



Report & Accounts For The Financial Year **2023**

Banco Internacional De São Tomé e Príncipe



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01 KEY INDICATORS

EVOLUTION OF THE BANKING BUSINESS

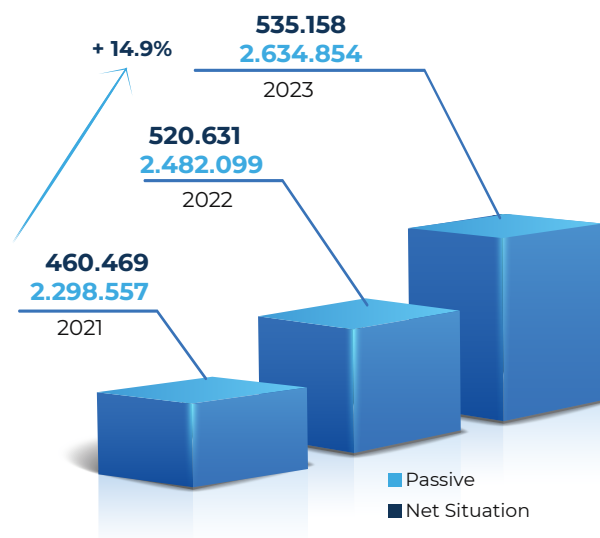


Pterolepis glomerata

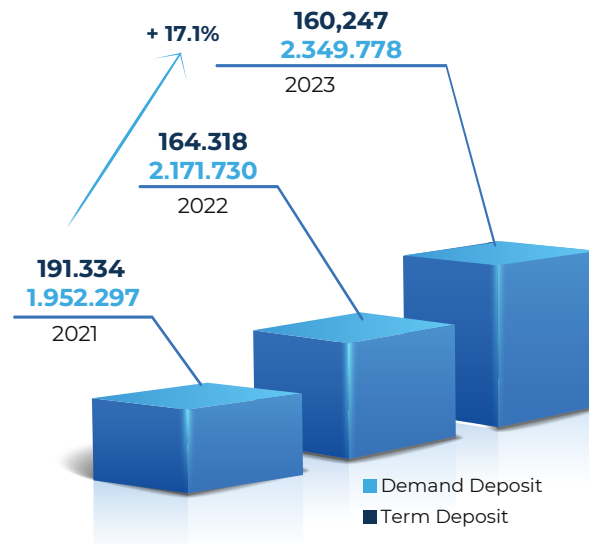
Values in Folds	2021	2022	2023	Year-on-year change	
				2022 Vs. 2021	2023Vs. 2022
Turnover	3.071.477.979	3.295.907.213	3.375.425.743	7,31%	2,41%
Customer Loans	890.506.276	877.808.614	769.945.957	-1,43%	-12,29%
Customer Resources	2.146.129.128	2.336.048.435	2.510.025.112	8,85%	7,45%
Documentary Credit	17.271.030	20.540.879	66.603.756	18,93%	224,25%
Bank Guarantees Provided	17.571.545	61.509.286	28.743.800	250,05%	-53,27%
Balance sheet					
Net Assets	2.759.025.950	3.002.729.156	3.170.011.805	8,83%	5,57%
Net Credit	675.547.892	819.966.179	705.066.020	21,38%	-14,01%
Customer Resources	2.146.129.128	2.336.048.435	2.510.025.112	8,98%	7,45%
Net Worth	460.469.337	520.630.545	535.158.104	13,07%	2,79%
Results					
Financial Margin	118.445.290	134.678.010	143.754.275	13,70%	6,74%
Complementary Margin	133.669.908	173.357.774	150.523.415	29,69%	-13,17%
Banking Product	252.115.198	308.035.784	294.277.690	22,18%	-4,47%
Operating Profit	115.136.495	152.793.991	140.814.342	32,71%	-7,84%
Profit Before Tax	84.880.003	130.337.178	98.357.985	53,55%	-24,54%
Net Profit	62.844.253	95.170.171	72.606.317	51,44%	-23,71%
Ratios					
ROE	13,65%	18,28%	13,57%	+4.63% p.p	-4.71% p.p
ROA	2,28%	3,17%	2,29%	+0.89% p.p	-0.88% p.p
Net Interest Income/ Assets	4,29%	4,49%	4,53%	+0.19% p.p	+0.05% p.p
Complementary Margin / Banking Product	53,02%	56,28%	51,15%	+3.26% p.p	-5.13% p.p
Cost-to-Income Ratio	63,93%	57,68%	59,87%	-6.24% p.p	+2.18% p.p
Equity / Assets	16,69%	17,34%	16,88%	+0.65% p.p	-0.46% p.p
Transformation Ratio:					
Net Credit/Deposits	31,48%	35,10%	28,09%	+3.62% p.p	-7.01% p.p
Public Debt/Equity Securities	90,98%	98,75%	121,07%	+7.77% p.p	+22.32% p.p
Overdue Credit/Customer Credit	26,88%	9,70%	12,03%	-17.18% p.p	+2.34% p.p
Provision for Overdue Credit/Overdue Credit	89,79%	67,94%	69,54%	-21.85% p.p	+2.07% p.p
Solvency ≥ 12%	30,82%	42,89%	37,06%	+12.07% p.p	-5.83% p.p
Liquidity ≥ 20%	62,73%	59,47%	61,73%	-3.26% p.p	+2.26% p.p
No. of Employees	151	145	138	-3,97%	-4,83%
No. of Branches	12	11	10	-8,33%	-9,09%
(Loans + Deposits) / Branch	235.139.752	286.910.419	321.563.656	22,13%	12,06%
(Credit + Deposits) / Employee	18.686.603	21.916.768	23.301.714	17,39%	6,32%

SUMMARY OF PERFORMANCE AND ACTIVITY

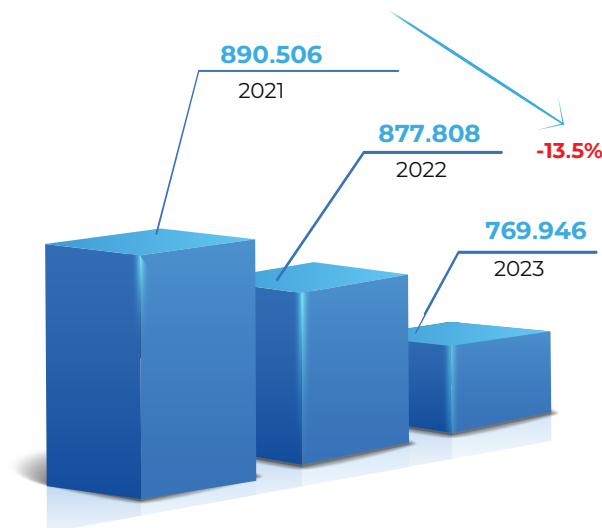
BALANCE



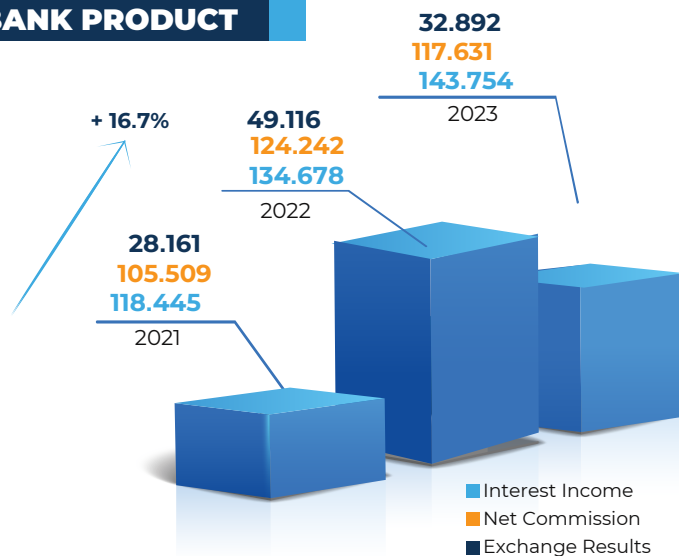
TOTAL DEPOSITS



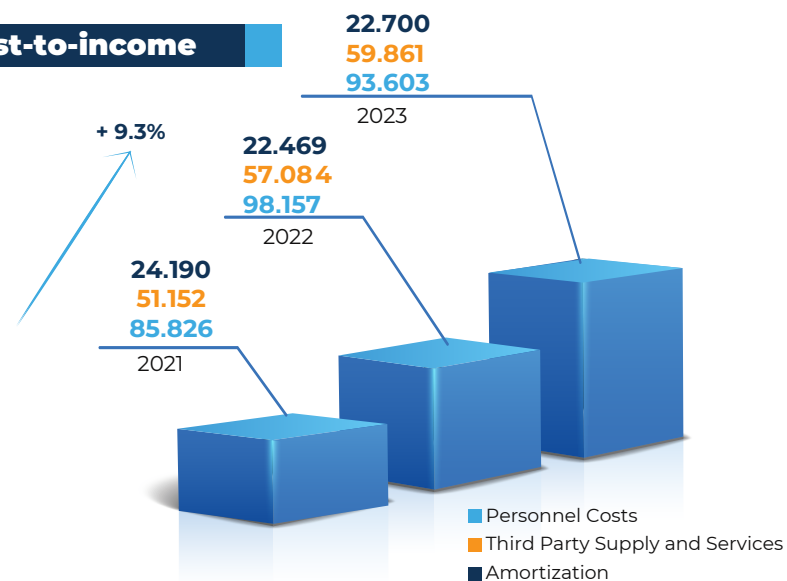
GROSS CREDIT



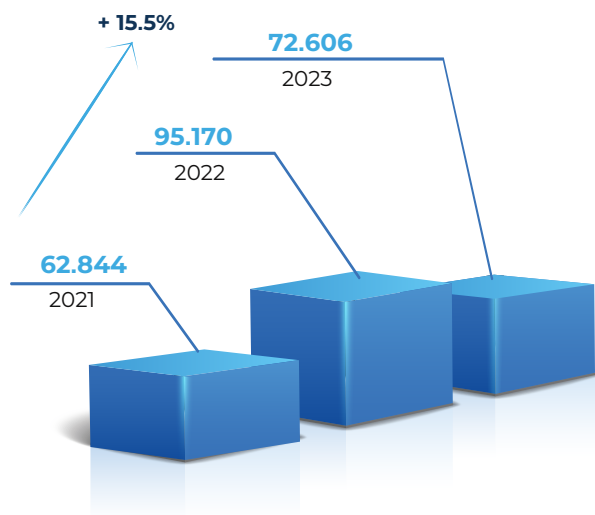
BANK PRODUCT



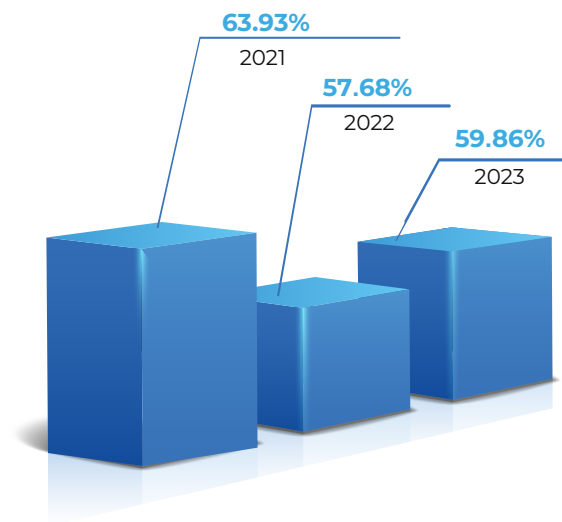
Cost-to-income



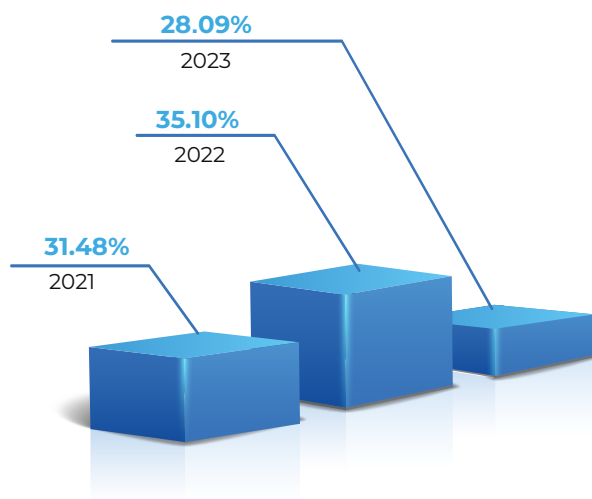
NET INCOME



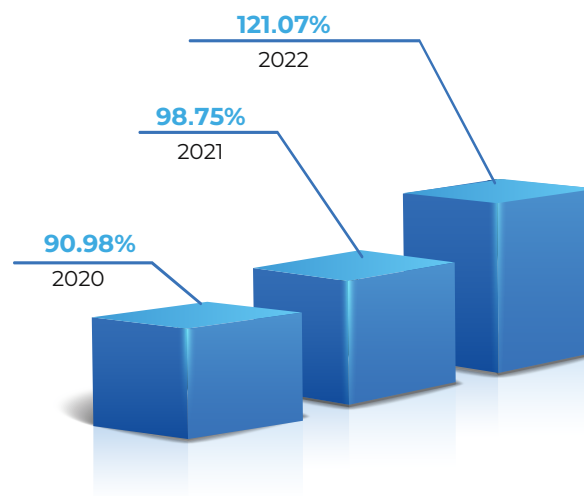
Cost-To-Income



NET CREDIT/COSTUMER ´S DEPOSIT



Public Debt Securities/Net Equity



Malaviscus arbóreos

In 2023, the international and domestic environment presented significant challenges for the economy and the business context in São Tomé and Príncipe. The country's GDP contracted by 0.3%, marking the culmination of a trend of progressive deceleration in GDP (0.1% in 2022 and 1.9% in 2021) over recent years. This decline indicates the growing difficulties faced by São Tomé and Príncipe's economy, particularly in 2023.

The international environment, characterized by escalating conflicts in the aftermath of the pandemic, with high inflation and elevated interest rates, led to worsening conditions in supply chains, due to rising raw material prices, increased logistics costs and reduced mobility and availability of financial capital for less developed economies. Domestically, the intrinsic and structural weaknesses of São Tomé and Príncipe's economy, essentially an importer and dependent on external programs and lines of support, resulted in price increases, albeit to a lesser extent than in 2022, and difficulties in accessing essential products and goods.

Several indicators highlight the greater adversity that the economic activity experienced in 2023, especially inflation, the shortage of foreign currency, the increase in taxes (introduction of VAT), the increment in the flow of migrants and the state's greater difficulties in accessing finance, with the consequent rise in the issuance of public debt.

The inflation rate stood at 17.1%, remaining elevated despite a reduction compared to 2022 (25.3%), showing that the price level of goods and services is still historically very high for the market. It is important to note that, as the country has a large trade balance deficit (exports only cover around 9.4% of imports), it is particularly affected by imported inflation. However, it's not just the price of imported products and services that contributes to high domestic inflation, as increased logistics costs, poor infrastructure and low levels of domestic productivity and production also play a significant role.



As for the economy's level of attractiveness, it shows a weak capacity to attract foreign direct investment, increase domestic production and boost exports, which is essential for improving the trade balance and the inflow of foreign currency, vital aspects for a country that depends on imports.

The impossibility of reaching a new technical and financial assistance agreement with the IMF in 2023 has also limited the flow of foreign currency, generally from bilateral and multilateral partners, contributing to a significant shortage of foreign currency in the economy and greater difficulty in covering imports of essential goods and services.

The introduction of VAT in June 2023, as one of the measures demanded by the IMF in order to improve the primary deficit, also contributed to the general increase in market prices. These worsening economic conditions and their negative impact on society have led to a reduction in economic activity and a growing flow of migrants abroad in recent years, including 2023, causing a substantial downturn on the Banking business. It is not yet possible to predict the consequences for the country, which will certainly be broader in the medium and long term.

As for the monetary and fiscal policy conducted throughout 2023, it should be noted that the Central Bank maintained its contractionary monetary policy unchanged, with a focus on combating inflation by reducing liquidity in the financial system, while the government, limited by international financing conditions, tried to raise internal financing by issuing Treasury Bills and Bonds, as well as resorting to Bank credit to finance its current and investment expenses.

The combination of all these events created a macroeconomic scenario of high risk and complexity, highlighting the country's great vulnerabilities.

As a result, BISTP was forced to adjust to the greater risk and deterioration in market conditions, opting for a more prudent strategy in order to mitigate the negative effects on the Bank's balance sheet and profitability.

Despite the less favorable internal and external climate, the Bank has managed, based on its solidity and market positioning, to maintain positive indicators, revealing its ability to adapt and quickly adjust to the market climate.

In terms of the Bank's business performance in 2023, the Bank's net assets grew by 5.6% compared to 2022. Customer funds grew by around 7.5%, showing customer confidence in the Bank's solidity. Net interest income grew by around 6.7%, while operating income contracted by 4.5%, due to a 13.2% contraction in the complementary margin. Net income was positive, although it contracted by 23.7% compared to 2022.

It is important to highlight the maintenance of liquidity and solvency ratios at very comfortable levels, 61.7% and 37.1%, respectively, well above the regulatory minimums (20% and 12%, respectively).

Prospects and commitments for 2024

At BISTP we look to the future with the optimism that should characterize a young man of 31, but also with the pragmatism that is required in the face of a scenario that we foresee will be full of challenges in 2024.

Internationally, economic growth will be limited by restrictive monetary policies and credit conditions aimed at lowering inflation. This will mean lower levels of trade and investment at a global level. The political positions taken do not allow us to anticipate an end to the ongoing conflicts. Extreme weather events have become more frequent and the associated risks will continue to increase, with serious consequences for agricultural production, availability and prices.

Countries with weaker economies and vulnerable to external shocks, such as São Tomé and Príncipe, could therefore continue to face difficulties in the short term. Rapidly reaching a new agreement with the IMF is therefore crucial to improving access to financing and international support, which will foster the inflow of foreign currency, allowing the country to strengthen its reserves and maintain its import capacity and regular supply of essential goods to the market, without forgetting investment in infrastructure, essential to enhance the conditions for attracting foreign and domestic investment and reverse the economic cycle. This is the political challenge.

For the Banking sector, the challenge will continue to lie in the digital transformation of the business, improving efficiency and productivity not only for the Bank but also for its customers, in rigorous risk control.

For BISTP, 2024 will be the start of a strong investment program, in material and human resources, which will help strengthen the Bank's resilience and boost market opportunities for its clients.

For this reason, and despite expecting a challenging environment in 2024, BISTP, as in the past, must remain focused on the values and principles that brought us this far. Core values, such as integrity, ethics and responsibility, the basis of our clients' trust; rigor, efficiency and a risk culture, to protect what we have already achieved; and ambition and innovation, to seize new opportunities and build the future.

Thus, for 2024, the strategic focus will remain on the continuous search for greater levels of efficiency, on ensuring the safety of our employees and our clients, and on seeking to increase turnover and profitability, with the following actions being highlighted:

- Strengthen the Bank's internal control areas and risk culture;
- Invest in new technologies and digital media, improving IT support systems and their security;
- Boost credit to individuals and companies, with a rigorous analysis of the economic context, while being mindful of our responsibilities in supporting the dynamization of economic activity;
- Maintain and reinforce our social responsibility commitments;

- Maintain a leading position in the market, both through a dynamic approach and by supporting customers and communities in improving financial literacy, enabling more and more people to access financial services and reducing default levels.

Despite the smaller market size when compared to others in Africa, and the significant challenges facing the economy of São Tomé and Príncipe, BISTP continues to believe in the potentialities of this market. Firm in this conviction, we once again renew our ambition and commitment to being an engine of economic and social development in São Tomé and Príncipe.

Finally, on behalf of the Board of Directors, I would like to express our sincere thanks to our stakeholders, clients, employees, partners and shareholders, who, year after year, have helped the Bank to continue to fulfill the mission for which it was created: to generate value for everyone and for the country.

"Since always - forever", let's hear it.

03 MAIN REFERENCES

3.1 Shareholder Structure



3.2 Governing Bodies

Board of the General Assembly

Nuno Ricardo dos Santos Jorge da Pena - **Chairman**
Danilo Guadalupe Pereira de Lima - **Secretary**
Ebb Rosa Conde Lopes Colsoul - **Secretary**

Board of Directors

Nelson Lombá Fernandes - **Chairman**
Francisco José Pinguínha da Piedade - **Member**
Afonso da Graça Varela da Silva - **Member**
Lucamba Magalhães - **Member**
Francisco José dos Santos Silva - **Member**
Zembo Rafael da Silva Rebelo e Macedo - **Member**

Executive Committee

Francisco José Pinguínha Piedade - **Chairman**
Afonso da Graça Varela da Silva - **Executive Director**
Lucamba Magalhães - **Executive Director**

Supervisory Board

João Miguel Pacheco de Sales Luis - **Chairman**
João Cândido Soares de Moura Oliveira Fonseca - **Voting Member**
Arlindo Ramos - **Voting Member**

3.3 Activity milestones

Day 3, BISTP's 30th Anniversary, marked by the distribution of gifts to customers and the simultaneous opening of commemorative cakes in all branches at 11:00 a.m.

August 2023

On the 27th, support for the General Command of the National Police in celebrating the 48th anniversary of the institutionalization of the National Police;

October 2023

On the 30th and 31st, a lecture was held in the BISTP auditorium at the Príncipe branch along with a fair to mark World Savings Day. The event featured participation from all the country's financial institutions (the Central Bank, BISTP, Afriland Bank, EcoBank, BGFI Bank, the SAAR and NICON insurance companies, and microcredit institutions such as Fast Credit and Credial).



04 MACROECONOMIC AND FINANCIAL FRAMEWORK

4.1 International context

The global economy has continued its slow recovery. Although the pandemic is now under control worldwide, Russia's invasion of Ukraine and other regional conflicts have negatively affected the markets and pushed inflation to historically high levels. Despite the disruptions in the energy and food markets caused by the war and global logistics conditions, the unprecedented tightening of global monetary policies to combat inflation has led to an increase in interest rates and a slowdown in the global economy, without reaching the level of a recession, as was initially feared. Despite these measures, growth remains slow and uneven, with widening disparities between countries. Global activity reached its lowest point at the end of 2023, while inflation (excluding energy and food) is gradually being brought under control. However, a return to the pre-pandemic global economic situation seems increasingly out of reach in the short term, especially for emerging and developing countries

EURO ZONE

Eurostat data points to a slowdown in the Eurozone economy. In 2023, the economies of the Eurozone and the European Union grew by 0.4%, showing a sharp slowdown compared to the 3.4% growth recorded in 2022. The growth rate of 0.4% was below the European Central Bank's projections, which indicated a growth of around 0.6%.

Portugal was among the top performers in the European Union, recording the fifth-highest growth in the last quarter of the year, with the Portuguese economy advancing by 0.8% year-on-year. Leading the way were Denmark (+2%), Croatia (+1.3%), Slovenia (+1.1%) and Latvia (also with 0.8%).

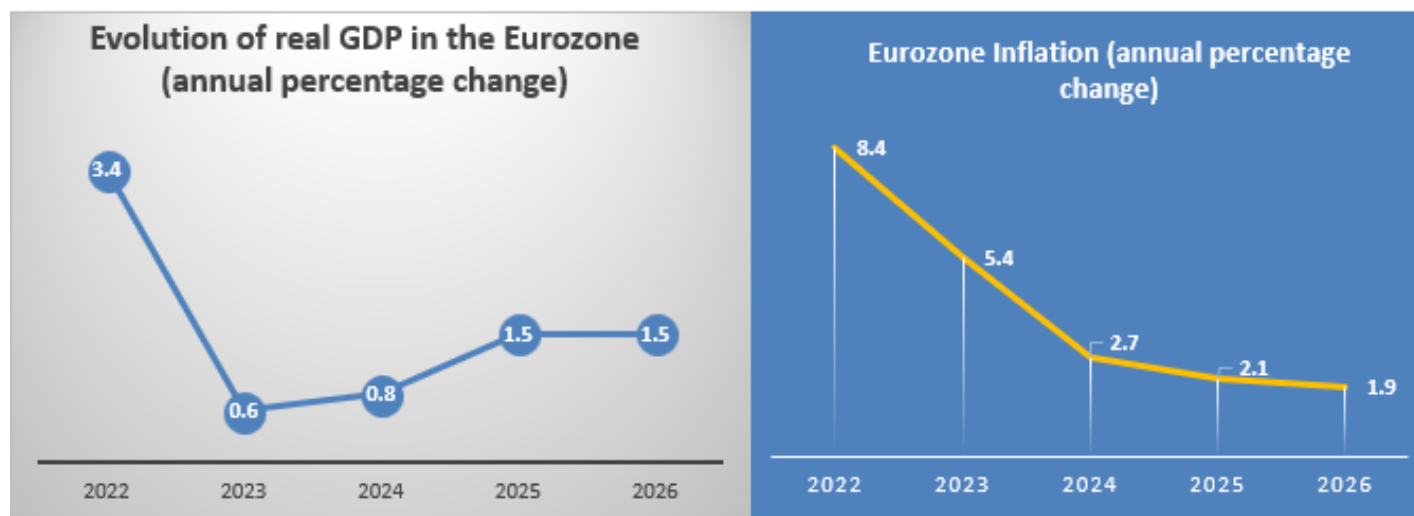
On the other hand, the largest declines were seen in Ireland (-3.4%), followed by Estonia and Finland (both -0.7%).

The main economies are still feeling the effects of the war in Ukraine and the monetary policy pursued by the European Central Bank (ECB), which have penalized the bloc's trade balances.

The obstacles related to tighter financing conditions, weak confidence and loss of competitiveness are at the root of the weakening of the Eurozone's economy. In fact, the impact of the tightening imposed by the ECB's monetary policy, characterized by a high level of interest rates to combat inflation, is affecting growth prospects in the short term. In addition, as indicated in the ECB's surveys of Banks on the euro

area credit market, lending conditions have tightened significantly over the year and loan growth has slowed markedly. These negative effects on credit supply have primarily affected business and residential investment and, to a lesser extent, private consumption.

Despite the negative impact of monetary policy on economic growth, it has successfully managed to achieve its main objective, controlling inflation initially and gradually bringing it back down. Despite this, the level of inflation remains high and above the 2% target. For this reason, the ECB has maintained high reference interest rates throughout 2023.



Notes: Real GDP figures refer to annual averages of seasonally and working day adjusted data. Historical data may differ from the most recent Eurostat publications, due to updates released after the cut-off date for the projections. Quarterly data is also available for download from the macroeconomic projections database on the ECB's website.

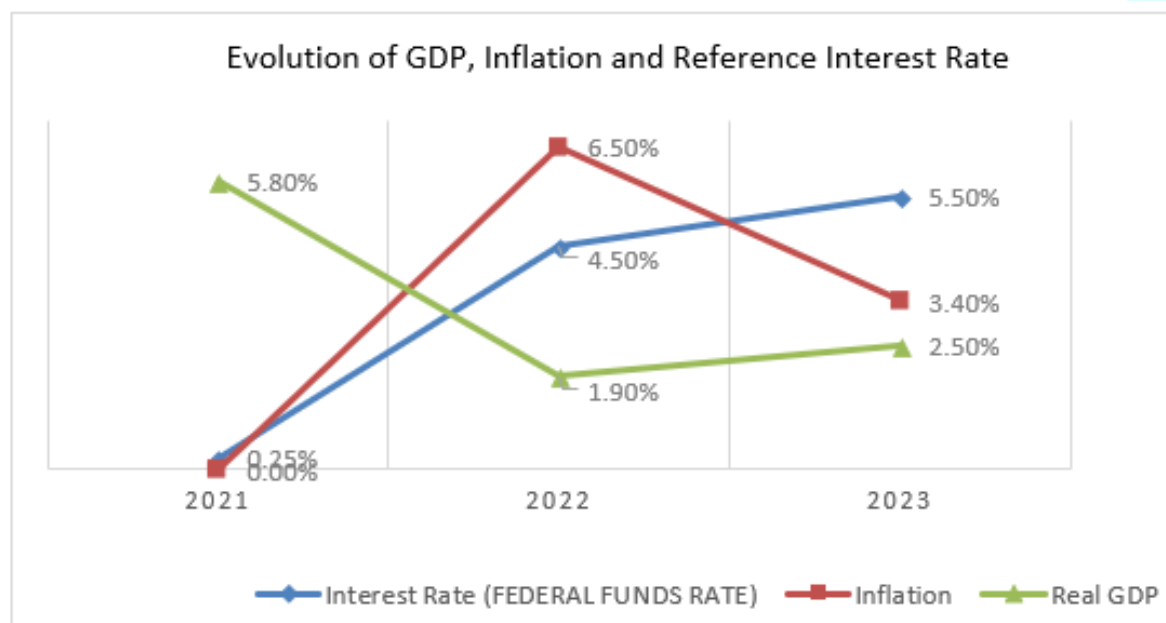
The economic outlook for the eurozone continues to be surrounded by high levels of uncertainty, associated with the armed conflict between Ukraine and Russia, which continues to exert pressure on oil and cereal prices. In addition, the open war between Israel and Palestine, as well as other regional conflicts and phenomena of piracy and terrorism, further disrupt the world's supply chains.

UNITED STATES OF AMERICA

The American economy performed better than the eurozone economy.

According to estimates released by the Bureau of Economic Analysis (BEA) on January 25, 2024, the GDP of the United States is projected to increase by 2.5% in 2023, showing an acceleration in the country's economic activity compared the 1.9% recorded in 2022.

Despite the restrictive monetary policy adopted by the FED to combat inflation, through successive increases in the reference interest rate, the American economy has nevertheless managed to accelerate its growth rate, showing greater resilience compared to the eurozone economy.



Despite the positive response of the American economy and the reduction in the inflation rate, the FED continues to maintain its restrictive policy by keeping the interest rate at 5.5%, with the aim of bringing inflation down to the 2% target.

EMERGING COUNTRIES

Brazil

According to the Brazilian Institute of Economics of the Getúlio Vargas Foundation (Ibre/FGV), the Brazilian economy is projected to grow by 3% in 2023.

This result shows the resilience of the economy, despite the weaknesses of concentrated annual growth heavily influenced by *commodities* (raw materials subject to price fluctuations dictated by the international market).

The main driver of growth in 2023 was the agro-industry sector, with an increase of 15.8%, particularly driven by the performance of soybeans in the Center-South region of the country. Despite comprising only 6% of GDP, the agricultural sector contributed significantly, accounting for 30% of the country's economic growth.~

Another factor contributing to GDP growth was exports, rising by 9.5% last year. The main highlight was sales of agricultural products to other countries, growing by 25.3% over the year. Products from the mineral extraction industry, such as iron ore and oil, also performed well last year, with a growth rate of 16.7%.

China

China's economy expanded by around 5% in 2023. Despite this growth, the Chinese economy has been slowing down, with the annual average growth declining from 10.5% between 2003 and 2012 to 6.2% from 2013 to 2022.

Part of the explanation for this slowdown in the Chinese economy is related to the real estate market, which has slowed down since 2021. The high indebtedness of the giant *Evergrande*, combined with liquidity difficulties caused by the fall in demand in the market and consequently in prices, led to the company defaulting on its creditors, inducing an environment of insecurity in the real estate market. In November 2022, the People's Bank of China announced an offer of cheap credit to financial companies to help the sector. In March, the People's Bank of China decided to keep the LPR (basic interest rate) at 3.65%.

The slowdown in the economy was also related to the policy to combat Covid, "Covid Zero". The Chinese government's decision to virtually shut down businesses during the pandemic, severely limiting the movement of people, while maintaining a low interest rate to stimulate Bank credit, created an expectation of higher growth for the following years, but compromised performance in the short term.

India

The Indian economy grew more significantly than China. Driven by strong demographic growth and strong domestic consumption, India's GDP is expected to accelerate by 6.9% in 2023, although this growth will be slightly lower than the 7% registered in 2022.

