,13</b>	-	<b>880.693.259,43</b>	-	<b>899.398.546,31</b>	-	<b>906.614.687,72</b>

In the chapter on credit risk concentration, BISTP throughout 2021 showed levels of concentration as reflected in the table above for each of the segments, with the 20 largest customers (defined by economic group) accounting for 39% of the Bank's credit portfolio in the 4th quarter. However, this weight is justified by the size and specificity of our market, which, to a large extent, does not allow for greater diversification.

Credit Risk - provision														
Level of Provision of the Loan Portfolio - Year 2021														
Class of Risk			4º trimestre			3º trimestre			2º trimestre			1º trimestre		
Type / Category	level	percentage	total general credits in STN	Provision		total general credits in STN	Provision		total general credits in STN	Provision		total general credits in STN	Provision	
				Absolute	% average		Absolute	% average		Absolute	% average		Absolute	% average
<b>Disbursement credit (A)</b>			<b>886.715.118,13</b>	<b>227.371.586,04</b>	<b>26%</b>	<b>880.693.259,43</b>	<b>225.138.018,41</b>	<b>26%</b>	<b>899.398.546,31</b>	<b>235.987.966,17</b>	<b>26%</b>	<b>906.614.687,72</b>	<b>216.678.777,53</b>	<b>24%</b>
Normal	I	≥ 2% até 9,99%	625.122.017,81	10.235.524,27	2%	615.120.675,17	9.793.628,22	2%	574.227.969,58	8.765.436,36	2%	623.907.786,44	9.717.422,14	2%
Under supervision	II	≥ 10% até 24,99%	23.209.871,62	2.461.719,69	11%	27.860.617,19	2.807.728,87	10%	30.353.689,19	3.161.533,23	10%	54.247.083,09	11.337.074,39	21%
below normal	III	≥ 25% até 49,99%	20.350.940,88	6.662.332,55	33%	16.088.939,87	4.970.669,93	31%	79.830.171,13	22.874.446,18	29%	33.911.982,06	9.319.712,24	27%
doubtful	IV	≥ 50% até 99,9%	37.289.318,01	27.269.039,73	73%	36.695.550,19	22.638.514,39	62%	41.966.656,86	28.166.490,85	67%	33.299.947,22	25.056.679,85	75%
loss	V	100%	180.742.969,79	180.742.969,79	100%	184.927.477,01	184.927.477,01	100%	173.020.059,55	173.020.059,55	100%	161.247.888,91	161.247.888,91	100%
<b>Subscription Credit (B)</b>			<b>34.416.185,05</b>	<b>688.323,70</b>	<b>2%</b>	<b>25.848.687,39</b>	<b>516.973,75</b>	<b>2%</b>	<b>61.107.241,44</b>	<b>1.222.144,83</b>	<b>2%</b>	<b>206.114.585,31</b>	<b>4.122.291,71</b>	<b>2%</b>
Warranty Provided			17.145.155,05	342.903,10	2%	17.610.211,85	352.204,24	2%	24.209.011,93	484.180,24	2%	24.980.700,42	499.614,01	2%
Import Documentary Credit			17.271.030,00	345.420,60	2%	8.238.475,54	164.769,51	2%	36.898.229,51	737.964,59	2%	181.133.884,88	3.622.677,70	2%

In the provisioning chapter, BISTP has internal mechanisms for monitoring the provisioning levels. The process is done on a monthly basis, and the situation of each client is analyzed according to the behavior recorded, both in the relationship with the Bank and in the performance of the sector and/or segment where it is inserted. About 70% of the credit portfolio is at the lowest level (level I), on the opposite side we have 20% of the portfolio at level V, being this level composed mainly of transactions already in contentious execution (court) process, and, these are old transactions, still awaiting the judicial outcome.



## Credit Risk - exposure by economic agent

Exposure by Economic Agent																
Economic Agents	4º trimestre				3º trimestre				2º trimestre				1º trimestre			
	Credit Value Application in STN (a)	Weight Without Own Funds	Weight Without Credit Portfolio	Accrued Provision	Credit Value Application in STN (a)	Weight Without Own Funds	Weight Without Credit Portfolio	Accrued Provision	Credit Value Application in STN (a)	Weight Without Own Funds	Weight Without Credit Portfolio	Accrued Provision	Credit Value Application in STN (a)	Weight Without Own Funds	Weight Without Credit Portfolio	Accrued Provision
(A) State (public company credit + BT + CD)	465.473.308	103%	-	N.A.	545.740.779	122%	-	N.A.	617.673.414	144%	-	N.A.	596.388.471	131%	-	N.A.
(B) Families	518.893.593	115%	59%	88.304.495	535.147.611	120%	61%	86.977.870	528.190.493	123%	59%	96.272.718	524.705.497	116%	58%	82.473.835
(C) Private companies	251.280.635	56%	28%	139.067.091	220.106.384	49%	25%	138.219.404	235.251.902	55%	26%	139.715.248	236.113.893	52%	26%	134.204.942
<b>Total Direct Exposure (Express in STN) = A+B+C</b>	<b>1.235.647.536</b>	<b>274%</b>	<b>-</b>	<b>-</b>	<b>1.300.994.775</b>	<b>291%</b>	<b>-</b>	<b>-</b>	<b>1.381.115.808</b>	<b>323%</b>	<b>-</b>	<b>-</b>	<b>1.357.207.862</b>	<b>299%</b>	<b>-</b>	<b>-</b>
<b>Total Direct Exposure (Express in EUR)</b>	<b>50.434.593</b>	<b>-</b>	<b>-</b>		<b>53.101.828</b>	<b>-</b>	<b>-</b>		<b>56.372.074</b>	<b>-</b>	<b>-</b>		<b>55.396.239</b>	<b>-</b>	<b>-</b>	

In the allocation of its available resources, the risk function periodically monitors our exposures to determine whether they are within the internally defined limits and is responsible for generating alerts in case of possible overshooting of these limits. CDs are not considered for the monitoring process, although by their nature they do not constitute an exposure.

## THE COVID-19 PANDEMIC

The year 2021 was also shaken by the Pandemic of COVID-19 (still experienced at the beginning of the year 2022 - the time of this report), which turned out to be an unprecedented global contingency event.

The Bank's operability, as well as the protection of Employees and Customers, was (continues to be) ensured through the activation of the Business Continuity Contingency Plan, arising from the Bank's NCP (Business Continuity Plan), which entailed the adoption of a set of measures to address the constraints caused by the pandemic.

### BUSINESS CONTINUITY MANAGEMENT

BISTP's business continuity management is focused on the Business Continuity Plan, which is roughly segmented into two large groups - Business Continuity Plan and Technological Recovery Plan. The process of dissemination and improvement of each of the segments continues to be a current task, particularly in the chapter of new technologies, which should allow for robust defenses.

For the year 2022, the GRN foresees the continuation of the processes, and, the further dissemination of risk culture in the BISTP.



08

HUMAN RESOURCES



As in the year 2020, 2021 was also marked by the negative impact of the Covid-19 pandemic, which forced the HR management level to make adjustments and changes to the management tools and the strategic policies defined. Thus, there was a need to change the working logic, with priority being given to the use of the system of teleworking and working in turn.

Thus, the focus of HR management again focused on preventive management of the Covid situation, in conjunction with the actions of the Security Officer, implementing the guidelines of the regulations created for this purpose and the protocol defined by the health authorities, aiming to reduce the risk of contagion within the Institution.

At the level of training, even with the constraints of the pandemic, it was possible to design and implement jointly with the ISEG of Portugal, a hybrid structuring training program (with presencias & remote modules) called 'Managing for the Future', designed to strengthen the management capacity, leadership and adaptation to the change of the Institution's managers. In particular, the Directors, Coordinators, Managers and Sub-Managers participated.

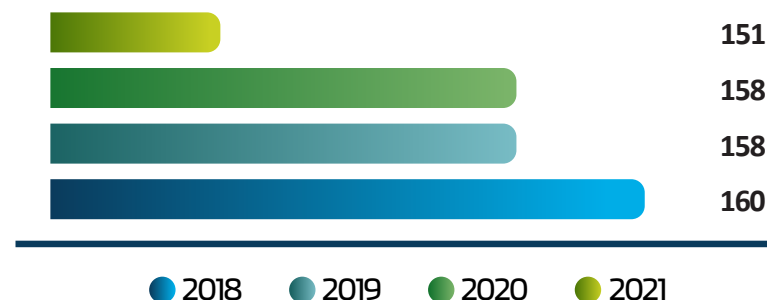
### DISTRIBUTION BY LEGAL LINK

In 2021, the staff of BISTP was composed of 151 employees, of whom 4 were on the staff committee and 147 were on the staff.

### LEGAL BOND OF STAFF 2021



### EVOLUTION OF WORKFORCE IN THE PAST 4 YEARS

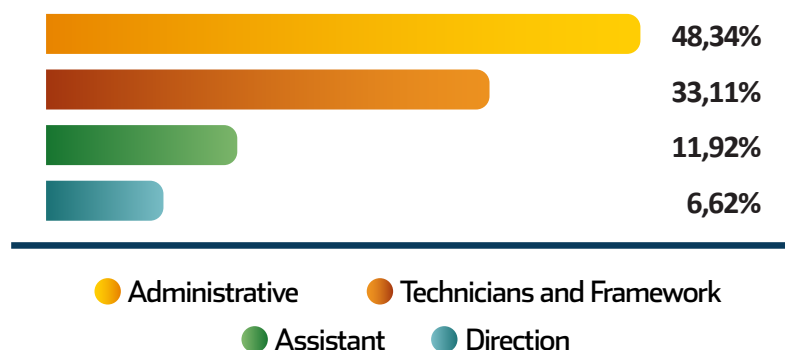


### FUNCTIONAL DISTRIBUTION

According to the new Careers Plan, the administrative staff remained the professional group with the highest number of employees (73) and represented 48.34% of the total staff. The staff of the technical staff and with management functions represented about 33.11% of the staff. The professional group with a management function (10 members) accounts for about 6,62 % of the total number of staff.



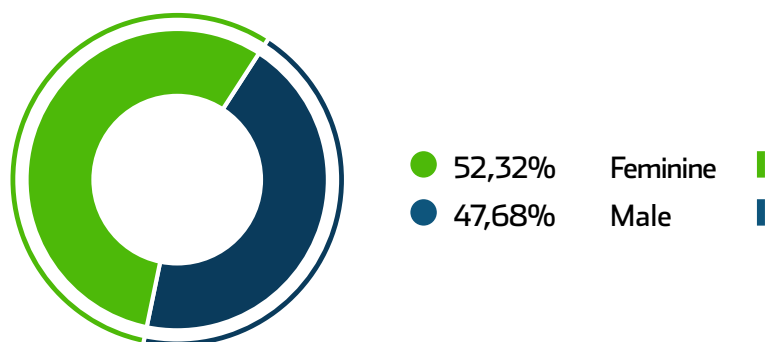
### WORKFORCE BY PROFESSIONAL GROUP



### DISTRIBUTION BY GENDER

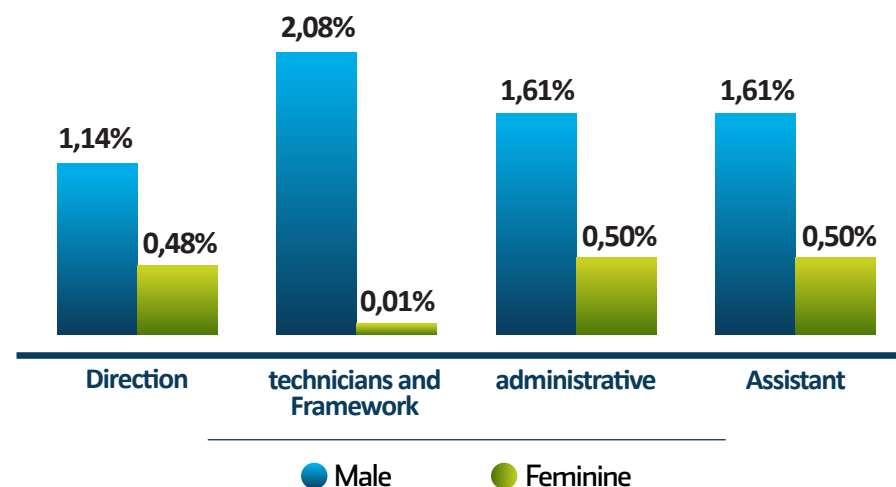
In the distribution by gender, the percentage trend of the previous year is maintained, and the number of female employees is higher than the male one (52.32%).

### EMPLOYEES BY GENDER



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

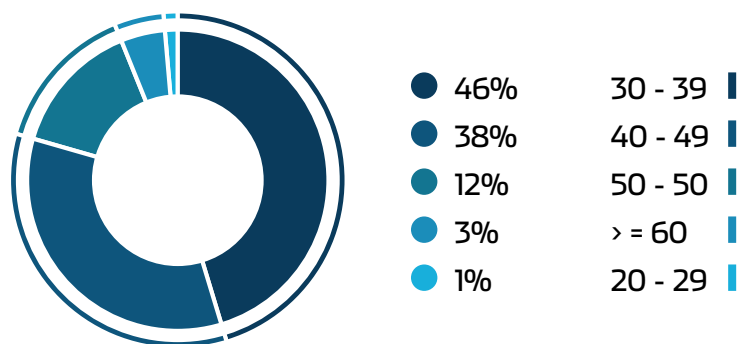
### PROFESSIONAL GROUP BY GENDER



### DISTRIBUTION BY AGE GROUP

The age group with the highest number of employees is 30 to 39 years old, a situation similar to the previous year, which in 2021 represented 46% of the staff of the BISTP.

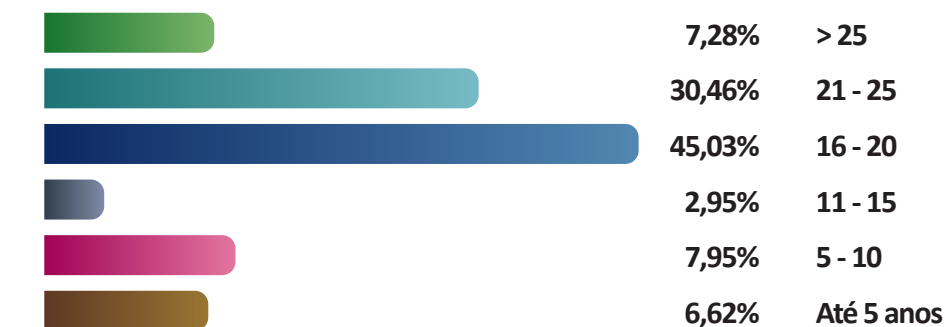
## STAFF BY AGE RANGE



## DISTRIBUTION BY SENIORITY

In the BISTP, the seniority of 45.03% of employees is between "11 to 15 years".

