

## Banco de Fomento Angola Reports 1st Half 2022 Financial Results

### **BFA REMAINS THE MOST PROFITABLE BANK IN ANGOLA IN THE 1ST HALF OF FY2022**

- AOA 67.2 billion of Net Profit (+7.4 YoY).
- 39.9% ROE (+14.2 p.p. YoY).
- 6.2% ROA (+1.6 p.p. YoY).
- 43.3% Cost-to-income (+1.1 p.p. YoY).
- AOA 104.5 billion of Net Financial Income (+15.2% YoY).
- AOA 125.1 billion of Operating Income (+0.9% YoY).
- AOA 54.1 billion of Overheads (+3.5% YoY).

### **ADDITIONAL CUSTOMERS, EXPANDED BUSINESS, IMPROVED SUPPORT FOR THE ANGOLAN ECONOMY**

- 2 488 717 Total Customers.
- AOA 382.5 billion of Loans to Customers (+24.6% YoY).
- AOA 1 836, 8 billion of Customer Assets (-14.3% YoY).
- 22.8% Loan-to-Deposit Ratio (+7.1 p.p. YoY).

### **HIGH-LEVELS OF FINANCIAL SOUNDNESS AND STRENGTH**

- 39.8% Total Capital Ratio (well above the 8% of regulatory capital requirements).
- AOA 370.3 billion Total Capital (vs. AOA 74.4 billion Total Capital requirements).
- 3.2% 90 days past due credit ratio (-2.3 p.p. YoY).

**Luanda, November 2022** - BFA's **Net Profit** during the 1st half of FY2022 recorded a 7.4% growth against FY2021, totalling AOA 67.2 billion. The increase in net profit, to the amount of AOA 4.6 billion, was the result of the strong growth in **Net Financial Income**, to the amount of AOA 13.8 billion.

## HIGH-LEVELS OF FINANCIAL SOUNDNESS AND STRENGTH

In June 2022, **Total Assets** amounted to AOA 2 418.8 billion and **Customer Assets** to AOA 1 836.8 billion, which represents a decrease of 13.4% YoY and 14.3% YoY, respectively. This variation is primarily due to the impact of the exchange rate appreciation of the Kwanza against the main foreign currencies, given that 36% of Total Assets and 45% of Customer Assets are denominated in those currencies.

A variation of +1.6 p.p. YoY was equally recorded in **Return on Total Assets (ROA)**, which reached 6.2%, indicating a great capacity to generate operating revenue, when compared with the 1.5% average of the Angolan Financial Sector (BNA data March 2022).

**Loans to Customers** stood at AOA 382.5 billion, a year-on-year increase of AOA 75.9 billion, equivalent to a 24.8% growth. This growth is explained by the loans portfolio increase granted in national currency, to the sum of AOA 106.7 billion, but negatively offset by the drop in the loans portfolio granted in foreign currency (AOA 15.4 billion) and by the effect of the exchange rate appreciation of the Kwanza (AOA 15.4 billion).

The **Loan-to-Deposit Ratio** recorded in June 2022 increased 7.1 p.p. year-on-year, reaching 22.8%. BFA highlights the higher and stronger performance shown by the **Loan-to-Deposit Ratio in domestic currency**, which was 40.7% in June 2022, up 2.1 p.p. and 6.9 p.p. in comparison to the previous half and year-on-year periods, respectively. These financial results reveal the Bank's commitment to grant more credit to the national economy.

The **90 days past due credit ratio** stood at 3.2% (-2.3 p.p. YoY) and the NPL ratio (non-performing loans) at 12.9%, an increase of 4.31 p.p. YoY.

BFA's **Equity** increased 25.2% YoY, amounting to AOA 411.06 billion. This positive variation was due to Capital Reserves and Retained Earnings, which increased by 31.2% and Net Profit by +7.4%.

In June 2022, the **Cost-to-Income Ratio** was 43.3%, slightly higher than the figure recorded over the same period in 2021 (42.2%), but 36.5 p.p. below the average posted by the Angolan Financial Sector (BNA March 2022 data).

The **Overheads** recorded an increase of +3.5% YoY, rising from AOA 52.2 billion to AOA 54.1 billion. The **Staff costs** maintained their position as the heading with the highest Overheads share in 2022, accounting for 56.6%.

The Bank continues to have **very high levels of capital**, clearly above the Minimum Capital Requirements, as follows:

- **The Total Capital Ratio** stood at 39.8% (well above the regulatory minimum capital requirement of 8%). The BFA's performance confirms its sound management as well as operational capability to generate additional capital;
- The **ROE** stood at 39.9%, 25.7 p.p. above of the 14.2% average of the Angolan Financial System (BNA March 2022 data).

### **Nationwide Footprint and Scope of Services**

In the 1st half of FY2022, BFA proceeded to generate value for its Customers, Shareholders, Employees and other stakeholders. Thus, we have reached a total of **2 488 717 Customers**. In comparison to the same period of the previous year, 119 024 additional Customers reaffirmed their confidence in the BFA brand; the Bank also had a total of **194 branches** in all Angolan provinces (against 197 branches recorded in the same period of the previous year). BFA's commercial network is made up of Branches, Business Centres, Investment Centres and Private Banking.

### **Strong Investment and Commitment to the Development and Appreciation of Human Resources**

By June 2022, the Bank had **2,743 staff members** (-13 employees versus 2021), which clearly evidences its corporate strategy of focusing on internal rotation, mobility and promotions to meet its Human Resources needs.

The commitment and focus on the development and appreciation of its Human Resources remains a distinctive factor for BFA, with a reinforcement in the variety of the training courses provided, as well as in the number of hours of training.

In summary, the Bank's financial performance is in line with its corporate strategy: **i)** investment in the growth and development of its Human Resources; **ii)** modernisation, digitalisation and optimisation of internal processes to improve the Customer experience; **iii)** an even more rigorous, accurate and solid management of business risks; **iv)** high profitability; and, **v)** social investment to help transform the lives of individuals and local communities.