South Africa

Within the BRICS group, South Africa's economy performed the worst, registering a growth of 0.5% in 2023. This modest development in South Africa's GDP is partly the result of bottlenecks in the energy and transport sectors, contributing negatively to the country's economic activity.

Sub-Saharan Africa

Sub-Saharan Africa's economic outlook remains bleak in the face of a timid recovery in the meantime. According to the latest World Bank's Africa's *Pulse* report, increased instability, weak growth in the region's largest economies and persistent uncertainty in the global economy are seriously affecting growth prospects in the region.

The rise in conflicts and violence in the region is exerting pressure on economic activity. This growing fragility could be exacerbated by climate shocks. In Sudan, for example, economic activity is expected to contract by 12% due to the internal conflict which is disrupting production, depleting human capital, and weakening state capacity.

In *per capita* terms, growth in sub-Saharan Africa has stagnated since 2015. In fact, the region is projected to experience a contraction at an average annual *per capita* rate of 0.1% over the period 2015-2025, thus potentially marking a lost decade of growth following the fall in commodity prices in 2014-15.

Nigeria and Angola are expected to grow by 2.9% and 1.3%, respectively, due to lower international oil prices and exchange rate pressures affecting both oil and non-oil activities.

The level of indebtedness among countries in this zone remains generally high, with 21 countries facing a high risk of external over-indebtedness or experiencing debt difficulties.

In general, current growth rates in the region are inadequate to create high-quality jobs sufficient to accommodate the expanding working-age population. Current growth patterns generate only 3 million formal jobs per year, leaving many young people underemployed and involved in precarious, fragmented and unstable jobs where their skills are underutilized. Creating employment opportunities has the potential to boost inclusive growth and turn the continent's demographic wealth into an economic dividend, which is slow to happen.

The development of labor-intensive manufacturing seems to be absent in Africa, limiting the additional effects on indirect job creation, support services and international trade. This may be partly due to the lack of capital, which continues to hamper the structural transformation necessary for good quality jobs. While the region contributes with 12% of the world's working-age population, sub-Saharan Africa holds only 2% of the world's capital stock. This means that people have fewer assets to be productive in sub-Saharan Africa compared to other regions.

Despite the pessimistic outlook, there are some positive trends emerging. Inflation is projected to decrease from 9.3% in 2022 to 7.3% in 2023 and budget balances are improving in African countries that pursue prudent and coordinated macroeconomic policies. In 2023, the East African Community (EAC) will have grown by around 4.9% and the West African Economic and Monetary Union (WAEMU) by around 5.1%.

Outlined below are key policies to overcome obstacles and trigger job creation in sub-Saharan Africa:

1. Implementation of cost-effective private sector reforms focused on increased competition, uniform application of policies across all businesses and regulatory alignment with regional trading partners. Governments can also play a role in identifying and supporting the initial growth of companies through more inclusive public procurement practices and the promotion of local companies abroad.
2. Investment in education is necessary to boost semi-skilled professions in the region. Interventions that foster learning at school are more effective than those that merely increase school attendance, while vocational education can address the needs of the underemployed and those lacking access to education during childhood.
3. Girls' education and women's access to employment can reduce the potential loss of productivity resulting from the misallocation of women's labor. Cash transfers have proven effective in increasing girls' school enrollment and attendance, as well as reducing pregnancy among school-age girls.

Outlook for 2024

The IMF, in its economic outlook report published in January 2024, projects global growth of 3.1% in 2024 and 3.2% for 2025, underpinned by greater resilience in the US economy and in several of the main emerging markets and developing economies, as well as fiscal stimulus in China.

However, the forecasts for 2024-25 are lower than the historical average of 3.8% (2000-19), given the high interest rates of monetary policy to combat inflation and the withdrawal of fiscal support in an environment of heavy indebtedness. These factors slow economic activity and result in low underlying productivity growth.

Inflation is falling faster than expected in most regions, while supply-side issues are dissipating and tight monetary policy remains in place. Global inflation is expected to fall to 5.8% in 2024 and 4.4% in 2025.

Despite the improvement expected for the world economy in 2024, economic growth will continue to be uneven.

The group of more advanced economies will have slower growth and will probably experience a slight deceleration. For more advanced economies, growth is expected to be around 1.5% in 2024 and 1.8%, compared to 1.6% in 2023:

- Growth in the United States is projected to be 2.1%, down from 2.5% in 2023, and 1.7% in 2025. The effects of restrictive monetary policy and a slowdown in employment growth could continue to have a negative impact on global demand.
- The Eurozone is expected to grow by around 0.9% in 2024, a higher growth rate than in 2023, stimulated by higher household consumption, as the energy price shock eases, inflation decreases and interest rates tend to stabilize at lower levels.
- For the group of emerging and developing economies, growth is expected to remain at 4.1% in 2024 and 4.2% in 2025.
- In Asia, growth is expected to be 5.2% in 2024 and 4.8% in 2025, a slowdown compared to 2023. These projections are very much influenced by the evolution of China's economy, which could grow by 4.6% in 2024 and 4.1% in 2025. India will see stronger growth in 2024 and 2025, with projections pointing to a rate of 6.5% for both years.
- Growth in Latin America and the Caribbean is expected to be 1.9% in 2024, which represents a slowdown compared to the 2.5% growth seen in 2023. The slowdown in expected growth is mainly due to the negative evolution of Argentina's economy, which is currently undergoing a significant adjustment of economic policies in order to re-establish macroeconomic stability. The other economies in the region, such as Brazil and Mexico, will see an improvement in their growth driven by increased domestic consumption.
- Sub-Saharan Africa expects a growth of 3.8% in 2024 and 4.1% in 2025, driven by a slowdown in price rises. Similarly, the easing of instability caused by military coups could encourage the entry of financial capital. The weaknesses of the South African economy in the transport and energy sectors are significantly affecting its economic performance and consequently reducing the region's overall growth.

4.2 National Context

The year 2023 was marked by a highly adverse macroeconomic environment. Global inflation remained elevated, despite the restrictive monetary policies, based on the gradual increase in the key interest rate adopted by the various central Banks. The effects of the military conflicts between Russia and Ukraine and between Israel and Palestine continued to put upward pressure on oil prices and disrupt trade flows and the supply chain.

Central Banks, determined in their fight against inflation, have raised key interest rates and decided to keep them at historically high levels for as long as necessary. This policy has led to a reduction in demand for credit for investment and house purchases. By adopting this policy to combat inflation, the central Banks hope to reduce the money supply in the economy, even though it will cause a slowdown in economic activity and an increase in unemployment.

For island countries with poorly diversified, import-dependent economies such as São Tomé and Príncipe, the negative impact of the global situation is more pronounced. As a predominantly importing country, São Tomé and Príncipe experiences significant inflationary pressures, either by the rise in prices of imported products, or by the increase in fuel prices and disruption to maritime transport, caused by conflicts and piracy. With the slowdown in inflation in the Eurozone in 2023, inflation in São Tomé and Príncipe decelerated to 17.03%, compared to 25.21% in 2022.

In addition to exogenous international factors, which have a negative impact on São Tomé and Príncipe's economy, there are also endogenous factors, which have contributed to a more adverse economic environment:

- ✚ An inefficient energy sector that poses risks to fiscal sustainability and growth. Electricity production based on fossil fuels is expensive, unreliable and insufficient to meet São Tomé and Príncipe's needs.
National currency reserves at critical levels, below the 3-month import level.
- ✚ State with a low level of revenue collection and a very significant structural primary deficit.
More than 90% of the state's general budget depends on funding from bilateral and multilateral partners.
Shortages on the market of some essential products, such as fuel.

To improve the level of domestic revenue collection and reduce the primary deficit, the state introduced VAT from June 2023 (15% for most products and 7.5% for basic necessities).

The stalemate over the new technical and financial assistance agreement with the IMF in 2023 (still unresolved this year at the time of writing this document) has made São Tomé and Príncipe's already weak financial situation even more difficult, since bilateral and multilateral partners generally only support the financing of the state budget when the country has an assistance agreement with the IMF. For this reason, throughout 2023, the state had many difficulties in executing its budget, particularly with regard to public investments.

POLITICS

In his New Year address to the nation, the President of the Republic, Carlos Vila Nova, acknowledged that 2023 had been a particularly challenging year for São Toméans. In his speech, the President highlighted the sharp increase in the cost of living. With regard to the macroeconomic situation in 2023, low growth, high inflation, the energy crisis, the shortage of foreign currency and excessive indebtedness were also addressed in his speech. Furthermore, the President discussed the difficulties in negotiating with the IMF and the negative consequences of the ongoing economic pressure. Since the program with the IMF leads the country to external financing, the President reinforced the pertinent need to continue negotiations in order to find solutions for a possible agreement.

The Head of State addressed the misuse of VAT by economic operators and expressed great concern over the rising cases of sexual abuse of minors and violence at all levels, reinforcing the urgent need for judicial reform and appealed the nation to look to 2024 with optimism.

The President promised to continue working for the well-being of the nation and the people of São Tomé and Príncipe.

The 2023 General State Budget (GSB) was approved by the National Assembly in May 2023 and promulgated by the President of the Republic in June. Estimated at approximately 154 million euros, the GSB is funded 55% by current revenue, 39% by donations from external partners, and 6% by loans, with the budget framework forecasting economic growth of around 2% of GDP and an inflation rate of 10.4%. Circa 63% of the budget is allocated to operating expenses, 29% to investment expenses, and 7% to debt repayment.

This year's XIV Summit of the Heads of State and Government of the CPLP was held in São Tomé and Príncipe, where the President of Angola, João Lourenço, handed over the CPLP Presidency to President Carlos Vila Nova.

São Tomé and Príncipe has chosen the motto "Youth and Sustainability" for its two-year presidency of the CPLP. The nine-member countries of the CPLP intend to foster partnerships and exchange experiences in order to meet the needs of youth and sustainable development.

Enhancing mobility within the community is another crucial measure for achieving sustainability. Priorities also include combating climate change, promoting vocational and university training, reducing unemployment, and digitizing the economy, among other initiatives.



MACROECONOMIC DEVELOPMENTS

Despite the lack of up-to-date public reports issued by the IMF on the economy of São Tomé and Príncipe, it is clear that the constraints outlined in report no. 22/95 from March 202 remain relevant. Therefore, the macroeconomic outlook for São Tomé and Príncipe continues to be subject to significant uncertainties and risks:

✚ In addition to the difficulties in importing fuel, the domestic repercussions of rising international fuel prices are multifaceted, hindering economic recovery, aggravating energy cuts, impacting inflation and negatively affecting revenues and implicit subsidies.

Prolonged disruptions to global supply chains can lead to shortages of intermediate and final consumer goods, slow down growth and cause a general increase in prices.

Delays in implementing revenue reforms, in addition to the introduction of VAT, could reduce the budgetary space for social and development spending, while underwhelming donor support or delays in donor disbursements will hamper financing options.

Delays in EMAE's reforms and prolonged power cuts could further strain economic performance and defer growth recovery.

There is growing public dissatisfaction due to the increasing cost of living, not matched by an adjustment in disposable income.

Climate change and a potential natural disaster could also hinder budget consolidation.

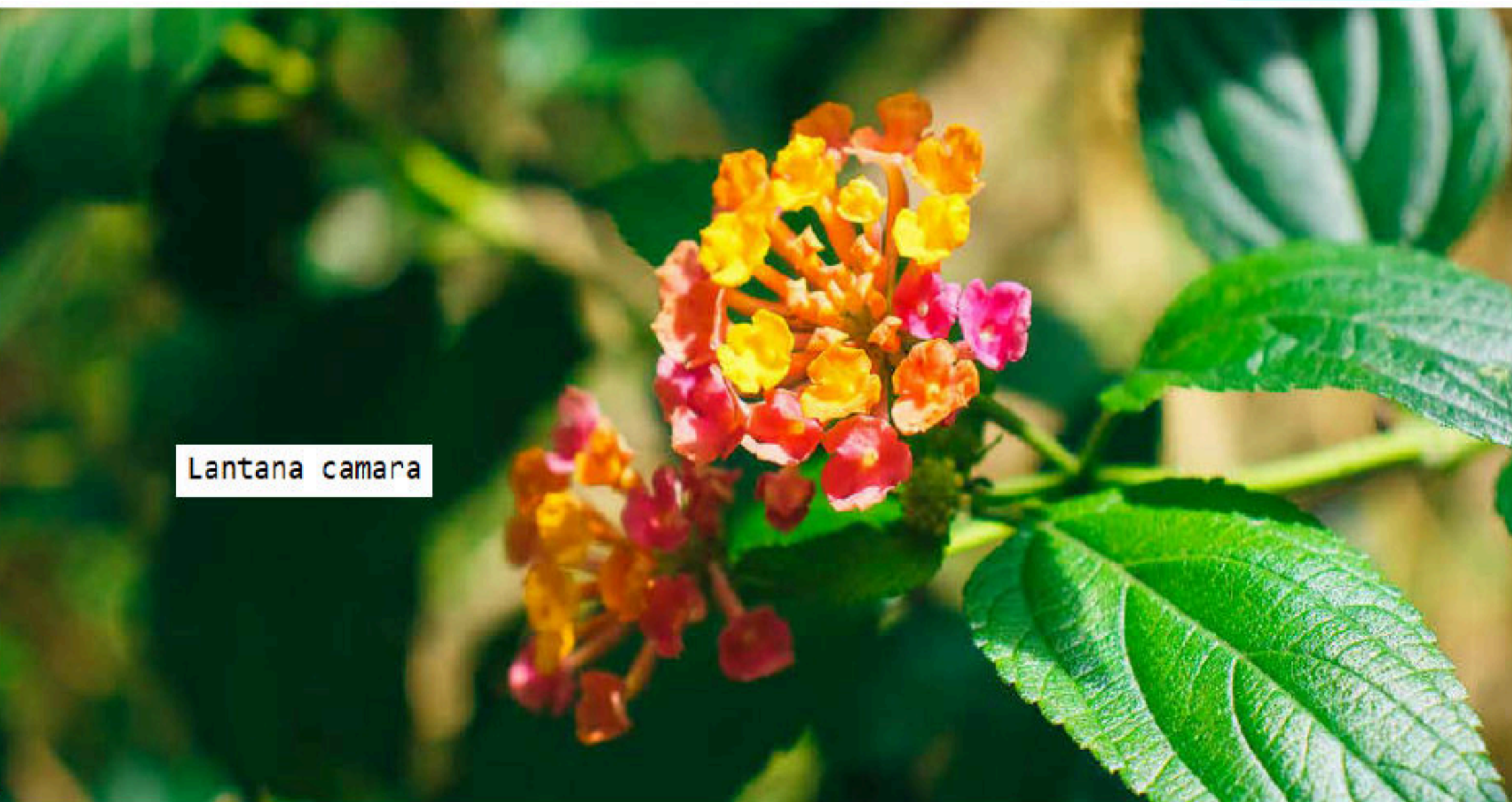
In addition to this already very adverse environment for São Tomé and Príncipe's economy, there is also the risk associated with the prolonged conflicts between Russia and Ukraine and between Israel and Palestine. These crisis events of a military nature, particularly involving Russia - one of the world's largest producers of oil, gas and cereals - and Ukraine - one of the largest producers of cereals and sunflower oil - have led to a reduction in production in these countries in the global trade arena. This has further aggravated the pressure on supply and prices, especially for importing countries such as São Tomé and Príncipe.

All these factors continue to exert pressure on the accelerated increase in prices.

The Central Bank of São Tomé and Príncipe (BCSTP) is maintaining a contractionary policy aimed at reducing the market liquidity, curbing inflation growth and ensuring price stability. In a country heavily dependent on imports, however, the impact of monetary policy is limited.

According to data from the Central Bank of São Tomé and Príncipe, the national economy grew by 0.9% in 2022, significantly below the 2.8% estimated by the government in the General State Budget for that year.

In the 2023 State Budget, the government announced a GDP growth of around 2%. However, in its statement of December 15, 2023, the Central Bank announced that the economy would experience a GDP contraction of approximately 0.3% in 2023. This GDP trend reflects the financial difficulties the country has been facing in recent years.



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Key economic indicators
Table 3: Projection of real GDP (annual growth rate)

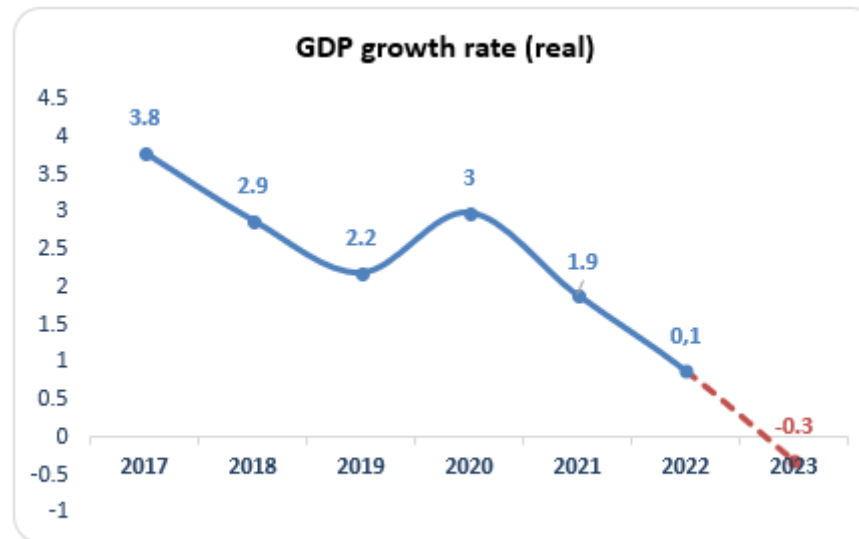
Sectors of the Economy	2020	2021	2022 *	2023 **	2024 **	2025 **	2026 **
Gross Domestic Product (GDP)	2,6	1,9	0,1	-0,3	2,9	4,1	3,2
Value Added	1,3	2,6	1,5	-2,3	1,8	3,6	3,1
Agricultural and Fishing Sector	0,7	-0,3	-13,6	-12,4	-7,8	0,0	0,8
Agriculture, Animal Production, Hunting, and Forestry	10,8	6,5	-11,5	-5,8	-3,0	5,5	4,7
Fishing	-7,0	-6,0	-16,0	-19,2	-14,0	-7,8	-5,3
Extractive Activities	10,3	5,7	-0,6	-21,9	0,9	3,7	3,0
Industrial Sector	-7,0	-6,4	6,4	6,4	21,2	16,7	8,6
Manufacturing Industries	-53,8	-3,0	-0,5	-6,2	64,5	57,3	7,7
Production and Distribution of Electricity, Gas, and Water	5,3	-0,6	6,9	31,5	25,9	9,9	13,7
Construction	16,5	-11,9	8,9	-7,4	3,5	3,5	4,7
Service Sector	-6,5	3,3	3,7	-1,7	2,6	3,2	2,9
Commerce	-2,5	24,9	7,4	3,6	-3,0	19	0,9
Accommodation and Food Services (Restaurants and Similar)	-26,4	1,3	16,1	19,4	12,6	7,1	7,7
Transport, Storage, and Communications	23,5	-3,4	3,2	4,0	6,8	5,6	2,3
Financial Activities	-26,2	-10,7	2,1	-13,3	0,9	1,5	1,4
Real Estate Activities, Rentals, and Related Services	-26,4	1,3	16,1	-11,0	2,2	0,2	0,8
Public Administration, Defense, and Social Security	6,1	0,6	-15,5	-12,9	0,5	2,8	4,1
Education	24,1	6,3	7,3	16,3	4,5	6,1	5,6
Health and Social Action	-1,4	7,8	5,1	2,6	4,2	8,3	8,4
Other Collective, Social, and Personal Services	2,0	2,0	2,0	21	2,2	2,0	2,1
SIFIM	-62,4	-8,0	-10,8	-19,6	15,2	0,8	0,2
Taxes on Products	17,3	-5,8	-16,3	22,0	40,3	9,9	9,2
Import Duties	17,3	-5,8	-16,3	31,2	6,0	8,9	0,4

Document: General State Budget 2024, January 2024 - page 44

Table 4: Macroeconomic Assumptions

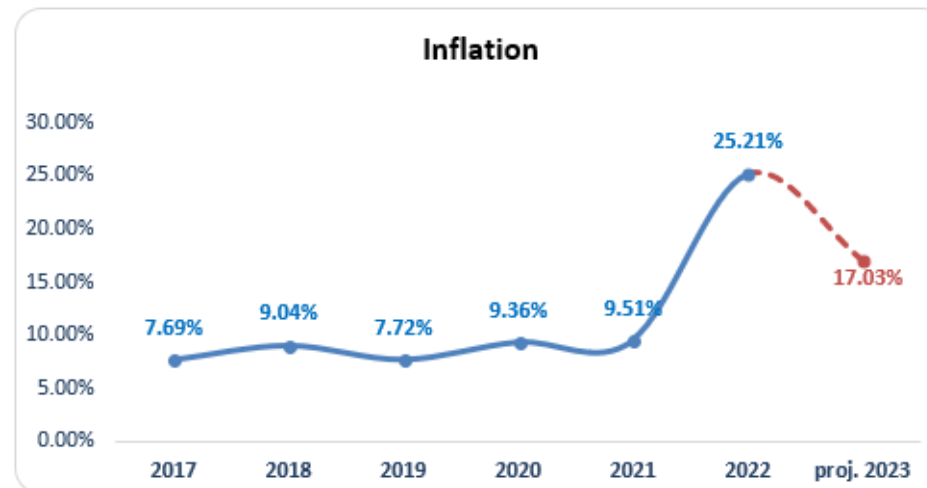
Indicator	Real 2020	Real 2021	Est . 2022	Proj . 2023	Proj . 2024	Proj . 2025	Proj . 2026
Nominal GDP (billion Dobras)	10.211	10.942	12.734	14.861	16.852	18.436	20.013
Real GDP (growth rate %)	2,6	1,9	0,1	-0,3	2,9	4,1	3,2
Nominal GDP (growth rate %)	12,1	7,2	16,4	16,7	13,4	9,4	8,5
Exchange Rate Dbs/USD (annual average)	21,7	20,9	23,3	23,1	23,1	23,1	23,1
Exchange Rate Dbs/EUR (annual average)	24,5	24,5	24,5	24,5	24,5	24,5	24,5
Reference Interest Rate * BCSTP (%)	9,0	9,0	9,0	10,0	10,0	10,0	10,0
Inflation (annual average %)	9,8	8,1	18,0	22,9	16,0	9,3	6,0
Inflation (year-on-year change %)	9,4	9,5	25,2	21,2	12,1	6,5	5,0
Primary Fiscal Balance (% of GDP)	-4,2	-5,1	-5,5	-19	0,0	1,0	2,0
Current Account Balance (% of GDP)	-11,7	-20,2	-15,4	-18,0	-13,1	-12,0	-10,6
Capital Account Balance (% of GDP)	4,4	5,7	8,2	7,2	6,8	7,5	7,1
Financial Account Balance (% of GDP)	-5,3	-5,0	-19,2	-10,8	-6,2	-4,5	-3,5
Money Supply (annual change)	10,6	-2,7	9,9	5,9	2,9	1,8	6,3
Net External Assets (annual change)	-9,9	-19,0	-12,4	-4,2	7,8	12,4	13,8

Source: BCSTP/Budget Department/UMF



Source: Ministry of Planning, Finance and the Blue Economy

According to the BCSTP, inflation, despite showing signs of reduction, is likely to remain in double digits in the short term. Consequently, the Bank opted to maintain a restrictive monetary policy to ensure a rapid decrease in inflation.



Source: Ministry of Planning, Finance and the Blue Economy

MONEY MARKET

In order to contain inflation, stabilize the exchange rate regime and ensure price stability, the BCSTP continues to implement a restrictive monetary policy. The Central Bank's Monetary Policy Committee has applied four monetary policy instruments to reduce liquidity in the financial system:



- ✚ Increased the reference interest rate from 9% to 10%.
- ✚ Increased the permanent liquidity facility rate from 9.5 to 10.5%.
- ✚ Increased the minimum cash reserve coefficient in national currency from 18% to 28%, while keeping the coefficient in foreign currency at 21%.
- ✚ Issued Certificates of Deposit with a variable rate.

To diversify funding sources for the budget deficit and establish a more sustainable debt structure for the country's economic reality, the Public Treasury issued Treasury Bonds for the first time in its history, with a maturity of 2 years, at a fixed annual rate of 4%. In addition, it issued five (5) Treasury Bills, from February to October 2023, totaling STN 1,336 million, at a variable rate and maturities of up to 12 months, attracting a total demand of STN 1,046 million.

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BANKING SECTOR

São Tomé and Príncipe's highly concentrated Banking system continues to face several challenges, in particular (1) low profitability due to high structural costs in a micro-sized market with low purchasing power, (2) a potential increase in risk, particularly in credit risk, aggravated by recent surge in migration where some indebted customers emigrated without fulfilling financial responsibilities, and (3) difficulties in recovering credit through judicial enforcement due to the inefficiency and slowness of the courts.

Some factors may affect the sector's development in the near future:

- ✚ The recent creation of an Arbitration Center to expedite the resolution of commercial disputes could foster a better economic environment and reduce credit risk. As it was created in 2023, the practical effects on the market have yet to be observed.

The effort to attract more business, particularly through credit, had led Banks to progressively lower their lending rates, thus easing credit security conditions and assuming greater levels of risk. However, some Banks that had previously adopted measures to ease credit security conditions are reassessing their policies in light of real risks experienced. The volume of credit defaults has been rising very significantly, primarily due to the migratory flow. For this reason, some Banks have reinforced their credit granting and monitoring policies.

The adoption of a more lenient credit policy in the past, disregarding the real risks of this market, led to the bankruptcy of Island Bank, Banco Ecuador, Banco Privado and Energy Bank, as decreed by the BCSTP, resulting in a reduction in the number of Banks in the market from 8 to 4.

With the exit of weaker institutions from the system, the sector's profitability has improved, showing a ROE of 12.6% in 2022, compared to 9.1% in 2021 and 4.1% in 2020, according to data from the Central Bank of São Tomé and Príncipe. The reorganization of the market, with the exit of less efficient Banks, has contributed to the system's profitability improvement. However, historical profitability indicators continue to point to a generalized fragility, as only BISTP shows positive accumulated results, while the other financial institutions show negative results, consuming equity and conditioning the solidity of the system as a whole.

Banks have leveraged of issuance of Treasury Bills and Certificates of Deposits to optimize their excess liquidity in an environment of shrinking credit portfolios. However, the introduction of a more restrictive monetary policy, namely through the increase in the Minimum Cash Reserve (MCR) rate from 18% to 28% in national currency as of June 2022, has considerably reduced the liquidity available to Banks.

Key Financial Sector Indicators

Regulatory Framework	2019	2020	2021	2022	2023	BISTP (2023)	Regulatory Levels
Solvency**	28,5%	29,00%	31,61%	41,06%	36,49%	37,06%	≥ 12%
Liquidity**	49,00%	58,00%	63,69%	61,40%	64,99%	61,73%	≥ 20%
Sectoral framework	2019	2020	2021	2022	2023	BISTP (2023)	
Number of Banks	5	5	4	4	4	1	
Assets as a % of GDP*	46,60%	47,40%	42,95%	38,10%	36,70%	22,53%	
Net Credit as a % of GDP*	14,90%	13,90%	10,72%	10,60%	8,80%	5,01%	
Deposits as % of GDP*	32,60%	34,60%	30,73%	27,71%	27,14%	17,84%	
Transformation Ratio (Net Loans / Deposits)	46%	40%	35%	33%	33%	28%	
Level of Non-Performing Loans (> 90 days)	26,70%	29,60%	28,57%	8,13%	11,92%	12,03%	
Cost-to-Income	79,00%	79,00%	71,48%	65,36%	62,12%	59,86%	
ROE	-1,30%	4,10%	9,08%	12,63%	10,69%	13,57%	
ROA	-0,20%	0,70%	1,66%	2,36%	1,98%	2,29%	

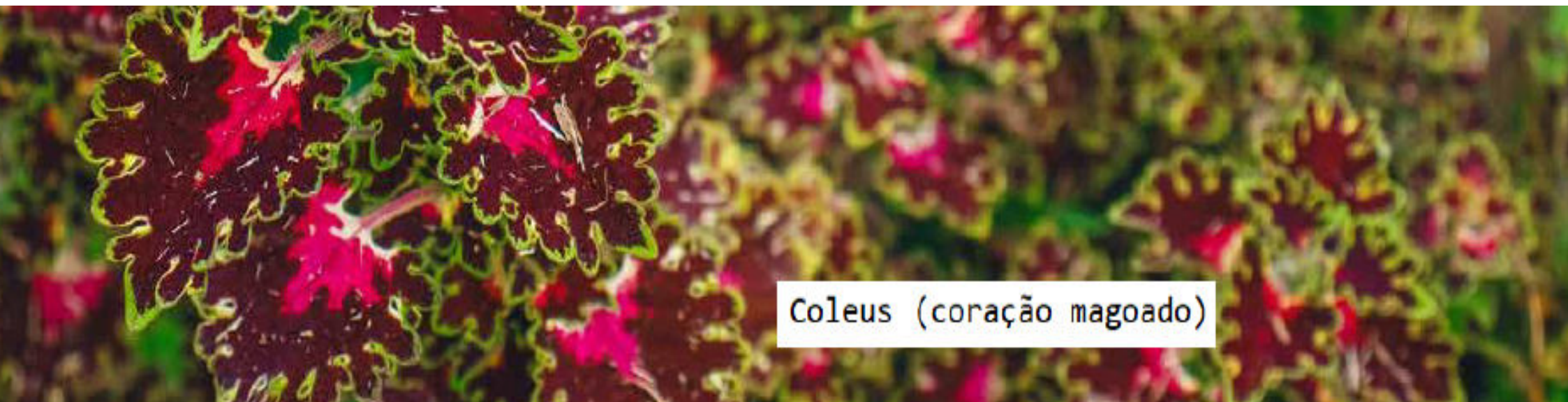
Source: BCSTP *BISTP calculation

Note: BISTP's Solvency Ratio and Liquidity Ratio were calculated in accordance with NAP 12/2021 and NAP 04/2007, respectively.

BISTP share

	2020	2021	2022	2023	Var.2023 vs.2022
Total Assets	65,30%	60,94%	61,83%	61,14%	-0.7 pp
Equity	52,30%	54,78%	56,48%	55,72%	- 0.8 pp
Deposits	74,90%	68,16%	68,37%	65,41%	-3.0 pp
Customer credit	60,10%	58,30%	61,74%	58,25%	-3.5 pp
Banking product	70,10%	63,82%	61,73%	59,31%	-2.4 pp
Agencies	66,70%	70,59%	68,75%	66,67%	-2.1 pp
ATM	74,20%	78,57%	76,09%	73,33%	- 2.8 pp
POS	---	61,26%	73,84%	71,47%	- 2.4 pp

Source: GPC



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05 BISTP'S BUSINESS STRATEGY AND GEOGRAPHICAL PRESENCE

5.1 Strategy and Business Model

On March 3, 2023, Banco Internacional de São Tomé e Príncipe (BISTP) celebrated its 30th anniversary. Since it was founded, BISTP has remained the market's leading financial institution, excelling in financial products and services across all market segments, with wide geographical coverage through its branch network. In addition, the Bank offers various channels for distributing its products and services, such as the ATM and POS network, as well as the *e-Banking* platform.

BISTP is a universal Bank with a comprehensive range of financial products and services, catering to both the retail and corporate/institutional segments. For this reason, in its strategy to expand its network for greater geographical coverage of the country, BISTP considers the specificity and needs of different market segments and niches. As such, the Bank is not only extending its physical presence across the country to serve customers who prefer a more personalized service, but also promoting the development and offer of remote banking services through electronic and digital means. This approach aims to cater to younger customers who prefer remote banking, and, through financial literacy initiatives, to older customers or those in remote areas who want to access the Bank's services without having to travel.