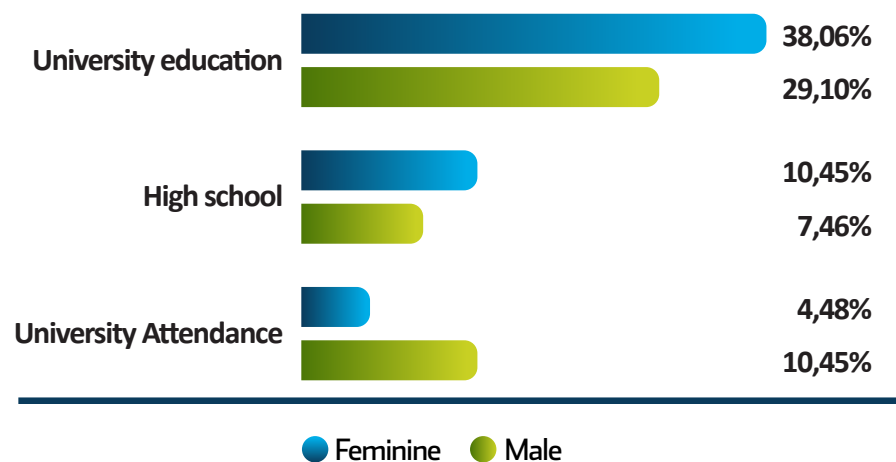
## SENIORITY ESTRUTURE



## DISTRIBUTION ACCORDING TO LEVEL OF EDUCATION

BISTP's strong commitment to hiring young graduates in recent years has allowed for an increase in the rate of qualification of employees. Thus, in 2021 the number of employees with qualification at the level of Higher Education reached 67.16 of the total staff of the Bank (professionals with banking functions).

## DISTRIBUTION BY LITERARY HOUSING BY GENDER





09

SOCIAL RESPONSABILITY

Social Responsibility (SR) is a concept that encompasses the **voluntary actions** of companies acting for the benefit of their public, both internal and external. Socially responsible organizations are those that rethink their current postures, behaviors and behaviors and thus 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 also, as it has been seen, by other stakeholders such as its employees, local communities, non-governmental organizations that have the noble aim of supporting the social reintegration of children and young people at risk of social exclusion, Customers, suppliers, public authorities, competitors and society at large. Its social responsibility has thus proved to be a decisive factor for its development and growth over its more than 28 years of existence, as well as for the various strands of São Tomé and Príncipe society.

The year 2021 was marked by the continuity of the fight against the effects of the Covid-19 pandemic, the advance of vaccination against the disease and the threat caused by the emergence of new variants of the virus and, despite the hope generated by the vaccines against covid-19, the pandemic caused more deaths worldwide in 2021. In this field (RS), the BISTP chose to channel a large part of its resources to support the so-called "new normality". He continued his annual contribution to the Association of the Blind and Ambiguous of São Tomé and Príncipe (ACASTEP) and the Association of the Disabled of S.T.P (ADSTP), which have carried out exceptional work in these areas, continued to support monthly the Children's Home of the Novo Futuro Foundation, - annually in the purchase of school materials for them - as well as the Foundation of the Child and Youth, through the granting of monthly support, for the development of

actions aimed at the protection and accompaniment of children and young people in need. It has also intervened in the social and civic areas, cultural, pedagogical, playful and material, and has also signed a new protocol with the **Laity for Development**, with the aim of supporting the projects that are ongoing in PTS.

### EDUCATION

Education is the process of facilitating learning or acquiring knowledge, skills, values, beliefs and habits. Educational methods include teaching, training, story narration, discussion and targeted research. The right to education has been recognized by some governments and the United Nations.

As has been mentioned, in 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 2021 maintained the Protocols with the Universities of STP - USTP, in which it awards prizes to the best finalist students of each of the 3 Organic Units, the award of scholarships to the most needy student, of each one of the 3 Organic Units, and with an average of more or equal to 14 values and the contribution to Investments in laboratories. The Bank also continued talks with the Lusíada STP and Évora STP Universities with the aim of formalizing/updating Protocols in 2022.

### SPORT

Any form of physical activity, methodically, with competitive objectives, which



through casual or organized participation, seeks to use, maintain or improve physical skills, providing fun to the participants and, in some cases, entertainment for the spectators. The objectives of sport may be, in addition to competition, also recreational, or health and fitness improvement.

In this area in 2021, due to the pandemic situation, no major activities were carried out, as the current conditions did not allow group sport. However, at the beginning of the year, the BISTP sponsored the Directorate General of Sport and the São Tomé Olympic Committee to carry out the program of entrepreneurship in sport entitled SPORTBOOTCAMP, with the support of the Entrepreneurship Directorate. Moreover, in November, it supported the STP Chess Federation - FEXA STP, for participation of national athletes in the African Youth Chess Championship, which took place in Liberia-Monrovia, at the invitation of the International Chess Federation - IFAD and the African Chess Confederation - ACC

### CULTURE

It is a concept of various meanings, the most common being, especially in anthropology, the generic definition formulated by Edward B. Tylor according to which culture is "all that complex that includes knowledge, beliefs, art, morality, law, customs and all the other habits and abilities acquired by man as a member of a society".

In 2021, there were some specific events, thanks to some openness granted by the Government in this matter, allowing the BISTP to finance the Tribute to Poetess and Journalist São Deus Lima through the publication of a book

entitled "SIXTY GAVANAS TO SÃO LIMA" organized by the National Union of Writers and Artists of STP - UNEAS.

It is worth mentioning that the BISTP has for more than 13 years a protocol of partnership with the Portuguese Cultural Center for the promotion of joint activities, the sharing of collection and support for the realization of events in the areas of culture, economy, civil society, sciences, education and health.

### Other important support granted in 2021:

- Highlight goes to the Funding for the **Expo Dubai Commission 2020**, to support the participation of STP in the event (at about EUR 20.000, 00);
- Funding to the **Dr. Ayres de Menezes Central Hospital** to support the rehabilitation work of the **Pediatric Service** at STN 122.500,00 (EUR 5.000,00), as well as support with office equipment for the building;
- Sponsorship to the **ATTORNEY GENERAL OF THE REPUBLIC** for the XVII meeting of the Attorneys General of the CPLP, whose theme was "Recovery of Assets in the Space of the CPLP";
- Sponsorship of the **Humanitarian Association of Volunteer Firefighters of STP**, to train 50 new volunteers;
- Sponsorship of the NGO **MOVE** to hold two Entrepreneur Fairs (one held in May and the other in December).



10

FINANCIAL ANALYSIS



### 10.1 BALANCE SHEET COMPONENTS

The negative economic and social effects caused by Covid-19 continued into 2021. Difficulties in carrying out business have intensified. Companies continue to postpone their investment intentions in the face of increasing uncertainty surrounding the improvement of the macroeconomic environment.

Thus, in 2021 the total assets of BISTP was set at mSTN 2,759,026, which translates into a contraction in the order of -6.30%, sustained essentially by the fall in the credit portfolio. Liabilities also fell (-8.74% compared to 2020) because of shrinking customer deposits.

On the contrary, equity grew by 8.14%, as a result of the growth of net profit for the year by 76.38% and of profits brought forward by 7.04%.

Gross customer credit volume contracted by -11.71%, which in absolute terms represents a fall of mSTN 118.088 compared to the year 2020, being explained on the one hand by a greater difficulty in making new credit, in particular credit to the economy, and on the other, by the partial amortization or early liquidation of some major credit operations in terms of outstanding capital, leading to a significant contraction of the credit portfolio.

With regard to portfolio quality, it should be noted that, despite the efforts made at the level of the recovery, the historical default level of the irregular credit ratio in the overall portfolio is still high, with this ratio growing to 26.88%, compared with 25.40% in the previous year, and this growth is intrinsically related to the adverse economic environment of another financial year. The amount of irregular credit was set at mSTN 239.164, compared with mSTN 256.164 in 2020. Despite the reduction in the volume of irregular credit, the

credit portfolio quality ratio deteriorated as a result of the reduction in the volume of the portfolio, driven by early write-offs and settlements of claims.

Against a background of deteriorating credit portfolios, the Bank has adopted a conservative stance, raising its level of provision coverage. In 2021 the provisions created to cover irregular credit amount to mSTN 214.958. Thus, the stock of provision on balance sheet grew by 4.03% compared to 2020. The provision coverage on irregular credit in 2021 was 89.79%, evidencing a rather conservative provisioning policy.

"Credit Institution Applications" grew by 5.51% (mSTN 17,439), essentially in US dollars, stemming from more attractive remuneration rates being practiced when compared with Euribor rates.

"Securities Applications" fell by -11.73%, a contraction in absolute terms of mSTN 48.069, as a result of a lower subscription volume of Treasury bills issued by the State, justified by the need to adopt more prudential management regarding the risk exposure of sovereign debt.

With regard to fundraising, it should be noted that, despite the contraction of the customer deposit portfolio of -10.53 %, in view of the continued intensification of interbank competition in the area of fundraising, and the maintenance of low rates of remuneration for liabilities, customer deposits with the Bank have shown over the years an adequate stability as a result of the image of solidity, rigor and confidence that the Bank can transmit to its customers. The evidence of adequate deposit stability is expressed in a comfortable level of liquidity, also against a transformation ratio (net lending/deposit) at minus 1/3.

This level of transformation (Net Lending/Customer Deposits) is still relatively low. In 2021 this ratio deteriorated as a result of the credit crunch and was set at 31,48 % against 32,93 % in 2020.

## 10.2 INCOME STATEMENT COMPONENTS

Despite the significant contraction in the credit portfolio, interest income on credit investments improved by 6.34% and on similar income by 13.25%. This is largely explained by the fact that in 2020 interest was affected by the application of the general moratorium (covering all economic agents) under the STP Central Bank's NAP 07/2020, but it ceased to apply at the end of the same year.

Interest received on deposits placed with other credit institutions abroad fell by -85.39% as a result of the reduction in the rates of return on investments in the international market as a result of the measures taken by countries to reduce key interest rates close to zero.

Interest on securities contracted by -6.49% as a result of a lower volume of application compared to the year 2020, due to compliance with the risk appetite limit policy for government securities. Interest payments on customers' time deposits contracted in the order of -8.28%. This reduction in interest payments results from the downward adjustments in the collection rates of fixed - term deposits that the Bank has made, combined with the fixing of a maximum accepted amount for the constitution of a fixed - term deposit, given the excess liquidity in the market and few alternatives to adequately return on such collected deposits.

The financial margin registered a growth in the order of +2.56%, brought about by the contraction of credit interest and financial applications.

With the appreciation of the US dollar in the international market throughout 2021, and with the bank having a long position in this currency, there were greater exchange rate revaluation results in 2021, which was set at mSTN28.161, against mSTN6.582 in 2020, translating into a growth in the order of 328%.

Net commissions grew by 1.76%. This growth was supported mainly by commissions earned in documentary credit transactions, issuing payment orders abroad and proceeds from the recovery of credit that was in dispute.

Growth in foreign exchange income and net commissions allowed the complementary margin to grow by 37%.

As a result of the growth of the Complementary Margin and the Financial Margin, the Global Activity Product also experienced growth in the order of 18.33%.

Operating Cost grew by 6.7%, driven by the growth of "Third Party Supplies and Services" expenditure of 10.04% and the cost of personnel in the order of 4%.

Provision appropriations contracted by -54.84%, justified by the reversal of the provision of some claims in litigation that were recovered, of late claims that were amortized and claims classified as irregular because they were under (legal) moratorium, but returned to normal compliance with the payment of their installments after the end of the moratorium.

The Net Result for the year 2021, despite many economic constraints



generated by the pandemic, registered a growth compared to the year 2020, in the order of 76.47%, being an increase of mSTN27.200.

It should be noted that, despite the various constraints, the results could be improved, which again highlights the bank's strong resilience in its business model as well as a rapid ability to adapt to new market conditions.



11

**PROPOSAL FOR APPLICATION AND DISTRIBUTION OF RESULTS**

## 11. PROPOSAL FOR APPLICATION AND DISTRIBUTION OF RESULTS

By 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 62.844.253 (Sixty-two million, eight hundred forty-four thousand, two hundred fifty-three dobras), for the financial year 2021, has the following application:

Items	Percentage	Amount (STN)
Legal Reserves	10%	6.284.425
Free Reserves	30%	18.853.276
Shareholders	60%	37.706.552
Net Result	100%	62.844.253





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EXTERNAL AUDIT REPORT





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## Relatório de Auditoria

### RELATO 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 2021 (que evidencia um total de 2.759.025.950 Dobras de São Tomé e Príncipe (STN)), um total de situação líquida de 460.469.337 STN, incluindo um resultado líquido de 62.844.253 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 2021, 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:



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#### 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 2021, o valor bruto da rubrica Créditos sobre clientes (Nota 6) ascende a 890.506 milhares de STN e as provisões para crédito irregular reconhecidas a deduzir a esta rubrica ascendem a 214.958 milhares de STN. Adicionalmente, o Banco apresenta provisões para crédito regular e para posições extrapatrimoniais reconhecidas na rubrica Provisões diversas (Nota 16) na Situação líquida, no montante de 13.122 milhares de STN. O impacto nos resultados do ano registados na rubrica Provisões para crédito líquidas de reposições e anulações (Nota 15) ascende a -797 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>A significativa expressão das rubricas de crédito sobre clientes e provisões que lhes estão associadas no total do balanço, cujo apuramento requer a aplicação de pressupostos e julgamentos por parte da Administração do Banco, justificam que este assunto represente uma matéria relevante de auditoria.</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"> <li>▶ 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;</li> <li>▶ 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;</li> <li>▶ 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;</li> <li>▶ 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; e</li> <li>▶ Análise das divulgações incluídas nas notas explicativas às demonstrações financeiras, tendo por base os princípios geralmente aceites no setor bancário em São Tomé e os registos contabilísticos.</li> </ul>



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## 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 2021, a rubrica Outros ativos (Nota 9) apresenta um montante bruto de 49.555 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 16.860 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. Desde 2019 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 relevância no total do balanço e por requererem a aplicação de pressupostos e julgamentos por parte do órgão de gestão do 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>	<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"> <li>▶ Entendimento do processo de valorização dos imóveis recebidos por recuperação de crédito concedido;</li> <li>▶ Realização de testes de detalhe com o objetivo de aferir sobre a propriedade dos ativos adquiridos em recuperação de crédito;</li> <li>▶ Análise dos pressupostos e julgamentos subjacentes às avaliações preparadas por avaliadores independentes dos ativos adquiridos em recuperação de crédito;</li> <li>▶ Realização de testes de detalhe ao cálculo das provisões adicionais específicas em função da antiguidade em carteira; e</li> <li>▶ Análise dos valores apresentados nas demonstrações financeiras para aferir da sua concordância com os registos contabilísticos e às divulgações, para análise da sua plenitude face aos normativos existentes.</li> </ul>

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## Responsabilidade do órgão de gestão e órgão de fiscalização pelas demonstrações financeiras

O órgão de gestão é responsável pela:

- ▶ 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.

O órgão de fiscalização é responsável pela supervisão do processo de preparação e divulgação da informação financeira da Entidade.

## Responsabilidades do auditor pela auditoria das demonstrações financeiras

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.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos ceticismo profissional durante a auditoria e também:

- ▶ 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 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;

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- ▶ 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.

#### OUTRA INFORMAÇÃO

Sobre o relatório de gestão

O órgão de gestão é responsável pela preparação de outra informação. Esta outra informação compreende o Relatório de Gestão, que não inclui as demonstrações financeiras e o nosso relatório sobre as mesmas e que obtivemos antes da data do nosso relatório.