The adversities for the country's economy worsened in 2023 as a result of the impasse in reaching a new agreement with the IMF, highlighting the high degree of dependence and vulnerability of the country's economy to external factors. Despite the challenging economic climate, marked by several outbreaks of crises involving shortages of essential goods and pressure on companies regarding state payments, the Bank's business model in this market has provided it with greater capacity for resilience, allowing it to maintain its main indicators in positive territory.

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

The consolidation of leadership in this market is a natural consequence of the Bank's ability to be versatile in adjusting its offer and procedures in line with the aspirations of each stakeholder. For this reason, the pursuit of its ideal of "Excellence", centered on continuous improvement and the generation of value for its four strategic axes (**Customers, Human Capital, Processes and Results**), remains the Bank's primary guiding principle in decision-making and actions.

Despite the major volatilities and changes that occurred in 2023, which impacted the Bank's activity and constrained some initiatives, it was nevertheless possible to execute several planned actions scheduled for 2023, allowing the Bank to take more qualitative steps towards its ideal of "Excellence" in each strategic axis.

CLIENTS

The central aim of the plan to massify electronic and digital services is to ensure that customers have easy, convenient, secure and unrestricted access to the Bank's main products and services. To this end, the Bank has increased its investment in expanding the number of ATMs and TPAs/POS terminals, enhancing its internet Banking platform by developing a mobile app, and issuing more debit cards.

The combination of these efforts has led to a visible increase in the use of electronic and digital channels, providing customers with greater autonomy and satisfaction when accessing our products and services via these channels.

HUMAN CAPITAL

The continuous training of human capital has proved crucial in the Bank's sustained good performance over the years, even during adverse economic periods.

Recognizing the importance of employee training and capacity-building in maintaining the competitiveness and keeping pace with continuous and rapid market changes, the Bank prioritized training in information technology in 2023, aiming to strengthen technological security, particularly with the global rise in cybercrime and the Bank's significant investments to increase the number of users of electronic and digital services. All technicians from the Information Systems Office (GSI) participated in this training course, which was essential for strengthening their knowledge on cybersecurity.

INTERNAL PROCESSES

Adapting the core IT application to comply with national legislation regarding VAT collection and invoice communication (E-fatura) was a key focus for the teams, given the legal requirements involved. With timely collaboration from the information system provider (ASSECO), it was possible to parameterize the core application to meet legal obligations.

RESULTS

With a business model strategically designed to meet the expectations of all stakeholders (customers, employees, shareholders and society at large), the Bank has consistently achieved satisfactory results, even during the most adverse periods.

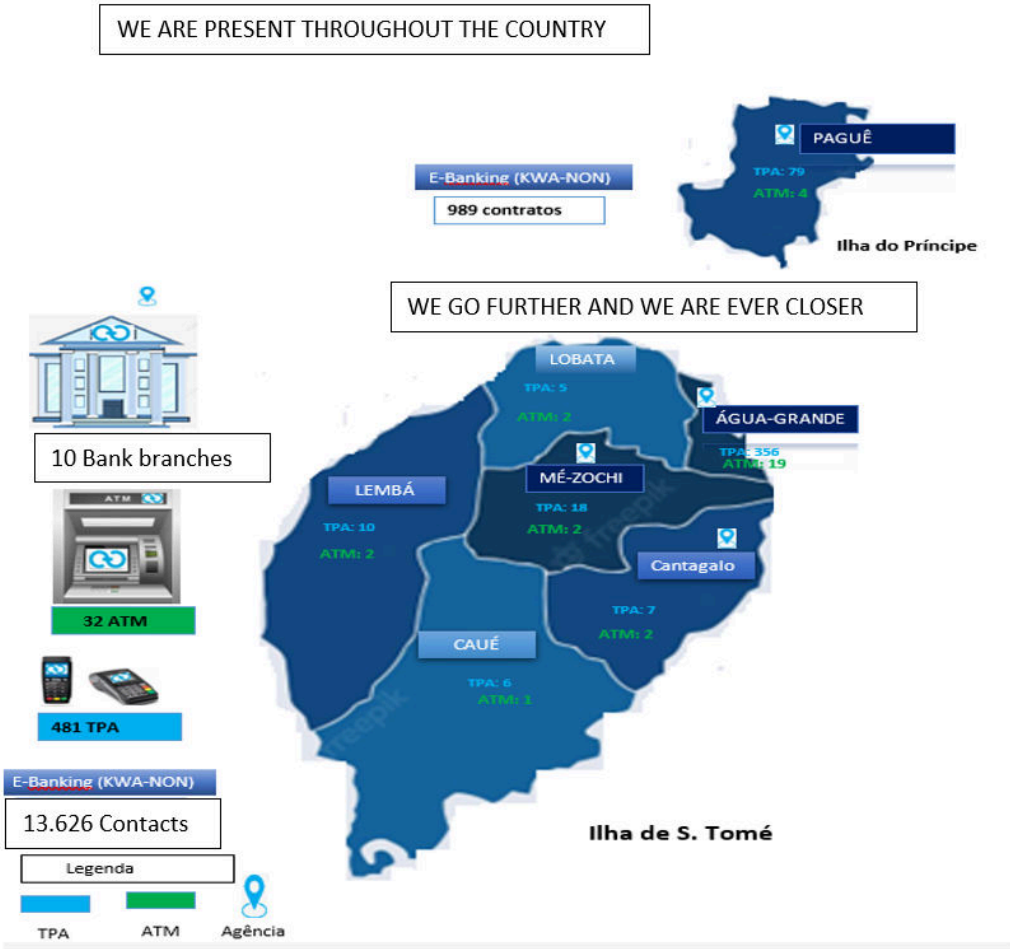
As a result of the Bank's strong and sustained performance over the years, both solvency and liquidity ratios have shown a growth trend, maintaining a significant margin in relation to regulatory requirements. The Bank's products and services have reached an increasing number of individuals and businesses, promoting economic and social development, leading the Bank to make a notorious progress towards its ideal of "Excellence".

5.2 Geographic Presence and Distribution Channel

As part of its commitment to be physically present in every district of the country, providing financial services to the entire population by expanding its Banking infrastructure network, BISTP began constructing a new branch in the city of Neves, in the district of Lembá, in 2022, scheduled to open in 2024.

With the opening of this branch, the Bank will now be present in 5 of the 7 districts.

Every year, the Bank renews its commitment to being "Everyone's Bank". Thus, establishing a physical presence in every district of the country is more than symbolic - it's central to our mission. This involves extending the financial service to benefit all, thereby promoting economic and social growth.



06 BISTP'S MAIN BUSINESS AREAS IN 2023

6.1 Retail Banking: Individuals

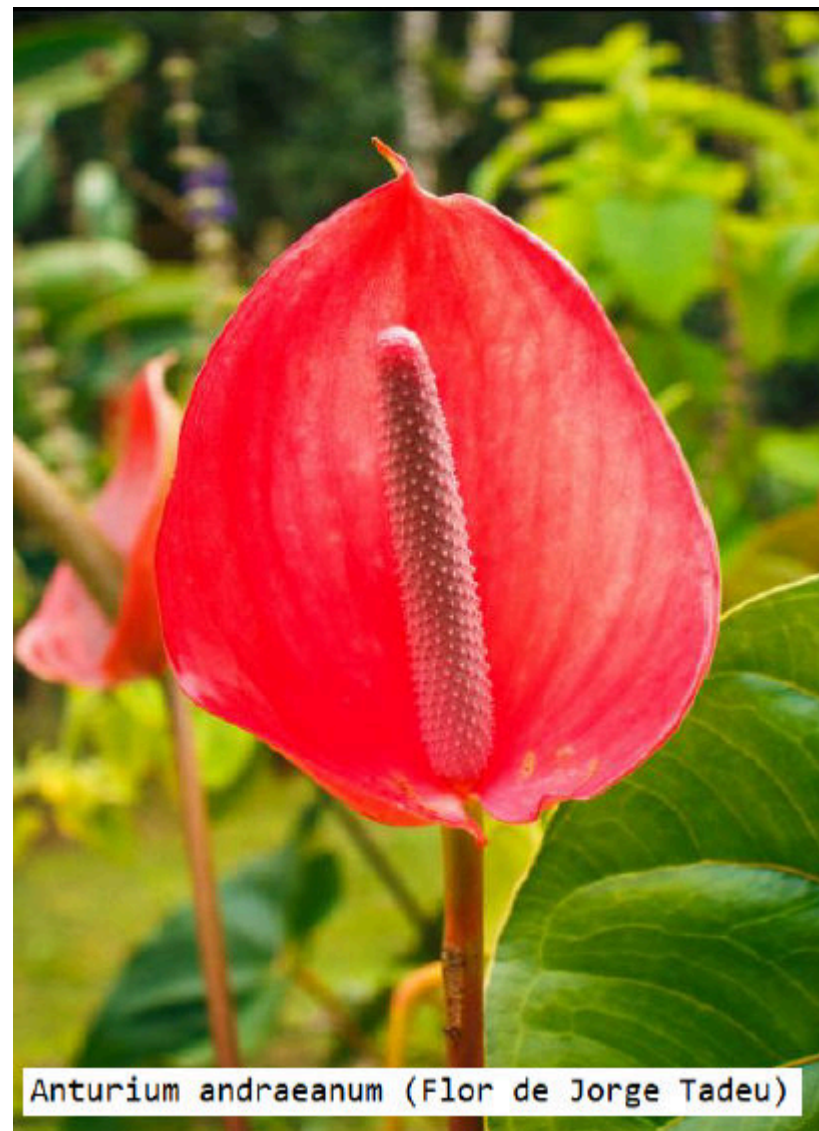
The year 2023 was characterized by a highly adverse macroeconomic environment. Global inflation remained elevated despite the restrictive monetary policy imposed by most central Banks marked by the gradual increase in key interest rate.

For island countries with poorly diversified, import-dependent economies such as São Tomé and Príncipe, the negative impact of imported inflation has been particularly severe. The impasse over the technical and financial assistance agreement with the IMF in 2023 has further aggravated the country's already difficult economic and financial situation. Without an agreement with the IMF, some international partners and contributors tend to condition their investment support.

Given that over 90% of public investments are financed with support from international partners, the economy's difficulties in 2023 have been clear. Public investments have faced severe constraints and delays due to a lack of financial resources.

The entry into force of VAT in June 2023 - with a rate of 15% for all products and services with the exception of essential goods, taxed at 7.5% - was intended to bolster state tax revenue and reduce the primary deficit. However, for economic agents (companies and households), the introduction of VAT has further escalated the cost of living, particularly in a scenario where inflation was already at historically high levels.

The difficult economic situation and the consequent decrease in families' purchasing power have contributed to a certain extent to the high level of migration in recent years. This trend has further dampened domestic consumption.



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The combination of all these factors (limited funding from international partners, low investment, high inflation, rising taxes and emigration) partly accounts for the visible deceleration in economic activity, thus potentially amplifying country risk and credit risk for both companies and households.

In view of the economic situation, promoting growth in the loan portfolio and other financial products poses significant challenges.

The contraction of the loan portfolio in the individual segment by 6.7% in 2023 compared to the previous year reflects the cooling in economic activity.

Despite this contraction, the credit volume in this segment now represents 56.1% of the Bank's overall credit, compared to 52.8% in 2022, which implies a greater contraction in terms of credit to companies. Notably, the individual segment's increased share in BISTP's loan portfolio, provides, to a certain extent, greater stability, attributed to its greater risk diversification and lower volatility compared to the corporate segment. As a result, Retail Banking continues to play a key role in ensuring greater resilience for the Bank's business model in general.

The deposit portfolio for the individual segment also contracted by 2.62% year-on-year, reducing its proportion of the total deposit portfolio (demand and term deposits) to approximately 38.5%, compared to 42.5% in 2022.

The combined weight of private customers in the total volume of loans and deposits increased from 42.6% to 45.3% in 2022. This segment remains vital to the Bank's risk diversification strategy and resilience, as a result of the greater heterogeneity among private customers.

Deposits

Deposits in this segment shrank by 2.62%, due to a 2.43% reduction in demand deposits and a 3.61% reduction in term deposits.

Individuals (Customer Deposit Portfolio)				Variation	
	2021	2022	2023	22.vs.21	23.vs.22
Customer deposits (excluding interest payable)					
Current Deposits	730.067.198	830.542.440	810.384.744	13,76%	-2,43%
Time Deposits	186.763.132	160.932.363	155.118.221	-13,83%	-3,61%
Total Customer Deposits	916.830.330	991.474.803	965.502.966	8,14%	-2,62%
<i>Amount in STN</i>					

Deposits in this segment amounted to mSTN 965,502, marking a reduction of mSTN 25,972, or 2.62% less, compared to 2022.

The 3.62% contraction in demand deposits compared to 2022 reflects the adverse economic climate. However, the moderate decline in customer deposits, in a period of high inflation and a sharp rise in taxes and living costs in general, indicates a certain stability in the deposit portfolio in this segment and sustained customer confidence in the Institution's solidity.

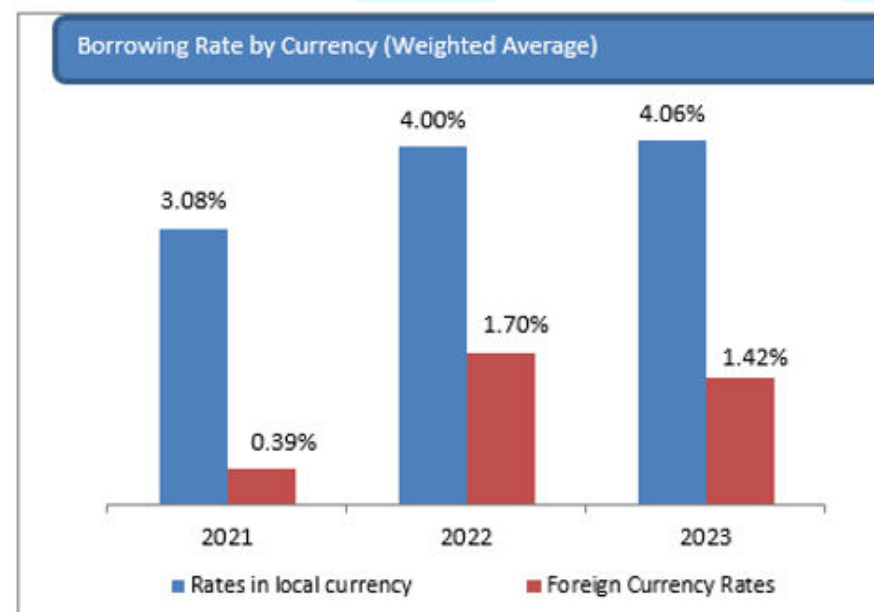
The weight of deposits in this segment decreased to 38.5% in 2023, down from 42.5% in 2022.

The contraction in term deposits can be explained by the average rates of return that remained below inflation. The policy of maintaining lower rates of return is justified by the excess liquidity in the financial market, and the problem of surplus unused resources is aggravated in a crisis where bank credit is contracting. Additionally, the reduction in term deposits reflects customers' need, against a backdrop of sharply accelerating inflation, to mobilize low-remuneration term deposits to meet consumption needs amid escalating living costs.

Outstanding term deposits with longer maturities were not impacted by the lower rate policy. In fact, the weighted average rate is influenced by the oldest contracts.

Maturity of term deposits 2023		
Maturity of term deposit contracts	Capital (STN)	Weighted Average Rate
Up to 6 months	35.129.976	1,38%
From 6 to 12 months	1.521.672	1,09%
More than 12 months	118.466.573	4,25%
Total	155.118.221	3,54%

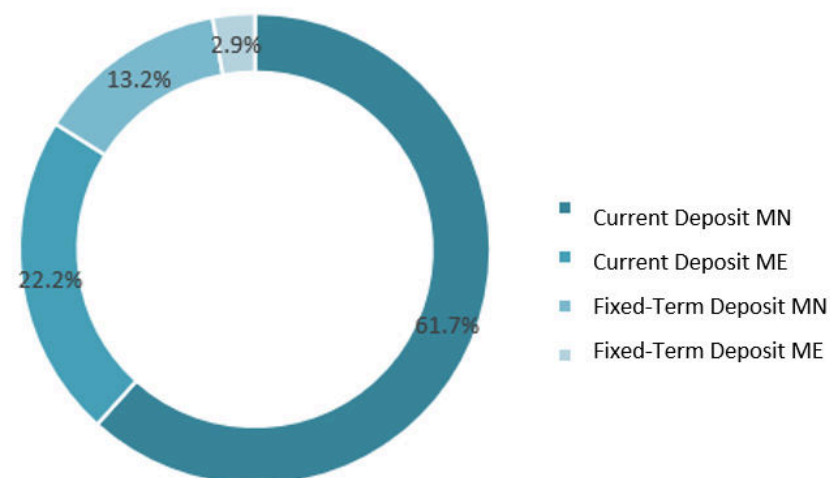
Regarding the composition of deposits by currency, there is a notable predominance of deposits in the national currency (74.9% of total deposits) compared to deposits in foreign currency (25.1%).



Credit

The loan portfolio volume in this segment contracted by approximately -6.7% in 2023 compared to 2022, corresponding to an absolute reduction of -mSTN 30,848.

Weight of deposits by currency



Credit Portfolio	2021		2022		2023		Variation			
	NO.	Amount	NO.	Amount	NO.	Amount	22 Vs.21	23 Vs.22	NO.	Amount
Regular Credit	5.227	417.224.846	5.284	391.036.583	4.375	356.268.490	1,1%	-6,3%	-	-8,9%
Irregular credit	224	100.910.037	220	69.965.123	332	73.880.518	-1,8%	-30,7%	50,9%	5,6%
Discovered	7.435	758.710	2.653	410.425	930	414.960	-64,3%	-45,9%	64,9%	1,1%
Total Loan Portfolio	12.886	518.893.593	8.157	461.412.131	5.637	430.563.968	-36,7%	-11,1%	30,9%	-6,7%

Amounts in STN

The volume of loans in good standing contracted by 8.9%. Conversely, the irregular credit portfolio grew by around 5.6%, indicating an increase in credit risk. The reduction in regular loans and the rise in the irregular portfolio are attributed to the migratory flow of families to Portugal and the more adverse economic climate in 2023.

Credit Portfolio - Regular							Variation			
Credit Portfolio	2021		2022		2023		22 Vs.21		23 Vs.22	
Regular Credit	NO.	Amount (STN)	NO.	Amount (STN)	NO.	Amount (STN)	NO.	Amount	NO.	Amount
Housing with Mortgage Guarantee	134	76.260.057	120	63.868.171	111	57.326.839	-10,4%	-16,2%	-7,5%	-10,2%
Consumption	1.559	81.710.489	1.616	88.664.036	1.612	117.975.345	3,7%	8,5%	-0,2%	33,1%
Cars	13	4.229.712	11	2.074.073	5	957.562	-15,4%	-51,0%	-54,5%	-53,8%
Health	7	579.927	4	948.451	8	1.195.127	-0,4286	63,5%	100,0%	26,0%
Other loans to individuals	3.514	254.444.661	3.533	235.481.852	2.639	178.813.617	0,5%	-7,5%	-25,3%	-24,1%
Total Regular Credit (I)	5.227	417.224.846	5.284	391.036.583	4.375	356.268.490	1,1%	-6,3%	-17,2%	-8,9%

Amounts in STN

In terms of the loan portfolio in good standing, there was a contraction of around 10.2% in mortgage loans. Car loans experienced a decline in volume of around 53.8%. "Other loans to private individuals", which typically includes loans for home improvements (without a mortgage guarantee) and investment in small private businesses, saw a contraction of about 24.1%. On the other hand, consumer credit saw the largest increase, rising by 33.1%.

In a less favorable economic environment, recoveries of defaulted loans have become increasingly challenging, with a potential increase in the risk of new loans going into default. To address these recovery difficulties, aggravated by the economic climate and the potential increase in the risk of default, the Bank has instituted a policy of regular monitoring of customers at the branch and manager levels, with the recovery of highly complex loans being managed by the GJR - Legal and Recovery Office.


Irregular credit grew by approximately 5.6% compared to 2022, primarily due to an increase in defaults associated with customers who emigrated to Portugal and stopped paying their credit installments.

Notwithstanding this new factor that boosted defaults, it is important to note that the extreme slowness (if not inoperability) of the courts in dealing with credit litigation has been the most critical obstacle in the process of recovering defaulted loans. This inefficiency has made credit recovery in this market particularly difficult and challenging.

Credit Portfolio - Irregular										Variation
Credit Portfolio	2021		2022		2023		22 Vs.21		23 Vs.22	
Irregular credit	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount
In arrears > 90 days										
Housing with Mortgage Guarantee	34	44.421.860	35	42.524.610	34	40.970.323	2,9%	-4,3%	-2,9%	-3,7%
Consumption	45	2.701.035	66	3.837.561	104	6.738.365	46,7%	42,1%	57,6%	75,6%
Cars	2	1.005.441	2	935.573	4	1.212.707	0,0%	-6,9%	100,0%	29,6%
Health	1	147.854	2	278.310	0	-	1	88,2%	-100,0%	-100,0%
Others to private individuals	109	23.851.478	115	22.389.070	190	24.959.124	5,5%	-6,1%	65,2%	11,5%
Total loans in arrears > 90 days	191	72.127.668	220	69.965.123	332	73.880.518	15,2%	-3,0%	50,9%	5,6%
Litigation										
Housing with Mortgage Guarantee	6	7.405.816	-	-	-	-	-100,0%	-100,0%	-	-
Consumption	8	3.153.040	-	-	-	-	-100,0%	-100,0%	-	-
Others	19	18.223.514	-	-	-	-	-100,0%	-100,0%	-	-
Total credits in litigation	33	28.782.369	-	-	-	-	-100,0%	-100,0%	-	-
Total Irregular Credit (2)	224	100.910.037	220	69.965.123	332	73.880.518	-1,8%	-30,7%	50,9%	5,6%

Amounts in STN

From the perspective of credit quality evolution, the following aspects can be highlighted:

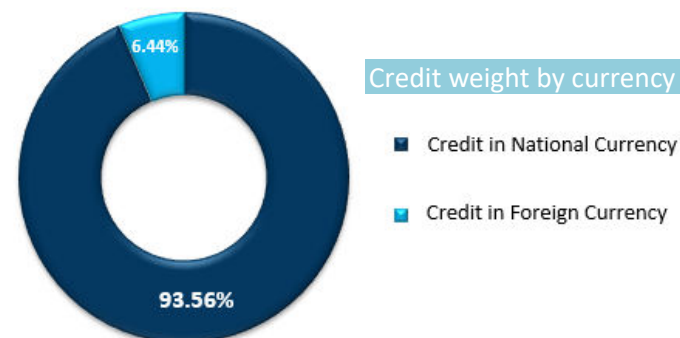
-  The increase in the proportion of irregular credit in this segment's total credit, from 15.16% in 2021 to 17.16% in 2023, largely due to the migration of families to Portugal.
- The coverage level of total credit (regular and irregular) by provisions in this segment rose to 13.5% from 11.7% in 2022, indicating an increase in overall credit risk.

✚ Total irregular credit in 2023 amounted to mSTN 73,880, representing an increase of +mSTN 3,915.

With this rise in the non-performing loans, the quality ratios of the loan portfolio in this segment deteriorated. The provision coverage ratio for risky loans in the portfolio increased from 65% in 2022 to 69% in 2023.

Against this backdrop of increased risk, the Bank has reinforced its prudence and rigor in analyzing and granting loans, while maintaining a strict policy on provisions.

Regarding the evolution of loans by currency, the strategy continues to align the currency of financing with the currency of the customer's income. Since the majority of customers' income is in the local currency (Dobra), there has been a greater emphasis on extending credit in the national currency rather than in foreign currencies.



6.2 Corporate Banking: Companies and Institutions

Despite an upturn in tourism activity, with an increase in the influx of tourists to the country in 2023 to pre-Covid-19 levels, investors optimism remained low throughout the year. This is evident from the weak foreign and domestic direct investment in this sector and other areas, in contrast to the pre-2020 period when there was significant enthusiasm and high expectations for growth in tourism and related sectors. In fact, the weak optimism of foreign and domestic capital and the cooling of investment can be explained, to a certain extent, by the inflationary spiral that led to an increase in global interest rates, causing an overall contraction in investment.

The failure to sign a new technical and financial assistance agreement with the IMF in 2023 hindered the state's ability to mobilize financial resources from bilateral and multilateral partners to finance investment expenditures in the 2023 state budget.

These factors combined have contributed to creating a highly adverse and high-risk macroeconomic environment for São Tomé and Príncipe, with a very fragile economy and vulnerable to external shocks.

In the face of an unfavorable economic climate, companies also reduced their demand for bank financing, both for stock rotation and for investment/business expansion. Although the scenario was more adverse and the risk tended to increase, the Bank maintained its lending strategy, but adjusted it to meet the needs and timing of the companies.

The **Companies and Institutions** segment accounted for 43.9% of the total loan portfolio and 61.5% of the total deposit portfolio in 2023.

Deposits

The volume of deposits for this segment expanded by approximately 14.89% in 2023, sustained by demand deposits of around 14.8% and term deposits of around 82.4%.

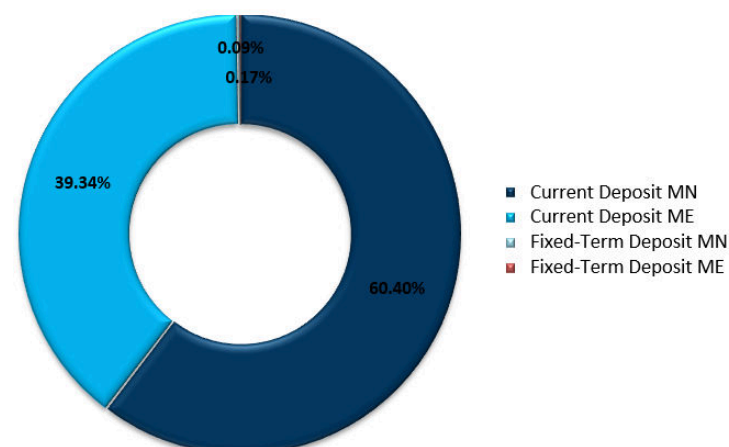
Segmentation of deposits by type

Companies and Institutions (Customer Deposit Portfolio)				Variation	
Deposit portfolio (excluding interest payable)	2021	2022	2023	22.Vs.21	23.Vs.22
Current Deposits	1.222.229.779	1.341.188.037	1.539.393.445	9,73%	14,78%
Time Deposits	4.571.150	2.166.115	3.951.453	-52,61%	82,42%
Total Customer Deposits	1.226.800.929	1.343.354.152	1.543.344.897	9,50%	14,89%

The growth in deposits from companies and institutions was essentially driven by demand deposits, particularly from institutions managing funds intended to finance public investment projects.

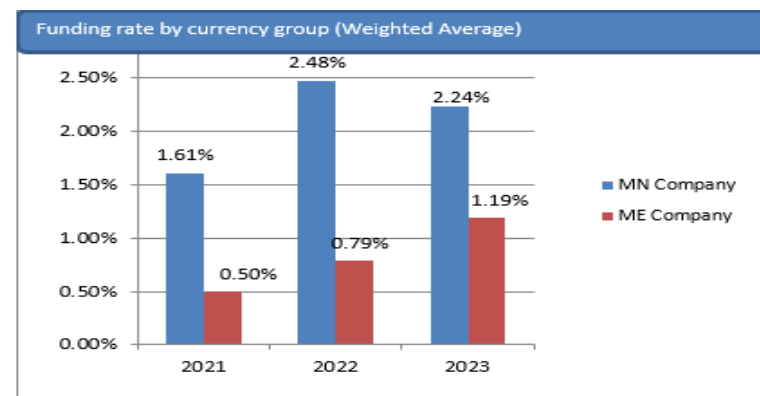
Regarding the composition of deposits by currency, deposits in national currency continue to represent the bulk of deposits in this segment, accounting for 60.6%, compared to 39.4% in foreign currency.

Weight of deposits by currency



Average funding rates for this segment remain low. However, with the increase in Euribor and Libor, the average funding rates in foreign currency have risen.

Maturity of term deposits 2022		
Maturity of term deposit contracts	Capital (STN)	Weighted Average Rate
More than 12 months	3.951.453	2,40%
Total	3.951.453	2,40%



Credit

Credit to the economy contracted by 18.21%, which in absolute terms represented a decline of mSTN 75,048, reflecting the impact of the stagnant economy, generally characterized by a decrease in demand for bank credit from companies and a deterioration in their credit quality.

Despite the economic climate, BISTP remains focused on the limited business opportunities that arise, offering financing solutions tailored to the economic context and the specific needs of each company.

Credit Portfolio	2021		2022		2023		22 Vs.21		Variation	
	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount
Regular Credit	54	227.172.230	49	281.034.048	50	210.279.576	-9,3%	23,7%	2,0%	-25,2%
Irregular credit	53	138.019.645	18	14.963.340	16	18.530.447	-66,0%	-89,2%	-11,1%	23,8%
Discovered	142	2.629.650	17	116.044.993	23	108.184.746	-88,0%	4312,9%	35,3%	-6,8%
Total Credit Portfolio	249	367.821.525	84	412.042.381	89	336.994.768	-66,3%	12,0%	6,0%	-18,21%

Amounts in STN

		Credit Portfolio - Regular							Variation		
Credit Portfolio		2021		2022		2023		22 Vs.21		23 Vs.22	
Regular Credit	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount	NO.	Amount	
Trade	20	46.685.710	14	24.379.615	20	28.225.951	-30,0%	-47,8%	42,9%	15,8%	
Construction	5	44.199.544	11	33.566.764	6	33.918.542	120,0%	-24,1%	-45,5%	1,0%	
Services	18	34.684.464	7	8.022.744	16	10.569.331	-61,1%	-76,9%	128,6%	31,7%	
Agriculture	3	1.546.313	-	-	2	289.003	-100,0%	-100,0%	-	-	
Other (Public Institutions and Other Private Companies)	8	100.056.199	17	215.064.925	6	137.276.749	112,5%	114,9%	-64,7%	-36,2%	
Total Regular Credit	54	227.172.230	49	281.034.048	50	210.279.576	-9,3%	23,7%	2,0%	-25,2%	

Amounts in STN

There was an expansion of credit in the trade and services sectors of around 15.8% and 31.7% respectively, driven by the improvement in certain activities, particularly tourism. Conversely, loans to "Public Institutions and Other Private Companies" contracted by around 36.2%, primarily due to of loan repayments. Loans granted to Public Institutions contracted by around 18.8% in 2023, accounting for a 50.4% drop in the loan portfolio in this segment.



Heliconia rostrata

Credit Portfolio		Credit Portfolio - Irregular						Variation		
		2021		2022		2023		22 Vs.21		23 Vs.22
Irregular credit	NO.	Amount (STN)	NO.	Amount (STN)	NO.	Amount (STN)	NO.	Amount	NO.	Amount
In arrears > 90 days										
Trade	17	17.731.648	8	7.827.526	9	12.804.137	-52,9%	-55,9%	12,5%	63,6%
Construction	5	4.198.803	4	4.347.843	3	3.483.566	-20,0%	3,5%	-25,0%	-19,9%
Services	4	1.885.134	-	-	2	1.334.338	-100,0%	-100,0%	-	-
Agriculture	3	1.397.895	3	2.079.619	2	908.407	0,0%	48,8%	-33,3%	-56,3%
Others	1	393.310	3	708.352	-	-	200,0%	80,1%	-100,0%	-100,0%
Total loans in arrears > 90 days	30	25.606.790	18	14.963.340	16	18.530.447	-40,0%	-41,6%	-11,1%	23,8%
Litigation										
Trade	14	75.493.232	-	-	-	-	-100,0%	-100,0%	-	-
Construction	2	23.120.326	-	-	-	-	-100,0%	-100,0%	-	-
Services	5	9.268.448	-	-	-	-	-100,0%	-100,0%	-	-
Agriculture	1	184.688	-	-	-	-	-100,0%	-100,0%	-100,0%	-100,0%
Others	1	4.346.160	-	-	-	-	-100,0%	-100,0%	-	-
Total credits in litigation	23	112.412.855	-	-	-	-	-100,0%	-100,0%	-	-
Total Irregular Credit (2)	53	138.019.645	18	14.963.340	16	18.530.447	-66,0%	-89,2%	-11,1%	23,8%

Amounts in STN

In general terms, irregular credit increased by 23.8%.

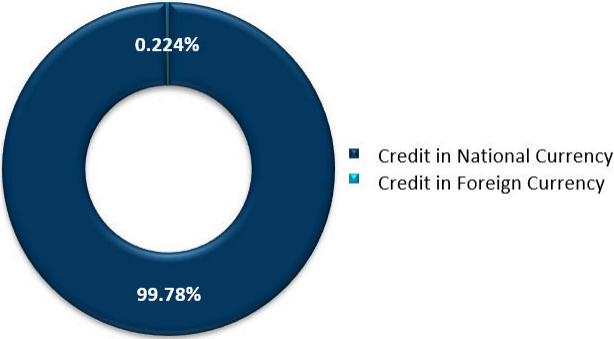
This irregular evolution reflects the rise in market risk, despite efforts to improve loan monitoring and recovery. It is relevant to mention that market conditions, characterized by weak economic activity and poor judicial performance, marked by excessive delays/inoperability in handling of litigation, continue to hinder better outcomes in terms of recovering loans in an irregular situation.

In terms of provisions, we highlight the maintenance of a prudential and rigorous policy, with provision for doubtful debts covering around 72.6% of non-performing loans (loans more than 90 days in arrears).

In terms of the composition of credit by currency, in 2023, credit in the national currency accounted for approximately 99.8% of the total. This predominance of national currency results from BISTP's policy of strengthening the confidence of economic agents in the national currency,

aligning the currency of loans with the currency of clients' income, also reducing the Bank's exposure to fluctuations in index rates such as Euribor and Libor.

Weight of credits by currency



6.3 Electronic Banking (Debit Card and e-Banking)

Throughout 2023, BISTP continued its efforts to disseminate electronic and digital media as a convenient, safe and easy alternative for accessing financial services. The constraints imposed by the Covid-19 pandemic, and Government Decree no. 16/2021 making it compulsory for public and private institutions to install POS/TPA systems, significantly accelerated customer adoption of electronic and digital methods as increasingly valid alternatives for accessing financial services.

To address to the growing interest in the electronic banking service, BISTP increased its investments in purchasing POS equipment, enhancing financial literacy on electronic and digital services, and conducting advertising campaigns on the advantages of these services, particularly in terms of convenience and speed at a time when people's mobility was restricted due to security issues.



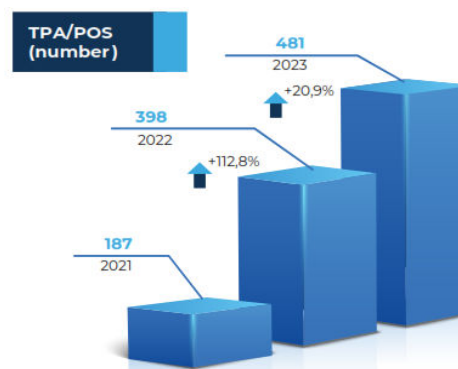
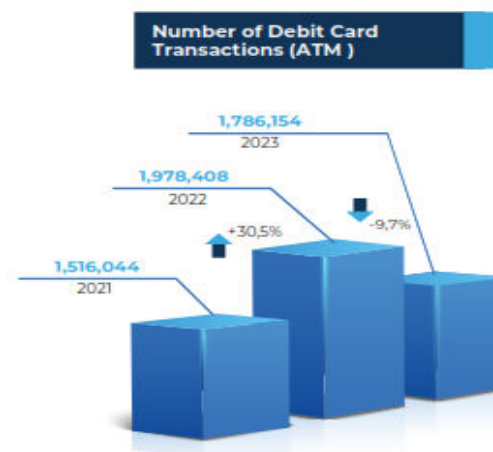
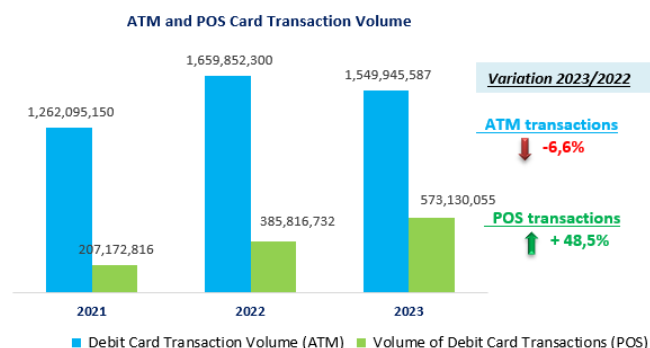
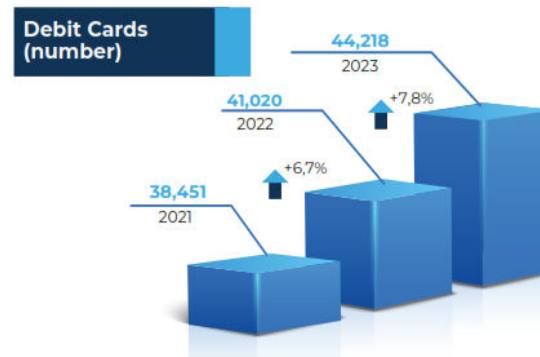
Debit Card - "Dobra 24"

The use of debit cards, TPA/POS terminals and *internet banking* continues to be encouraged when opening an account and also through cross-selling, particularly with credit operations.

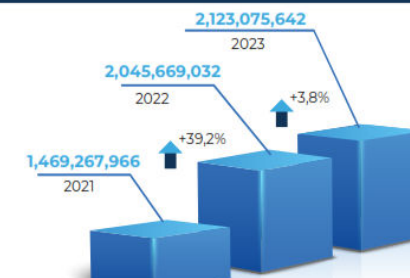
The commercial and *marketing* efforts, coupled with the legal requirement mandating the installation of POS/TPA systems to enhance the dissemination of electronic services, have contributed to the steady increase in the number of customers using electronic banking. In 2023, the number of debit cards and installed POS devices grew by 7.8% and 20.9%, respectively.

The number of transactions through these channels has been increasing significantly over the last few years. However, there was a slight deceleration in 2023, with the number and volume of transactions on electronic channels recording moderate growth of 3.1% and 3.8%, respectively. This was primarily due to a contraction in ATM withdrawals, both in number and volume, of 9.7% and 6.6%, respectively. In contrast to the downturn in ATM transactions, POS transactions experienced robust growth year-on-year, with the number of transactions increasing by 39.2% and the volume by 48.5%, indicating a certain shift towards greater use of POS terminals rather than ATMs, aligning with the Bank's objectives.

The Bank's objective with the dissemination of POS terminals, intensification of financial literacy actions and advertising on the benefits in terms of convenience, practicality and security, is to encourage customers to prioritize this channel for their transactions.



Volume of Debit Card Transactions on Electronic Channels - ATM and POS (values in STN)

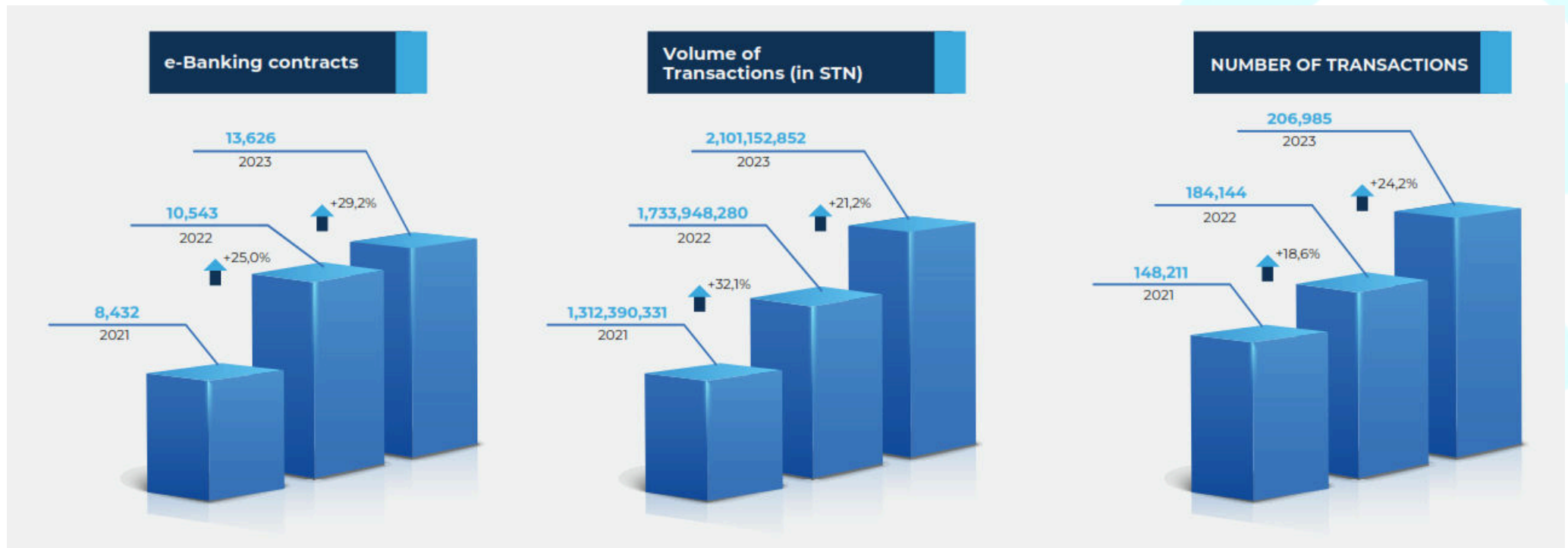


E-Banking (Kwa-Non)

Internet Banking is experiencing a notable increase in both new user registrations and transaction volumes.

The Bank is continuing its commitment to expanding the reach and utilization of the *internet Banking* service among customers. The availability of a mobile application further facilitates the adoption and usage of this service.

The number of *Internet Banking* contracts (KWA-NON) grew by 29.2% in 2023. Similarly, the volume and number of transactions grew by 21.2% and 24.2%, respectively.



In addition to electronic (ATM and POS) and digital (E-Banking) services offering greater convenience to the customer, they also hold significant potential to enable the Bank to reduce the current high frequency of customer visits to branches for withdrawals, transfers, balance inquiries and account activities. This, in turn, allows the Bank to allocate more time to enhancing its offer of more personalized services and better monitoring of customers and their financial needs.

07 RISK MANAGEMENT

7.1 Risk, Organization and Standards Office (GRN)

Throughout 2023, the Bank continued the process of disseminating and improving its Internal Control System to meet the demands of both national and international financial systems.

Appetite for risk

BISTP maintains a commitment to the principle of prudence, aiming to develop its business activities in a controlled and sustainable manner, especially in a period in which there has been some difficulty in boosting the economy, exacerbated by the absence of an agreement with the IMF. The Bank consistently endeavors to align its business objectives with defined risk tolerance levels, focused on sustainability and medium-long term profitability, thus adopting strategies that harmonize the strategic plan's objectives with the introduction of measures designed to achieve these goals. The ongoing period of global uncertainty, which continues to have an incalculable impact, as well as the side effects of the war between Russia and Ukraine (major producers of cereals, chemical products and the metal industry), along with the migratory flows in São Tomé and Príncipe, have compelled the Bank to further refine its level of demand, as the combination of these events has led to a contraction in business and a heightened risk of default/credit risk.

The Bank has been defining and implementing controls and limits for materially relevant risks to which its activity is exposed. This process is underpinned by the *Risk Appetite Statement (RAS)*, which outlines the Bank's risk strategy through qualitative statements. These principles are aligned with the business strategy and the understanding of the risk-benefit *trade-off*.

The metrics continue to be governed by four values: **Objective** = defines the optimal level of risk that each business unit can incur to meet the established strategic objectives; **Tolerance** = determines a worrying level of risk that should prompt consideration of corrective measures; **Limit** - represents a level of risk that poses a serious threat to the business, requiring immediate action; **Recovery Plan Trigger**: defines a level at which the Bank's management must assess the need to launch recovery measures.

All risk limits are approved by the competent *Governance* bodies defined in internal regulations and are reviewed as necessary.

Risk strategy

The delineation of risk appetite, as articulated in the RAS, serves as the primary set of indicators that reflect and materialize the risk appetite. This is the guiding vector of BISTP's "Risk Strategy", which is approved by the Bank's Board of Directors based on a proposal from the Risk, Organization and Standards Office, following prior assessment by the Executive Committee (EC) and the Risk Committee (RC). The RAS establishes the main lines of action for the Bank to mitigate or control all identified material risks. These lines of action formally constitute the Bank's Risk Strategy.

Therefore, the RAS and the *Risk Appetite Framework* remain inseparable and central elements of risk management, both aimed at controlling and mitigating the risks classified as part of 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 solid internal control environment and risk delimitation upon which the Bank conducts its business activities, as well as those supporting the business.

Within the ICS, the Risk Management and *Compliance* functions constitute the Bank's risk management system (RMS). This system is an integrated set of resources, standards and processes designed to ensure an appropriate framework for managing the diverse and significant risks inherent in the Bank's activities, aiming to achieve the Bank's business objectives in a sustained and prudent manner.

In this context, the ICS and the RMS equip BISTP with the capacity to identify, assess, monitor and control the risks - internal and/or external - to which the Bank is exposed, with the aim of ensuring that they remain at acceptable levels and within the limits defined by the Board of Directors.

The SGR therefore embodies the so-called 2nd Line of Defense concerning the risks to which the Bank's activities are exposed. It should also be noted that the 1st Line of Defense is maintained daily by all the Bank's organizational units, supported by ongoing training and risk awareness, as well as a comprehensive and detailed system of internal rules (SNI). Finally, a 3rd Line of Defense is developed through the Internal Audit function, operated in a transversal and independent manner.

Risk Committee

The Risk Committee, appointed by the Board of Directors, comprises three non-executive directors and is tasked with several key responsibilities, including:

- ✚ Advising the Board of Directors on BISTP's risk appetite and risk management strategy in all its aspects, considering all types of risks, financial and non-financial, to ensure alignment with the institution's business strategy, objectives, culture and values;

Supervising the coherence between all significant products and services offered to clients and the institution's business model and risk strategy, presenting corrective plans to the Board of Directors when this analysis indicates a misalignment with the risks involved;

Monitoring the management policies for all risks related to BISTP's activity, both financial and non-financial, namely business and strategy, solvency, liquidity, interest rate, credit, market, operational, IT, *compliance and* reputation, exchange rate and political risks;

Evaluating and promoting the effectiveness and efficiency of BISTP's internal control processes by evaluating the recommendations of internal or external auditors, and ensuring the proper implementation of the adopted measures;

Monitoring BISTP's risk strategy and risk appetite.

Audit and Internal Control Committee

The Audit and Internal Control Committee (CACI), elected by the Board of Directors, consists of two non-executive directors and a representative designated by the shareholder BAI:

Promoting and monitoring compliance with legal and regulatory provisions, the BISTP Statutes, the rules and recommendations issued by supervisory bodies, and the general policies, rules and practices established internally;

Evaluating and promoting the effectiveness and efficiency of the Internal Audit Function, ensuring direct functional reporting from this function;

Promoting the pursuit of the fundamental objectives set by the Central Bank of São Tomé and Príncipe (BCSTP) concerning internal control and risk management, as well as supervisory directives aimed at credit institutions and financial companies;

Monitoring the work of the Executive Committee;

- ✚ Conducting a critical appraisal of the Bank's Internal Control System, overseeing the complementary autonomous evaluations assigned to the Internal Audit Function by supervisory authorities, and ensuring its effectiveness and completeness contribute to the overall effectiveness and efficiency of the Internal Control System.

The nature and composition of the two specialized committees of the Board of Directors, excluding executive directors, is designed to guarantee their necessary independence in monitoring and to safeguard against conflicts of interest. This separation ensures that those who manage the business do not manage its control.

Risk Office

At BISTP, the *Risk Office* is the structural unit responsible for the Bank's transversal risk control function, developed through two Structural Bodies: the *Compliance Office*, which deals with *compliance*, money laundering and terrorist financing risks, and the Risks, Organization and Standards Office (GRN), which manages other risks.

The GRN is responsible for informing the Risk Committee about the risks level, proposing measures to improve the control environment and implementing mechanisms to ensure compliance with the approved limits.

The functions of the GRN are briefly outlined below:

- ✚ Ensuring the effective application of the risk management system by continuously monitoring its suitability and effectiveness, as well as implementing measures to correct any shortcomings or improve the risk management system;

Advising and presenting to the Executive Committee and the Risk Committee on the results of periodic risk monitoring and indicating whether appropriate corrective measures have been taken;

Disseminating risk management guidelines and methodologies to the Structural Bodies;

Defining reporting models for similar functions;

Monitoring risks and applying shared and disseminated methodologies.

With the amalgamation of the standards component, the office also started to develop and update the Bank's standards system by introducing new standards and updating existing ones as necessary, following the merger resulting from the unification of the function previously conducted by the Risk Management manager.

The functions of the *Compliance Office (GCO)* are briefly outlined below:

- Monitoring customer risk scoring from an AML/CFT perspective, above all ensuring compliance with reinforced duty of diligence;
- Managing AML/CFT IT tools, periodically testing the systems' effectiveness;
- Analyzing AML/CFT alerts, carrying out pre-analyses to closing or opening investigation files;
- Updating BISTP's FATCA status on the IRS Portal according to changes in local legislation and/or the Bank's activity;
- Periodically assess the reliability of controls implemented to ensure compliance with FATCA legislation;
- Verifying that all clients are properly identified and classified, ensuring that the Bank complies with KYC measures;
- Collaborating with the HRM in training BISTP employees;
- Ensuring external representation before supervisory authorities and in close liaison with judicial and police authorities on ML/TF matters;
- Accompanying and supporting audits, inspections and inspections conducted by internal bodies (supervisory board) and external bodies, including the Supervisory Board, the Central Bank and the External Auditor.

Main activities carried out and noteworthy events in 2023

In 2023, the risk management function continued its strategic initiatives, emphasizing the implementation of the programmed metrics and the continuous improvement of the risk control system already implemented. This included the permanent monitoring of risk levels relative to the tolerance limits established by RAS and ensuring full compliance with the Banks' regulatory and/or supervisory requirements. The internal regulatory structure that suits risk control and management was maintained and updated, in collaboration with the *Compliance* office.

The most significant activities carried out in 2023 included:

🚧 Approval of the "Reputational Risk Management Policy";

Updating the "FATCA Compliance Program";

✚ Approval of the "Information Technology Policy and Procedures (information system security)";

✚ Approval of the "Internal Control Deficiencies Management Policy";

Approval of the regulations for the "Delegated Business Continuity, Operational Risk and Internal Control Board - CDCRC";

Approval of the "Process Catalog" standard.

Credit risk

This risk takes the form of losses recorded in the loan portfolio, whether due to the inability of primary debtors of the credit operation (Borrowers), or guarantors of the operation, if any, securities issuers or contracts counterparties, to meet their credit obligations. As a result, this is particularly relevant, representing the largest share of the Bank's overall risk exposure.

Credit risk - concentration

Largest Clients Relative to the Total Portfolio with Credit Characteristics - Last 4 Quarters								
STN	Q4 - 2023 .		Q3 - 2023 .		Q2 - 2023 .		Q1 - 2023 .	
	%	Absolute	%	Absolute	%	Absolute	%	Absolute
Top 20 Clients*	47 %	364 233 564,51	42 %	303 577 653,12	43 %	321 162 811,92	42 %	321 550 651,75
Top 50 Clients*	54 %	416 197 889,03	50 %	359 836 451,97	50 %	379 690 107,96	50 %	379 535 549,99
Top 100 Clients*	60 %	457 508 522,62	56 %	402 510 931,62	56 %	424 381 231,36	56 %	422 558 305,07
Total Portfolio*	-	767 558 736,68	-	723 007 785,74	-	752 097 950,05	-	758 873 314,38

* For clients with a domain relationship, economic groups were created.

Regarding credit risk concentration, throughout 2023 BISTP exhibited concentration levels as shown in the table above for each segment, where the 20 top customers (defined by economic group) represented 47% of the Bank's loan portfolio in the 4th quarter. However, this concentration is justified by the size and specificity of our market, which does not allow for broader diversification.

Credit risk - provision

Level of Provision of the Credit Portfolio - Last 4 Quarters														
Risk Class final Provision in Banka + Provision Economic			4th Quarter 2023.			3rd Quarter 2023.			2nd Quarter 2023.			1st Quarter 2023.		
			Total STN General Credits	Provision		Total STN General Credits	Provision		Total STN General Credits	Provision		Total STN General Credits	Provision	
Type/Category	Level	Percentage		Absolute	% (average)		Absolute	% (average)		Absolute	% (average)		Absolute	% (average)
Credit for Disbursement (A)			767 558 736,68	74 729 206,19	10%	723 007 785,74	76 617 203,40	11%	752 097 950,05	77 543 857,04	10%	758 873 314,38	70 749 545,04	9%
Normal	I	>2% up to 9,99%	660 080 164,43	8 360 052,65	1,3%	607 290 353,68	8 547 304,58	1%	634 844 694,14	8 739 103,20	1%	647 646 086,27	9 173 603,93	1%
Below Normal	III	25% up to 49,99%	17 362 254,35	5 411 826,12	31%	16 015 487,68	5 066 888,61	32%	17 756 811,47	4 798 636,62	27%	14 948 125,64	3743 733,03	25%
Doubtful	IV	>50% up to 99,9%	69 268 516,29	53 422 832,07	77%	74 816 420,73	57 165 130,69	76%	77 156 613,43	58 605 718,80	76%	64 895 034,50	49 577 437,12	76%
Loss	V	100%	60 35 093,03	6 045 278,98	100%	3 692 403,32	3 692 403,32	100%	3 490 450,54	3 490 450,54	100%	5 684 849,07	5 684 849,07	100%
Subscription Credit (B)			95 347 555,80	585 369,26	1%	29 508 545,37	552 908,14	2%	74 000 300,44	1108 084,88	1%	288 807 859,08	3 222 136,09	1%
Guarantee Provided			28 743 799,63	410 738,00	1%	13 164 858,01	254 148,58	2%	47 618 062,70	598 680,63	1%	40 423 200,46	526 732,00	1%
Credit. Import Documentary			66 603 756,17	174 631,26	0%	16 343 687,36	298 759,56	2%	26 382 237,74	509 404,25	2%	248 384 658,62	2 695 404,09	1%

In terms of provisions, BISTP offers internal mechanisms for monitoring provision levels. The process occurs monthly with each customer's status analyzed according to their conduct, both in their interactions with the Bank and in the performance of their sector and/or segment. Around 86% of the loan portfolio falls within the lowest risk level (level I) and 0.79% within the highest level (level V). This level primarily consists of operations undergoing litigation (court) awaiting a judicial outcome, or operations which, due to the derailment of the borrower, have seen risk deterioration and are awaiting the execution of the accounting *write-off* process, if they remain in class V for over 12 months.

Credit Risk - Exposure by Economic Agent

Unit: STN

Exposure by Economic Agent - Last 4 Quarters																
Economic Agents	4th Quarter - 2023 .				3rd Quarter - 2023 .				2nd Quarter - 2023 .				1st Quarter - 2023 .			
	Credit Value Application in STN (a)	Peso without Own Funds	Peso without Credit Portfolio	Constituted Provision	Credit Value Application in STN (b)	Peso without Own Funds	Peso without Credit Portfolio	Constituted Provision	Credit Value Application in STN (c)	Peso without Own Funds	Peso without Credit Portfolio	Constituted Provision	Credit Value Application in STN (d)	Peso without Own Funds	Peso without Credit Portfolio	Constituted Provision
(A) STATE (Company Credits + Public Body)	243 703 151	46 %	32 %	N.A.	179 968 089,28	35 %	25 %	N.A.	197 889 534,98	40 %	26 %	N.A.	188 965 889,74	35 %	25 %	N.A.
(B) FAMILIES	430 563 968	81 %	56 %	58 844 414	443 607 952	86 %	61 %	59 616 923	453 103 824	92 %	60 %	59 100 428	463 409 676	86 %	61 %	56 282 568
(C) PRIVATE COMPANIES	93 291 618	18 %	12 %	15 884 300	99 431 744	19 %	14 %	16 999 421	101 104 591	20 %	13 %	18 443 429	106 497 749	20 %	14 %	14 466 977
(D) ** TREASURE TICKETS + CERTIFICATE OF DEPOSITS	594 793 062	112 %	N.A.	N.A.	516 713 192	100 %	N.A.	N.A.	513 597 559	104 %	N.A.	N.A.	385 737 205	71 %	N.A.	N.A.
Total Direct Exposure (expressed in STN) = A + B + C + D	1 362 351 799	256 %	-	-	1 239 720 978	241 %	-	-	1 265 695 509	256 %	-	-	1 144 610 519	212 %	-	-
Total Direct Exposure (Expressed in EUR)	55 606 196				50 600 856				51 661 041			-	46 718 797			

In terms of the allocation of its available resources, the risk function periodically monitors exposures to ensure they adhere to internally defined limits and is responsible for generating alerts should these limits be exceeded. Although Certificates of Deposit do not constitute sovereign exposure, their inclusion in the monitoring process is essential due to their nature.

Breakdown of the portfolio by credit segment (subscription credit)

Subscription Credit - Distribution by Type of Credit - Last 4 Quarters								
	4th Quarter - 2023 .		3rd Quarter - 2023 .		2nd Quarter - 2023 .		1st Quarter - 2023 .	
STN	%	Absolute	%	Absolute	%	Absolute	%	Absolute
Warranty Provided	30 %	28 743 799,63	45 %	13 164 858,01	64 %	47 618 062,70	14 %	40 423 200,46
Import Documentary Credit	70 %	66 603 756,17	55 %	16 343 687,36	36 %	26 382 237,74	86 %	248 384 658,62
Total Portfolio	100 %	95 347 555,80	100 %	29 508 545,37	100 %	74 000 300,44	100 %	288 807 859,08

In this chapter, the volatility of their composition is notable, both in terms of type and amount. However, they are duly provisioned, as can be seen in the provisions chapter. The volatility primarily stems from the limited utilization of CDI, with fluctuating contracted amounts. As for guarantees, they are essentially extended to the state in connection with state projects (infrastructures, etc.).

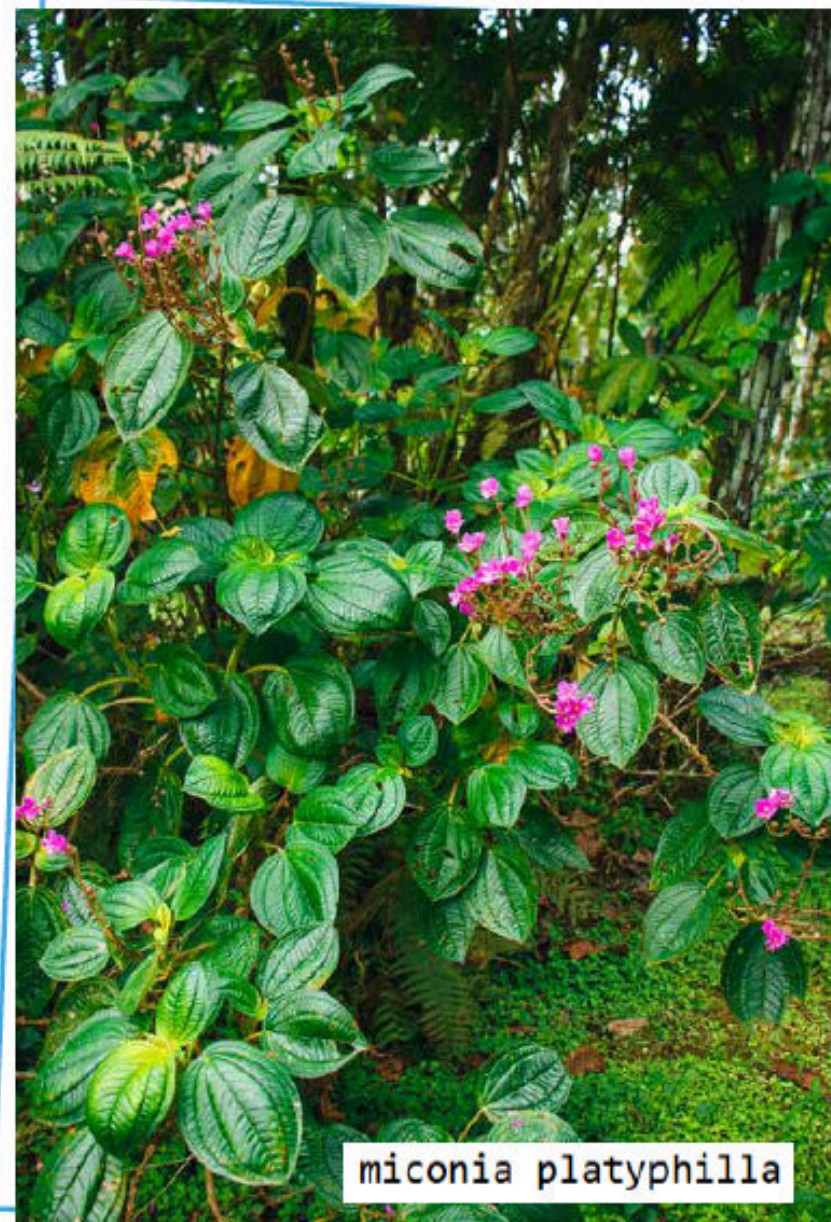
Russia / Ukraine war

Although there is no direct exposure of the Bank's business to the repercussions of the war, the global economy has experienced its effects, particularly with regard to the rising cost of energy and cereals. São Tomé and Príncipe, being a predominantly importing country, has absorbed these costs into its economy, contributing to a general increase in prices. Inflation was historically very high in 2022 (25%), though it eased to 17% in 2023, remaining at elevated levels.

Business Continuity Management

BISTP's business continuity management is covered by the Business Continuity Plan, segmented into the Operational Continuity Plan and the Technological Recovery Plan. The process of disseminating and improving each of the segments continues to be a current task, especially in the realm of new technologies, with the aim of introducing defensive lines and procedures in the event of a disaster, facilitating a rapid recovery of the Bank's operational ability.

For 2024, the GRN plans to sustain the strategy of pursuing the processes and continuing to disseminate the risk culture within BISTP.



08 HUMAN RESOURCES

In 2023, the focus was on training staff involved in information systems in cybersecurity, aiming to strengthen the capacity of teams in this increasingly critical area of Banking operations.

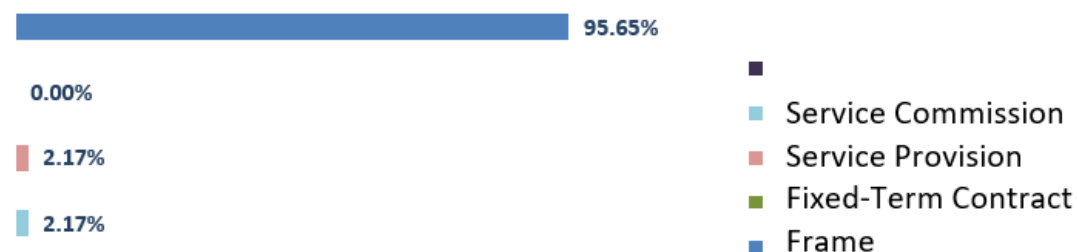
Distribution by legal status

In 2023, BISTP's workforce comprised 138 employees, including 3 on commission, 3 on temporary contracts and 132 with permanent contracts.