A nossa opinião sobre as demonstrações financeiras não cobre a informação constante no Relatório de Gestão e não expressamos qualquer tipo de garantia de fiabilidade sobre essa outra informação.

No âmbito da auditoria das demonstrações financeiras, a nossa responsabilidade é fazer uma leitura do Relatório de Gestão e, em consequência, considerar se a informação nele contida é materialmente inconsistente com as demonstrações financeiras, com o conhecimento que obtivemos durante a auditoria, ou se aparenta estar materialmente distorcida.

Se, com base no trabalho efetuado sobre a outra informação que obtivemos antes da data do nosso relatório, concluirmos que existe uma distorção material no Relatório de Gestão, exige-se que relatem sobre esse facto.

Não temos nada a relatar a este respeito.

Lisboa, 6 de abril de 2022

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





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## FINANCIAL STATEMENTS



# 13. FINANCIAL STATEMENTS

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

Balance sheet at 31 December 2021 and 2020

Values in Dobras de São Tomé e Príncipe (STN)

Active	Notes	2021			2020		LIABILITIES AND EQUITY	Notas	Notes	2020
		Gross asset	Amortizations and provisions	Net asset	Net asset					
Cash and availability of the Central Bank	3	1.017.260.344		1.017.260.344	1.042.924.243	Deposits				
Cash on hand over credit institutions	4	94.997.598		94.997.598	111.820.075	In sight	11	1.952.296.978		2.198.039.470
Other Credits on Credit Institutions	5	334.094.005		334.094.005	316.676.668	On term or with notice	11	193.832.150		200.627.244
Customer credits	6	890.506.276	(214.958.384)	675.547.892	789.164.931	Resources from other entities	12	9.250.476		11.367.040
Investment bonds	7	361.758.555		361.758.555	409.827.206	Other liabilities	13	73.049.889		44.440.005
Tangible assets	8	406.406.478	(188.744.005)	217.662.473	220.221.278	Regularization accounts	14	70.127.120		64.136.805
Intangible Fixed Assets	8	43.162.539	(37.936.384)	5.226.155	8.375.599	Total Liabilities		<b>2.298.556.612</b>		<b>2.518.610.563</b>
Fixed assets in progress	8	9.958.711		9.958.711	3.285.425	Capital	16	166.600.000		166.600.000
Financial fixed assets	8	2.940.000	(2.940.000)	-	-	Reservations	16	215.511.998		201.267.690
Other Assets	9	54.797.050	(16.860.182)	37.936.868	36.627.678	Transited results	16	933.877		933.876
Regularization accounts	10	4.583.348		4.583.348	5.460.387	Various provisions	16	14.579.210		21.360.589
						Result of the year	16	62.844.253		35.610.772
						Total equity		<b>460.469.337</b>		<b>425.772.926</b>
<b>Total Assets</b>		<b>3.220.464.905</b>	<b>(461.438.955)</b>	<b>2.759.025.950</b>	<b>2.944.383.490</b>	<b>Total liabilities and shareholders' equity</b>		<b>2.759.025.950</b>		<b>2.944.383.490</b>

The notes form an integral part of these financial statements

The Accounting Officer

The Management Board

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

## Income Statement for the years ending 31 December 2021 and 2020

	Notes	2021	2020
Interest and similar income	20	124.335.878	121.909.957
Interest and similar charges	20	(5.890.589)	(6.422.686)
<b>FINANCIAL MARGIN</b>		<b>118.445.290</b>	<b>115.487.271</b>
Service income and commissions	21	101.327.418	99.284.360
Service charges and commissions	21	(19.944.621)	(16.441.626)
Net Result of Foreign Exchange Transactions	22	28.161.376	6.582.038
Other exploration results	23	24.125.735	8.143.103
<b>BANKING PRODUCT</b>		<b>252.115.197</b>	<b>213.055.145</b>
Cost with staff	24	(85.826.313)	(82.527.213)
General Administrative Expenses	25	(51.152.390)	(46.485.605)
Amortizations for the year	8	(24.189.510)	(21.806.546)
Credit provisions net of replacements and cancellations	15	797.016	(10.108.005)
Other provisions, net of replacements and cancellations	15	(6.863.998)	(3.327.026)
<b>EARNINGS BEFORE TAX</b>		<b>84.880.003</b>	<b>48.800.751</b>
Income tax	19	22.035.750	13.189.979
<b>RESULT OF THE YEAR</b>		<b>62.844.253</b>	<b>35.610.772</b>

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

## Statement of change in net position for the years ending 31 December 2021 and 2020

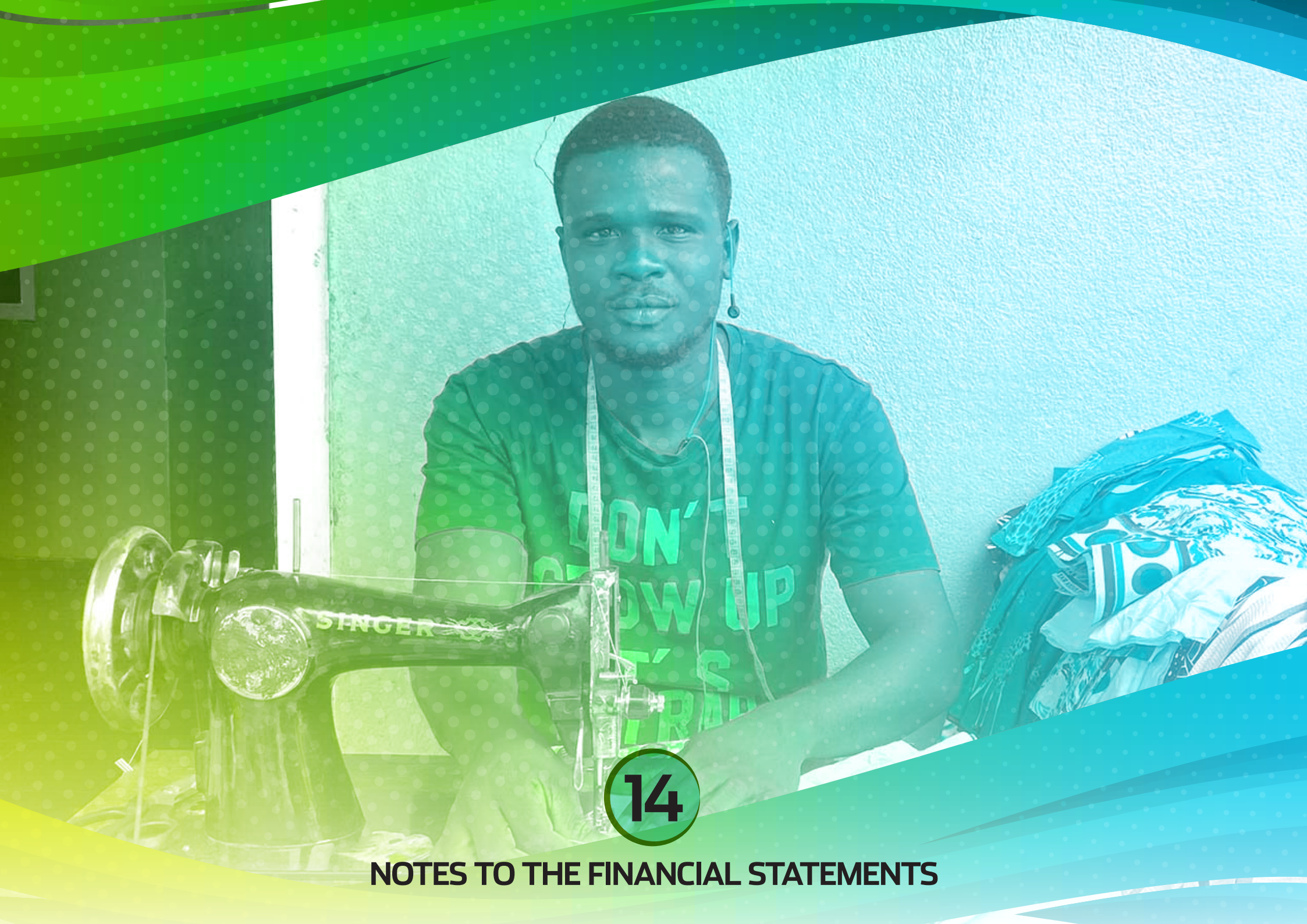
	Reservations						Various provisions	Various provisions	Net Result for the year	Corrections to the results of previous years	Total
	Active	Legal	Revaluation	Currency revaluation	Others	Total					
<b>Balances in 31-12-2019</b>	166.600.000	38.319.932	892.214	31.139.164	105.986.264	176.337.574	23.924.315	23.924.315	62.325.287	933.877	430.121.053
Excess tax estimate for the 2017 fiscal year	-	-	-	-	-	-	-	-	-	-	-
Distribution of income for the year 20218	-	-	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	6.232.529	-	-	18.697.586	24.930.115	-	-	(24.930.115)	-	-
Dividend distribution	-	-	-	-	-	-	-	-	(37.395.172)	-	(37.395.172)
Net profit for the year	-	-	-	-	-	-	-	-	35.610.772	-	35.610.772
Transfer of the balance provision for capital depreciation	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (notes 15)	-	-	-	-	-	-	(2.563.726)	(2.563.726)	-	-	(2.563.726)
<b>Balances in 31-12-2020</b>	166.600.000	44.552.461	892.214	31.139.164	124.683.850	201.267.689	21.360.589	21.360.589	35.610.772	933.877	425.772.927
Excess tax estimate for the 2017 fiscal year	-	-	-	-	-	-	-	-	-	-	-
Distribution of income for the year 20218	-	-	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	3.561.077	-	-	10.683.231	14.244.309	-	-	(14.244.309)	-	-
Dividend distribution	-	-	-	-	-	-	-	-	(21.366.463)	-	(21.366.463)
Net profit for the year	-	-	-	-	-	-	-	-	62.844.253	-	62.844.253
Transfer of the balance provision for capital depreciation	-	-	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (notes 15)	-	-	-	-	-	-	(6.781.379)	(6.781.379)	-	-	(6.781.379)
<b>Salos em 31-12-2021</b>	166.600.000	48.113.538	892.214	31.139.164	135.367.081	215.511.997	14.579.210	14.579.210	62.844.253	933.877	460.469.337

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

## Statement of Cash Flows for the years ending 31 December 2021 and 2020

Cash flow	2021	2020
Operational Activities		
Income for the year	62.844.253	35.610.772
Adjustments:	-	-
<b>Amortizations for the year</b>	<b>24.189.510</b>	<b>21.806.546</b>
Provisions and impairment	6.066.982	13.435.031
(Increase) / Decrease in investments in credit institutions      dito	(17.438.924)	(19.180.979)
(Increase) / Decrease in customer credit	99.527.927	62.500.553
(Increase) / Decrease in other assets	(18.555.235)	(11.254.643)
(Increase) / Decrease in customer funds and other borrowings      éstimos	(252.537.586)	195.028.645
(Increase) / Decrease in other liabilities	40.954.872	(40.613.451)
<b>Flow of operational activities</b>	<b>(54.948.201)</b>	<b>257.332.474</b>
Investment activities		
(Payments) / Receipts relating to:		
Other obligations and other securities	56.435.702	182.927.094
Bodily immobilization	(23.316.945)	(14.899.002)
Immobiliations incorporelles	(1.932.624)	(5.309.882)
<b>Investment activity flow</b>	<b>31.186.133</b>	<b>162.718.210</b>
Financing activity		
Payments in respect of		
Dividends distributed	(15.597.518)	(37.395.172)
IRC settlement 2019 and payment on account 2020	(3.126.791)	(20.681.764)
<b>Financing activity flow</b>	<b>(18.724.309)</b>	<b>(58.076.936)</b>
Increase / (decrease) cash and cash equivalents      valentes	(42.486.376)	361.973.748
Cash and its equivalents at the beginning of the period	1.154.744.318	792.770.571
<b>Cash and cash equivalents at the end of the period</b>	<b>1.112.257.942</b>	<b>1.154.744.318</b>





## Values in Sao Tome and Principe Dobras (STN)

### INTRODUCTORY NOTE

Banco Internacional de São Tomé e Príncipe, S.A.R.L. (hereinafter also referred to as "The Bank " or "BISTP"), is established in Sao Tome and Principe by a decision of 3 March 1993.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or other assets, which it invests, together with its own resources, in the granting of loans to customers, deposits with the Central Bank of São Tomé and Príncipe, investments in credit institutions, acquisition of securities and other assets, for which it is duly authorized. It also provides other banking services, with a national network of 12 counters located in Sao Tome (9), Trindade (1), Santana (1) and Principe (1), as of 31 December 2021, as well as 3 ATM-operated areas in the capital of the districts of Lobata, Lembá and Caué.

### 2. BASIS FOR PRESENTATION AND SUMMARY OF KEY ACCOUNTING POLICIES

The Financial Statements now presented have been prepared to comply with the legislation in force.

#### 2.1. BASIS OF SUBMISSION

The attached financial statements were prepared on the assumption of continuity of operations, based on books and records kept by the Bank in accordance with the principles enshrined in the Financial Institutions Chart of

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

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

- The deferral of credit-linked fees was carried out by the straight-line method rather than the effective interest rate;
- The securities in the portfolio have been recorded at cost of acquisition and the concept of fair value in their valuation is therefore not applied;
- The provisions for credit granted were determined on the basis of the rules in NAP 7/2007 and impairment is not 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 set out above.

On March 5, 2019, January 21, 2020, the Central Bank of São Tomé and Príncipe issued new communications that extended all the exceptions, listed above, to the provisions set out in the PCIF for the financial years 2018 and 2019, minus the recognition of the securities in the portfolio, and that directed the BISTP to



comply with the provisions of the PCIF in paragraph 6 of Chapter "III. SPECIFIC ACCOUNTING RULES'.

It was further clarified that IFRS not foreseen in the PCIF are not mandatory. Nevertheless, the Central Bank allows the Bank to introduce IFRS in full, provided that the procedures adopted are disclosed in the notes to the accounts and duly validated by Banking Supervision.

In December 2020 and January 2022, the Central Bank of São Tomé and Príncipe issued a new communication extending all the accounting procedure conditions mentioned in the communication of March 5, 2019.

The financial statements are expressed in doubles (STN), rounded to the nearest unit.

Accounting policies and calculations were applied consistently with those used in the financial statements as at 31 December 2020.

These financial statements were approved for issue by the Board of Directors of the BISTP at its meeting on 25 March 2022 and are pending approval at the General Meeting of Shareholders. However, the Management Board is of the opinion that the financial statements will be approved without significant changes.

## 2.2. ACCOUNTING POLICIES

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

### a) Specialization of exercises

Income and expenses are recognized in respect of the life of the transactions, in accordance with the accruals principle, and recorded when due, regardless of the time of their receipt or payment.

### b) Conversion of balances and transactions in foreign currency

The Bank's financial statements as at 31 December 2021 are expressed in the functional currency, in Dobras de São Tomé and Príncipe, and assets and liabilities denominated in other currencies have been converted to the national currency, on the basis of the indicative purchase exchange published by the Central Bank of São Tomé and Príncipe on those dates, following the provisions of Permanent Application Standard No. 5/09 of 9 July.