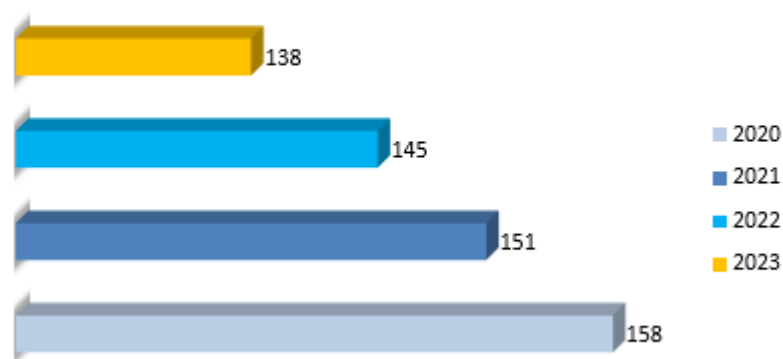
Functional Distribution

Under the new Career Plan, administrative staff continue to be the professional group with the largest number of employees (62), representing 44.93% of the total workforce. Technical and managerial staff accounted for around 40.58% of the total workforce. The group with management functions consists of 8 employees, accounting for around 5.80% of the total workforce.

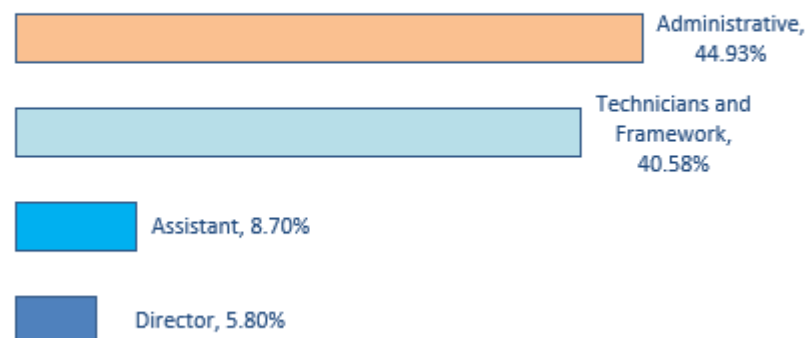
LEGAL STATUS OF PERMANENT STAFF 2023



HEADCOUNT EVOLUTION IN THE LAST 4 YEARS

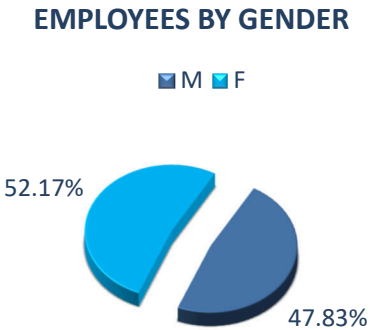


STAFF BY PROFESSIONAL GROUP

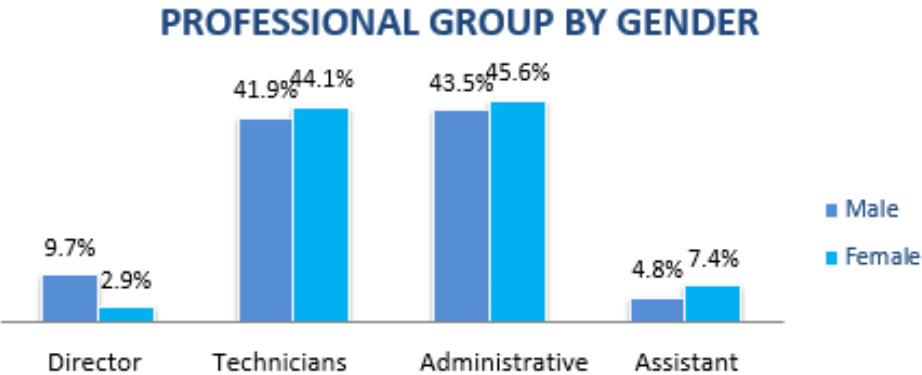


Distribution according to gender

In terms of gender distribution, the percentage trend from the previous year persists, with female employees outnumbering male employees, accounting for 52.17% of the total workforce.

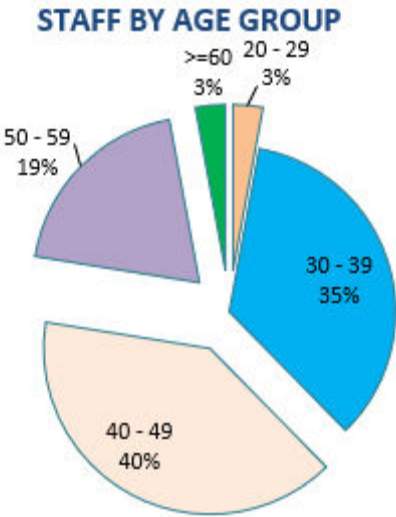


As shown in the graph below, there is notable gender disparity across the professional groups.



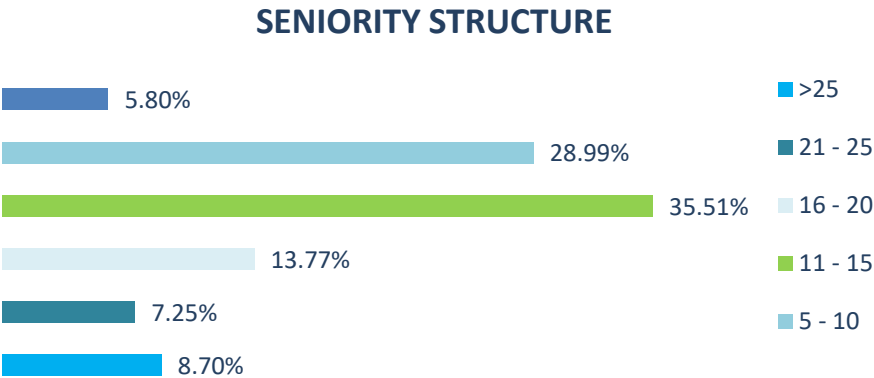
Distribution by age group

The age group with the largest number of employees is the 40 to 49, which will account for 40% of BISTP's workforce in 2023. The 30 to 39 age group now represents 35% of the total workforce.

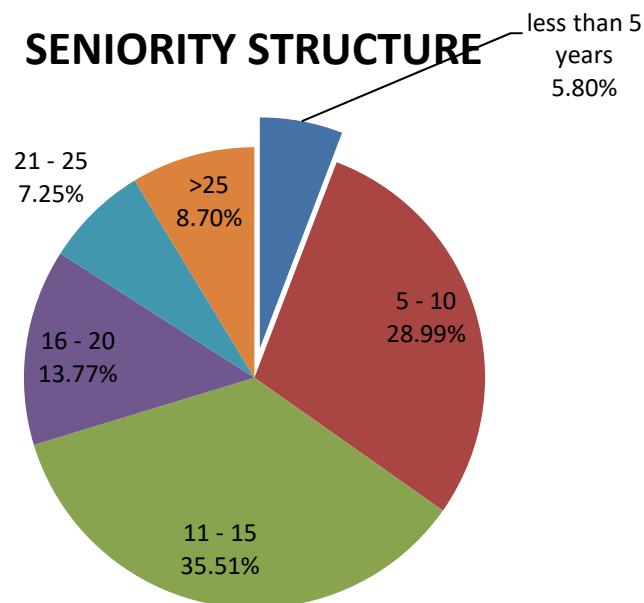


Distribution by seniority

At BISTP, 35.51% of employees have been with the company for between 11 and 15 years.



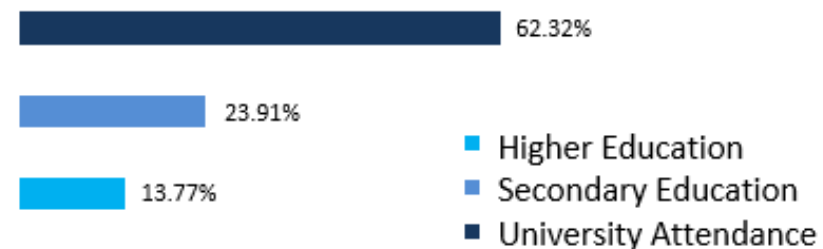
SENIORITY STRUCTURE



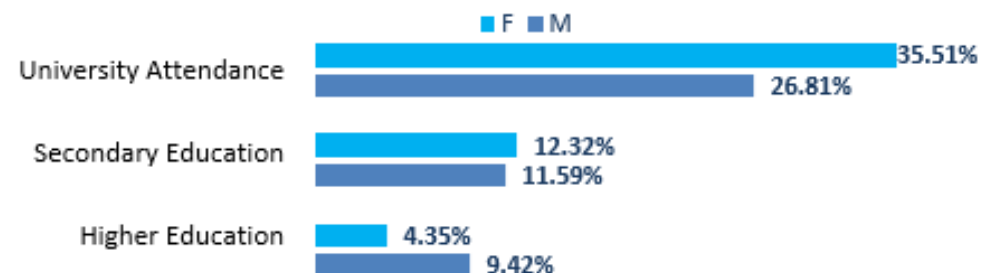
Distribution according to level of education

BISTP's strong commitment to hiring young graduates in recent years has led to an increase in the number of employees with higher education qualifications. Consequently, in 2023, the employees with higher education comprised 62.32 of the Bank's total workforce, particularly those in Banking functions.

DISTRIBUTION BY EDUCATIONAL QUALIFICATIONS



DISTRIBUTION OF EDUCATIONAL QUALIFICATIONS BY GENDER

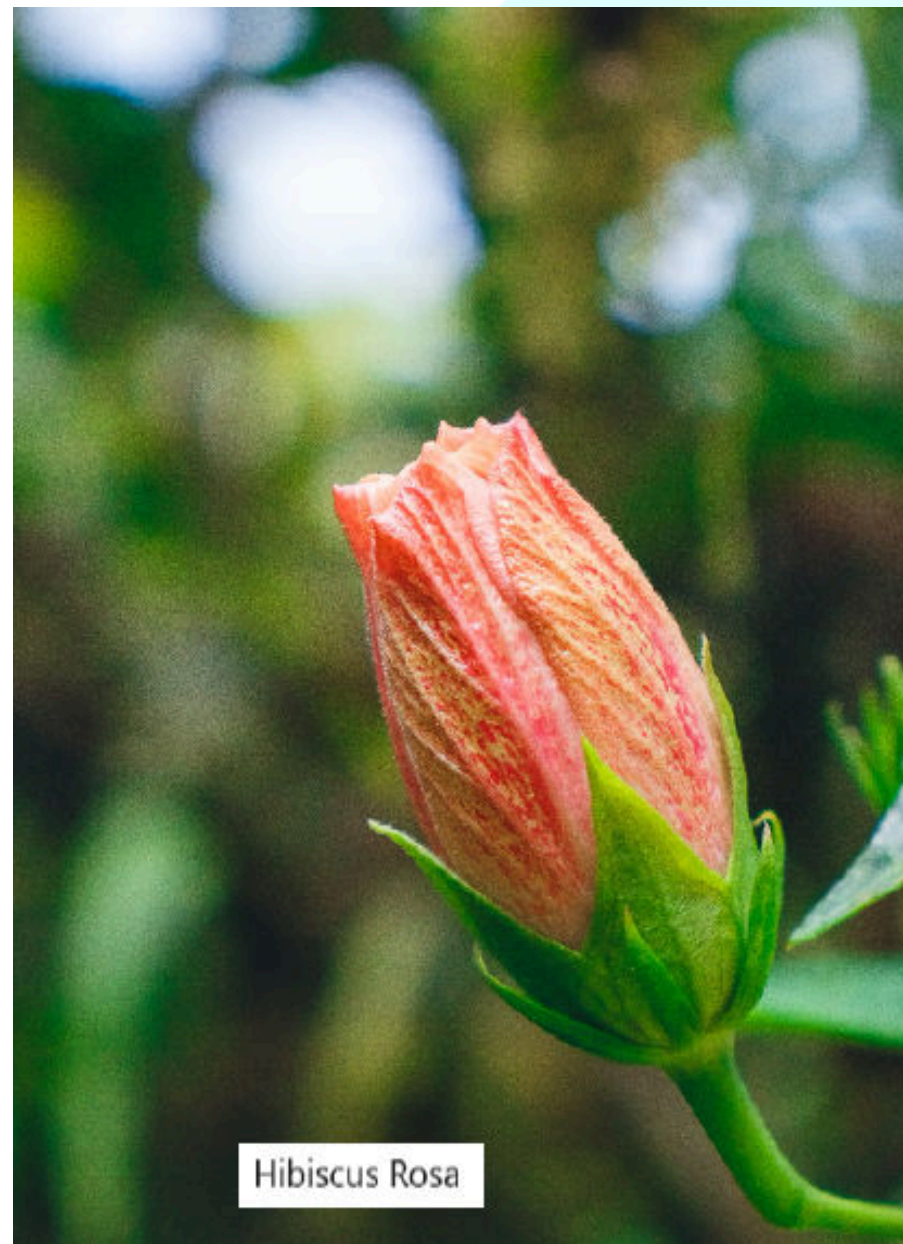


09 SOCIAL RESPONSIBILITY

Social responsibility (SR) encompasses the **voluntary actions** of companies that work for the benefit of their public, both internal and external. Socially responsible organizations align their current posture and behavior, and conduct and structure themselves to implement **attitudes that promote the well-being** of all stakeholders involved.

BISTP's management model has consistently prioritized not only monetary interests - in the relentless pursuit of profit - but also the support of other stakeholders such as its employees, local communities, non-governmental organizations dedicated to the social reintegration of children and youth at risk of social exclusion, clients, suppliers, public authorities and society at large. This commitment to social responsibility has been a key factor in BISTP'S development and growth over its more than 30 years of existence, contributing significantly to São Toméan society in various aspects.

The year 2023 was marked by global disinvestment due to well-known reasons, especially the ongoing Russia-Ukraine war and the outbreak of the Israel-Hamas conflict. In São Tomé and Príncipe, BISTP was no exception, and experienced a decrease in turnover. In this field of social responsibility, BISTP maintained its annual contributions to the Association of the Blind and Partially Sighted of São Tomé and Príncipe (ACASTEP) and the Association of the Disabled of S.T. P. (ADSTP), which have done exceptional work in their respective areas. BISTP also continued its monthly support for the Novo Futuro Foundation children's home and annual support for the purchase of school materials for these children. Additionally, BISTP supported the Fundação da Criança e Juventude (Child and Youth Foundation), by granting monthly contributions aimed at protecting and assisting underprivileged minors and youth in social, civic, cultural, educational, recreational and material aspects.



Education

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

As has often been stated, education is one of the main pillars of a society's development. In 2023, BISTP sustained its partnerships with the Universities of São Tomé and Príncipe (USTP), awarding prizes to the top graduates from each of the three Organic Units, providing scholarships to the neediest students from each of the Units with an average grade of 14 or above, and contributing to investments in laboratories. The Bank renewed its agreement with the University of Évora STP, offering benefits to the highest-achieving students.

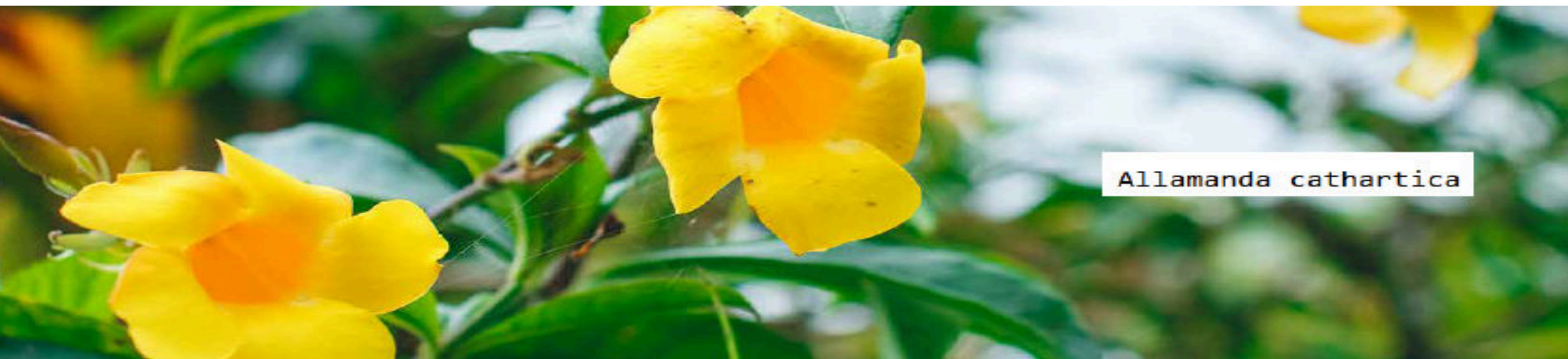
Culture

It is a concept with various meanings, the most prevalent of which, especially in anthropology, is the generic definition formulated by Edward B. Tylor, according to whom culture is "the whole complex which includes knowledge, beliefs, art, morals, law, customs and all other habits and capacities acquired by man as a member of a society".

In this context, it is noteworthy that, for over 15 years, BISTP has maintained a partnership agreement with the Portuguese Cultural Center to promote joint activities, share collections and support events in the areas of culture, economy, civil society, science, education and health.

Other important support granted in 2023:

- Sponsorship of **the NATIONAL POLICE GENERAL COMMAND** to celebrate the 48th Anniversary of the institution's establishment.



10 FINANCIAL ANALYSIS

10.1 Balance Sheet Components

With GDP contracting by approximately 0.3%, 2023 was characterized by significant economic and financial challenges, which directly impacted business activity and the family livelihoods.

In response to this adverse scenario, BISTP's focused on maintaining prudence in loan assessment, granting and monitoring, as well as strengthening provisions for potential default risk. This approach was aimed at ensuring an adequate quantitative and qualitative evolution of key balance sheet components (Loans and Deposits), as well as profitability, solvency and liquidity levels.

The results achieved by the Bank in this difficult economic climate once again demonstrate its remarkable resilience and ability to maintain positive business indicators, thereby adding value to shareholders' capital.

Thus, in 2023 BISTP's total assets amounted to mSTN 3,170,011, marking an increase of around 5.6% compared to 2022, sustained essentially by the 172% increase in investments with credit institutions and the 33% increase in investments in Treasury Bills. Liabilities also increased (6.2%) compared to 2022, as a result of the growth in customer deposits.

Shareholders' equity saw a modest increase of around 2.8%, due to the 23.7% contraction in net income for the year.

The volume of gross loans to customers contracted by 12.3%, representing an absolute decrease of mSTN 107,756 compared to 2022, largely due to the increased difficulty in issuing new loans, particularly those directed to the economy.

The loan portfolio quality ratio, defined by the proportion of non-performing loans to the overall portfolio, stood at 12.0%, compared to 9.7% in the previous year. This indicates an increase in non-performing loans of mSTN 7,523 compared to 2022. This rise is primarily attributable to the adverse economic climate and the large influx of migrants into Portugal;



some of whom are customers with credit responsibilities. Upon their departure, these emigrants have generally failed to honor their credit obligations.

Faced with an environment contributing to a potential increase in credit risk, the Bank has maintained a conservative stance, keeping a high level of provision coverage. In 2023, provisions allocated to cover irregular credit amounted to mSTN 64,880, representing a coverage ratio of around 70.0%, demonstrating a very conservative provisioning policy.

Loans and advances to credit institutions surged by 172.1% (mSTN 557,940). This substantial growth in investments is the result of greater inflows of funds from abroad and improved interest rates in euros and dollars in the international market. Investments in Central Bank Certificates of Deposit accounted for around 12% of the growth in "Investments in Credit Institutions".

"Securities investments" increased by around 33.3%, with an absolute rise of mSTN 139,872. This increase reflects the Bank's enhanced capacity to subscribe to Treasury Bills issued by the State, but also the State's greater demand for financing through a larger public debt issuance in 2023. Given the deterioration in the state's financial situation and the corresponding increase in risk, the market has demanded an interest rate more in line with the state's current level of risk.

In terms of funding, there was an increase of around 7.4%, driven by demand deposits, which grew by around 8.2%. Conversely, time deposits contracted by about 2.9%, partly due to the Bank offering a relatively low rate of return on its liabilities. Despite this contraction in term deposits, the Bank's customer deposits have shown adequate stability over the years as a result of the image of solidity, rigor and trust that the Bank is able to convey to its customers. Evidence of adequate deposit stability is expressed in a comfortable level of liquidity.

10.2 Income Statement Components

Despite facing an adverse macroeconomic environment, both globally and nationally, there was a notable increase in net interest income by 6.74%, primarily attributed to a rise in interest received and similar income, up by 6.5%.

Interest received on loans fell by 9.31%, correlating to the 12.3% contraction in the loan portfolio.

Interest received from loans and advances to credit institutions saw a substantial growth of 379.15%, propelled by an expansion in loan volume and improved interest rates in dollars and euros on the international market. The increase in interest rates stems from the measures enacted by the Monetary Authorities to combat inflation by raising the key rate. Investments went from a weighted average rate of 3.2% per year in 2022 to 4.4% per year in 2023.

Interest on securities surged by approximately 45.9%, driven by both a higher volume of investments compared to 2022 and an increase in the rate of return, which elevated from a weighted average rate of 4.6% to 5.7% in 2023.

Interest paid on customer term deposits expanded slightly by 1.7%, largely due to an uptick in interest rates for foreign currency deposits.

A reduced volume of import documentary credit (CDI) operations in US dollars, in particular CDI for fuel imports, combined with the depreciation of the US dollar on the international market throughout 2023, led to a decrease in the foreign exchange revaluation result, which stood at tSTN32,892, compared to tSTN49,116 in 2022, representing a contraction of around 33%.

Net commissions fell by 3.5%, essentially due to the fact that a significant volume of debit cards was issued in 2022 as part of the vulnerable families' project, an event that did not occur in 2023.

The contraction in foreign exchange income and net commissions contributed to a 13.2% contraction in the Complementary Margin.

As a result of the 13.2% contraction in the Complementary Margin, coupled with the 6.7% growth in the Financial Margin, the Global Operating Income contracted by approximately 4.7%.

Operating costs fell slightly by 1.2%, driven by a 4.6% reduction in personnel costs.

Expenditure on Third Party Supplies and Services, on the other hand, increased by around 4.9%.

In response to increased risk, loan provisions were augmented, totaling mSTN 7,291. The provision for properties received in lieu of loan payment was also increased by mSTN12,465, justified by the properties' age, their state of disrepair and the low turnover in the portfolio amidst a crisis-ridden market.

The Net Profit achieved in 2023 of mSTN 72,606, despite having contracted by around 23.7% as a result of many macroeconomic constraints and challenges, was the second-best result in BISTP's history.

It is noteworthy that, despite these challenges, the Bank managed to maintain key business indicators in positive territory, highlighting the great resilience of its business model and its ability to swiftly adapt to evolving market conditions.

PROPOSED APPLICATION AND DISTRIBUTION OF RESULTS

In line and in the same proportion as in previous years, the Board of Directors proposes, taking into account the legal and statutory provisions, that the net profit of STN 72,606,317 (Seventy-Two Million, Six Hundred and Sixty Thousand, Three Hundred and Seventeen Dobras) for the financial year 2023 be allocated as follows:

Headings	Percentage	Amount (STN)
Legal reserves	10%	7.260.632
Free Reserves	30%	21.781.895
Shareholders	60%	43.563.790
Net Profit	100%	72.606.317



RELATÓRIO E PARECER DO CONSELHO FISCAL

Aos Senhores accionistas:

1. INTRODUÇÃO

Nos termos da Lei, nomeadamente da Lei nº 9/92 sobre as Instituições Financeiras, e dos Estatutos do Banco Internacional de São Tomé e Príncipe, S.A. R. L. (BISTP), o Conselho Fiscal apresenta o seu Relatório de Atividade e Parecer sobre o Relatório de Gestão e Contas do Banco Internacional de São Tomé e Príncipe, relativos ao exercício de 2023, bem como sobre a proposta de aplicação de resultados apresentada pelo Conselho de Administração.

2. RELATÓRIO DE ATIVIDADE

No âmbito das competências que lhe estão atribuídas como órgão de fiscalização da sociedade, descritas no seu Regulamento aprovado em Setembro de 2022, o Conselho Fiscal procedeu ao acompanhamento da gestão e dos resultados da sociedade, em especial no que respeita:

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

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

- analisou as normas externas e internas vigentes. De realçar a implementação da NAP nº 8/2022 sobre Controlo Interno e Compliance para a qual o Banco definiu um plano de acção;
- acompanhou a evolução da estrutura organizativa do BISTP, nomeadamente das suas áreas de controlo;
- analisou a informação obtida das principais áreas responsáveis pela preparação e divulgação da informação financeira e pela gestão e controlo de riscos;
- recolheu informação do Conselho de Administração em matérias relacionadas com as atribuições do Conselho Fiscal, nomeadamente as relacionadas com as demonstrações financeiras e a evolução da atividade da sociedade. O Conselho Fiscal esteve presente em quatro reuniões do Conselho de Administração do Banco;
- realizou 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. De realçar:
 - i) o acompanhamento de todas as deficiências, nomeadamente as de Risco Alto e uma atenção especial para o acompanhamento dos planos de acção em consequência da inspecção realizada pelo Banco Central em 2022;

- ii) o acompanhamento dos processos de contraordenação interpostos pelo Banco Central;
- iii) o acompanhamento da implementação do Imposto sobre o Valor Acrescentado (IVA);
- iv) que os principais indicadores de risco de solvabilidade e de liquidez mantêm-se em níveis muito adequados, não obstante a redução do primeiro em 5,8 pontos percentuais (p.p.), para 37%. Em relação à gestão do principal risco, o de crédito, de referir as medidas tomadas conducentes a uma melhoria do risco e a um adequado provisionamento, num ambiente macroeconómico interno muito condicionado (inflação elevada, apesar do recuo, PIB em contracção, reservas internacionais baixas e política monetária contracionista) e de muita incerteza, em virtude da invasão da Federação Russa na Ucrânia e da guerra no Médio Oriente;
- v) em relação ao desempenho da actividade em 2023 comparativamente a 2022, a redução do resultado líquido em 24%, tendo atingido 72.606.317 dobras no ano, o agravamento do *cost-to-income* em 2 p.p., para 60%, e a redução da rentabilidade dos capitais próprios (ROE) reduziu 4,7 p.p., para 13,6%;
- vi) em relação à estratégia decorrente do “apetite ao risco de subscrição de dívida pública”, constata-se que o Banco tem cumprido os limites fixados na ordem de serviço em vigor, no entanto chama-se atenção a uma maior cautela no aumento de exposição global ao risco do Estado Santomense (incluindo Bilhetes de Tesouro e créditos por desembolso), que no final do ano de 2023 ultrapassou a percentagem de 150% dos Fundos próprios;
- vii) em relação ao investimento conducente ao fortalecimento da banca eletrónica, nomeadamente nos processos de modernização das infraestruturas dos sistemas de pagamento e no *upgrade* dos processos de digitalização, a instituição revela aposta na sustentabilidade do negócio com risco mais controlado;
- viii) ter reunido com os representantes do Auditor Independente, inteirando-se dos planos de trabalho e das principais conclusões e recomendações pelos mesmos formuladas, no âmbito do desempenho das respectivas atribuições. As matérias consideradas relevantes para o Auditor Independente, as provisões e imparidades (provisões económicas) 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 Balanço e as Demonstrações de Resultados relativas ao exercício de 2023;
- o Relatório de Gestão do Conselho de Administração respeitante ao exercício de 2023;
- o Relatório do Auditor Independente, sem reservas nem ênfases, que merece o nosso acordo.

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

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

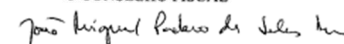
- as Demonstrações Financeiras e o Relatório de Gestão estão de acordo com as disposições contabilísticas, legais e estatutárias aplicáveis e dão uma imagem verdadeira e apropriada da situação financeira e resultados da sociedade;
- o Relatório de Gestão expõe de forma rigorosa a evolução dos negócios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

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

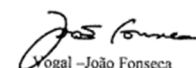
Finalmente, o Conselho Fiscal manifesta o seu agradecimento e apreço ao Conselho de Administração e aos Serviços da sociedade, pela colaboração e disponibilidade sempre proporcionadas.

Cidade de São Tomé, 12 de Abril de 2024

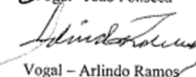
O CONSELHO FISCAL



Presidente – João Sales Luis



Vogal – João Fonseca



Vogal – Arlindo Ramos




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RELATÓRIO DE AUDITORIA

(Montantes expressos em Dobras de São Tomé Príncipe – STN)

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. ("Banco") que compreendem o balanço em 31 de dezembro de 2023 (que evidencia um ativo total de 3.170.011.805 STN e um total de situação líquida de 535.158.103 STN, incluindo um resultado líquido de 72.606.317 STN), as demonstrações dos resultados, de alterações na situação líquida e dos fluxos de caixa relativas ao ano findo naquela data, e as notas anexas 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 2023 e 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 setor bancário (Nota 2).

Bases para a opinião

A nossa auditoria foi efetuada de acordo com as Normas Internacionais de Auditoria (ISA). As nossas responsabilidades nos termos dessas normas estão descritas na secção "Responsabilidades do auditor pela auditoria das demonstrações financeiras" deste relatório. Somos independentes do Banco de acordo com os requisitos do Código de Ética do IESBA e com os requisitos éticos relevantes para a auditoria de demonstrações financeiras em São Tomé e Príncipe e cumprimos as restantes responsabilidades éticas previstas nesses requisitos.

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

Responsabilidades do órgão de gestão e do 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 do Banco de acordo com os princípios contabilísticos geralmente aceites em São Tomé e Príncipe para o setor bancário e pela criação e manutenção de um sistema de controlo interno que determine ser necessário para permitir a preparação de demonstrações financeiras isentas de distorções materiais devido a fraude ou a erro.



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A Deloitte é líder global na prestação de serviços de Audit & Assurance, Tax & Legal, Consulting, Financial Advisory e Risk Advisory a quase 100% da Fortune Global 500® entre milhares de empresas privadas. Os nossos profissionais apresentam resultados extraordinários e inovadores, o que reforça a confiança pública nos mercados de capital, permitindo o sucesso das nossas clientes e direccionando a uma economia mais forte, a uma sociedade mais equitativa e a um mundo mais sustentável. Com mais de 175 anos de história, a Deloitte está presente em mais de 150 países e territórios. Soma como as 415.000 pessoas da Deloitte criam um impacto relevante no mundo em www.deloitte.com.

Tipo: Sociedade Anónima ("S.A.") e Matricada: 501776211 | Capital social: € 981.000,00 | Sede: Av. Eng. Duarte Pacheco, 7, 1070-100 Lisboa | Escritório no Porto: Rua Sussano Trade Center, Praça do Bom Sucesso, 41 - 1º - 4150-146 Porto

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Quando preparar as demonstrações financeiras, o órgão de gestão é responsável por avaliar a capacidade de se manter em continuidade, divulgando, quando aplicável, as matérias relativas à continuidade e usando o pressuposto da continuidade a menos que tenha intenção de liquidar a Entidade ou cessar as operações, ou não tenha alternativa realista senão fazê-lo.

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

Responsabilidades do auditor pela auditoria das demonstrações financeiras

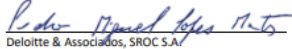
Os nossos objetivos consistem em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança, mas não é uma garantia de 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:

- Identificámos 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;
- obtivemos 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 do Banco;
- avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respetivas divulgações feitas pelo órgão de gestão;
- concluímos sobre se o uso pelo órgão de gestão do pressuposto da continuidade foi apropriado e, com base na prova de auditoria obtida, se existe alguma incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Banco para dar continuidade às suas atividades. Se concluímos 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 o Banco 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;
- comunicámos com os encarregados da governação, incluindo o órgão de fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria.