By the entry into force of the Permanent Application Standard No. 17/09 of 31 December of the Central Bank of São Tomé and Príncipe, the exchange rate with the Euro (EUR) was fixed as from 1 January 2010 and the exchange rate was fixed at 1 Euro/24.5 Dobras de São Tomé e Príncipe (STN). On 31 December 2021 and 2020, the exchange rate against the US dollar (USD) was as follows:

	2021	2020
1USD	21,6757 STN	19,9495 STN

Foreign currency transactions are recorded according to the principles of the "multi-currency" system, with each transaction recorded according to its currency of denomination. Monetary assets and liabilities denominated in foreign currency are converted to STN at the purchase exchange communicated by the Central Bank of São Tomé and Príncipe daily. In turn, non-monetary assets and liabilities are converted into the functional currency at the exchange rate prevailing on the trade day - end date.

Costs and income arising from exchange rate differences, realized or potential arising from conversion, are shown in the income statement of the year in which they arise under the item 'Net result of foreign exchange operations'.

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

In accordance with the Permanent Application Standard 5/09, financial institutions that have paid up their capital in foreign currency are allowed to establish a provision for foreign exchange risk, aimed at maintaining the value of the principal. It is also accepted that financial institutions constitute a provision for the revaluation of fixed assets. These two provisions are intended exclusively to be incorporated in the capital of the institutions, subject to the approval of the Central Bank of São Tomé and Príncipe.

### c) Provisions for credit risks

As defined in the PCIF, provisions for credit shall temporarily correspond to the higher of regulatory provisions and impairment. As described in Note 2.1, for the financial years 2021 and 2020, the Central Bank of São Tomé and Príncipe has allowed the impairment not to be calculated in accordance with IFRS 9.

However, in accordance with paragraph 7 of Chapter III of the PCIF, the Bank conducted an individual impairment analysis on Economic Groups individually significant to assess the sufficiency of regulatory provisions against the estimate of the value of the claims it considers recoverable, having for them the largest of 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 Standard No. 07/2007, of 6 August, of the Central Bank of São Tomé and Príncipe.

For off-balance sheet exposures, the Bank has, from 2018, set aside provisions on the amount of exposure established on the basis of the standard contained in the Official Gazette Nº 25/1992, Instruction No. 2, Regulation 2.2 and 2.3.

Under these Standards, the Bank ranks credit transactions in ascending order of risk according to the following categories:

- a) Normal
- b) Under supervision



- c) Below normal
- d) Bad credit
- e) Loss

The classification of loan transactions with the same client for the purposes of provisioning shall be made in the category most at risk and shall be independent of the collateral attached to each transaction.

Irregular credit shall be classified in risk categories according to the time from the date of entry of the defaulted transactions, the minimum provisioning levels being 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 Entry into default	até 30 dias	de 30 a 89 dias	de 90 a 180 dias	de 180 dias a 360 dias	mais de 360 dias

Accrued interest, as well as amounts due for compulsory recovery, shall be fully provisioned. In addition, specific additional provisions were made for some situations where more significant difficulties in the recovery of claims, including restructured claims, are estimated.

The Board of Directors of the Bank considers that the appropriations for the above provisions are fully deductible for the purpose of determining income tax, because they are inherent/indispensable for the realization of

the income subject to tax. In addition, the nature of the provisions registered derives from the regulations of the Central Bank of São Tomé and Príncipe, in the use of the powers conferred on it by the Law on Financial Institutions.

Provisions established by the individual impairment analysis and for customers in the below-normal, bad credit and loss categories are credited under "Customer credit" on the asset side.

Provisions for normal and supervised categories and for off-balance sheet exposures are recorded under "Miscellaneous provisions" in the net position.

The obligation to classify the assets and to constitute a provision does not cover rights held over or guaranteed by the State of São Tomé and Príncipe, in accordance with Article 4 of NAP 07/2007.

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

On 29 January 2021, the Banco Central de S. Tomé e Príncipe informed the Bank of Resolution No 2/2021 of 28 January 2012 of the Venerating Council of Ministers to extend the abovementioned banking moratorium until March 2021 to enterprises and to subordinate and self-employed persons

working in the tourism and related sectors, hotels, catering, aviation, artists and musicians-cultural and craft professionals. In March 2021 the moratorium was extended for another three months. It should be noted that with reference to 31 December 2021, the bank does not have any transactions with an active moratorium.

#### d) Goods in payment donation

Real estate and other property received in payment for the recovery of irregular claims are recorded under "Other assets" (Note 9), according to Article n° 8 of the Permanent Application Standard n° 7/07 of 6 August.

The receipt of the goods or values in irregular credit payment donation is made at least between the principal value of the credit or asset to be received, plus any expenses incurred in court proceedings and the fair value estimated by the independent evaluators.

During the financial year 2018, and in order to assess the fair value of the properties received in payment donation, the Bank requested independent valuations. Provisions have been recorded if the fair value estimated by the independent evaluators, is less than the book value.

Since 2019, the Bank has opted to build specific additional provisions for these properties, depending on their seniority, having used a depreciation rate of 12.5% per year of seniority.

This methodology for the determination of the net value of the property received in the balance sheet became effective as of the financial year 2020.

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

#### e) Tangible and intangible fixed assets

Tangible fixed assets acquired up to 1998 are shown at cost of acquisition, revalued in accordance with the legislation in force. Further tangible fixed assets are shown at cost less depreciation. Depreciation is calculated using the constant twelfth-value method, according to the depreciation rates defined in Law No 5/93 of 10 August, which correspond to the following years of estimated useful life:

	Anos de vida útil
Own-service buildings	50
Equipment:	
Furniture and equipment	8
Machines and tools	2 - 10
Computer equipment	3 - 4
Interior installations	8 - 20
Transport equipment	4

The acquisition cost includes expenses that are directly attributable to the acquisition of the goods. Maintenance and repair costs are recognized as accrual cost under the heading "General Administrative Expenditure".

Intangible fixed assets essentially correspond to costs for the acquisition,

development or preparation for use of software used in the development of the Bank's activities. These fixed assets shall be depreciated in accordance with the constant quotas method, by twelfths, over a period of three years.

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

Costs associated with equity transactions, including expenses for capital increases, are recorded directly as a deduction from equity and do not affect the profit or loss for the year.

## **f) Portfolio of securities**

According to the PCIF, securities in portfolio should be classified in categories according to the nature of the financial instruments and the intention of the Bank to acquire them. This rule also provides for a fair value accounting of part of the instruments.

Thus, as it is the intention of the BISTP to maintain its securities until their maturity, i.e. not to dispose of short-term securities or to obtain a short-term gain, no provisions are recorded for any potential write-downs arising from the devaluation of the securities, except in situations where there is evidence of impairment.

As at 31 December 2021, investments in securities are registered at par 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 is the premium or discount

recorded on purchase, is recognized in the accounts as cost or profit between the acquisition date and the maturity date. Securities are recorded on the asset side at their nominal value, and shown on the balance sheet in the row called "Investment securities".

The amount of the discount is shown under the liability item "Deferred income" (Note 14), and shown in the line called "Accruals and deferred income".

## **g) g) Financial fixed assets**

On 31 December 2021 and 2020, the item "Financial fixed assets" corresponds to the Bank's participation in the São Tomé and Príncipe Automatic Payments Management Company (SPAUT). Financial fixed assets are recorded at acquisition cost and are subject to impairment analysis.

## **h) Taxes**

The Bank is subject to Income Tax by applying a standard rate of 25%, as provided for in Article 81 of the Tax Code, promulgated by Law 16/2008 of 31 December.

The Bank is also obliged to collect the excise duty as defined in Decree Law No 35/2000, the 5% rate as determined in Decree Law No 9/2005, promulgated on 29 July 2005, as well as the stamp duty as provided for in Article 1 of Decree Law No 81/93, promulgated on 31 December 1993.

In addition, stamp duty is added to the established value of tax collection at the standard rate of 6%, which is reflected in the "Other operating

results" item of 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 % on income tax, which is deductible later for the purposes of calculating the estimated tax.

No deferred taxes are recorded, as there are no temporary differences in assets or liabilities between book values and tax values.

## i) Retirement pensions

Law 1/90 of 8 May 1990, which regulates the social security system in São Tomé and Príncipe, provides for the award of retirement pensions to all employees enrolled in the social security system who reach the age considered normal for cessation of work (57 or 62 years, depending on whether they are female or male, respectively). The value of these pensions is calculated in accordance with Articles 59 and 67 of the abovementioned Law. According to Article 99, the contribution rates for this system are 6% for the employer and 4% for the employees. In addition to these contributions, the Bank did not assume any additional responsibility for retirement benefits of its employees.

However, in anticipation of a supplement to the retirement pension awarded by the Social Security, the Bank recorded, as of the financial year 2008, a provision for pensions under the heading "Miscellaneous provisions" of the net position, in the amount of STN 21,510,168. This provision was determined based on an estimate, which assumed that the supplement would correspond to about 20% of the salary at the date of

retirement.

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

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

In the course of the financial year 2017, the Board of Directors distributed the entire pension and survivor's provisions constituted in the financial year 2008 in the amount STN 21,510,168, and this amount was transferred to a current account in the Bank held by the Social Fund of the Bank's Workers.

## j) Seniority premiums

The Bank has undertaken to pay seniority premiums corresponding to one or two months of salary to employees who have completed 15 and 30 years of service respectively. Seniority premiums are recognized linearly over the service time of employees under the heading "Costs payable", being recorded in the "Accruals and deferred income" (Note 14) and presented in profit or loss under the category "Staff costs".

## k) Productivity Premium

The Executive Board distributes annual productivity awards to employees according to their contribution to the BISTP's results and defense of its interests.



The following criteria have been defined for eligibility::

- permanent members of staff who are employed by the institution on 31 December under contract for an indefinite period, on a fixed-term basis, on leave or expatriate;
- Employees who, while not employed by the Bank at that time, have rendered actual service in all or part of this year, and who therefore::
  - have been retired;
  - have ceased to hold office in accordance with a contract or agreement entered into with the Bank during the financial year 2021, except where contracts for inadequacy are waived.

Productivity bonuses paid to employees for their performance are reflected in "Staff costs" in the year to which they relate, according to the principle of accrual.

## l) Commissions

According to the PCIF, fees charged by the Bank in granting credits should be deferred and recognized in income through the effective rate method, regardless of when these fees are charged or paid. As described in Note 2.1, in 2021 and 2020 the Bank obtained the Central Bank's authorization to defer these fees using the straight - line method.

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

Commissions for services rendered shall be recognized as income throughout the period of provision of the service or in one go if they are compensation for the performance of single acts.

Commissions for credit and other financial instruments, including commissions charged or paid directly attributable to their origination, are recognized throughout the period of these transactions as "Interest and similar income" and "Interest and similar charges".

## m) Customer credit and other receivables

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 business of providing credit to clients as well as credit positions resulting from transactions with third parties undertaken in the course of the business of the institution and excludes transactions with credit institutions. These financial assets are initially recorded at the contracted values when originated by the Bank or at the amounts paid when acquired from other entities.

Interest, fees and other charges and income associated with credit transactions are accrued over the life of the transactions against income items, regardless of when they are charged or paid.

The Bank shall write off write-offs of operations which it considers to be irrecoverable and the provisions of which comprise the total value of the operation.

Write-offs of (full or partial) transactions take place only where there is

clear evidence that leads to a high expectation of total uncollectibility, and other effects on capital should be taken into account. Therefore, the write-off of asset operations should be proposed when:

- a)** Evidence of high expectation of uncollectibility is identified;
- b)** There is a legal opinion confirming the unenforceability and possible legal costs, which make such an action unfeasible, given the low probability of judicial success compared to court costs not exceeding the principal.

Claims are subject to provisions as disclosed in note 2.2(c).

## **n) Guarantees given and irrevocable commitments**

Liabilities on guarantees given and irrevocable commitments are recorded off-balance sheet at value-at-risk, with interest, commission or other income flows recorded under profit and loss items over the life of the business.

These liabilities are covered by the regime for the provisioning of credit risk provided for in the Permanent Application Standard n° 7/07, and in the National Gazette Nº 25/1992, Instruction n° 2, Regulation 2.2 and 2.3, as disclosed in Note 2.2 (c).

## **o) Other financial liabilities**

This category includes the resources of central banks, other credit institutions and customer deposits.

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

## **p) Provisions and contingent liabilities**

A provision should be recognized when there is a present (legal or constructive) obligation, (i) resulting from a past event, for which there is (ii) a strong likelihood of resource expenditure, and which is (iii) reliably quantifiable.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate, and reversed against profit or loss in proportion to payments that are not probable.

Provisions shall be derecognized by their use for the obligations for which they were originally constituted or in cases where they cease to be fulfilled.

A contingent liability appears as a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the entity or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits is required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Thus, the Bank discloses a contingent liability, when it is more likely that no present obligation exists at the balance sheet date, unless the possibility of an outflow of resources embodying economic benefits is remote

## q) Recognition of interest

Interest income on financial instruments, both assets and liabilities, is recognized in the interest and similar income or interest and similar charges (financial margin), by the effective interest rate method.

The interest calculation includes fees paid or received which are considered as part of the effective interest rate, transaction costs and all premiums or discounts related to the transaction.

NAP 05/2009 - "Chart of Accounts" states that institutions may no longer recognize interest (periodification) after 90 days of default (credit transactions classified as class III).

## r) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers as 'cash and cash equivalents' the values recorded in the balance sheet of very short-term investments, readily available without loss of value, which include cash items and holdings with the Central Bank and holdings of credit institutions on demand.

## 2.3. MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The main accounting estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the aim of improving the understanding of how their application affects the reported

results of the Bank and its disclosure. A broad description of the main accounting policies used by the Bank is presented in Note 2.2 to the financial statements.

Considering that in many situations there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment were chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present in a true and fair manner the financial position of the Bank and the result of its operations in all material respects.

### a) Provisions for credit granted

Provisions on credit granted are determined according to the methodology defined in Note 2(c), resulting from a periodic review of the credit portfolio to assess the existence of impairment losses. This assessment results from the weighting of a number of factors reflecting the knowledge of the reality of the customers, their behavior and historical data, the value of the collateral associated with the transactions in question, among others, and as such presents a high degree of judgment.

Alternative methodologies and the use of other assumptions and estimates could result in different levels of recognized impairment losses, with the consequent impact on the Bank's results.

### b) Provisions and contingent liabilities

As noted in note 2 above, provisions are recognized where there is a present obligation that it is probable that payment will be required in the

future and can be measured reliably.

The decision on the recognition and measurement of provisions takes into account the assessment made by the Board of Directors of the risks and uncertainties associated with ongoing processes and the expectation of future cash outflows being realized, with reference to the best information available at the date of closure of the financial statements.

Contingent liabilities are not recorded in the financial statements and are disclosed if the possibility of making payments is not classified as remote. The revaluation of contingent liabilities is dependent on the progress of ongoing legal proceedings, which may have a different outcome than expected.

### c) Taxes on profits

The Bank is subject to Income Tax by applying a standard rate of 25%, as provided for in Article 81 of the Tax Code, promulgated by Law 16/2008 of 31 December.

Income taxes are reflected in the results of the period.

Tax returns are subject to review and correction by the tax authorities for a period of 5 years after the date to which the tax base complies and may result, due to different interpretations of tax legislation, in possible corrections to taxable profit for the periods 2017 to 2021.

In order to determine the overall amount of taxes on profits, certain interpretations and estimates had to be made.

### d) Covid-19 Pandemic

In view of a very marked context of the negative economic effects caused by Covid-19, the maintenance of a strict risk assessment policy and provision in accordance with NAP 07/2007. Although the vast majority of credit customers are civil servants, the Bank continues to monitor and assess the overall financial situation of individual customers. For firms, risk analysis is done on an individual basis.



### 3. CASH AND HOLDINGS AT THE CENTRAL BANK

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Box</b>		
National banknotes and coins	67.059.283	56.693.119
Foreign banknotes and coins:		
In euros	18.678.371	9.758.043
In US dollars	11.471.279	3.858.712
Other currencies	7.787.988	9.336.696
	104.996.921	79.646.571
<b>Demand deposits at the central bank of são tomé e Príncipe</b>		
In national currency	816.386.623	876.410.506
In foreign currency:		
In Euros	78.617.512	76.730.497
In US dollars	17.259.289	10.136.670
	912.263.424	963.277.673
	912.263.424	
	1.017.260.344	1.042.924.243

Current accounts with the ASCB in national currency are designed to comply with the current provisions on the maintenance of minimum reserves.

On 31 December 2021 and 2020, the minimum reserve requirements 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 month two months before the start of the maintenance period, in accordance with the Standing Application Standard 18/2011 of 17 August 2011 of the Central Bank of São Tomé and Príncipe. These deposits shall not be remunerated.

As at 31 December 2021, total claims amount to STN 426.072.679.

#### 4. CASH HOLDINGS ON CREDIT INSTITUTIONS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Checks to be collected</b>		
Abroad	23.275	4.895.793
In the country	-	37.975
	23.275	4.933.768
<b>Bonds to be collected in the country</b>	2.065.809	28.254.050
<b>Demand deposits abroad</b>		
Caixa Geral de Depósito:		
Head office (Lisbon)	55.829.204	58.578.064
Cash Advance	25.867.492	12.695.009
Electronic Banking	9.886.259	3.591.127
France branch	1.139.335	3.418.620
Portuguese Commercial Bank	184.362	188.218
Banco Santander Totta	-	159.089
Angolan Investment Bank	-	
Banco Caixa Angola		
Other Credit Institutions		
	92.906.651	78.630.127
<b>Other Availability</b>	1.863	2.130
	94.997.598	111.820.075

The checks to be collected correspond to checks on customers of other banks, which are normally charged in the following first business days.

On 31 December 2021 and 2020, the item 'Securities to be collected in the country' consists of 'Bank Orders' of the Directorate-General for the Treasury, which the Directorate-General for the Treasury makes available to the Bank for the settlement of its liabilities with its customers and which it holds an account with BISTP.

The increased inflow of foreign exchange allowed a strengthening of the assets in the correspondent banks, with a greater emphasis on the Portuguese Commercial Bank and Santander Totta.

## 5. OTHER CLAIMS ON CREDIT INSTITUTIONS

On 31 December 2021 and 2020 this item corresponds to time deposits, which have the following structure by currency and interest rate. Certificates of the Central Bank of São Tomé and Príncipe are of fixed income of 1% annually, with a maturity of 30 days.

2021						
	Currency	Interest rate	Amount in currency	Amount in STN	Interest to be received	Total
Caixa Geral de Depósitos	USD	0,12%	3.000.000	65.027.100	24.710	65.051.810
Caixa Geral de Depósitos	USD	0,13%	1.500.000	32.513.550	11.154	32.524.704
Banco Comercial Português	USD	0,26%	3.400.000	73.697.380	179.371	73.876.751
Banco Comercial Português	USD	0,22%	1.000.000	21.675.700	15.101	21.690.801
Banco Comercial Português	USD	0,22%	2.200.000	47.686.540	33.222	47.719.762
Banco Comercial Português	USD	0,40%	1.800.000	39.016.260	16.058	39.032.318
Banco Comercial Português	USD	0,26%	2.500.000	54.189.250	8.610	54.197.860
				333.805.780	288.225	334.094.005
2020						
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 Banc	STN	1,00%	55.509.298	55.509.298	21.587	55.530.885
				314.354.060	2.322.607	316.676.668

At 31 December 2021 and 2020, time deposits have the following structure, according to residual maturity:

		2021			2020		
		Montante em STN	Juros a receber	Montante Total	Montante em STN	Juros a receber	Montante Total
Deadline	Up to three months	225.427.280	223.846	225.651.126	187.175.998	2.233.588	189.409.585
Residual	Between three months and one year	108.378.500	64.380	108.442.880	127.178.063	89.020	127.267.082
		333.805.780	288.225	334.094.005	314.354.060	2.322.607	316.676.668



## 6. CUSTOMER CREDITS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Regular Credit:</b>		
National Currency:		
Commercial discounts	3.442.909	2.558.046
Loans	592.369.241	679.715.246
Current account credit	31.062.094	19.870.454
Discovered in demand deposits	1.833.608	17.097.871
	628.707.852	719.241.616
Foreign currency:		
Commercial discounts		
Loans	17.522.832	26.924.055
Current account credit	-	1.078.835
Discovered in demand deposits	1.084.863	4.345
Other credits	-	-
	18.607.694	28.007.235
Regular credit total	647.315.546	747.248.852
<b>Irregular credit</b>		
National Currency		
Capital	185.936.776	203.276.968
Interest	428.303	368.666
	186.365.078	203.645.633
Foreign currency		
Capital	53.019.994	52.471.728
Interest	14.500	46.731
	53.034.494	52.518.459
Total irregular credit (2)	239.399.572	256.164.092
Total credit granted (3) = (1) + (2)	886.715.118	1.003.412.944
interest receivable on credit granted (4)	3.791.158	5.159.930
Total gross credit (5) = (3) + (4)	890.506.276	1.008.572.874
Provisions for credit granted (Nota 15) (6)	(214.958.384)	(219.407.943)
Total net credit (7) = (5) - (6)	675.547.892	789.164.931

Based on the division between regular and irregular credit in the light of the Permanent Application Standard 7/2007 of 6 August 2007 of the Central Bank of São Tomé and Príncipe, the credit portfolio at 31 December 2021 and 2020 is broken down as follows:

	2021	2020
<b>Regular Credit</b>		
Normal	624.844.184	695.879.629
Under supervision	22.471.362	51.369.223
	<u>647.315.546</u>	<u>747.248.852</u>
	<b>2021</b>	<b>2020</b>
<b>Irregular Credit</b>		
Below normal	15.259.555	36.676.691
Doubtful credit	34.839.450	28.155.738
Loss	48.105.342	26.602.859
Coercive collection credit	141.195.224	164.728.803
	<u>239.399.572</u>	<u>256.164.092</u>

According to the chart of accounts for financial institutions issued by the ASCB, claims with installments of up to 89 days that are contained in classes 1 and 2 of the credit portfolio (normal situation and under supervision respectively) are considered to be in a regular situation. Credits with overdue payments of more than 90 days, included in classes 3, 4 and 5 of the credit portfolio (below normal, doubtful and loss, respectively), are considered to be irregular or

adversely classified. The debt in compulsory collection is included in class 5 of the credit portfolio and is made up of contracts in dispute.

For the purposes of the distribution of the map below, the distinction between outstanding credit and past due credit is made on the basis of the division between current (no days past due) and past due (default) exposure of each contract.

As at 31 December 2021 and 2020, provisions for customers in the categories 'Irregular' amount to 214.958mSTN and 219.408mSTN, respectively, and are reducing the gross amount of credit on assets in the row 'Credit to customers'.

The provisions established for customers in the 'Regular' category are reflected in the item 'Miscellaneous provisions' (Notes 15 and 16) of the Net position and amount to 12,413 mSTN and 16,645 mSTN for the years 2021 and 2020 respectively.

On 31 December 2021 and 2020, the composition of the claim and its provisions by the classes shown in the previous map can be detailed as follows:

2021								
Class	Vivo	Vencido			Total de Crédito	Provisões		
		Capital	Juros	Total		Regulamentar	Económicas	Total
Normal	624.525.312	-	318.872	318.872	624.844.184	10.166.066	-	10.166.066
Under supervision	15.036.253	7.174.300	260.809	7.435.109	22.471.362	1.030.894	1.216.242	2.247.136
Regular Credit	639.561.565	7.174.300	579.682	7.753.981	647.315.546	11.196.960	1.216.242	12.413.202
Below normal	12.480.467	2.743.202	35.886	2.779.088	15.259.555	618.826	3.236.221	3.855.047
Doubtful credit	31.099.695	3.679.369	60.385	3.739.754	34.839.450	1.785.978	20.016.793	21.802.771
Loss	27.605.841	20.152.971	346.531	20.499.502	48.105.342	11.557.746	36.547.597	48.105.342
Credit in litigation	-	141.195.224	-	141.195.224	141.195.224	140.586.457	608.767	141.195.224
Irregular Credit	71.186.004	167.770.766	442.802	168.213.568	239.399.572	154.549.007	60.409.377	214.958.384
	710.747.569	174.945.066	1.022.484	175.967.550	886.715.118	165.745.967	61.625.619	227.371.586
2020								
Class	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
Under supervision	45.935.943	5.374.525	58.754	5.433.279	51.369.223	1.461.878	4.442.159	5.904.037
Regular Credit	690.782.421	48.357.700	8.108.730	56.466.430	747.248.852	12.203.199	4.442.159	16.645.358
Below normal	34.471.288	2.200.403	5.000	2.205.404	36.676.691	1.090.797	8.927.965	10.018.762
Doubtful credit	17.904.821	10.157.878	93.039	10.250.917	28.155.738	4.860.108	13.197.410	18.057.518
Loss	10.150.641	16.134.861	317.357	16.452.218	26.602.859	9.564.942	17.037.918	26.602.859
Credit in litigation	-	164.728.803	-	164.728.803	164.728.803	164.728.803	-	164.728.803
Irregular Credit	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

On 31 December 2021 and 2020, additional provisions were made for credit granted (economic provisions) in the amounts of STN 61.625.619 and STN 43.605.452, respectively. The increase in economic provisions in 2021, as shown in the previous map, is a result of the increasing economic uncertainty caused by the Pandemic of COVID-19, and as a result of which difficulties in the recovery of irregular or restructured claims are estimated.

As at 31 December 2021, unimpaired irregular lending accounts for about 10% of the total (14% the year before).

On 31 December 2021 and 2020, the composition of the customer credit portfolio, by purpose of funding, can be detailed as follows:

	2021			2020		
	Crédito regular	Crédito irregular	Crédito concedido	Crédito regular	Crédito irregular	Crédito concedido
<b>Companies</b>						
Agricultural	951.646		951.646	964.496	-	964.496
Automobile	1.378.317	256.586	1.634.903	469.928	-	469.928
Commerce		3.772.549	3.772.549	2.235.373	3.802.549	6.037.923
Construction	792.165	3.150.558	3.942.723	1.968.032	2.708.137	4.676.169
Consume	2.431.350	1.137.908	3.569.258	371.368	1.107.712	1.479.080
Habitation	9.876.784	14.655.899	24.532.683	682.057	14.841.841	15.523.898
Import	2.477.736	944.398	3.422.133	6.398.704	902.338	7.301.042
Investment:	70.386.606	91.793.526	162.180.132	121.993.920	85.886.456	207.880.376
Agriculture and Livestock	1.454.820	1.421.295	2.876.115	979.354	684.956	1.664.311
commerce	30.234.442	72.266.275	102.500.717	23.884.841	65.595.846	89.480.687
construction	31.997.834	4.260.975	36.258.808	46.102.297	2.766.917	48.869.214
education	1.855.685		1.855.685	1.594.636		1.594.636
services	1.203.248	9.498.821	10.702.069	48.532.317	9.126.969	57.659.286
Tourism	3.640.576	4.346.160	7.986.736	900.475	7.711.768	8.612.243
Other types	30.030.898	22.646.419	52.677.316	22.421.043	43.696.814	66.117.857
Tourism	-	-	-	-	-	-
Central state body	111.138.180		111.138.180	154.108.993		154.108.993
	229.463.682	138.357.843	367.821.525	311.613.915	152.945.848	464.559.763
<b>Private individuals</b>						
Agricultural	501.157	5.986	507.142	1.190.983	159.778	1.350.761
Automobile	4.229.712	1.005.441	5.235.152	3.547.379	1.789.955	5.337.334
Commerce	93.389	7.235.731	7.329.119	638.950	7.788.256	8.427.206
Construction	139.374.815	13.001.801	152.376.616	168.570.509	27.634.131	196.204.640
Consume	82.337.508	5.985.766	88.323.274	72.913.873	9.122.103	82.035.976
Education	816.941	29.037	845.978	935.528	155.305	1.090.832
Export			-	-	-	-
Habitation	161.533.696	45.391.886	206.925.582	150.783.099	31.431.309	182.214.407
Import		488.428	488.428	-	507.374	507.374
Investment	27.669.316	21.124.527	48.793.843	35.515.802	17.546.607	53.062.409
Other Types	715.404	6.625.273	7.340.676	1.144.004	7.083.428	8.227.431
Health	579.927	147.854	727.781	394.810	-	394.810
	417.851.865	101.041.729	518.893.593	435.634.937	103.218.244	538.853.181
	647.315.546	239.399.572	886.715.118	747.248.852	256.164.092	1.003.412.944



On 31 December 2021 and 2020, the outstanding credit has the following structure by currency and average interest rate:

	2021		2020	
	Taxa de Juro	Crédito regular	Taxa de Juro	Crédito regular
In Sao Tome and Principe Dobras	12,99%	628.707.852	12,49%	719.241.616
In United States Dollars	5,91%	13.953.324	6,88%	24.083.669
In Euros	10,30%	4.654.371	7,52%	3.923.566
		647.315.546		747.248.852

At 31 December 2021 and 2020, credit to customers shall have the following structure, according to residual maturity:

	2021	2020
	Total	Total
Up to 3 months	32.244.559	28.682.619
From 3 months to 1 year	51.107.672	45.284.398
From 1 year to 5 years	456.017.303	506.855.393
More than 5 years	259.519.370	311.192.617
Undetermined	87.826.214	111.397.917
	886.715.118	1.003.412.944

Indefinite duration credit includes credit in compulsory collection and contracts in which the contractual maturity date is exceeded.

## 7. INVESTMENT SECURITIES

As at 31 December 2021 and 2020, this item is composed as follows:

					2021			
	Currency	Acquisition cost	Discount rate	Due date	amount in STN	interest receivable	Discount	Total
Treasure ticket (STPBTTES0013)	STN	97.087.379	3,00%	24/02/2022	97.087.379	-	2.912.621	100.000.000
Treasure ticket (STPBTTES0014)	STN	53.398.058	3,00%	10/03/2022	53.398.058	-	1.601.942	55.000.000
Treasure ticket (STPBTTES0015)	STN	36.058.248	4,00%	19/05/2022	36.058.248	-	1.441.752	37.500.000
Treasure ticket (STPBTTES0016)	STN	47.963.010	4,25%	20/08/2022	47.963.010	-	2.036.990	50.000.000
Treasure ticket (STPBTTES0017)	STN	114.425.723	4,23%	17/09/2022	114.425.723	-	4.832.832	119.258.555
					348.932.418	-	12.826.137	361.758.555
					2020			
Treasure ticket (STPBTTES0010)	STN	165.048.544	3%	12/03/2021	165.048.544	-	4.951.456	170.000.000
Treasure ticket (STPBTTES0011)	STN	189.152.627	3%	07/10/2021	189.152.627	-	5.674.579	194.827.206
Treasure ticket (STPBTTES0012)	STN	44.343.952	3%	29/06/2021	44.343.952	-	656.048	45.000.000
					398.545.123	-	11.282.083	409.827.206

On 31 December 2021 and 2020 securities are recorded at their nominal value. The discount amount is recorded in the account for "Deferred income receipts" and mirrored on the liability side of "Accruals and deferred income receipts" (Note 14).