Lisboa, 11 de abril de 2024


Deloitte & Associados, SROC S.A.
Representada por Pedro Miguel Lopes Matos, ROC
Registo na OROC n.º 1293
Registo na CMVM n.º 20160903

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

Balance sheets for the years ending December 31, 2023, and 2022

São Tomé and Príncipe Folds (STN)

		2023			2022				
ACTIVE	Notes	Gross assets	Amortizations and provisions	Net asset	Net asset	LIABILITIES AND EQUITY SITUATION	Notes	2023	2022
Cash and availability at the Central Bank	3	596.977.524	-	596.977.524	1.072.700.906	Deposits:			
Cash deposits on credit institutions	4	158.609.228	-	158.609.228	93.787.702	In sight	11	2.349.778.189	2.171.731.317
Other claims on credit institutions	5	882.319.293	-	882.319.293	324.272.216	In installments or with advance notice	11	160.246.923	164.317.958
Customer credits	6	769.945.957	(64.879.937)	705.066.020	819.966.179	Resources from other entities	12	15.412.467	9.764.497
Investment securities	7	560.000.000	-	560.000.000	420.128.205	Other liabilities	13	39.018.356	56.059.658
Corporeal fixed assets	8	441.201.455	(224.092.752)	217.108.703	208.989.411	Regularization accounts	14	70.397.767	80.225.181
Intangible assets	8	46.702.637	(44.442.964)	2.259.673	5.120.199	Total Liabilities		2.634.853.702	2.482.098.611
Immobilizations in progress	8	8.048.302	-	8.048.302	8.416.564	Capital	16	166.600.000	166.600.000
Financial fixed assets	8	2.940.000	(2.940.000)	-	-	Reservations	16	278.717.767	240.649.699
Other assets	9	67.837.944	(33.649.222)	34.188.722	42.859.666	Retained results	16	933.877	933.877
Regularization accounts	10	5.434.339	-	5.434.339	6.488.109	Miscellaneous provisions	16	16.300.142	17.276.799
						Exercise result	16	72.606.317	95.170.171
						Total Equity		535.158.103	520.630.545
Total Assets		3.540.016.680	(370.004.874)	3.170.011.805	3.002.729.156	Total Liabilities and Net Situation		3.170.011.805	3.002.729.156

The accompanying notes form an integral part of these financial statements

The Accountant

The Board of Directors

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L
Income Statements for the years ending December 31, 2023, and 2022.

	Notes	2023	2022
Interest and similar income	20	149.449.158	140.280.064
Interest and similar charges	220	(5.694.883)	(5.602.055)
FINANCIAL MARGIN		143.754.275	134.678.010
Income from services and commissions	21	122.760.598	119.214.089
Service charges and commissions	21	(28.421.069)	(21.488.336)
Net Result of Foreign Exchange Operations	22	32.892.283	49.116.257
Other Exploration Results	23	23.291.602	26.515.764
BANKING PRODUCT		294.277.690	308.035.784
Personnel Costs	24	(93.602.831)	(98.157.451)
General Administrative Expenses	25	(59.860.517)	(57.084.342)
Year Amortizations	8	(22.700.041)	(22.444.880)
Provisions for credit net of replacements and cancellations	15	(7.290.903)	8.961.879
Other provisions net of replacements and cancellations	15	(12.465.412)	(8.973.812)
RESULTS BEFORE TAXES		98.357.985	130.337.178
Income tax	19	25.751.668	35.167.007
EXERCISE RESULT		72.606.317	95.170.171

The accompanying notes form an integral part of these financial statements

The Accountant

The Board of Directors

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L**Statements of Changes in Equity for the years ending December 31, 2023, and 2022**

	Reservas								
	Capital	Legal	Revaluation	Exchange revaluation	Other	Total	Miscellaneous provisions	Net income for the year	Total
Balances on 12/31/2021	166.600.000	48.113.538	892.214	31.139.164	136.300.958	215.511.997	14.579.210	62.844.253	460.469.337
Excess tax estimate for 2017	-	-	-	-	-	-	-	-	-
Distribution of net income for the 2021 financial year	-	-	-	-	-	-	-	-	-
Incorporation into reserves	-	6.284.425	-	-	18.853.276	25.137.701	-	(25.137.701)	-
Dividend distribution	-	-	-	-	-	-	-	(37.706.552)	(37.706.552)
Net income for the year	-	-	-	-	-	-	-	95.170.171	95.170.171
Transfer of the provision balance for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (Note 15)	-	-	-	-	-	-	2.697.588	--	2.697.588
Balances on 12/31/2022	166.600.000	54.397.963	892.214	31.139.164	155.154.234	240.649.698	17.276.799	95.170.171	520.630.545
Distribution of net income for the 2022 financial year	-	-	-	-	-	-	-	-	-
Incorporation into reserves	-	9.517.017	-	-	28.551.051	38.068.068	-	(38.068.068)	-
Dividend distribution	-	-	-	-	-	-	-	(57.102.103)	(57.102.103)
Net income for the year	-	-	-	-	-	-	-	72.606.317	72.606.317
Transfer of the provision balance for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (Note 15)	-	-	-	-	-	-	(976.656)	--	(976.656)
Balances on 12/31/2023	166.600.000	63.914.980	892.214	31.139.164	183.705.285	278.717.767	16.300.142	72.606.317	535.158.103

The accompanying notes form an integral part of these financial statements

The Accountant

The Board of Directors

BANCO INTERNACIONAL DE SÃO TOMÉ E PRÍNCIPE, S.A.R.L
Cash Flow Statements for the years ending December 31, 2023, and 2022

Cash flow	Note	2023	2022
Operational Activities			
Net result of the exercise		72.606.317	95.170.171
Adjustments:			
Year Amortizations	8	22.700.041	22.444.880
Provisions and Impairment		19.756.315	11.933
(Increase) / decrease in applications in credit institutions	5	(557.939.959)	9.821.789
(Increase) decrease in credit to customers	6	140.207.497	(153.547.991)
(Increase) / decrease in other assets	9	(24.444.564)	5.958.179
(Increase) / decrease in customer resources and other loans	11	173.975.837	189.920.147
(Increase) decrease in other liabilities	13	(24.475.718)	(1.791.944)
Payment by IRC Account	19	(26.375.255)	(16.526.813)
Operational Activity Flow		(203.989.487)	151.460.351
Investment Activities			
(Payments) / Receipts relating to:			
Bonds and other securities	7	(121.864.835)	(49.428.016)
Tangible Fixed Assets	8	(27.365.643)	(7.134.807)
Intangible Assets	8	(579.788)	(2.960.310)
Investment Activity Flow		(149.810.266)	(59.523.134)
Financing Activity			
Payments relating to:			
Dividends distributed	16	(57.102.102)	(37.706.552)
Financing Activity Flow		(57.102.102)	(37.706.552)
Increase / (decrease) net cash and its equivalents		(410.901.856)	54.230.666
Cash and its equivalents at the beginning of the period		1.166.488.608	1.112.257.942
Cash and its equivalents at the end of the period		755.586.752	1.166.488.608

The accompanying notes form an integral part of these financial statements

The Accountant

The Board of Directors

14 NOTES TO THE FINANCIAL STATEMENTS

São Tomé and Príncipe Folds (STN)

INTRODUCTORY NOTE

Banco Internacional de São Tomé e Príncipe, S.A.R.L. (hereinafter also referred to as the "Bank" or "BISTP"), headquartered in São Tomé, was established by public deed on March 3, 1993.

The Bank is primarily engaged in procuring funds from external sources in the form of deposits or other funds. These funds, in conjunction with its own proprietary capital, are allocated towards extending loans to customers, maintaining deposits with the Central Bank of São Tomé and Príncipe, investing in credit institutions, acquiring securities and other assets, for which it is duly authorized. It also provides diverse Banking services through a national network of eleven branches, as of December 31, 2023, located in the city of São Tomé (8), the city of Trindade (1), the city of Santana (1) and the island of Príncipe (1), as well as three automated teller machines in the capital of the districts of Lobata, Lembá and Caué.

2. BASIS OF PRESENTATION AND SUMMARY OF THE MAIN ACCOUNTING POLICIES

The Financial Statements provided herein have been prepared in accordance to prevailing legislation.

2.1. Presentation bases

The enclosed financial statements have been prepared on a going concern basis, based on the books and records maintained by the Bank in accordance with the principles enshrined in the Chart of Accounts for Financial Institutions (PCIF), under the terms of Permanent Application Standard (NAP) no. 5/09, of July 9, issued by the Central Bank of São Tomé and Príncipe.

The Board of Directors assessed the Bank's ability to operate on a going concern basis, scrutinizing all pertinent financial, commercial or other relevant factors influencing the future. Subsequent to this comprehensive assessment, the Board of Directors concluded that the Bank possesses adequate levels of capital and liquidity to sustain its operations, and therefore considered it appropriate to use the going concern assumption in preparing the financial statements.

The PCIF, in effect since January 1, 2010, represents a tailored adaptation of International Financial Reporting Standards (IFRS), containing

a wide range of adaptations to the São Toméan economic landscape.

Through a communication from the Central Bank of São Tomé and Príncipe dated December 3, 2010, subsequently extended through successive guidelines dated April 24, 2015, December 8, 2015, March 10, 2017 and March 26, 2018, the following exceptions to the provisions defined in the PCIF were sanctioned for the Banking sector:

- ✚ the deferral of loan-related commissions is executed through the straight-line method rather than the effective interest rate;
- ✚ securities in the portfolio are recorded at their nominal value, and the concept of fair value is not applied to their valuation; provisions for granted loans are determined following the regulations stipulated in NAP 13/2021, and no impairment is calculated in accordance with IFRS 9;
- the disclosure requirements of IFRS 7 – “Financial Instruments: Disclosures”- are only mandatory after the implementation of the aforementioned provisions.

On March 5, 2019 and January 21, 2020, the Central Bank of São Tomé and Príncipe issued further notifications extending all the exceptions listed above to the provisions set out in the PCIF for the 2018 and 2019 financial years, with the exception of the recognition of securities in the portfolio, where institutions have at the initial moment to determine whether such securities are valued at fair value or designated for investment, as per point 6 of chapter "III. SPECIFIC ACCOUNTING STANDARDS" of the PCIF.

Furthermore, it was clarified that the IFRS not provided for in the PCIF are not mandatory. Nevertheless, the Central Bank allows full integration of IFRS by the Bank, provided that the adopted procedures are disclosed in the financial statements' notes and duly validated by Banking Supervision.

In January 2022 and February 2023, the Central Bank of Sao Tome and Principe issued subsequent communications extending all the conditions mentioned in the notifications of March 5, 2019, and January 21, 2020, and reiterated in the February 2023 communication, asserting the continuity of these conditions until further notice.

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

The accounting policies employed in the formulation of the financial statements as of December 31, 2023, were applied consistently with those used in the financial statements at December 31, 2022.

These financial statements were approved for issue by BISTP's Board of Directors at its meeting on April 19, 2023, pending further approval at the General Shareholders' Meeting. However, the Board of Directors anticipates minimal alterations to the financial statements upon final approval.

2.2 Accounting policies

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

a) Exercise specialization

Income and costs are recognized based on the duration of operations, in accordance with the accrual accounting principle, and are recorded when they fall due, regardless of when they are received or paid.

b) Translation of balances and transactions in foreign currency

The Bank's financial statements as of December 31, 2023, and 2022, are presented in the functional currency, in São Tomé and Príncipe Dobras. Assets and liabilities denominated in other currencies have been converted into the national currency based on the indicative buying exchange rate published by the Central Bank of São Tomé and Príncipe on those respective dates, in accordance with Permanent Application Standard no. 5/09, of July 9.

With the entry into force of the Central Bank of São Tomé and Príncipe's Permanent Application Standard no. 17/09, of December 31, the exchange rate parity with the Euro (EUR) was established as of January 1, 2010, setting the exchange rate at 1 Euro/24.5 São Tomé and Príncipe Dobras (STN). As of December 31, 2023, and 2022, the exchange rate against the US Dollar (USD) was as follows:

	2023	2022
1USD	22.0443 STN	23.0069 STN

Transactions in foreign currency are recorded following the principles of the "multi-currency" system, with each transaction registered according to its respective currency. Monetary assets and liabilities denominated in foreign currencies are converted into STN at the buying rate published daily by the Central Bank of São Tomé and Príncipe. Non-monetary assets and liabilities are converted into the functional currency at the exchange rate in force at the end of the transaction day.

Costs and income arising from exchange rate differences, whether realized or potential, resulting from these conversions, are recorded in the income statement for the year in which they occur, under "Net income from foreign exchange operations".

Revenues and costs in foreign currencies are converted daily at the end-of-day exchange rate.

According to Permanent Application Standard No. 5/09, financial institutions that have paid up capital in foreign currency are authorized to establish a provision for exchange risks, aimed at maintaining the capital value. In addition, financial institutions are permitted to create a provision for the revaluation of fixed assets. These two provisions are exclusively intended for incorporation into the institutions' capital, subject to approval by the Central Bank of São Tomé and Príncipe.

c) Provisions for credit risks

As defined in the PCIF, loan provisions must temporarily correspond to the greater of regulatory provisions and impairment. As detailed in Note 2.1, for the financial years 2023, and 2022, the Central Bank of São Tomé and Príncipe authorized that impairment need not be calculated in accordance with IFRS 9.

However, under paragraph 7 of chapter III of the PCIF, the Bank conducted an individual impairment analysis on individually significant Economic Groups to evaluate the sufficiency of regulatory provisions relative to the estimate recoverable value of the loans. For these groups, the higher of the impairment value (economic provisions) and the regulatory provisions were recorded.

For non-significant exposures, the Bank calculated provisions for credit risks in accordance with of NAP 13/2021.

For off-balance-sheet exposures, the Bank sets aside provisions based on the exposure amount calculated on the rules outlined in Diário da República No. 25/1992, Instruction No. 2, Regulations 2.2 and 2.3, as well as NAP No. 13/2021.

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

- | | | |
|----------------------|-----------------|---------|
| a) Normal | c) Below normal | e) Loss |
| b) Under supervision | d) Bad debt | |

The classification of credit operations for the same customer, for provisioning purposes, is made in the category presenting the highest risk, independent of the guarantee associated with each operation.

Irregular loans are classified into risk categories based on the time elapsed since the date the operations entered default, with minimum provisioning levels calculated according to the following table:

Category	Normal	Under supervision	Below normal	Doubtful credit	Loss
% provision	2%	10%	25%	50%	100%
Time elapsed since default	up to 30 days	from 30 to 89 days	from 90 to 180 days	from 180 days to 360 days	more than 360 days

Accrued interest and loans under enforced collection are fully provisioned. Additional specific provisions are recorded for certain situations where significant difficulties in loan collection are anticipated, including restructured loans.

Separate risk level classifications are permitted for different exposures on the same debtor if the exposure classified in the highest risk category represents less than 10% (ten percent) of the debtor's total exposure.

The Bank's Board of Directors considers the appropriations for these provisions to be fully deductible for income tax calculation purposes, as they are inherent/indispensable to generating taxable income.

Provisions calculated through individual analysis and for customers in the "Below normal", "Doubtful credit" and "Loss" categories are recorded as a credit under "Loans and advances to customers" in assets.

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

According to Article 5 of NAP 13/2021, exposures to the State of São Tomé and Príncipe and the Central Bank of São Tomé and Príncipe, as well as assets guaranteed by them, or off-balance sheet transactions negotiated on their behalf or with their guarantee, must be classified in the "Normal" risk category, provided the conditions outlined in paragraph 2 of Article 5 are met. Consequently, the Bank has not established provisions for these exposures.

d) Assets received in lieu of payment

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

Receipt of goods or assets in lieu of payment of irregular credit is determined at the minimum between the value of the credit or asset to be received, plus any legal expenses incurred, and the fair value estimated by independent appraisers.

Until 2022, the Bank set aside specific additional provisions for these properties over an 8-year period, at a rate of 12.5% for the duration they remained in the portfolio.

In 2023, the Board of Directors revised the criteria for calculating provisions for properties received in lieu of payment. The provision period was shortened to 6 years with a provision rate of 16.6667%, annually. This decision was influenced by the low turnover of properties in the portfolio, the advanced state of deterioration of these properties, and the country's weak economic dynamics in recent years.

Provisions for assets received in lieu of payment are recorded under "Other assets" (Note 9).

e) Tangible and intangible fixed assets

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

	Years of useful life
Self-service properties	50
Equipment:	
Furniture and equipment	8
Machines and tools	2 - 10
IT equipment	3 - 4
Interior installations	8 - 20
Transport equipment	4

The acquisition cost includes expenses directly attributable to the acquisition of the assets. Maintenance and repair costs are recognized as expenses for the year under "General administrative expenses".

Intangible fixed assets essentially consist of costs related to acquiring, developing or preparing software for use in the Bank's activities. These fixed assets are depreciated on a straight-line basis over three years.

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

f) Securities portfolio

According to the PCIF, securities in the portfolio should be classified into categories based on the nature of the financial instruments and the Bank's intent in their acquisition. This regulation also stipulates that some instruments should be accounted for at fair value.

Therefore, as BISTP intends to hold the securities until maturity, i.e. it does not plan to dispose of them in the short term or seek short-term gains, no provisions are recorded for potential capital losses due to the devaluation of the securities, except when there is evidence of impairment.

As of December 31, 2023, and 2022, investments in securities are recorded at nominal value and correspond to Treasury Bills issued by the State of São Tomé and Príncipe. The negative difference between the acquisition cost and the nominal value of the securities, representing the discount at the time of purchase, is recognized in the accounts as income on a straight-line basis until maturity. These securities are recorded as assets at their nominal value and shown in the balance sheet under "Investment securities".

The discount amount is recorded in liabilities under "Accruals and deferred income - Bonds and other securities" (Note 14).

g) Financial assets

As of December 31, 2023, and 2022, the "Financial fixed assets" item reflects the Bank's stake in Sociedade Gestora de Pagamentos Automáticos de São Tomé e Príncipe (SPAUT). Financial fixed assets are recorded at acquisition cost and are subject to impairment analysis.

h) Taxes

The Bank is subject to an income tax rate of 25%, as stipulated in Article 81 of the Tax Code, enacted by Law 16/2008 of December 31st.

Until June 2023, the Bank was obliged to collect a consumption tax, defined in Decree-Law 35/2000, at a rate of 5%, as determined in Decree-Law 9/2005, enacted on July 29, 2005, as well as Stamp Duty, as outlined in Article 1 of Decree-Law 81/93, enacted on December 31, 1993.

With the enactment of Law 13/2019 on Value Added Tax (VAT) effective June 1, 2023, which repealed all consumption tax laws, the Bank is now required to collect VAT at the rate of 15%.

Until May 2023, Stamp Duty was additionally levied at a standard rate of 6%, but the enactment of Stamp Duty Law 14/2022, effective June 1, 2023, repealed all other rules that contradicted it. The amount of stamp duty collected is reflected under "Other operating income" in the income statement.

Interest on Treasury Bills issued by the State of São Tomé and Príncipe is subject to withholding tax at a rate of 20%.

The PCIF does not provide for the recording of deferred taxes. As of December 31, 2023, and 2022, there are no taxable or deductible temporary differences.

i) Pensions

Law no. 1/90, enacted on May 8, regulates the Social Security system in São Tomé and Príncipe and provides for the granting of retirement pensions to all workers registered with Social Security who reach standard retirement (57 for men and 62 for women). The value of these pensions is calculated in accordance with Articles 59 and 67 of the aforementioned law. According to Article 99 of the same Law, the contribution rates are 6% for the employer and 4% for the employees. Beyond these contributions, the Bank has not assumed any responsibility for its employees' retirement benefits.

j) Seniority bonuses

Until 2021, the Bank committed to paying a seniority bonus corresponding to one or two-months' salary to employees who completed 15 and 30 years of service respectively. In 2022, with the implementation of the new Staff Regulations through Service Order no. 23/2022, the Bank commits to paying seniority bonuses equivalent to one, two or three-months' salary to employees who complete 10, 20 and 30 years of service, respectively. Seniority bonuses are recognized on a straight-line basis over the employees' length of service under "Accruals and deferrals - Costs payable" (Note 14) and presented in the income statement under "Staff costs".

k) Productivity bonus

The Executive Committee distributes annual productivity bonuses (Profit Sharing) to employees based on their contribution to the results and defense of BISTP's interests.

Eligible criteria include:

- ✚ Permanent employees with indefinite, fixed-term, or expatriate contracts who are employed by the Bank on December 31st;
Employees who, although not in service on that date, have rendered effective service for all or part of the year, and have either:
 - Retired;
 - Terminated their employment under a contract or agreement with the Bank, excluding fixed-term employees dismissed due to unsuitability.

Productivity bonuses are reflected in "Personnel costs" in the year to which they relate, in accordance with the accrual principle.

The remuneration of the governing bodies comprises two components: a fixed component, attributed to all members of the Board of Directors, and a variable component, attributed exclusively to the executive members of the Board of Directors. The variable component aims to stimulate performance and reward achieved results. This variable remuneration of the executive members of the Board of Directors is paid on a discretionary basis, depending on the sustained performance of the Bank and subject to the approval of the General Meeting, following the approval of the accounts.

l) Commissions

As detailed in Note 2.1, the Bank defers the commissions charged for granting loans to customers over the life of the operations using the straight-line method.

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

Commissions for services rendered are recognized as income over the period in which the service is rendered or on a one-off basis if they correspond to compensation for the performance of single acts.

Commissions related to credit operations and other financial instruments, namely those charged or paid directly attributable to their origination, are recognized over the period of these operations under "Interest and similar income" and "Interest and similar charges".

m) Loans and advances to customers and other receivables

Loans and other receivables comprise all financial assets corresponding to the supply of money, goods or services to a debtor. This includes the typical activity of granting credit to customers and credit positions resulting from transactions with third parties conducted within the scope of the institution's activity, excluding transactions with credit institutions. These financial assets are initially recorded at the contracted amounts when originated by the Bank or at the amounts paid when acquired from other entities.

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

According to article 6 of NAP 13/2021, exposures classified in the "Loss" category must be *written off* after 12 months from their classification in that category, or earlier if there are no reasonable expectations of recovery.

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

n) Guarantees given and irrevocable commitments

Liabilities for guarantees given and irrevocable commitments are recorded under off-balance sheet headings at their value at risk, with interest, commission, or other income recognized in profit and loss over the life of the operations.

These liabilities are covered by the provisions for credit risk set out in NAP 13/2021 and Diário da República No. 25/1992, Instruction No. 2, Regulations 2.2 and 2.3, as disclosed in Note 2.2 c).

o) Other financial liabilities

This category includes funds from central Banks, other credit institutions, and customer deposits.

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

p) Provisions and contingent liabilities

A provision should be recognized when there is a present obligation (legal or constructive), (i) resulting from a past event, for which there is (ii) a high probability of an outflow of resources and which is (iii) reliably quantifiable.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the best estimate, being reversed through the income statement in proportion to the payments that are not probable.

Provisions are derecognized by using them for the obligations for which they were initially established or in cases these are no longer met.

A contingent liability is a potential obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the entity. It is also a present obligation from past events that is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Therefore, the Bank discloses a contingent liability when it is more likely than not 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

Income from interest on financial instruments assets and liabilities is recognized under “Interest and similar income” or “Interest and similar charges” (net interest income), using the straight-line interest rate method, which does not differ materially from the effective interest rate method.

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

According to NAP 05/2009 - "Chart of Accounts", institutions can no longer recognize interest on an accrual basis after 90 days of default for credit operations classified in class III.

p) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers "Cash and cash equivalents" to comprise the amounts recorded in the balance sheet for very short-term investments, which are available immediately without loss of value. This includes cash and deposits at the Central Bank, and demand deposits at credit institutions.

2.3 Main estimates and judgments used in preparing the financial statements

This section outlines the primary accounting estimates and judgments applied by the Bank to enhance understanding of their impact on Bank's reported results and disclosures. An extended description of the main accounting policies employed by the Bank is presented in Note 2.2 of the financial statements.

Recognizing that alternative accounting treatments could be adopted by the Board of Directors, the results reported by the Bank might differ if a different approach is chosen. The Board of Directors believes that the selected methods are appropriate and that the financial statements accurately reflect the Bank's financial position and operational results in all materially relevant aspects.

a) Provisions for loans and advances

Provisions on loans granted are determined in accordance with the methodology outlined in Note 2.c), resulting from a periodic review of the loan portfolio to assess the presence of impairment losses. This assessment considers various factors, including knowledge of customer reality, behavior, historical data, and the value of the associated collateral, among others, thereby involving a high degree of judgment.

Alternative methodologies, assumptions and estimates could result in different levels of recognized impairment losses, thereby impacting the Bank's results.

b) Provisions and contingent liabilities

As outlined in Note 2. p) above, provisions are recognized whenever there is a present obligation that probably will be required to pay in the future and this can be measured reliably.

The decision to recognize provisions and their measurement is based on the Board of Directors's assessment, considering the opinion of the Bank's lawyers/legal advisors as to the risks and uncertainties associated with ongoing proceedings and the expected future cash outflows, using the best information available at the financial statement closing date.

Contingent liabilities are not recorded in the financial statements but are disclosed if the possibility of payment is not classified as remote. The revaluation of contingent liabilities depends on the progression of ongoing legal proceedings, which may have a different outcome than initially expected.

c) Taxes on profits

The Bank is subject to income tax at a standard rate of 25%, as stipulated in Article 81 of the Tax Code, enacted by Law 16/2008 of December 31st.

Income taxes are reflected in the results for 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 taxable income relates. This may result in potential corrections to taxable income for the years 2019 to 2023 due to differing interpretations of tax legislation. However, it is not expected that any correction will occur, and any such corrections are not expected to have a substantial impact on the accompanying financial statements.

Certain interpretations and estimates were necessary to determine the overall amount of income tax.

3. CASH AND DEPOSITS AT THE CENTRAL BANK

As of December 31, 2023, and 2022, this item is broken down as follows:

Demand deposits at the BCSTP in national currency are intended to comply with the provisions in force for minimum cash reserves.

In June 2022, the Central Bank increased the minimum cash reserve (MCR) ratio in national currency from 18% to 28%, as part of its monetary policy to combat inflation, while keeping the ratio for foreign currency unchanged.

As of December 31, 2023, and 2022, the minimum cash reserves are calculated by applying the percentages of 28% to eligible liabilities in national currency and 21% to eligible liabilities in foreign currency, respectively, based on the amounts two months prior to the start of the maintenance period, under the terms of the Central Bank of São Tomé and Príncipe's Permanent Application Standard no. 18/2011, of August 17. These deposits are not remunerated.

As of December 31, 2023, and 2022, the total amount due amounts to STN 583,897,977 and STN 620,514,050, respectively.

	2023	2022
Box		
National banknotes and coins	35.231.160	64.312.303
Foreign banknotes and coins:		
In Euros	9.066.776	15.152.453
In United States Dollars	7.514.858	4.266.054
In other currencies	3.449.923	8.043.789
	55.262.716	91.774.600
Current deposits at the Central Bank of São Tomé and Príncipe (BCSTP)		
In national currency	494.126.385	905.484.128
In foreign currency:		
In Euros	27.454.295	55.032.007
In United States Dollars	20.134.128	20.410.172
	541.714.808	980.926.306
	541.714.808	980.926.306
	596.977.524	1.072.700.906

4. DEMAND DEPOSITS WITH CREDIT INSTITUTIONS

As of December 31, 2023, and 2022, this item is broken down as follows:

The item "Cheques to be collected" refers to cheques drawn on customers of other banks, typically cleared within the first few working days.

As of December 31, 2023, and 2022, the item "Securities to be collected in the country" corresponds to securities representing "Bank orders" issued by the Directorate General of the Treasury for the payment of current State expenses. These securities, deposited with the Bank for settlement purposes, have maturity dates of less than 10 days.

The higher inflow of foreign currency for projects financed by international development organizations is the basis for the growth in deposits at corresponding banks.

	2023	2022
Checks to collect		
Abroad	-	39.2
In the country	3.845.527	804.142
	3.845.527	843.342
Titles to be charged in the country	2.520.403	2.715.983
Demand deposits abroad		
General Deposit Box:		
Headquarters (Lisbon)	91.139.745	69.800.689
France branch	2.215.457	2.071.172
Portuguese Commercial Bank	14.389.596	7.368.082
Banco Santander Totta	6.343.866	3.728.172
BAI Europe Bank	37.970.048	7.075.669
Other Credit Institutions	184.362	184.362
	152.243.073	90.228.147
Other availabilities	224	231
	158.609.228	93.787.702

5. OTHER CLAIMS ON CREDIT INSTITUTIONS

As of December 31, 2023, and 2022, this item corresponds to term deposits, structured by currency and interest rate as follows:

	Coin	Interest rate	Amount in currency	2023		Interest Receivable	Total
				Amount in STN			
General Deposit Box	USD	4,80 %	3.500.000	77.155.050		3.353.673	80.508.723
BAI Europe	USD	5,40 %	1.750.000	38.577.525		2.042.680	40.620.205
BAI Europe	USD	6,03 %	3.750.000	82.666.125		1.716.975	84.383.100
BAI Europe	USD	5,96 %	1.150.000	25.350.945		302.183	25.653.128
BAI Europe	USD	5,87 %	1.600.000	35.270.880		212.791	35.483.671
General Deposit Box	EUR	3,90 %	2.500.000	61.250.000		457.844	61.707.844
General Deposit Box	EUR	3,90 %	3.000.000	73.500.000		406.088	73.906.088
General Deposit Box	EUR	3,82 %	11.600.000	284.200.000		60.314	284.260.314
BAI Europe	EUR	4,09 %	500.000	12.250.000		278.347	12.528.347
BAI Europe	EUR	3,99 %	1.200.000	29.400.000		430.122	29.830.122
BAI Europe	EUR	3,95 %	1.210.000	29.645.000		416.348	30.061.348
BAI Europe	EUR	4,10 %	1.250.000	30.625.000		313.906	30.938.906
General Deposit Box	GBP	4,15 %	400.000	11.256.600		451.791	11.708.391
General Deposit Box	GBP	5,20 %	360.000	10.130.940		49.073	10.180.013
General Deposit Box	CHF	1,55 %	150.000	3.950.730		5.783	3.956.513
General Deposit Box	CAD	4,85 %	100.000	1.666.859		7.635	1.674.495
Bank Deposit Certificate	STN	3,50 %	64.810.968	64.810.968		107.118	64.918.086
				871.706.622		10.612.671	882.319.293

				2022		
	Coin	Interest rate	Amount in currency	Amount in STN	Interest Receivable	Total
Portuguese Commercial Bank	USD	0,85 %	3.400.000	78.223.460	618.726	78.842.186
Portuguese Commercial Bank	USD	2,93 %	1.700.000	39.111.730	569.822	39.681.552
Portuguese Commercial Bank	USD	3,85 %	1.800.000	41.412.420	602.321	42.014.741
Portuguese Commercial Bank	USD	3,85 %	1.800.000	41.412.420	602.321	42.014.741
Portuguese Commercial Bank	USD	4,75 %	1.100.000	25.307.590	267.136	25.574.726
Portuguese Commercial Bank	EUR	1,05 %	1.000.000	24.500.000	97.183	24.597.183
BAI Europe	USD	5,45 %	1.500.000	34.510.350	208.979	34.719.329
BAI Europe	USD	5,45 %	1.600.000	36.811.040	16.718	36.827.758
				321.289.010	2.983.206	324.272.216

As of December 31, 2023, and 2022, time deposits have the following structure, according to residual maturity periods:

	2023			2022		
	Amount in STN	Interest receivable	Total Amount	Montante em STN	Juros a receber	Montante Total
Up to three months	669.795.143	7.725.976	677.521.119	117.335.190	1.188.548	118.523.738
Between three months and one year	201.911.479	2.886.695	204.798.174	203.953.820	1.794.658	205.748.478
	871.706.622	10.612.671	882.319.293	321.289.010	2.983.206	324.272.216

6. CUSTOMER CREDITS

As of December 31, 2023, and 2022, this item is broken down as follows:

	2023	2022
Regular Credit:		
National Currency:		
Trade discounts		152.000
Loans	532.997.893	630.670.319
Current account credit	21.716.464	27.221.239
Overdrafts on current deposits	107.591.446	116.247.105
	662.305.803	774.290.663
-Foreign Currency:		
Trade discounts		
Loans	11.833.710	14.027.073
Overdrafts on current deposits	753.361	799
	12.587.070	14.027.872
Total regular credit (1)	674.892.873	788.318.535
Irregular Credit:		
-National Currency:		
Capital	76.002.196	63.654.533
Fees	777.950	520.050
	76.780.146	64.174.582
-Foreign Currency:		
Capital	15.740.635	20.951.223
Fees	145.083	10.172
	15.885.718	20.961.394
Total irregular credit (2)	92.665.864	85.135.977
Total credit granted (3)=(1)+(2)	767.558.737	873.454.512
Interest receivable on credit granted (4)	2.387.220	4.354.102
Total gross credit (5)=(3)+(4)	769.945.957	877.808.614
Provisions for credit granted (Note 15)(6)	(64.879.937)	(57.842.435)
Total net credit (7)=(5)-(6)	705.066.020	819.966.179

According to the PCIF, loans with installments up to 89 days past due, falling into classes 1 and 2 of the loan portfolio ("Normal" and "Under supervision", respectively), are considered to be in good standing. Loans with installments over 90 days past due, falling into classes 3, 4 and 5 of the loan portfolio ("Below normal", "Doubtful credit" and "Loss", respectively), are considered irregular or adversely classified. Loans under enforced collection fall into class 5 of the loan portfolio and consist of contracts in litigation.