At 31 December, the Bank had only Treasury bills issued by the State of São Tomé and Príncipe in its portfolio.

## 8. FIXED ASSETS

The movement in these items during the years ending 31 December 2021 and 2020 was as follows:

	31/12/2020					Abates				31/12/2021		
	Gross Assets	Accumulated amortizations	Net Assets	Acquisitions	Amortizations for the year	Gross Assets	Accumulated amortizations	impairment	Transfer	Gross Assets	Accumulated amortizations	Net Assets
<b>Tangible assets</b>												
self-service real estate	259.396.298	(75.342.238)	184.054.060	7.837.473	(7.351.199)	-	-	-	1.223.775	268.457.546	(82.693.436)	185.764.110
furniture and metal	38.910.905	(30.025.001)	8.885.904	637.961	(3.100.482)	-	-	-	-	39.548.866	(33.125.483)	6.423.382
machines and tools	33.801.302	(23.860.994)	9.940.307	1.271.662	(2.593.578)	-	-	-	-	35.072.964	(26.454.572)	8.618.391
computer equipment-hardware	26.982.006	(20.849.511)	6.132.495	1.988.327	(3.312.184)	-	-	-	-	28.970.333	(24.161.695)	4.808.638
indoor facilities	13.719.719	(8.896.080)	4.823.639	767.579	(1.249.636)	-	-	-	-	14.487.298	(10.145.716)	4.341.582
transport material	13.430.276	(11.078.193)	2.352.082	2.783.344	(888.378)	5.170.480	(5.068.397)	-	-	11.043.139	(6.898.174)	4.144.965
Safety equipment	4.732.216	(2.901.943)	1.830.274	133.538	(363.076)	-	-	-	-	4.865.754	(3.265.018)	1.600.736
Other Equipment	2.876.573	(1.758.061)	1.118.512	-	(241.848)	-	-	-	-	2.876.573	(1.999.909)	876.664
artistic heritage	1.084.005	-	1.084.005	-	-	-	-	-	-	1.084.005	-	1.084.005
	<b>394.933.299</b>	<b>(174.712.021)</b>	<b>220.221.278</b>	<b>15.419.884</b>	<b>(19.100.381)</b>	<b>5.170.480</b>	<b>(5.068.397)</b>	<b>0</b>	<b>1.223.775</b>	<b>406.406.478</b>	<b>(188.744.005)</b>	<b>217.662.473</b>
<b>Intangible assets</b>												
computer equipment- software	41.174.759	(32.799.160)	8.375.599	1.065.998	(5.082.072)	-	-	-	866.629	43.107.386	(37.881.232)	5.226.155
Others	55.156	(55.156)	-	-	-	-	-	-	-	55.156	(55.156)	-
	<b>41.229.915</b>	<b>(32.854.316)</b>	<b>8.375.599</b>	<b>1.065.998</b>	<b>(5.082.072)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>866.629</b>	<b>43.162.543</b>	<b>(37.936.388)</b>	<b>5.226.155</b>
<b>Fixed assets in progress</b>												
intangible assets	866.627	-	866.627	2.142.486	-	-	-	-	2.090.403	918.711	-	918.711
self-service real estate	1.491.421	-	1.491.421	620.574	-	-	-	-	-	2.111.995	-	2.111.995
leased properties	-	-	-	-	-	-	-	-	-	-	-	-
furniture and material	-	-	-	36.675	-	-	-	-	-	36.675	-	36.675
Machines and tools	-	-	-	2.288.825	-	-	-	-	-	2.288.825	-	2.288.825
computer equipment	184.145	-	184.145	2.275.679	-	-	-	-	-	2.459.824	-	2.459.824
indoor facilities	743.231	-	743.231	9.809	-	-	-	-	-	753.040	-	753.040
Other tangible assets	-	-	-	-	-	-	-	-	-	-	-	-
transport material	-	-	-	1.389.640	-	-	-	-	-	1.389.640	-	1.389.640
	<b>3.285.425</b>	<b>-</b>	<b>3.285.425</b>	<b>8.763.688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2.090.403)</b>	<b>9.958.711</b>	<b>-</b>	<b>9.958.711</b>
<b>financial fixed assets</b>												
SPAUT	2.940.000	(2.940.000)	-	-	-	-	-	2.940.000	-	2.940.000	(2.940.000)	-
	<b>2.940.000</b>	<b>(2.940.000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.940.000</b>	<b>-</b>	<b>2.940.000</b>	<b>(2.940.000)</b>	<b>-</b>
	<b>442.388.639</b>	<b>(210.506.337)</b>	<b>231.882.302</b>	<b>25.249.571</b>	<b>(24.182.453)</b>	<b>5.170.480</b>	<b>(5.068.397)</b>	<b>2.940.000</b>	<b>-</b>	<b>462.467.731</b>	<b>(229.620.393)</b>	<b>232.847.338</b>

The item "Tangible fixed assets - Own service buildings" includes the amount of STN 7.091.143 relating to the acquisition of a property for residence of one of the executive directors of the Bank.

The item "Tangible fixed assets - Transport equipment" and Fixed assets - Transport equipment" includes the amount of STN 2.783.344 and STN 1.389.640 relating to the purchase of three vehicles for the executive directors of the Bank, two of them for the renovation of vehicles that were already fully depreciated.

The item "Assets under construction - Machinery and tools" includes the amount of STN 1.075.893 relating to the acquisition of a new queue management system and the amount of STN 974.826 associated with the acquisition of new ATM's and POS machines.

On 31 December 2021 and 2020, the heading "Financial fixed assets - SPAUT" refers to a participation of 8%, corresponding to 120 shares, in the São Tomé and Príncipe Automatic Payments Management Company (SPAUT), whose share capital amounts to STN 36.750.000.

In the financial year 2017 the Bank provisioned 100% this participation, as a result of the lack of audited financial information and consequent low prospect, by the Board of Directors of the Bank, 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 prudentially maintains its provisioned participation at 100%.

## 9. OTHER ASSETS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
Property received in lieu of credit recovery	49.554.960	35.066.287
advance payments - Cash Advance	551.906	227.826
Western Union	1.083.785	997.475
Corporate Income Tax (IRC) to receive	-	6.765.696
Personal Income Tax (IRS) to receive	-	-
VISA cards	3.014.661	-
Others	591.739	3.576.327
	54.797.050	46.633.610
Provisions for credit recovery assets (Note 15)	(16.860.182)	(10.005.932)
	37.936.868	36.627.678

Real estate received in debt recovery is of greater relevance at the "Other Assets" level. In the financial year 2021 the Bank received a property in debt recovery that represents a gross asset in the amount of STN 15.925.000, leading to the increase of these assets in the balance sheet of the Bank.

It should be noted that with the donation of this property a rental contract was carried over, which was in force during the financial year 2021. The Board of Directors confirms that it maintains the intention to sell the property.

Based on the historical data of the Bank, an average sale time of the properties in the portfolio was estimated at around 3 years. It is also important to highlight the sale of a property worth STN 1.436.328 carried out in 2021.

As of 31 December 2021, a total of STN 6,765,696 of income tax accrued in 2020 was used to offset the tax tranches in this year arising from a much higher

income volume this year than the 2020 result. The advance quarterly income tax payments throughout 2020 had exceeded by STN 6,765,696 the IRC calculated on the basis of the accrued result in the 2020 economic year. This value tax receivable was used to make the quarterly advance payments on income throughout 2021.

The "VISA Cards" item refers to outstanding amounts of compensation by the VISA network.

As at 31 December 2020 the item "Other" included the amount of STN 2.377.318 associated with receivables from fraud committed by Bank employees, which were in dispute. Considering the seniority of these processes and the fact that they were impaired at 100%, the Bank has written off these assets for impairment.

On 31 December 2021 and 2020, the breakdown by seniority of the real estate portfolio in the Bank is as follows:

Year of Acquisition	balance in 31/12/2020	Movement in 2021				balance in 31/12/2021
		Acquisitions	Associated Expenses	Alienations	Currency Revaluation	
Previous to 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
2021	-	15.925.000	-	-	-	15.925.000
<b>Total</b>	<b>35.066.287</b>	<b>-</b>	<b>-</b>	<b>1.436.328</b>	<b>-</b>	<b>49.554.959</b>



On 31 December 2021 and 2020, the properties received in credit recovery donation are summarized as follows:

Year of Acquisition	2021			2020		
	Gross Value	provisions	Net value	Gross Value	provisions	Net value
Previous to 2012	241.693	241.693	-	241.693	241.693	0
2012	2.211.563	2.211.563	0	2.211.563	2.211.563	0
2013	2.240.398	2.240.398	- 0	2.240.398	1.960.349	280.049
2014	-	-	-	-	-	-
2015	980.000	755.417	224.583	980.000	612.500	367.500
2016	4.777.500	3.483.594	1.293.906	4.777.500	2.388.750	2.388.750
2017	-	-	-	1.436.328	211.328	1.225.000
2018	-	-	-	-	-	-
2019	19.038.000	5.751.063	13.286.938	19.038.000	2.379.750	16.658.250
2020	4.140.805	517.601	3.623.204	4.140.805		4.140.805
2021	15.925.000	1.658.854	14.266.146			
<b>Total</b>	<b>49.554.959</b>	<b>16.860.182</b>	<b>32.694.777</b>	<b>35.066.287</b>	<b>10.005.932</b>	<b>25.060.355</b>

On 31 December 2021 and 2020, the Bank has registered provisions in the amount of STN 16,860,182 and STN 10,005,932, respectively, to address losses in the realization of these properties. These provisions are calculated using the different methods defined in Note 2.2(d).

In 2021, two sale and purchase agreements were concluded for the properties acquired in 2015 and 2020 whose deeds will only take place in the long term, so that the level of provisions allocated taking into account the current value of sales prices was maintained.

In 2017 the value of a property was derecognized by ceding its possession to a third party, however the registration of ownership in the Bank's name remains until the deed of final sale takes place.

The impairment movement on these balances can be found in Note 15.

## 10. ASSET ADJUSTMENT ACCOUNTS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
Income receivable:		
Other commissions	1.542.915	1.058.902
Expenses with deferred costs:		
software licenses	1.012.893	1.035.321
insurance	831.693	825.930
rents	85.015	85.015
Other expenses	883.655	715.268
	2.813.257	2.661.534
Other Asset Adjustment Accounts:		
Others	227.176	1.739.951
	4.583.348	5.460.387

As at 31 December 2021 the item "Income receivable - Other commissions", in the amount of STN 1.542.915, is related to commissions in the collection of customs revenue from S. Tomé customs outstanding.

The item "Deferred cost expenditure" corresponds to payments on account of supplies and services of third parties which, according to their contracts, refer to future periods. These services are mostly related to software and secure

licenses.

The change in the item Asset adjustment accounts - Other, is largely due to the recovery of expenses incurred with some claims that were in the process of forcible recovery from the courts by virtue of the recovery of those claims. Thus the higher volume of credit recoveries in 2021 explains the contraction in the other asset regularization accounts.

## 11. CUSTOMER DEPOSITS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Demand deposit</b>		
Resident in national currency:		
Autonomous bodies and private companies	630.516.512	932.115.636
Private	494.328.303	442.329.489
State bodies and public companies	253.135.347	278.680.755
	1.377.980.162	1.653.125.880
Residents in foreign currency:		
Autonomous bodies and private companies	228.559.533	252.301.726
Private	220.856.349	227.928.853
State bodies and public companies	110.018.388	50.298.604
	559.434.270	530.529.183
Non-residents in foreign currency:		
Private	14.882.546	14.384.407
Total demand deposits (1)	1.952.296.978	2.198.039.470
<b>Term Deposit</b>		
Resident in national currency:		
Private	146.391.005	156.472.985
Autonomous bodies and private companies	4.196.091	4.358.136
State bodies and public companies	-	-
	150.587.097	160.831.121
Residents in foreign currency:		
Autonomous bodies and private companies	216.757	170.541
Private	40.372.127	36.319.813
	40.588.884	36.490.353
Non-residents in foreign currency:		
Private		
Autonomous bodies and private companies	158.301	1.110.975
	158.301	1.110.975
Interest payable on customer term deposits	2.497.869	2.194.794
Total term deposits (2)	193.832.150	200.627.244
Total customer deposits (3) = (1) + (2)	2.146.129.128	2.398.666.713

At 31 December 2021 and 2020, customer time deposits have the following structure by currency and average interest rate:

	2021		2020	
	Interest Rate	Amount	Interest Rate	Amount
In São Tomé and Príncipe dobras	3,77%	150.587.097	3,53%	162.875.046
In United States Dollars	0,58%	26.651.194	0,03%	24.902.255
In Euros	0,02%	12.128.127	0,01%	11.949.733
In Pounds Sterling	0,19%	1.967.864	0,00%	900.210
		<u>191.334.282</u>		<u>200.627.244</u>

Current accounts of customers are not remunerated.

At 31 December 2021 and 2020, customer time deposits have the following structure, according to residual maturity:

	2021			2020		
	Capital	Interest	Total	Capital	Interest	Total
Up to three months	15.833.872	14.935	15.848.808	20.693.081	19.036	20.712.117
From three to 1 year	25.425.370	65.811	25.491.181	44.688.672	128.023	44.816.695
From 1 year to 5 years	111.940.369	1.184.935	113.125.304	106.460.742	1.209.677	107.670.419
More than 5 years	38.134.670	1.232.187	39.366.857	26.589.954	838.059	27.428.013
Indefinite duration	-	-	-	-	-	-
	<u>191.334.282</u>	<u>2.497.869</u>	<u>193.832.150</u>	<u>198.432.449</u>	<u>2.194.795</u>	<u>200.627.244</u>



## 12. RESOURCES OF OTHER ENTITIES

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>National Currency</b>		
Checks to collect	7.897.811	9.653.274
Consigned values	24	974.200
	<u>7.897.835</u>	<u>10.627.474</u>
<b>Foreign currency</b>		
Customer resources	1.026.774	587.538
Other private resources	298.532	152.028
Resources from financial institutions	27.336	-
	<u>1.352.641</u>	<u>739.566</u>
	<u>9.250.476</u>	<u>11.367.040</u>

On 31 December 2021 and 2020, the balance of the items 'National currency' and 'Foreign currency' consists mainly of target check values, mirrored in the item 'Checks and charges' and amounts held in the foreign current account, mirrored in the item 'Customer resources', for which the payees and payers are unknown.