In 2023 and 2022, the Bank wrote off loans classified as losses for more than 12 months, as stipulated in NAP 13/2021. The amounts *written off* were STN 2,034,203 and STN 151,229,771, which include outstanding principal, interest on arrears, processing fees, and legal costs. Referring only to the amount of capital owed *written off*, this amounts to STN 1,493,863 and STN 150,642,047, respectively, for 2023 and 2022 (Note 15).

As of December 31, 2023, and 2022, the provisions recorded for customers in the "Irregular" categories amounted to 98,987 mSTN and 57,567 mSTN, respectively. These provisions are deducted from the gross value of loans and advances under the "Loans and advances to customers" heading.

The increase in the stock of provisions for the "Irregular" categories as of December 31, 2023, is attributed to a more adverse environment, marked by more significant migration of families abroad in 2023, resulting in an increase in defaults.

On December 31, 2023, and 2022, provisions for customers in the "Regular" category were reversed, amounting to 1,026 mSTN and 1,542 mSTN, respectively, and are reflected under "Provision for general credit risks" in Provisions (Note 15).



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As of December 31, 2023, and 2022, the breakdown of loans and respective provisions by the classes outlined in the previous table, excluding accrued interest, is detailed as follows:

2023								
Class	Alive	Capital	Overdue		Total Credit	Regulatory	Provisions	
			Fees	Total			Economic	Total
Normal	659.810.423	-	269.741	269.741	660.080.164	8.360.102	-	8.360.102
Under supervision	10.935.794	3.812.907	64.008	3.876.915	14.812.709	606.437	882.729	1.489.166
Total Regular Credit	670.746.217	3.812.907	333.749	4.146.656	674.892.873	8.966.540	882.729	9.849.268
Below normal	16.376.063	949.076	37.115	986.191	17.362.254	501.511	4.910.315	5.411.826
Doubtful Credit	45.904.452	24.416.381	718.256	25.134.636	71.039.089	11.753.205	43.450.386	55.203.591
Loss	152.593	3.944.266	167.662	4.111.928	4.264.521	4.264.520	-	4.264.520
Total irregular credit	62.433.109	29.309.722	923.033	30.232.755	92.665.864	16.519.236	48.360.701	64.879.937
	733.179.326	33.122.629	1.256.782	34.379.411	767.558.737	25.485.776	49.243.430	74.729.205

2022								
Class	Alive	Capital	Overdue		Total Credit	Regulatory	Provisions	
			Fees	Total			Economic	Total
Normal	773.531.854	420.925	268.387	689.312	774.221.166	9.419.350	-	9.419.350
Under supervision	8.598.370	5.388.035	110.965	5.499.000	14.097.369	721.610	744.978	1.466.588
Total Regular Credit	782.130.224	5.808.959	379.352	6.188.311	788.318.535	10.140.960	744.978	10.885.938
Below normal	12.563.057	2.416.559	54.300	2.470.859	15.033.916	870.784	2.895.146	3.765.930
Doubtful Credit	50.500.969	17.332.899	365.611	17.698.510	68.199.479	6.450.697	45.447.731	51.898.428
Loss	265.915	1.526.357	110.310	1.636.667	1.902.582	1.583.695	318.887	1.902.582
Total irregular credit	63.329.941	21.275.814	530.222	21.806.036	85.135.977	8.905.176	48.661.763	57.566.939
	845.460.164	27.084.774	909.574	27.994.348	873.454.512	19.046.136	49.406.742	68.452.877

For presentation purposes, the distinction between live credit and overdue credit is based on the division between live exposure (without days in arrears) and overdue exposure (in default) of each contract.

As of December 31, 2023, irregular credit was adequately covered by regulatory provisions and reinforced by economic provisions, with a coverage of 78.0%. In 2022, this coverage was 68%, indicating strengthened provisions in response to the more adverse credit risk conditions in 2023.

As of December 31, 2023, and 2022, the breakdown of the loans and advances to customers' portfolio (excluding interest receivable) by financing purpose is as follows:

	2023			2022		
	Regular credit	Irregular credit	Credit granted	Regular credit	Irregular credit	Credit granted
Companies						
Agricultural	289.003	-	289.003			
Automobile	835.228	-	835.228	1.181.091	21.649	1.202.739
Commerce	453.56	48.059	501.619	519.004	309.669	828.673
Construction	3.996.235	6.184.933	10.181.168	9.492.967	811.083	10.304.050
Consumption	3.844.605	149.261	3.993.866	3.332.080	19.189	3.351.269
Import	499.341		499.341	4.762.855	-	4.762.855
Investment :	45.060.397	12.309.125	57.369.522	55.824.787	13.891.851	69.716.638
Agriculture and Livestock		1.663.096	1.663.096	-	2.079.619	2.079.619
Business	16.570.143	6.457.089	23.027.232	19.097.756	7.517.857	26.615.613
Construction	23.836.609	3.624.188	27.460.797	24.073.796	3.624.697	27.698.493
Education	697.074	-	697.074	949.506	-	949.506
Services	1.844.342	-	1.844.342	8.022.980	-	8.022.980
Tourism	2.112.228	564.753	2.676.981	3.680.748	669.679	4.350.427
Other Types	19.622.852	-	19.622.852	23.752.767	-	23.752.767
Central State Body	243.702.170	-	243.702.170	298.123.389	-	298.123.389
	318.303.391	18.691.378	336.994.768	396.988.940	15.053.441	412.042.381

Private						
Agricultural	7.915		7.915	71.135		71.135
Automobile	957.562	1.212.707	2.170.269	2.074.073	935.573	3.009.646
Commerce	906.494	133.178	1.039.672	386.877	225.903	612.78
Construction	76.471.013	10.791.954	87.262.968	112.724.748	10.171.538	122.896.286
Consumption	118.296.337	6.832.332	125.128.670	88.957.049	3.954.973	92.912.021
Education	765.141	7.041	772.182	1.256.917	-	1.256.917
Housing	138.450.610	39.883.956	178.334.566	160.674.977	38.808.540	199.483.517
Import		444.378	444.378	471.677	467.498	939.175
Investment	19.018.189	14.668.939	33.687.128	23.218.721	15.220.547	38.439.268
Other Types	521.095	-	521.095	544.971	19.654	564.625
Health	1.195.127	-	1.195.127	948.451	278.31	1.226.762
	356.589.482	73.974.486	430.563.968	391.329.596	70.082.536	461.412.131
	674.892.873	92.665.864	767.558.737	788.318.535	85.135.977	873.454.512

As of December 31, 2023, and 2022, loans in good standing (excluding interest receivable) have the following structure by currency and average interest rate:

	2023		2022	
	Interest rate	Regular credit	Interest rate	Regular credit
In Dobras de São Tomé and Príncipe	11,95 %	662.305.803	11,68 %	774.290.663
In United States Dollars	8,69 %	2.946.979	8,74 %	11.443.010
In Euros	10,29 %	9.640.091	10,97 %	2.584.862
		674.892.873		788.318.535

As of December 31, 2023, and 2022, loans and advances to customers are structured as follows, according to their residual maturities:

	2023	2022
	Total	Total
Up to 3 months	131.691.790	138.556.478
From 1 year to 5 years	423.253.017	377.235.614
More than 5 years	156.890.965	304.838.159
Undetermined	1.449.933	1.062.895
	767.558.737	873.454.512

Loans with an indefinite duration include loans under compulsory collection and contracts where the contractual maturity date has passed.

7. INVESTMENT SECURITIES

As of December 31, 2023, and 2022, this item is broken down as follows:

		2023					
	Coin	Acquisition cost	Discount rate	Expiration date	Amount in STN	Discount	Total
Treasury Bill (STPBTTES0022)	STN	161.480.433	5,28 %	7/2/2024	161.480.433	8.519.567	170.000.000
Treasury Bill (STPBTTES0023)	STN	47.456.588	5,36 %	3/5/2024	47.456.588	2.543.412	50.000.000
Treasury Bill (STPBTTES0025)	STN	188.969.601	5,84 %	3/8/2024	188.969.601	11.030.399	200.000.000
Treasury Bill (STPBTTES0026)	STN	37.735.849	6,00 %	3/10/2024	37.735.849	2.264.151	40.000.000
Treasury Bill (STPBTTES0027)	STN	94.339.623	6,00 %	9/11/2024	94.339.623	5.660.377	100.000.000
					529.982.094	30.017.906	560.000.000

2022							
	Coin	Acquisition cost	Discount rate	Expiration date	Amount in STN	Discount	Total
Treasury Bill (STPBTTES0018)	STN	177.395.549	4,36 %	15/02/2023	177.395.549	7.732.656	185.128.205
Treasury Bill (STPBTTES0019)	STN	38.402.803	4,16 %	16/05/2023	38.402.803	1.597.197	40.000.000
Treasury Bill (STPBTTES0020)	STN	104.854.776	4,91 %	9/8/2023	104.854.776	5.145.224	110.000.000
Treasury Bill (STPBTTES0021)	STN	80.999.193	4,94 %	14/09/2023	80.999.193	4.000.807	85.000.000
					401.652.321	18.475.884	420.128.205

As of December 31, 2023, and 2022, securities are recorded at their nominal value. The amount of the discount is recorded under "Deferred income - Bonds and other securities" (Note 14). The Bank's portfolio solely consisted of Treasury Bills issued by the State of São Tomé and Príncipe on both dates.



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8. IMMOBILIZATIONS

The movement in these categories during the years ending December 31, 2023, and 2022, was as follows:

	31/12/2022					Abates				31/12/2023		
	Gross Assets	Accumulated amortizations	Net assets	Acquisitions	Amortizations for the year	Gross Assets	Accumulated amortizations	Impairment	Transfers	Gross Assets	Accumulated amortizations	Net asset
Corporeal fixed assets												
Own service properties	266.843.440	(89.592.290)	177.251.149	10.502.019	(7.247.412)	-	-	-	6.332.412	283.677.871	(96.839.702)	186.838.169
Furniture and material	39.750.550	(35.751.564)	3.998.986	561.826	(2.223.864)	-	-	-	956.921	41.269.297	(37.975.428)	3.293.869
Machines and tools	40.089.029	(29.386.318)	10.702.711	1.711.233	(3.411.053)	-	-	-		41.800.262	(32.797.371)	9.002.890
Equipment. IT - hardware	33.663.219	(27.150.211)	6.513.008	3.339.469	(2.517.839)	405.582	-50.698	-		36.597.106	(29.617.352)	6.979.753
Internal installations	15.067.130	(11.444.839)	3.622.291	116.4	(1.113.005)	-	-	-		15.183.530	(12.557.844)	2.625.686
Transport Material	10.797.933	(6.909.622)	3.888.311	4.110.550	(2.187.220)	1.210.300	(1.210.300)	-		13.698.183	(7.886.541)	5.811.642
Safety Equipment	4.911.554	(3.622.140)	1.289.414	103.075	-336.921	-	-	-		5.014.629	(3.959.062)	1.055.568
Other Equipment	2.876.573	(2.237.038)	639.535	-	-222.413	-	-	-		2.876.573	(2.459.451)	417.122
Artistic heritage	1.084.005	-	1.084.005	-	-	-	-	-		1.084.005	-	1.084.005
	415.083.433	(206.094.022)	208.989.411	20.444.572	(19.259.727)	1.615.882	(1.260.998)	-	7.289.333	441.201.455	(224.092.751)	217.108.703
Intangible assets												
Equipment. IT - software	46.067.696	(40.947.497)	5.120.199	28.767	(3.440.314)	-	-	-	551.021	46.647.481	(44.387.807)	2.259.673
Others	55.156	-55.156	-	-	-	-	-	-	-	55.156	-55.156	-
	46.122.853	(41.002.654)	5.120.199	28.767	(3.440.314)	-	-	-	551.021	46.702.637	(44.442.963)	2.259.673
Immobilizations in progress												
Intangible assets	551.021	-	551.021	2.554.983	-	-	-	-	-551.021	2.554.984	-	2.554.984
Own service properties	6.829.438	-	6.829.438	4.917.109	-	-	-	-	(6.332.412)	5.414.135	-	5.414.135
Machines and tools	79.184	-	79.184	-					-	79.184	-	79.184

	31/12/2022					Abates				31/12/2023		
	Gross Assets	Accumulated amortizations	Net assets	Acquisitions	Amortizations for the year	Gross Assets	Accumulated amortizations	Impairment	Transfers	Gross Assets	Accumulated amortizations	Net asset
Safety Equipment	956.921	-	956.921	-	-	-	-	-	-956.921	-	-	-
	8.416.564	-	8.416.564	7.472.092	-	-	-	-	(7.840.354)	8.048.302	-	8.048.302
Financial fixed assets												
SPAUT	2.940.000	(2.940.000)	-	-	-	-	-	2.940.000	-	2.940.000	(2.940.000)	-
	2.940.000	(2.940.000)	-	-	-	-	-	2.940.000	-	2.940.000	(2.940.000)	-
	472.562.849	(250.036.676)	222.526.174	27.945.431	(22.700.041)	1.615.882	(1.260.998)	2.940.000	-	498.892.394	(271.475.715)	227.416.679

	31/12/2021					Abates				31/12/2022		
	Gross Assets	Accumulated amortizations	Net assets	Acquisitions	Amortizations for the year	Gross Assets	Accumulated amortizations	Impairment	Transfers	Gross Assets	Accumulated amortizations	Net asset
Corporeal fixed assets												
Own service properties	268.457.546	(82.693.436)	185.764.110	-	(7.287.277)	1.610.042	388.423	-	-	266.843.440	(89.592.290)	177.251.149
Furniture and material	39.548.866	(33.125.483)	6.423.382	169.07	(2.626.080)	-	-	-	36.675	39.750.550	(35.751.564)	3.998.986
Machines and tools	35.072.964	(26.454.572)	8.618.391	3.148.784	(2.931.746)	-	-	-	1.863.013	40.089.029	(29.386.318)	10.702.711
Equipment. IT - hardware	28.970.333	(24.161.695)	4.808.638	1.136.051	(2.997.908)	45.081	-9.392	-	3.605.979	33.663.219	(27.150.211)	6.513.008
Internal installations	14.487.298	(10.145.716)	4.341.582	551.198	(1.299.123)	-	-	-	32.698	15.067.130	(11.444.839)	3.622.291
Transport Material	11.043.139	(6.898.174)	4.144.965	-	(1.642.230)	1.630.783	(1.630.783)	-	1.389.640	10.797.933	(6.909.622)	3.888.311
Safety Equipment	4.865.754	(3.265.018)	1.600.736	29.753	-357.122	-	-	-	-	4.911.554	(3.622.140)	1.289.414
Other Equipment	2.876.573	(1.999.909)	876.664	-	-237.129	-	-	-	-	2.876.573	(2.237.038)	639.535
Artistic heritage	1.084.005	-	1.084.005	-	-	-	-	-	-	1.084.005	-	1.084.005
	406.406.478	(188.744.005)	217.662.473	5.034.857	(19.378.614)	3.285.906	(2.028.597)	-	6.928.005	415.083.433	(206.094.022)	208.989.411

	31/12/2021					Abates					31/12/2022	
	Gross Assets	Accumulated amortizations	Net assets	Acquisitions	Amortizations for the year	Gross Assets	Accumulated amortizations	Impairment	Transfers	Gross Assets	Accumulated amortizations	Net asset
Intangible assets												
Equipment. IT - software	43.107.386	(37.881.232)	5.226.155	817.824	(3.066.266)	-	-	-	2.142.486	46.067.696	(40.947.497)	5.120.199
Others	55.156	-55.156	-	-	-	-	-	-	-	55.156	-55.156	-
	43.162.543	(37.936.388)	5.226.155	817.824	(3.066.266)	-	-	-	2.142.486	46.122.853	(41.002.654)	5.120.199
Immobilizations in progress												
Intangible assets	2.142.486	-	2.142.486	551.021	-	-	-	-	(2.142.486)	551.021	-	551.021
Own service properties	888.22	-	888.22	5.941.218	-	-	-	-	-	6.829.438	-	6.829.438
Rented properties	-	-	-	-	-	-	-	-	-	-	-	-
Furniture and material	36.675	-	36.675	-	-	-	-	-	-36.675	-	-	-
Machines and tools	2.288.825	-	2.288.825	79.184	-	-	-	-	(2.288.825)	79.184	-	79.184
Computer equipment	2.459.824	-	2.459.824	-	-	-	-	-	(2.459.824)	-	-	-
Internal installations	753.04	-	753.04	-	-	-	-	-	-753.04	-	-	-
Safety Equipment	-	-	-	956.921	-	-	-	-	-	956.921	-	956.921
Transport Material	1.389.640	-	1.389.640	-	-	-	-	-	(1.389.640)	-	-	-
	9.958.711	-	9.958.711	7.528.344	-	-	-	-	(9.070.490)	8.416.564	-	8.416.564
Financial fixed assets												
SPAUT	2.940.000	(2.940.000)	-	-	-	-	-	2.940.000	-	2.940.000	(2.940.000)	-
	2.940.000	(2.940.000)	-	-	-	-	-	2.940.000	-	2.940.000	(2.940.000)	-
	462.467.732	(229.620.393)	232.847.339	13.381.024	(22.444.880)	3.285.906	(2.028.597)	2.940.000	-	472.562.849	(250.036.676)	222.526.174

As of December 31, 2023, and 2022, "Financial Fixed Assets - SPAUT" represents a 5.364% stake, with a correspondence of 120 shares in Sociedade Gestora de Pagamentos Automáticos de São Tomé e Príncipe (SPAUT), with a share capital of STN 54,806,500.

In 2017, the Bank provisioned 100% of this stake due to the absence of audited financial information and the consequent low prospect on the part of the Bank's Board of Directors of future recoverability. Although SPAUT initiated a restructuring process in 2020 aiming at enhancing service quality and introducing new payment services in the Dobra24 network, BISTP prudently maintains its stake provisioned at 100%.

In 2023, the works to improve and upgrade the company's own buildings, in particular the building where the Market Agency operates, were completed and led to an increase in the value of the company's owned service buildings.

The increase in transport equipment is attributable to the acquisition of new vehicles to replace fully depreciated ones, and to meet growing logistics demands, with the opening of a branch in Neves in 2024.

In 2023, new computers were purchased as part of the plan to renew obsolete machines, justifying the growth in computer equipment within fixed assets.

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9. OTHER ASSETS

As of December 31, 2023, and 2022, this item is broken down as follows:

	2023	2022
Properties received in cash due to credit recovery	57.586.251	56.606.251
Advances - Cash advance	1.614.099	1.698.033
Western Union	1.102.215	1.150.345
Income tax (IRC) receivable	4.906.956	253.962
VISA Cards	396.295	2.425.286
Others	2.232.128	2.311.840
	67.837.944	64.445.717
Provisions for assets due to credit recovery (Note 15)	(33.649.222)	(21.586.051)
	34.188.722	42.859.666

As of December 31, 2023, and 2022, the breakdown by age of the Bank's real estate portfolio is as follows:

movement in 2023			
Year of Acquisition	Balance in 31/12/2022	Acquisitions	Balance in 31/12/2023
Before 2012	-	-	-
2012	2.211.563	-	2.211.563
2013	2.240.398	-	2.240.398
2014	-	-	-
2015	980	-	980
2016	4.777.500	-	4.777.500
2017	-	-	-
2018	-	-	-
2019	19.038.000	-	19.038.000
2020	4.140.805	-	4.140.805
2021	15.925.000	-	15.925.000
2022	7.292.984	-	7.292.984
2023		980	980
Total	56.606.251	980	57.586.251

movement in 2023				
Year of Acquisition	Balance in 31/12/2021	Acquisitions	Disposals	Balance in 31/12/2022
Before 2012	241.693	-	(241.693)	-
2012	2.211.563	-	-	2.211.563
2013	2.240.398	-	-	2.240.398
2014	-	-	-	-
2015	980	-	-	980
2016	4.777.500	-	-	4.777.500
2017	-	-	-	-
2018	-	-	-	-
2019	19.038.000	-	-	19.038.000
2020	4.140.805	-	-	4.140.805
2021	15.925.000	-	-	15.925.000
2022		7.292.984	-	7.292.984
Total	49.554.960	7.292.984	(241.693)	56.606.251

As of December 31, 2023, and 2022, the gross value and the provisions recorded for the properties received in lieu of credit recovery are summarized as follows:

Year of Acquisition	2023			2022		
	Gross Value	Provisions	Net Value	Gross Value	Provisions	Net Value
Before 2012	-	-	-	-	-	-
2012	2.211.563	(2.211.563)	-	2.211.563	(2.211.563)	-
2013	2.240.398	(2.240.398)	-	2.240.398	(2.240.398)	-
2014	-	-	-	-	-	-
2015	980.000	(980.000)	-	980.000	(755.417)	224.583
2016	4.777.500	(4.777.500)	-	4.777.500	(4.080.781)	696.719
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	19.038.000	(14.014.027)	5.023.973	19.038.000	(8.130.813)	10.907.188
2020	4.140.805	(690.131)	3.450.674	4.140.805	(517.6)	3.623.205
2021	15.925.000	(7.520.109)	8.404.891	15.925.000	(3.649.479)	12.275.521
2022	7.292.984	(1.215.492)	6.077.492	7.292.984	-	7.292.984
2023	980.000		980.000			
Total	57.586.251	(33.649.222)	23.937.029	56.606.251	(21.586.051)	35.020.200

As of December 31, 2023, and 2022, the Bank has recorded provisions amounting to STN 33,649,222 and STN 21,586,051, respectively, to cover any capital losses arising from the sale of these properties (Note 15). These provisions are calculated as disclosed in Note 2.2 d).

In 2021, two promissory purchase and sale contracts were signed for two properties acquired in 2015 and 2020. The deeds for these properties will only be signed on 10/01/2034 and 01/08/2041, respectively, upon settlement of the respective loans granted by the Bank. Therefore, the provisioning criterion remains unchanged. The sale values of these two properties are recorded in the resources from other entities account, amounting to STN 1,592,500 and STN 4,165,000, respectively.

In 2023, the "Other" item amounted to STN 3,212,128, primarily consisting of two properties held for sale totaling STN 1,221,620 and 980,000, the latter being the main reason for the change in this item compared to 2022.

The Board of Directors confirms its intention to proceed with the sale of the properties received in lieu of repayment.

The balance of the item "Income tax receivable" results from the income tax calculated for the 2023 financial year being lower than the amount of tax paid in advance (Note 19).

The item "VISA cards" refers to the amounts pending clearing by the VISA network.

As of December 31, 2023, the Bank no longer deducts bad debt provisions for other debtors from the balance under "Other assets" (Note 16).

10. ACCRUALS AND DEFERRALS ACCOUNTS

As of December 31, 2023, and 2022, this item is itemized as follows:

	2023	2022
Income to be received:		
Other commissions	735.882	245.975
Deferred cost expenses:		
Software licenses	1.407.314	1.494.429
Insurance	1.749.029	1.630.303
Lace	26.95	85.015
Other expenses	1.198.366	2.854.510
	4.381.660	6.064.256
Other asset adjustment accounts		
Others	316.798	177.877
	5.434.339	6.488.109

As of December 31, 2023, the item "Income receivable - Other commissions" refers essentially to commissions receivable from life insurance premiums and rental income, amounting to STN 333,653 and STN 249,495, respectively.

The item "Expenditure on deferred costs" represents payments made for third-party supplies and services that will be provided in future periods as per the respective contracts. These services are mainly related to *software* licenses and insurance.

The item "Deferred costs - Other expenses" mainly consists of the annual license cost of *software* acquired from Dixtior, which has been deferred. The reduction in this item is due to the remaining deferred amount being STN 567,463 as of December 31, compared to STN 2,236,561.87 in 2022.

11. CUSTOMER DEPOSITS

As of December 31, 2023, and 2022, this item is itemized as follows:

	2023	2022
Demand deposits:		
Resident in national currency:		
Autonomous bodies and private companies	743.099.016	831.461.851
Private	595.593.856	596.077.430
State bodies and public companies	189.152.503	244.268.591
	1.527.845.375	1.671.807.872
Foreign currency residents:		
Autonomous bodies and private companies	558.518.688	219.244.776
Private	200.858.139	218.568.155
State bodies and public companies	48.623.238	46.212.819
	808.000.065	484.025.750
Non-residents in foreign currency:		
Private	13.932.749	15.897.695
Total current deposits (1)	2.349.778.189	2.171.731.317
Term deposits:		
National currency residents		
Private	127.198.989	127.617.745

	2023	2022
Autonomous bodies and private companies	2.610.397	1.936.046
	129.809.386	129.553.791
Foreign currency residents		
Autonomous bodies and private companies	327.018	230.069
Private	27.919.233	33.314.619
	28.246.251	33.544.688
Non-residents in foreign currency:		
Private		
Autonomous bodies and private companies	1.014.038	-
	1.014.038	-
Interest payable on customer term deposits	1.177.249	1.219.480
Total term deposits (2)	160.246.923	164.317.958
Total customer deposits (3) = (1) + (2)	2.510.025.112	2.336.049.275

As of December 31, 2023, and 2022, customer time deposits (excluding interest payable) are structured by currency and average interest rate:

	2023		2022	
	Interest rate	Amount	Interest rate	Amount
In Dobras de São Tomé and Príncipe	4,03 %	129.809.386	3,99 %	129.553.791
In United States Dollars	1,63 %	21.019.897	1,86 %	24.960.694
In Euros	0,93 %	6.036.968	1,17 %	7.598.496
In Pounds Sterling	1,00 %	2.203.423	1,37 %	985.497
		159.069.674		163.098.478

Customer demand deposits are not remunerated.

As of December 31, 2023, and 2022, customer time deposits have the following structure, according to their residual maturity periods:

	2023			2022		
	Capital	Interest	Total	Capital	Interest	Total
Up to three months	16.480.096	8.279	16.488.375	22.335.435	13.398	22.348.833
From three to 1 year	80.929.872	189.311	81.119.183	80.495.924	221.369	80.717.293
From 1 year to 5 years	36.004.707	82.266	36.086.973	34.612.118	84.515	34.696.634
More than 5 years	25.655.000	897.392	26.552.392	25.655.000	900.198	26.555.198
	159.069.674	1.177.249	160.246.923	163.098.478	1.219.480	164.317.958

12. RESOURCES FROM OTHER ENTITIES

As of December 31, 2022, and 2021, this item is itemized as follows:

	2023	2022
National currency		
Cheques a cobra	15.212.057	9.301.475
	15.212.057	9.301.475
Foreign currency		
	89.258	415.152
Other features of individuals		
Resources from financial institutions	111.152	47.871
	200.410	463.022
	15.412.467	9.764.497

As of December 31, 2023, and 2022, the balance under the heading "Checks to be collected" refers to the value of certified checks awaiting collection.

The reduction in other private funds in foreign currency results from the transfer of salaries to the CGD Shareholder for CGD employees who were also members of BISTP's governing bodies.

13. OTHER LIABILITIES

As of December 31, 2023, and 2022, this item is broken down as follows:

	2023	2022
Creditors:		
Security deposit for credit operations	19.968.896	23.690.433
Security deposit for opening documentary credits	7.226.447	22.246.772
Suppliers	7.096.805	5.072.341
Shareholders	261.146	254.021
Other creditors	-	68.723
Stamp duty on banking operations	1.243.268	875.667
Withholding tax on capital income	163.353	495.146
Consumption tax	52.51	689.956
Other taxes and duties	725.943	760.854
Withholding tax on independent work	1.894.068	1.905.748
Value Added Tax (ICMS)	385.92	
	39.018.356	56.059.658

As of December 31, 2023, and 2022, the breakdown of the "Guarantee for credit operations" item is as follows:

	2023	2022
Security deposit for credit operation		
Compran credit line	7.350.000	7.350.000
Properties sold in Dação (see Note 9)	5.757.500	6.125.000
Miscellaneous deposits	1.220.739	3.555.910
Properties sold - held for sale (see Note 9)	2.450.000	2.450.000
Other collateral for credit operations	3.190.657	4.209.522
	19.968.896	23.690.433

As of December 31, 2023, the "COMPRAN credit line" refers to the funds received by the Bank under the partnership agreement with the Project to Support Commercialization, Agricultural Productivity and Nutrition (COMPRAN), as a guarantee fund for the credit lines to be granted by the Bank under this agreement.

As of December 31, 2023, the item "Sundry deposits" contained the amount of STN 1,218,289 consigned by the Bank at the request of the Project to support commercialization, agricultural productivity and nutrition (COMPRAN), to finance the micro-project selected by that entity.

On December 31, 2023, the Bank had recorded in the "Resources from Other Entities" account the amount of STN 2,450,000. This amount corresponds to the sale value of a property recorded under "Other Assets" (Note 9) for the amount of STN 1,212,620, relating to real estate held for sale. The deed and transfer of definitive ownership to the buyer is scheduled June 10, 2026, when the associated credit matures.

On December 31, 2023, and 2022, the "Guarantee for opening documentary credits" balance pertains to guarantees provided for documentary credit operations in the portfolio, in particular the CDI operation aimed essentially at importing cement. These operations are authorized by the Executive Committee (EC).



14. ACCRUALS AND DEFERRALS

As of December 31, 2023, and 2022, this item is broken down as follows:

	2023	2022
Costs to pay:		
Vacation and vacation allowance	10.169.060	9.293.583
Productivity award	11.324.688	11.000.041
Seniority award	10.277.969	9.656.310
Other costs to pay	6.155.802	7.595.784
	37.927.518	37.545.718
Revenues with deferred revenue:		
Loan and credits in current account	8.901.313	10.052.574
Bonds and other securities	14.836.049	7.451.362
Guarantees and guarantees provided	271.368	1.068.303
Other recipes	76.449	51.156
	24.085.180	18.623.394
Other regularization accounts:		
Payment system compensation	8.385.069	8.264.614
Income tax payable (Note 19)		15.791.456
	70.397.767	80.225.181

As of December 31, 2023, and 2022, the productivity premium amounted to STN 11,324,688 and STN 11,000,041, respectively (Note 2.2. k.).

As of December 31, 2023, and 2022, the seniority bonus was calculated in accordance with the policy outlined in Note 2.2.J.

On December 31, 2023, the "Other costs payable" item refers primarily to the accruals for audit service costs, amounting to STN 4,389,583 and STN 2,655,391, respectively.

As of December 31, 2023, and 2022, the balance under "Loans and credits on current account" refers to the deferral of commissions associated with credit operations. The reduction in the balance is related to the maturity of the associated credit operations.

As of December 31, 2023, and 2022, the balance under "Bonds and other securities" relates to the deferral of the discount on treasury bills held by the Bank (Note 7).

As of December 31, 2023, and 2022, the balance under "Other accruals and deferrals - Payment system compensation" refers to the balance payable for compensation to the automatic payment system.

15. PROVISIONS

The changes in provisions for the years ending December 31, 2023, and 2022, are detailed as follows:

	2023				
	Balance in 31/12/2022	Net allocation	Uses	Exchange rate differences and others	Balance in 31/12/2023
To be deducted from assets					
Provisions for credit granted (Note 6)	57.842.435	8.678.267	1.493.863	(146.902)	64.879.937
Provisions for financial fixed assets (Note 8)	2.940.000	-	-	-	2.940.000
Provisions for assets due to credit recovery (Note 9)	21.586.051	12.063.170	-	-	33.649.222
	82.368.486	20.741.437	1.493.863	(146.902)	101.469.159
Recognized in net position					
Provision for general credit risks (Note 6 and 16)	10.875.591	(1.025.795)	-	(528)	9.849.268
Provisions for off-balance sheet exposures (Note 18)	938.053	(361.569)	-	10.033	586.517
Provisions for other assets (Note 9 and 16)	2.052.367	(1.313.798)	-	-	738.569
Other provisions (Note 16)	3.410.787	1.715.000	-	-	5.125.787
	17.276.798	(986.161)	-	9.504	16.300.142
	99.645.285	19.755.276	1.493.863	(137.398)	117.769.301

2022					
	Balance in 31-12-2021	Net allocation	Uses	Exchange rate differences and others	Balance in 31-12-2022
To be deducted from assets					
Provisions for credit granted (Note 6)	214 958 384	(7 812 828)	(150 400 354)	1 097 234	57 842 435
Provisions for financial fixed assets (Note 8)	2 940 000			-	2 940 000
Provisions for assets due to credit recovery (Note 9)	16 860 182	4 983 766	(241 693)	(16 204)	21 586 051
	234 758 566	(2 829 062)	(150 642 047)	1 081 030	82 368 486
Recognized in net position					
Provision for general credit risks (Note 6 and 16)	12 413 202	(1 541 968)		4 358	10 875 591
Provisions for other assets (Note 9 and 16)	263 900	1 772 263	-	16 204	2 052 367
Provisions for off-balance sheet exposures (Note 18)	709 103	392 918	-	(163 968)	938 053
Other provisions (Note 16)	1 193 004	2 217 783	-		3 410 787
	14 579 210	2 840 995	-	(143 406)	17 276 798
	249 337 775	11 933	(150 642 047)	937 624	99 645 285

As of December 31, 2023, and 2022, the balance under "Other provisions" (Note 16) is allocated to cover contingencies arising from legal proceedings and administrative offenses (Note 27).

16. CAPITAL, RESERVES AND MISCELLANEOUS PROVISIONS

	Reservas						Miscellaneous provisions	Net income for the year	Total
	Capital	Legal	Revaluation	Exchange revaluation	Other	Total			
Balances on 12/31/2021	166.600.000	48.113.538	892.214	31.139.164	136.300.958	215.511.997	14.579.210	62.844.253	460.469.337
Excess tax estimate for 2017	-	-	-	-	-	-	-	-	-
Distribution of net income for the 2021 financial year	-	-	-	-	-	-	-	-	-
Incorporation into reserves	-	6.284.425	-	-	18.853.276	25.137.701	-	(25.137.701)	-
Dividend distribution	-	-	-	-	-	-	-	(37.706.552)	(37.706.552)
Net income for the year	-	-	-	-	-	-	-	95.170.171	95.170.171
Transfer of the provision balance for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (Note 15)	-	-	-	-	-	-	2.697.588	--	2.697.588
Balances on 12/31/2022	166.600.000	54.397.963	892.214	31.139.164	155.154.234	240.649.698	17.276.799	95.170.171	520.630.545
Distribution of net income for the 2022 financial year	-	-	-	-	-	-	-	-	-
Incorporation into reserves	-	9.517.017	-	-	28.551.051	38.068.068	-	(38.068.068)	-
Dividend distribution	-	-	-	-	-	-	-	(57.102.103)	(57.102.103)
Net income for the year	-	-	-	-	-	-	-	72.606.317	72.606.317
Transfer of the provision balance for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (Note 15)	-	-	-	-	-	-	(976.656)	--	(976.656)
Balances on 12/31/2023	166.600.000	63.914.980	892.214	31.139.164	183.705.285	278.717.767	16.300.142	72.606.317	535.158.103

As of December 31, 2016, the Bank's share capital was comprised by 150,000,000 shares, each with a nominal value of one thousand São Tomé and Príncipe Dobras, fully subscribed and paid up.

In 2017, the Bank increased its capital by STN 16,600,000 through the incorporation of foreign exchange revaluation reserves accumulated in previous years. The number of shares representing the Bank's share capital was increased from 150,000,000 on December 31, 2016 to 166,600,000 on December 31, 2017. The nominal value of the shares remained at STD 1,000.

As of December 31, 2023, and 2022, the Bank's shareholder structure, broken down by the number of shares, is as follows:

	Number of shares	%
State of São Tomé and Príncipe	79.968.000	48%
General Deposit Box	44.982.000	27%
Angolan Investment Bank - Angola	41.650.000	25%
	166.600.000	100%

Legal reserve

In accordance with Article 23 a) of BISTP's Statutes, the Bank must establish a legal reserve fund equal to its capital. To this end, a minimum of 10% of the previous year's net profit is transferred to this reserve each year. This reserve can only be utilized to cover accumulated losses, when other reserves have been exhausted or for incorporation into the capital.

Revaluation reserve

This reserve results from revaluations of tangible fixed assets carried out in previous years and in line with the legislation previously in force, which allowed for the revaluation of fixed assets through the application of exchange devaluation coefficients. As of December 31, 2023, and 2022, the revaluation reserve balance of STN 892,214, stems from revaluations performed by the Bank up to 1998.

With the implementation of the Chart of Accounts for Financial Institutions (PCIF), under the terms of Permanent Application Standard no. 5/09, of July 9, issued by the Central Bank of São Tomé and Príncipe, this revaluation has become optional and can only be used to increase capital (Note 2.2 b)).

Currency revaluation reserve

Following Permanent Application Standard no. 1/02, of January 10, repealed by Permanent Application Standard no. 28/11, of December 30, to retain part of the profits generated in national currency due to exchange rate devaluation, the Bank updated its net assets in foreign currency. The impact of this exchange rate revaluation was recorded in a special exchange rate revaluation reserve, included in the Bank's own funds. Since March 2008, with the introduction of NAP 11/07, of November 26, the revaluation of the foreign currency position was recorded in the income statement.

In addition, in 2014, the Bank included in this item the provision for the exchange rate devaluation of the share capital against the Euro set up in 2008, covering the period between March 1 and December 31, 2008, plus the impact of updating the share capital against the Euro in 2009 in the total amount of mSTD 1,904,626.

In 2017, the revaluation reserve was reduced by STN 16,600,000 due to the capital increase decided by the Bank (incorporation of reserves).

In accordance with NAP 5/09, this reserve is not distributable and can only be used for capital increases.

Miscellaneous provisions

The "Sundry provisions" item in net worth includes provisions for general credit risks on customers, provisions for off-balance sheet exposures and other provisions (Notes 2.2 c), 6, 15 and 18).

17. BALANCES AND TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2023, and 2022, the main balances and transactions with the Bank's shareholders are as follows:

	2023	2022
Cash deposits on credit institutions (Note 4)		
General Deposit Box	92.551.835	71.871.861
	92.551.835	71.871.861
Credits and Others about credit institutions		
General Deposit Box (Note 5)	5.276.285	
State of S. Tomé and Príncipe (Note 6)	243.702.170	298.123.389
	248.978.454	298.123.389
Bonds and other securities (Note 7)		
State of S. Tomé and Príncipe	560.000.000	420.128.205
	560.000.000	420.128.205
Other Assets (Note 9)		
General Deposit Box	1.614.099	1.698.033
	1.614.099	1.698.033
Customer Resources (Note 11)		
State of S. Tomé and Príncipe	237.775.741	290.481.410
	237.775.741	290.481.410
Other Liabilities (Note 13)		
General Deposit Box	261.146	68.723
	261.146	68.723
Off-balance sheet (Note 18)		
General Deposit Box	66.603.756	20.540.879
	66.603.756	20.540.879
Financial Margin (Note 20)		
General Deposit Box	5.276.285	128.919
State of S. Tomé and Príncipe	40.205.392	34.266.135
	45.481.677	34.395.054

Transactions with shareholders are conducted at market prices.

18. OFF-BALANCE SHEET ITEMS

On December 31, 2023 and 2022, these categories were detailed as follows:

	2023	2022
Guarantees provided and other possible liabilities :		
Guarantees and guarantees provided	28.743.800	40.968.407
Open documentary credits	66.603.756	20.540.879
	95.347.556	61.509.286
Responsibility for providing services:		
Collection of amounts abroad	5.025.576	10.480.350
Deposits and safekeeping of valuables	1.080.000	1.080.000
	6.105.576	11.560.350
Third party responsibilities:		
Real guarantees	1.356.265.076	1.395.940.357
Other off-balance sheet accounts:		
Consignments	115.531	399.664
Miscellaneous accounts	141.406.396	176.670.768
	141.521.928	177.070.433

As of December 31, 2023, and 2022, the provisions for guarantees and sureties provided are detailed as follows:

	2023	2022
Provision for guarantees and guarantees provided (Note 15)	586.517	938.053

Provisions for guarantees and sureties provided are shown under sundry provisions included in the Bank's net worth (Note 16), as stipulated in the PCIF.

As outlined in Note 2.2 c), these provisions are equivalent to 2% of the total off-balance sheet exposures calculated in accordance with Diário da República No. 25/1992, Instruction No. 2, Regulations 2.2 and 2.3.

19. TAXES

In 2023 and 2022, the income tax balances were calculated as follows:

	2023	2022
Profit before tax	98.357.985	130.337.178
Adjustments:		
Taxes paid in the name of third parties (Art. 30, § 1, line d))		
Salaries and other remunerations to be paid (Article 30, § 3, item c))	875.49	-252.42
Performance bonus payable (Art. 30, no. 3, item c))	324.647	996.21
Seniority bonus payable (Article 30, § 3, item c))	621.659	7.276.161
Fines and other sanctions (Art. 30.1 e)	12.5	-
Life Insurance (Art. 30, 3 a))		1.085.283
Non-deductible amortizations (Article 40, § 1, item e))	1.562.149	504.43
Insurance, repairs and maintenance of light vehicles (Art. 30, no. 2)	538.094	586.757
Vehicle fuel (Art. 30, 2)	681.779	134.427
Representation expenses (Article 31, 3)	32.369	
Collectible material	103.006.672	140.668.026
Income tax (Rate of 25%)	25.751.668	35.167.007
Excess tax estimate from previous years		
Current tax for the year (1)	25.751.668	35.167.007
Payments on account (2)	26.375.255	16.526.813
Withholding taxes (3)	4.283.369	2.848.739
Tax payable/receivable (4) = (1) - (2) - (3)	(4.906.956)	15.791.456

The tax authorities have the possibility of reviewing the Bank's tax situation for up to five years and, due to different interpretations of tax legislation, this could result in possible corrections to the taxable profit for the years 2019 to 2023. Given the nature of the possible corrections that may be made, they cannot be determined presently. However, the Bank's Board of Directors anticipates that any resultant additional assessments will not materially impact the accompanying financial statements.

The balance under "Withholding tax" essentially refers to withholding tax at the rate of 20%, applied to interest on Treasury Bills issued by the State of São Tomé and Príncipe, as mentioned in Note 2.2 h).

20. FINANCIAL MARGIN

For the years ending December 31, 2023, and 2022, these categories were itemized as follows:

	2023	2022
Interest and similar income		
Credit granted	98.655.461	108.779.464
Bonds and other titles	24.826.648	17.017.463
Commissions associated with credit operations	7.979.513	10.729.058
Applications to credit institutions abroad	17.987.536	3.754.079
Others	-	-
	149.449.158	140.280.064
Interest and similar costs:		
From customer deposits	5.694.883	5.602.054
Others	-	-
	5.694.883	5.602.054

Interest from loans contracted due to the reduction in the loan portfolio.

Interest from bonds and other securities mainly comprise interest from Treasury Bills. Given the decline in the loan portfolio, the Bank opted to invest more in public debt, demanding higher rates in view of the tight liquidity in the market and elevated country risk.

Interest from investments in foreign credit institutions consists of interest from overseas investments, particularly in US dollars. Its growth is attributed to the higher interest rates in USD and EUR prevalent in the international market.

Interest paid on customer deposits escalated due to the rise in foreign currency interest rates.

21. INCOME AND CHARGES FOR SERVICES AND COMMISSIONS

In the years ending December 31, 2023, and 2022, these categories were itemized as follows:

	2023	2022
Income from services and commissions:		
Transfer fees	58.098.838	53.232.342
Guarantee and endorsement commissions	2.303.480	1.824.804
Import documentary credit commissions	5.930.427	5.213.910
Intervention Committee	1.187.426	1.848.981
Risk commission	143.100	201.318
Other commissions	19.528.770	19.895.471
Income from Foreign Exchange Operations	25.805.097	27.246.333
Account maintenance commission	8.880.326	8.848.277
Account immobilization commission	883.133	902.654
	122.760.598	119.214.089
Charges for services and commissions:		
Card maintenance	11.103.300	10.543.722
Banking services provided on behalf of third parties	11.155.945	7.376.080
Service fees	5.058.151	1.393.305
Other commissions	1.103.672	1.965.097
Due to commitments made by third parties	-	210.131
	28.421.069	21.488.336
	94.339.530	97.725.753

The category "Income from Services and Commissions - Other Commissions" essentially refers to commissions deriving from currency sales, current account maintenance, and money transfer.

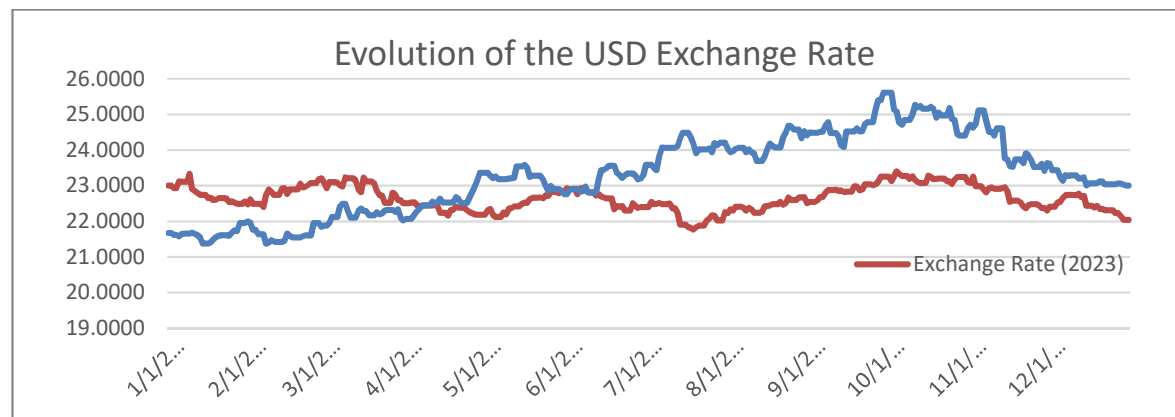
The category "Income from foreign exchange transactions" encompasses commissions earned on euro sales transactions. This commission was set at 2% by the Central Bank as a result of the fixing of the exchange rate parity between the euro and the local currency starting January 2018.

22. EXCHANGE RATE REVALUATION RESULTS

In the years ending December 31, 2023, and 2022, this category was itemized as follows:

	Losses	2023		Losses	2022	
		Profits	Liquid		Profits	Liquid
Result on banknotes and coins	(4.252.653)	4.011.775	(240.878)	(11.839.242)	13.041.927	1.202.685
Results in foreign exchange	(2.282.178.941)	2.315.312.102	33.133.161	(3.180.443.112)	3.228.356.684	47.913.572
	(2.286.431.594)	2.319.323.877	32.892.283	(3.192.282.353)	3.241.398.610	49.116.257

The depreciation of the US dollar against the euro in 2023, coupled with a lower volume of transactions conducted in USD, contributed to a lower exchange rate gain.



23. OTHER OPERATING INCOME

In the years ending December 31, 2023, and 2022, this category was itemized as follows:

	2023	2022
Other exploration profits		
Provision of various banking services	15.370.299	21.483.547
Others	4.438.483	4.543.985
Reimbursement of bank expenses	3.137.144	3.500.401
Recovery of uncollectible credits	8.694.609	2.954.988
Earnings on the sale of fixed assets	291.06	156.125
	31.931.595	32.639.046
Other exploration costs		
Dues and donations .	619.15	1.344.306
Taxes and fees	4.720.730	2.011.538
Others	3.300.112	2.767.437
	8.639.992	6.123.281
	23.291.602	26.515.764

In 2023 and 2022, the balance under "Miscellaneous Banking services" essentially includes income from debit cards and checkbook sales. In 2023, the income from debit cards and checkbook sales amounted to STN 3,650,523 and STN 7,713,605, respectively, whereas in 2022, these services generated STN 9,701,243 and STN 8,600,026, respectively. The decrease in card sales revenue recorded in 2023, compared to 2022, can be attributed to a significant issuance of debit cards in 2022, as part of a partnership with a State Project aimed at supporting vulnerable families.

In 2023, the "Taxes and fees" category essentially includes the amount of VAT incurred by the Bank, totaling STN 4,396,184.

24. PERSONNEL COSTS

In the years ending December 31, 2023, and 2022, this category was itemized as follows:

	2023	2022
Remuneration of management and supervisory bodies	12.019.490	10.490.570
Employee remuneration	65.313.936	62.680.947
Productivity award	9.124.271	8.943.455
Mandatory social charges	3.571.011	3.339.167
Optional social charges	1.982.697	1.402.816
Seniority awards (Note 2.2 j))	1.268.299	10.852.516
Others	323.128	447.979
	93.602.831	98.157.451

In 2023 and 2022, the total amount of remuneration disbursed to the administrative, management and supervisory bodies can be itemized as follows:

Total Remuneration Awarded in 2023 and 2022		
Year	2023	2022
Board of Directors	9.848.176	9.919.375
Supervisory Board	577.986	480.884
Governing Body (Directors)	5.305.516	5.884.232
Control Functions – (Risk, Compliance and Internal Audit)	4.553.553	4.282.402
Total	20.285.230	20.566.89

As of December 31, 2023, and 2022, the credit extended to members of the management, supervisory and administrative bodies amounted to STN 4,060,260 and STN 4,573,167, respectively.

On December 31, 2023, and 2022, the Bank had 138 and 145 permanent employees, respectively. However, the average number of employees over the year remained 138, as indicated in the table below.

In the years ending December 31, 2023, and 2022, the category "Personnel Costs - Other" includes STN 275,628 and STN 399,230 relating to *voucher* expenses and social gatherings.

The mandatory social charges item refers to social security and death benefits. Optional social charges include medical and social services, hospitalization, as well as medical assistance and medicines.

The "Productivity bonus" item denotes the estimated bonuses determined by the Executive Committee for services rendered in 2023 and 2022.

Average number of employees in 2023	
Management	8
Technicians	56
Administrative	62
Auxiliaries	12
Total	138

25. GENERAL ADMINISTRATIVE EXPENSES

In the years ending December 31, 2023, and 2022, this category was itemized as follows:

	2023	2022
Water, energy and fuel	8.094.883	6.956.647
Communications	8.647.911	8.536.775
Conservation and repair	3.416.760	3.209.014
Printed materials and current consumables	1.997.360	1.956.099
IT services	7.594.822	6.317.124
Income and rent	2.168.888	3.900.416
Security and surveillance	2.680.900	2.778.248
Audit and Consultancies	4.552.309	3.964.162
Travel and representation	1.400.766	2.223.844
Advertising	3.079.858	1.176.933
Covenants, fees and other independent work	1.741.369	2.139.310
Insurance	1.515.554	1.797.970
Transport of Values	1.876.624	1.704.287
Others	11.092.510	10.423.515
	59.860.514	57.084.342

In 2023, expenditure on "Water, Energy and Fuel" amounted to STN 8,094,883, marking a rise from 2022. This increase was driven by heightened fuel consumption due to irregular electricity supply and subsequent price hikes, persisting until May 2023.

The procurement of new *software* licenses, combined with inflation, contributed to the escalation of IT service costs.

In 2023, and 2022, the "Other" item includes expenditure related to the Visa service, amounting to STN 7,175,667 and STN 6,985,612, respectively.

26. BALANCE SHEET BY CURRENCY

As of December 31, 2023, and 2022, the Bank's balance sheet by currency is structured as follows:

	2023					
	National currency	Foreign currency			Total ME	Total
		EUR	USD	Others		
Cash and availability at the Central Bank	529.357.545	36.521.070	27.648.986	3.449.923	67.619.979	596.977.524
Cash deposits on credit institutions	6.264.840	34.734.944	115.487.067	2.122.377	152.344.388	158.609.228
Other claims on credit institutions	64.918.086	523.747.249	266.648.768	27.005.190	817.401.207	882.319.293
Customer credits	690.019.712	12.022.976	3.023.332	-	15.046.308	705.066.020
Bonds and other securities	560.000.000	-	-	-	-	560.000.000
Corporeal fixed assets	217.108.703	-	-	-	-	217.108.703
Intangible assets	2.259.673	-	-	-	-	2.259.673
Immobilizations in progress	8.048.302	-	-	-	-	8.048.302
Financial fixed assets	-	-	-	-	-	-
Other assets	235.079.107	199.573.816	2.864.980	-	196.708.836	38.370.271
Regularization accounts	5.434.339	-	-	-	-	5.434.339
Total Assets	2.318.490.308	407.452.422	415.673.133	32.577.491	855.703.046	3.174.193.354
Deposits:						
In sight	1.527.845.387	542.732.452	269.041.911	10.158.440	821.932.802	2.349.778.189
In installments or with advance notice	130.859.497	6.056.127	21.116.943	2.214.356	29.387.426	160.246.923
Appeal from other entities	15.323.210	89.258	-	-	89.258	15.412.467
Other liabilities	21.783.349	16.435.125	799.882	-	17.235.007	39.018.356
Regularization accounts	62.890.179	7.428.332	97.342	-	7.525.673	70.415.853
Total Liabilities	1.758.701.622	572.741.293	291.056.078	12.372.796	876.170.166	2.634.871.788
Assets / (Liabilities) net	559.788.686	(165.288.871)	124.617.055	20.204.695	(20.467.120)	539.321.566

	2022					
	National currency	Foreign currency			Total ME	Total
		EUR	USD	Others		
Cash and availability at the Central Bank	969.796.438	70.184.456	24.676.223	8.043.789	102.904.468	1.072.700.906
Cash deposits on credit institutions	3.520.194	37.059.102	36.650.881	16.557.524	90.267.508	93.787.702
Other claims on credit institutions	-	24.597.183	299.675.033	-	324.272.216	324.272.216
Customer credits	799.426.490	17.132.251	3.407.437	-	20.539.688	819.966.179
Bonds and other securities	420.128.205	-	-	-	-	420.128.205
Corporeal fixed assets	208.989.411	-	-	-	-	208.989.411
Intangible assets	5.120.199	-	-	-	-	5.120.199
Immobilizations in progress	8.416.564	-	-	-	-	8.416.564
Financial fixed assets	-	-	-	-	-	-
Other assets	112.313.185	69.453.519	-	-	69.453.519	42.859.666
Regularization accounts	6.488.109	-	-	-	-	6.488.109
Total Assets	2.534.198.796	79.519.474	364.409.574	24.601.313	468.530.361	3.002.729.156
		-	-	-	-	-
Deposits:		-	-	-	-	-
In sight	1.671.807.884	248.695.912	243.841.869	7.385.651	499.923.432	2.171.731.317
In installments or with advance notice	130.432.363	7.626.647	25.268.706	990.242	33.885.595	164.317.958
Appeal from other entities	9.764.497			-		9.764.497
Other liabilities	24.463.831	30.448.925	1.146.903	-	31.595.827	56.059.658
Regularization accounts	71.564.560	7.767.361	893.259	-	8.660.620	80.225.181
Total Liabilities	1.908.033.136	294.538.845	271.150.737	8.375.893	574.065.475	2.482.098.611
		-	-	-	-	-
Assets / (Liabilities) net	626.165.660	(215.019.371)	93.258.837	16.225.420	(105.535.114)	520.630.546

27. CONTINGENT LIABILITIES

According to accounting policy 2.2. p), the primary contingent liabilities and other commitments covered by IAS 37 are as follows:

In 2018, Banco Internacional de São Tomé e Príncipe received notice of a lawsuit totaling STN 1,715,000, brought by a client who was the debtor in a credit operation. Although acquitted by a judgment on August 24, 2020, the plaintiff appealed to the Supreme Court of Justice and is awaiting judgment. The Bank decided to provision the entire amount of the lawsuit (Note 15).

In 2019, Banco Internacional de São Tomé e Príncipe received notice of a lawsuit amounting to STN 1,193,004, filed by a customer. The Bank decided to provision the entire amount of the lawsuit (Note 15).

In 2022, Banco Internacional de São Tomé e Príncipe received notice of an administrative offense proceeding initiated by the Central Bank of São Tomé and Príncipe and resulting in a fine of STN 2,000,000. Subsequently, Banco Internacional de São Tomé e Príncipe appealed to the Court of First Instance and is awaiting a decision. The Bank has decided to provision the full amount of the case (Note 15).

On January 19, 2023, the Bank received notice of an administrative offense proceeding brought by the Central Bank of S. Tomé and Príncipe, following a routine inspection conducted between May and September 2022. The Bank submitted its defense with the Central Bank of São Tomé and Príncipe on February 13, 2023. In August 2023, the Board of Directors of the Central Bank of São Tomé and Príncipe concluded that there were no grounds for an administrative offense against BISTP, thus closing the case.

28. CONFLICTS IN UKRAINE AND PALESTINE

Although BISTP has no direct commercial relations or interests in the regions where there is currently greater tension and conflict arising from geopolitical issues (Russia's war against Ukraine and Israel's against Palestine), it is acknowledged that the escalation of such disputes, in a region and between countries that have some weight in raw material production and global trade, could indirectly affect the Bank's operations. This impact might manifest through global price hikes of products and services due to production shortages and supply chain delays. In such an environment, it is expected that some projects or activities of the Bank and its Clients, which depend on the acquisition of products and services from abroad, may suffer delays.

Despite the risk to which the country is exposed in the face of this international situation, quantifying the precise impact on the Bank's operations at this stage is challenging.

29. SUBSEQUENT EVENTS

As of December 31, 2023, there were no notable developments or occurrences requiring recording or disclosure in the financial statements.

15 REPORT AND OPINION OF THE AUDIT BOARD



RELATÓRIO E PARECER DO CONSELHO FISCAL

Aos Senhores acionistas:

1. INTRODUÇÃO

Nos termos da Lei, nomeadamente da Lei nº 9/92 sobre as Instituições Financeiras, e dos Estatutos do Banco Internacional de São Tomé e Príncipe, S.A. R. L. (BISTP), o Conselho Fiscal apresenta o seu Relatório de Atividade e Parecer sobre o Relatório de Gestão e Contas do Banco Internacional de São Tomé e Príncipe, relativos ao exercício de 2023, bem como sobre a proposta de aplicação de resultados apresentada pelo Conselho de Administração.

2. RELATÓRIO DE ATIVIDADE

No âmbito das competências que lhe estão atribuídas como órgão de fiscalização da sociedade, descritas no seu Regulamento aprovado em Setembro de 2022, o Conselho Fiscal procedeu ao acompanhamento da gestão e dos resultados da sociedade, em especial no que respeita:

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

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

- analisou as normas externas e internas vigentes. De realçar a implementação da NAP nº 8/2022 sobre Controlo Interno e Compliance para a qual o Banco definiu um plano de ação;
- acompanhou a evolução da estrutura organizativa do BISTP, nomeadamente das suas áreas de controlo;
- analisou a informação obtida das principais áreas responsáveis pela preparação e divulgação da informação financeira e pela gestão e controlo de riscos;
- recolheu informação do Conselho de Administração em matérias relacionadas com as atribuições do Conselho Fiscal, nomeadamente as relacionadas com as demonstrações financeiras e a evolução da atividade da sociedade. O Conselho Fiscal esteve presente em quatro reuniões do Conselho de Administração do Banco;
- realizou 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. De realçar:
 - i) o acompanhamento de todas as deficiências, nomeadamente as de Risco Alto e uma atenção especial para o acompanhamento dos planos de ação em consequência da inspeção realizada pelo Banco Central em 2022.



- ii) o acompanhamento dos processos de contracção interpostos pelo Banco Central;
- iii) o acompanhamento da implementação do Imposto sobre o Valor Acrescentado (IVA);
- iv) que os principais indicadores de risco de solvabilidade e de liquidez mantêm-se em níveis muito adequados, não obstante a redução do primeiro em 5,8 pontos percentuais (p.p.), para 37%. Em relação à gestão do principal risco, o de crédito, de referir as medidas tomadas coerentes a uma melhoria do risco e a um adequado provisionamento, num ambiente macroeconómico interno muito condicionado (inflação elevada, apesar do recuo, PIB em contracção, reservas internacionais baixas e política monetária contractionista) e de muita incerteza, em virtude da invasão da Federação Russa na Ucrânia e da guerra no Médio Oriente;
- v) em relação ao desempenho da actividade em 2023 cooperativamente à 2022, a redução do resultado líquido em 24%, tendo atingido 72.606.317 deobras no ano, o agravamento do custo-índice em 2 p.p., para 60%, e a redução da rentabilidade dos capitais próprios (ROE) reduziu 4,7 p.p., para 13,6%;
- vi) em relação à estratégia decorrente do "apetite ao risco de subscrição de dívida pública", constata-se que o Banco tem cumprido os limites fixados na ordem de serviço em vigor, no entanto chama-se atenção a uma maior cautela no aumento da exposição global ao risco do Estado Santomense (incluindo Bilhetes de Tesouro e créditos por desembolso), que no final do ano de 2023 ultrapassou a percentagem de 150% dos Fundos próprios;
- vii) em relação ao investimento conducente ao fortalecimento da banca eletrónica, nomeadamente nos processos de modernização das infraestruturas dos sistemas de pagamento e no upgrade dos processos de digitalização, a instituição revela aposta na sustentabilidade do negócio com risco mais controlado;
- viii) ter reunido com os representantes do Auditor Independente, iniciando-se dos planos de trabalho e das principais conclusões e recomendações pelos mesmos formuladas, no âmbito do desempenho das respectivas atribuições. As matérias consideradas relevantes para o Auditor Independente, as provisões e imparidades (provisões económicas) 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 Balanço e as Demonstrações de Resultados relativos ao exercício de 2023;
- o Relatório de Gestão do Conselho de Administração respeitante ao exercício de 2023;
- o Relatório do Auditor Independente, sem reservas nem ênfases, que merece o nosso acordo.



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

Faço no exposto, o Conselho Fiscal é de parecer que:

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

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

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, 11 de Abril de 2024

O CONSELHO FISCAL

João Manuel Ribeiro de Sousa Lima

Presidente – João Sales Luis

João Fonseca

Vogal – João Fonseca

Artur Ramos

Vogal – Artur Ramos