## 13. REMAINING LIABILITIES

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
Creditors		
Shareholders	28.133.030	27.952.427
Security deposit for opening documentary credits	21.339.485	2.120.664
Guarantee for credit operation	12.406.053	7.412.351
Suppliers	7.941.675	10.667.539
Withholding tax on independent work	1.083.273	1.254.254
Stamp duty on banking operations	751.568	1.054.740
Consumption tax	574.733	605.219
Other taxes and duties	513.651	624.870
Other Creditors	117.205	62.069
Withholding tax on capital income	189.216	194.601
	<u>73.049.889</u>	<u>51.948.733</u>

As at 31 December 2021 and 2020, the amount of STN 21,339,485 relates to collateral provided to cover documentary credit transactions in the portfolio, in particular the CDI operation for fuel import. These operations are authorized by the Executive Board (EC).

The item "Creditors - Other creditors" includes the amount of STN 28.133.030 associated with dividends to be delivered to the shareholder Caixa Geral de Depósitos, S.A.

## 14. ADJUSTMENT OF LIABILITIES ACCOUNTS

As at 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Costs to be paid</b>		
Vacations and vacation allowances	9.546.003	9.867.649
Productivity award	10.003.831	8.021.264
Seniority Award	3.468.910	3.636.910
Other costs payable	1.306.620	7.508.728
	<u>24.325.364</u>	<u>29.034.551</u>
<b>Deferred income income</b>		
Loan and current account credits	20.532.676	21.772.465
Bonds and other securities	5.992.941	5.939.552
Warranties and guarantees provided	28.769	763.282
Other recipes	9.625	49.092
	<u>26.564.011</u>	<u>28.524.390</u>
<b>Other regularization accounts</b>		
Comprehension Payment system	<u>9.478.684</u>	<u>6.577.864</u>
Income taxes payable (Note 19)	<u>9.759.061</u>	<u>-</u>
	<u>70.127.120</u>	<u>64.136.805</u>

On 31 December 2021 and 2020 the balance of the item 'Other regularization accounts - Compensation payment system' refers to the balance payable in respect of the compensation of the automatic payment system.

## 15. PROVISIONS

The movement of provisions in the years ending 31 December 2021 and 2020 was as follows:

The productivity premium for the years 2021 and 2020 amounts to STN 10,003,831 and STN 8,021,264 respectively (Note 2.2. k.).

The other costs payable item refers to vendor invoices and overheads received at the end of the respective year.

On 31 December 2021 and 2020, the balance of the item 'Deferred income — Loans and credits on current account' refers to the deferral of fees associated with credit operations.

2021							
	Balance in 31/12/2020	Net endowment	Uses	Transfer	Exchange Differences and others	Reclassification	Balance in 31/12/2021
<b>To be deducted from the asset</b>							
Provisions for credit granted (note 6)	219.407.943	3.434.969	8.947.562	-	1.063.035	-	214.958.384
Provisions for financial fixed assets (note 8)	2.940.000	-	-	-	-	-	2.940.000
Provisions for credit recovery assets (note 9)	10.005.932	7.081.782	211.328	-	- 16.204	-	16.860.182
	232.353.875	10.516.750	9.158.890	-	1.046.831	-	234.758.566
<b>Recognized in equity</b>							
Provision for general credit risks (Note 6 and 16)	16.645.357	(4.237.882)	-	-	5.727	-	12.413.202
Provisions for off-balance sheet exposures (note 18)	735.702	5.898	-	-	(32.496)	-	709.103
Provisions for other assets (Note 9 and 16)	2.568.742	0	2.321.046	-	16.204	-	263.900
Other provisions (Note 16)	1.410.787	(217.783)	-	-	-	-	1.193.004
	21.360.589	(4.449.768)	-	-	(10.565)	-	14.579.210
	253.714.463	6.066.982	9.158.890	-	1.036.266	-	249.337.775
<b>2020</b>							
	Balance in 31/12/2019	Net endowment	Uses	Transfer	Exchange Differences and others	Reclassification	Balance in 31/12/2020
<b>To be deducted from the asset</b>							
Provisions for loans granted (Note 6)	209.120.200	13.664.147	385.820	-	(1.596.716)	(1.393.868)	219.407.943
Provisions for financial fixed assets (Note 8)	2.940.000	-	-	-	-	-	2.940.000
Provisions for credit recovery assets (Note 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
<b>Recognized in the liquid situation</b>							
Provision for general credit risks (notes 6 and 16)	18.343.078	(3.088.023)	-	-	(3.565)	1.393.868	16.645.357
Provisions for off-balance sheet exposures (Note 18)	1.275.285	(468.118)	-	-	(71.465)	-	735.702
Provisions for other assets (Note 9 and 16)	2.895.163	(382.748)	-	-	56.327	-	2.568.742
Other provisions (note 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

The item "Other provisions" includes the amount of STN 1.193.004, which is intended to cover duly identified contingencies arising from the Bank's activity, and is revised on each reporting date to reflect the best estimate of the amount and its probability of payment.

## 16. MOVEMENT IN NET SITUATION

The movement in the net position items for the years ending 31 December 2021 and 2020 was as follows:

	Reservations					Miscellaneous provisions	Net income for the year	corrections to the results of previous years	Total	
	Capital	Legal	Revaluation	Currency revaluation	Others					Total
Balance in 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
Excess tax estimate for fiscal year 2017	-	-	-	-	-	-	-	-	-	-
Distribution of net income for the year 2018	-	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	6.232.529	-	-	18.697.586	24.930.115	-	(24.930.115)	-	-
Dividend distribution	-	-	-	-	-	-	-	(37.395.172)	-	(37.395.172)
Net Income for the Year	-	-	-	-	-	-	-	35.610.772	-	35.610.772
balance transfer provision for capital depreciation	-	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-	-
Movement miscellaneous provisions (Note 15)	-	-	-	-	-	-	(2.563.726)	-	-	(2.563.726)
Balance in 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
Excess tax estimate for fiscal year 2017	-	-	-	-	-	-	-	-	-	-
Distribution of net income for the year 2018	-	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	3.561.077	-	-	10.683.231	14.244.309	-	(14.244.309)	-	-
Dividend distribution	-	-	-	-	-	-	-	(21.366.463)	-	(21.366.463)
Net Income for the Year	-	-	-	-	-	-	-	62.844.253	-	62.844.253
balance transfer provision for capital depreciation	-	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-	-
Movement miscellaneous provisions (Note 15)	-	-	-	-	-	-	(6.781.379)	-	-	(6.781.379)
Balance in 31-12-2021	166.600.000	48.113.538	892.214	31.139.164	135.367.081	215.511.997	14.579.210	62.844.253	933.877	460.469.337

## Capital

As of 31 December 2016, the Bank's share capital is represented by 150,000,000 shares, with a nominal value of one thousand Dobras de São Tomé e Príncipe, fully subscribed and realized.



In the course of the financial year 2017, the Bank decided to realize a capital increase, in the value of STN 16.600.000, through the incorporation of currency revaluation reserves constituted in past years. The number of shares representing the Bank's share capital was increased from 150,000,000 on 31 December 2016 to 166,600,000 on 31 December 2017. The nominal value of the shares was kept at STD 1,000.

On 31 December 2021 and 2020, the Bank's shareholding structure, detailed by number of shares, is as follows:

	2021	
	Number of Actions	%
State of Sao Tome and Principe	79.968.000	48%
Banco Angolano	44.982.000	27%
Angolan Investment Bank – Angola	41.650.000	25%
	<u>166.600.000</u>	<u>100%</u>

	2020	
	Number of Actions	%
State of Sao Tome and Principe	79.968.000	48%
Banco Angolano	44.982.000	27%
Angolan Investment Bank – Angola	41.650.000	25%
	<u>166.600.000</u>	<u>100%</u>

## Legal reserve

According to Article 23(a) of the BISTP Statute, the Bank shall establish a legal reserve fund until its capital is in competition. To this end, a minimum of 10% of the net result of the previous financial year shall be transferred to this

reserve each year. This reserve may only be used to cover accumulated losses when the remaining reserves are exhausted or for incorporation into the capital.

## Revaluation reserve

This reserve is the result of revaluations of tangible fixed assets carried out in previous years and within the framework of the legislation previously in force, which provided for the revaluation of fixed assets by the application of currency depreciation coefficients. The balance of the revaluation reserve at 31 December 2019 and 2018, amounting to STN 892,214, results from the revaluations carried out by the Bank up to the financial year 1998. Through the entry into force of the Plan of Accounts for Financial Institutions (PCIF), in accordance with the Permanent Application Standard No. 5/09, of 9 July, issued by the Central Bank of São Tomé and Príncipe, this revaluation was optional and could only be used for capital increase (Note 2.2 b).

## Foreign exchange revaluation reserve

Following the provisions of the Permanent Application Standard No. 1/02 of 10 January, repealed by the Permanent Application Standard No. 28/11 of 30 December, in order to retain part of the profits generated in the national currency as a result of the currency devaluation, the Bank went on to update the net foreign currency assets. The monthly foreign exchange revaluations at the foreign exchange position level were recorded in a special currency revaluation reserve, included in the Bank's own funds, but not affecting the results for the year. This reserve is not distributable and can only be used for capital increase. Since March 2008, with the entry into force of the Permanent

Application Standard No. 11/07 of 26 November 2007 of the Central Bank of São Tomé and Príncipe, the revaluation of the foreign currency position has been recorded in profit or loss for the year. In 2014 the Bank incorporated into this item the provision for the currency depreciation of the share capital against the Euro constituted in 2008, covering the period from 1 March to 31 December 2008, and increased by the impact of the share capital update against the Euro in the financial year 2009 in the total amount of mSTD 1,904,626. In the financial year 2017 the revaluation reserve was reduced by STN 16,600,000, resulting from the increase of deliberate capital the Bank.

This provision had been set up in accordance with the Permanent Application Standard No 11/07 of 26 November of the Central Bank of São Tomé and Príncipe and can only be used to increase the Bank's capital stock.

### Miscellaneous provisions

The item miscellaneous provisions shown in the net position of the Bank includes provisions for general credit risk (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 net position of the Bank is as defined in the PCIF.

## 17. BALANCES AND TRANSACTIONS WITH SHAREHOLDERS

As at 31 December 2021 and 2020, the main outstanding amounts and transactions with the Bank's shareholders are as follows:

### Cash on hand over credit institutions (Note 4)

Caixa Geral de Depósitos  
Angolan Investment Bank

### Credits and Others on credit institutions

Caixa Geral de Depósitos (Note 5)  
Angolan Investment Bank (Note 5)  
Estado de São Tomé e Príncipe (Note 6)

### Bonds and other securities (Note 7)

Caixa Geral de Depósitos  
Angolan Investment Bank  
Estado de São Tomé e Príncipe

### Other Assets (Note 9)

Caixa Geral de Depósitos  
Angolan Investment Bank

### Other Liabilities (Note 13)

Caixa Geral de Depósitos  
Angolan Investment Bank

### Financial Margin (Note 20)

Caixa Geral de Depósitos  
Angolan Investment Bank  
Estado de São Tomé e Príncipe

	2021	2020
<b>Cash on hand over credit institutions (Note 4)</b>		
Caixa Geral de Depósitos	56.968.539	58.737.153
Angolan Investment Bank	-	3.591.127
	<u>56.968.539</u>	<u>62.328.280</u>
<b>Credits and Others on credit institutions</b>		
Caixa Geral de Depósitos (Note 5)	97.576.514	63.866.702
Angolan Investment Bank (Note 5)	-	-
Estado de São Tomé e Príncipe (Note 6)	111.138.180	154.108.993
	<u>208.714.694</u>	<u>217.975.694</u>
<b>Bonds and other securities (Note 7)</b>		
Caixa Geral de Depósitos	-	-
Angolan Investment Bank	-	-
Estado de São Tomé e Príncipe	361.758.555	409.827.206
	<u>361.758.555</u>	<u>409.827.206</u>
<b>Other Assets (Note 9)</b>		
Caixa Geral de Depósitos	551.906	227.826
Angolan Investment Bank	-	-
	<u>551.906</u>	<u>227.826</u>
<b>Other Liabilities (Note 13)</b>		
Caixa Geral de Depósitos	28.133.030	27.952.427
Angolan Investment Bank	-	-
	<u>28.133.030</u>	<u>27.952.427</u>
<b>Financial Margin (Note 20)</b>		
Caixa Geral de Depósitos	94.572	1.639.669
Angolan Investment Bank	-	86.852
Estado de São Tomé e Príncipe	13.329.538	13.659.472
	<u>13.424.110</u>	<u>15.385.992</u>

## 18. OFF BALANCE SHEET ITEMS

On 31 December 2021 and 2020, these items have the following composition:

	2021	2020
<b>Guarantees provided and other contingent liabilities</b>		
Warranties and guarantees provided	17.571.545	29.443.531
Open documentary credits	17.271.030	17.067.487
	<u>34.842.575</u>	<u>46.511.018</u>
<b>Liability for providing services</b>		
Collection of amounts abroad	4.834.552	1.606.261
Deposits and safekeeping	1.080.000	1.080.000
	<u>5.914.552</u>	<u>2.686.261</u>
<b>Third party responsibilities</b>		
Real guarantees	<u>1.434.411.748</u>	<u>1.398.654.807</u>
<b>Other off-balance sheet accounts</b>		
Consignments	160.283	411.613
Miscellaneous accounts	26.742.788	22.630.045
	<u>26.903.070</u>	<u>23.041.658</u>

As at 31 December 2021 and 2020, the provisions for guarantees and guarantees provided in the following values:

	2021	2020
Provisions for guarantees and sureties provided (Note 15)	<u>709.103</u>	<u>735.702</u>

The provisions for guarantees and guarantees provided are shown under

miscellaneous provisions included in the net position of the Bank (Note 16), as defined in the PCIF.

As described in Note 2.2(c), at 31 December 2019 the provisions constituted are equivalent to 2% of the total off-balance sheet exposures established according to the National Gazette No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3.

## 19. TAXES

On 31 December 2021 and 2020, the income tax balances were established as follows:

	2021	2020
<b>Income before tax</b>	84.880.003	48.800.751
<b>Adjustments:</b>		
Taxes paid on behalf of a third party (Article 30, No. 1, Item d)		-
Salaries and other remuneration payable (Article 30, nº 1, Alinea c)	(321.647)	763.756
Performance bonus payable (Article 30, nº 1, Alinea c)	1.982.566	1.261.272
Seniority premium payable (Article 30, nº 1, Alinea c)	(167.999)	391.997
Fines and other sanctions (Article 30, 1 e)	-	-
Life Insurance (Article 30, 1 a)	782.271	-
Non-deductible amortizations (Article 40, 1 e)	396.453	610.281
Insurance, repairs and maintenance of light vehicles (Article 30, nº 2)	573.166	511.515
Vehicle fuel (Article 30, 2)	18.186	396.627
Representation expenses (Article 31, 3)		23.722
<b>Collectable Material</b>	<b>88.273.676</b>	<b>52.759.921</b>
Income taxes (25% rate)	22.035.749,89	13.189.980
Excess tax estimate from previous years		-
current tax for the year (1)	<u>22.035.750</u>	<u>13.189.980</u>
Payments on account (2)	3.126.791	16.544.171
Withholding at source (3)	<u>9.149.899</u>	<u>3.411.503</u>
<b>Tax to pay</b>	<u>9.759.061</u>	<u>(6.765.694)</u>

In the years 2021 and 2020, advance deliveries of stamp duty, amounting to STN 793.701 and STN 997.174 respectively, were reflected under the heading 'Other operating results' of the income statement (Note 23).

The tax authorities have the possibility to revise the tax situation of the Bank over a period of five years, which may result due to different interpretations of the tax legislation possible corrections to the taxable profit of the years 2017 to 2021. Given the nature of any corrections that may be made, it is not possible to quantify them at this time. However, the Board of Directors of the Bank understands that any additional settlements that may result from these revisions will not be material for the attached financial statements.

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

## 20. FINANCIAL MARGIN

For the years ending 31 December 2021 and 2020, these items are composed as follows:

	2021	2020
<b>Interest and equivalent income</b>		
Of credit granted	101.906.654	95.834.392
Bonds and other securities	12.772.748	13.659.472
Commissions associated with credit operations	9.004.060	7.950.298
Of applications in credit institutions abroad	652.416	4.465.796
Others	-	-
	<u>124.335.878</u>	<u>121.909.957</u>
<b>Interest and equivalent costs</b>		
Of customer deposits	5.885.089	6.395.337
Others	5.500	27.349
	<u>5.890.589</u>	<u>6.422.686</u>

## 21. REVENUE FROM SERVICES AND COMMISSIONS

For the years ending 31 December 2021 and 2020, these items are composed as follows:



	2021	2020
<b>Income from services and commissions</b>		
Transfer commissions	42.197.848	37.942.486
Income from Foreign Exchange Transactions	24.464.503	24.844.698
Other Commissions	14.748.232	16.928.867
Account maintenance commission	7.625.216	6.338.209
Import documentary credit commissions	7.155.883	4.055.340
Intervention committee	2.687.349	3.451.781
Warranty and surety commissions	1.326.595	3.465.647
Account immobilization commission	913.918	2.075.294
Risk commission	207.873	182.038
	<u>101.327.417</u>	<u>99.284.360</u>
<b>Service charges and commissions</b>		
Banking services provided on behalf of third parties	10.438.872	7.835.126
Card maintenance	7.407.116	4.319.590
Other commissions	1.060.944	2.118.620
Service Fees	881.054	1.975.136
For commitments made by third parties	156.634	193.155
	<u>19.944.621</u>	<u>16.441.626</u>

The item "Income from Services and Commissions - Other Commissions" mainly concerns currency sales commissions, current account maintenance commissions and value transfer commissions.

The item "Service and commission income - Risk commission" refers to commissions charged on cash-advance transactions.

## 22. EXCHANGE RATE REVALUATION RESULTS

For the financial years ending 31 December 2021 and 2020, this item is composed as follows:

	2021			2020		
	Losses	Profits	Liquid	Losses	Profits	Liquid
Results on banknotes and coins	(7.114.639)	9.027.146	1.912.506	(6.102.001)	5.571.450	(530.551)
Results in foreign exchange	(1.457.574.169)	1.483.823.039	26.248.870	(2.170.150.166)	2.177.262.754	7.112.588
	<b>(1.464.688.808)</b>	<b>1.492.850.185</b>	<b>28.161.376</b>	<b>(2.176.252.167)</b>	<b>2.182.834.204</b>	<b>6.582.038</b>

### 23. OTHER OPERATING RESULTS

For the financial years ending 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
<b>Other operating income</b>		
Provision of various banking services	12.679.571	9.637.537
Recovery of bad debts	5.260.513	991.591
Reimbursement of bank charges	3.546.147	3.106.915
Others	3.382.319	1.334.643
Capital gains on the sale of fixed assets	1.605.763	703.190
	<b>26.474.313</b>	<b>15.773.876</b>
<b>Other operating costs</b>		
Tax and fees	1.238.771	1.173.043
Dues and donations	831.094	1.798.750
Others	278.713	4.658.981
	<b>2.348.578</b>	<b>7.630.773</b>
	<b>24.125.735</b>	<b>8.143.103</b>

On 31 December 2021 and 2020, the balance of miscellaneous banking services includes mainly proceeds from the sale of checks in the amount of STN 8.298.528, and STN 6.147.794, respectively. The increased evolution of income from credit recovery results from the recovery of past due credit operation and is essentially composed of interest on late payments. The reduction in the volume of irregular credit reflects the credit recovery recorded in 2021.

Other operating costs includes in the 2020 financial year the value of STN 4.267.982 related to write-downs in the fixed assets inventory.

### 24. STAFF COSTS

For the financial years ending 31 December 2021 and 20120, this item is composed as follows:

	2021	2020
Employee compensation	62.154.933	63.032.571
Remuneration of management and tax bodies	11.694.396	11.154.022
productivity award	7.994.702	3.557.082
mandatory social charges	3.348.761	3.350.258
optional social charges	422.138	551.392
Others	122.500	410.884
Seniority awards ( Note 2.2 i)	88.883	471.004
	<b>85.826.313</b>	<b>82.527.213</b>

The total amount of remuneration awarded to the administrative, management and supervisory bodies in the financial year 2021 was STN 25.061.982.

Total Remuneration Allocated in 2021 (Figures expressed in STN)	
Management Board	11.343.173
Supervisory Board	383.055
Governing Body	9.784.094
Authority	3.551.660
<b>Total</b>	<b>25.061.982</b>

As at 31 December 2021, the amount of credit to the Bank held by the members of the administrative, management and supervisory bodies was STN 6.737.945.

On 31 December 2021 and 2020, the Bank employed 148 and 148 permanent staff respectively. However, the average number of employees throughout the

year was 151, according to the distribution of the table below.

Average number of employees during 2021	
Steering	7
Technicians	53
Administrative	73
Auxiliaries	18
<b>Total</b>	<b>151</b>

In the years ending 31 December 2021 and 2020, the heading "Staff costs - Other" includes STN 56.642 and STN 314.054 relating to voucher expenses and fraternization parties in the respective years

The compulsory social security heading relates to social security charges and death grants. As regards the optional charges, this item consists of social medical services, hospital accommodation as well as medical care and medicines.

The "Productivity premium" item refers to an estimate by the Executive Board, which will be ratified by the Social Welfare Commission in 2022.

## 25. GENERAL ADMINISTRATIVE EXPENSES

For the financial years ending 31 December 2021 and 2020, this item is composed as follows:

	2021	2020
Communications	9.195.509	6.717.873
Water, Energy and fuel	8.193.329	8.036.888
Others	5.613.146	2.760.919
Computer services	5.450.999	5.459.275
Incomes and rents	4.272.796	4.023.761
Security and surveillance	2.979.831	2.933.982
printed and current consumables	2.950.429	3.397.999
Conservation and repair	2.635.793	3.783.849
Receipts, fees and other independent work	2.472.546	2.588.032
Publicity	1.758.752	1.390.954
Transport of values	1.646.156	1.619.169
Insurance	1.452.873	1.230.650
Travel and representation	1.295.431	1.088.791
Auditing and consulting	1.234.800	1.453.463
	<u>51.152.390</u>	<u>46.485.605</u>

The 'Other' heading shows STN 2.124.361 expenditure on Visa.



## 26. BALANCE SHEET BY CURRENCY

On 31 December 2021 and 2020, the balance sheet by currency of the Bank is structured as follows:

	2021					
	National Currency	Foreign currency				
		EUR	USD	Others	Total Foreign Currency	Total
Cash and availability at the Central Bank	883.445.913	97.295.879	28.730.564	7.787.988	133.814.432	1.017.260.344
Cash availability on credit institutions	2.090.795	34.036.340	55.089.680	3.780.782	92.906.803	94.997.598
Other Credits on Credit Institutions	-	-	334.094.005	-	334.094.005	334.094.005
Credit on customers	650.116.629	20.071.136	5.360.127	-	25.431.263	675.547.892
Bonds and other securities	361.758.555	-	-	-	-	361.758.555
tangible assets	217.662.473	-	-	-	-	217.662.473
Intangible assets	5.226.155	-	-	-	-	5.226.155
Fixed assets in progress	9.958.711	-	-	-	-	9.958.711
Financial fixed assets	-	-	-	-	-	-
Other assets	33.818.551	1.301.242	2.817.075	-	4.118.317	37.936.868
Regularization accounts	4.583.348	-	-	-	-	4.583.348
<b>Total assets</b>	<b>2.168.661.129</b>	<b>152.704.598</b>	<b>426.091.452</b>	<b>11.568.771</b>	<b>590.364.820</b>	<b>2.759.025.950</b>
Deposits:						
In sight :	1.377.980.175	281.746.703	289.034.160	3.535.940	574.316.803	1.952.296.978
On term or with notice	152.901.345	12.135.698	26.826.676	1.968.432	40.930.805	193.832.150
Resource from other entities	8.943.702	587.539	439.235	-	1.026.774	9.970.476
Others liabilities	15.713.072	48.172.044	522.740	-	48.694.784	64.407.856
Regularization accounts	70.955.900	6.295.264	797.989	-	7.093.252	78.049.153
<b>Total liabilities</b>	<b>1.626.494.194</b>	<b>348.937.247</b>	<b>317.620.799</b>	<b>5.504.372</b>	<b>672.062.419</b>	<b>2.298.556.612</b>
<b>Net assets/(liabilities)</b>	<b>542.166.936</b>	<b>(196.232.650)</b>	<b>108.470.653</b>	<b>6.064.398</b>	<b>(81.697.598)</b>	<b>460.469.337</b>

To be continued...

	2020					
	Moeda	Moeda estrangeira				Total
	nacional	EUR	USD	Outras	Total ME	
Cash and availability at the Central Bank	933.103.625	86.467.631	13.995.382	9.357.606	109.820.618	
Cash availability on credit institutions	33.153.265	40.477.071	34.037.073	4.152.666	78.666.810	111.820.075
Other Credits on Credit Institutions	55.530.885	-	261.145.783	-	261.145.783	316.676.668
Credit on customers	755.902.933	28.140.798	5.121.109	91	33.261.998	789.164.931
Bonds and other securities	409.827.206	-	-	-	-	409.827.206
tangible assets	220.221.278	-	-	-	-	220.221.278
Intangible assets	8.375.599	-	-	-	-	8.375.599
Fixed assets in progress	3.285.425	-	-	-	-	3.285.425
Financial fixed assets	-	-	-	-	-	-
Other assets	31.291.214	4.338.990	997.475	-	5.336.465	36.627.678
Regularization accounts	3.769.433	1.687.294	2.463	1.196	1.690.953	5.460.387
<b>Total assets</b>	<b>2.454.460.862</b>	<b>161.111.783</b>	<b>315.299.286</b>	<b>13.511.558</b>	<b>489.922.628</b>	<b>2.944.383.490</b>
	-	-	-	-	-	-
Deposits:	-	-	-	-	-	-
In sight :	1.652.325.880	309.857.500	231.563.975	3.492.116	544.913.590	2.197.239.470
On term or with notice	163.675.046	11.950.365	24.900.796	901.037	37.752.197	201.427.244
Resource from other entities	10.779.502	587.539	- 1	-	587.538	11.367.040
Others liabilities	8.749.538	35.202.680	487.787	-	35.690.467	44.440.005
Regularization accounts	57.443.966	6.399.779	293.658	- 598	6.692.839	64.136.805
<b>Total liabilities</b>	<b>1.892.973.932</b>	<b>363.997.862</b>	<b>257.246.214</b>	<b>4.392.555</b>	<b>625.636.631</b>	<b>2.518.610.563</b>
	-	-	-	-	-	-
<b>Net assets/(liabilities)</b>	<b>561.486.930</b>	<b>(202.886.079)</b>	<b>58.053.072</b>	<b>9.119.004</b>	<b>(135.714.003)</b>	<b>425.772.927</b>

### 27. CONTINGENT LIABILITIES

In accordance with accounting policy 2.2(p), the main contingent liabilities and other commitments under IAS 37 are as follows:

In 2018, the International Bank of Sao Tome and Principe- BISTP was notified of a lawsuit, amounting to STN 1.715.000 , filed by a customer who is the debtor of a credit operation. By a ruling of 24 August 2020, the BISTP was acquitted, but the plaintiff appealed to the Supreme Court of Justice, pending the delivery of the sentence.

### 28. SUBSEQUENT EVENTS

Although the BISTP does not have direct trade relations or interests in regions where geopolitical tensions and conflicts are currently increasing, it is recognized that the outbreak of this dispute, in a region and between countries that have some weight in the production of raw materials and in world trade, may affect the business of the Bank to a certain extent, in particular with regard to the increase in prices of products and services on a global scale, caused by some production shortages and delays in the supply chain. In a situation like this, it is expected that some projects or activities of the Bank and its Clients, which depend on the purchase of products and services from abroad, may suffer delays.

Despite the risk to which the country is exposed in the face of this current international situation, at this stage it is difficult for the Bank to define precisely the magnitude of the impact this situation may have on its business and activity.





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**REPORT AND OPINION OF THE FISCAL COUNCIL**



## 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, relativos ao exercício de 2021, 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, o Conselho Fiscal procedeu, em 2021, 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:

- acompanhou a evolução da estrutura organizativa do BISTP, nomeadamente das suas áreas de controlo, e as decisões da Comissão de Riscos e da 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. De realçar o novo relatório trimestral de acompanhamento do Risco de Crédito com uma informação qualitativa e quantitativa muito detalhada;
  - recolheu informação do Conselho de Administração em matérias relacionadas com as atribuições do Conselho Fiscal, nomeadamente sobre a evolução da atividade e contas da sociedade, tendo estado presente em quatro reuniões daquele órgão;
  - participou em quatro reuniões, uma em cada trimestre, 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 de 2020 entregue ao Banco Central e que foi objeto de parecer por parte do Conselho Fiscal;

- 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 incerteza face à pandemia que ainda não terminou. Felizmente o impacto das moratórias verificado no ano de 2020 não foi tão gravoso e permitiu que em 2021 um montante relevante de provisões fosse revertido;
  - iii) em relação à estratégia decorrente do “apetite ao risco” registou a atitude de prudência do Banco, preferindo suportar um maior excesso de liquidez a aumentar a exposição ao risco da sua dívida pública;
  - iv) em relação ao processo de modernização das infraestruturas dos sistemas de pagamento e ao *upgrade* do *workflow* de crédito de registar o investimento nestas novas tecnologias que permitirão também minorar os riscos operacionais.
- reuniu, com os representantes do Auditor Independente, inteirando-se das principais conclusões e recomendações pelos mesmos formuladas, no âmbito do desempenho das respetivas atribuições. As matérias consideradas relevantes para o Auditor Independente, 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 Conselho Fiscal.

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

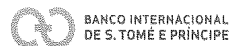
- o Relatório de Gestão do Conselho de Administração respeitante ao exercício de 2021;
- as Demonstrações financeiras relativas ao exercício de 2021;
- o Relatório do Auditor Independente, que merece o nosso acordo.

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

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

- as Demonstrações Financeiras referentes ao exercício de 2021 estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis e dão uma imagem verdadeira e apropriada da situação financeira e dos resultados da sociedade;
- o Relatório de Gestão expõe de forma rigorosa a evolução dos negócios da sociedade, encontrando-se em concordância com as Demonstrações Financeiras;

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, 6 de abril de 2022

O CONSELHO FISCAL



Presidente – João Sales Luís



Vogal – João Fonseca