

Banco de Fomento Angola's Reports H1 2023 Financial Results

BFA MAINTAINS ITS RANKING AS ONE OF ANGOLA'S TOP-PERFORMING BANKS IN H1 2023

- AOA 83.1 billion **Net Profit** (+23.5% YoY).
- AOA 142.6 billion **Operating Income** (+14% YoY).
- AOA 116.4 billion **Net Financial Income** (+11.5% YoY).
- AOA 26.1 billion **Non-Interest Income** (+27% YoY).
- AOA 55.3 billion **Overheads** (+2.2% YoY).
- 38.8% **Cost-to-Income Ratio** (-4.5% YoY).
- 5.8% **ROA** (-0.4% YoY).
- 33.2% **ROE** (-6.7% YoY).

INCREASED CUSTOMER BASE, EXPANDED BUSINESS ACTIVITY, ENHANCED SUPPORT FOR THE ANGOLAN ECONOMY

- **Customer Base:** 2.729.803 (+238.657 YoY).
- AOA 496.8 billion **Loans to Customers** (+29.9% YoY).
- AOA 2.730.2 billion **Customer Deposits** (48.6% YoY).
- 20.3% **Loan-to-Deposit Ratio** (-2.5% YoY).

RISK MANAGEMENT SYSTEM REMAINS STRATEGIC, SOUND AND THOROUGH

- 37.4% **Total Capital Ratio** (well above the 8% regulatory capital threshold).
- 3.5% **30 Days Past Due Credit Ratio** (+0.2% YoY).

Luanda, 5th October 2023 - During H1 2023, BFA's **Net Profit** increased by +23.5% YoY, totalling AOA +83 billion, notwithstanding the sharp exchange rate depreciation of the national currency against the US dollar. This positive financial performance was mainly driven by a strong growth in **Operating Income** (AOA +17.5 billion), as a result of a rise recorded in **Net Financial Income** and **Non-Interest Income** headings, which totalled AOA +116.4 billion and AOA +26.1 billion, respectively.

High-Levels of Financial Performance, Soundness and Strength

Total Assets in Q2 2023 amounted to AOA 3,360.9 billion and **Customer Deposits** reached AOA 2,730.2 billion, up +39% and +48.6% YoY, respectively.

Return on Total Assets (ROA) recorded a mild change of -0.4 p.p. YoY, reaching 5.8%, which highlights BFA's strong capacity to generate earnings and profits, when compared to the average of 4.75% recorded for the Angolan financial sector (BNA financial data report, H1 2023).

The **Total Loan Portfolio** recorded a growth of +30.4%, up by AOA 165.6 billion YoY, totalling AOA 710 billion. This increase was mainly due to the surge recorded in loan facilities granted in local currency, which accounted for the majority of the Total Loan Portfolio, up +24.6% to AOA 498.5 billion.

The **Loan-to-Deposit Ratio** in Q2 2023 stood at 20.3% (-2.5% YOY). This change was primarily due to the impact of the exchange rate depreciation on the Customer Deposits base, which does not have the same impact in terms of the Total Loan portfolio. In turn, the **Loan-to-Deposit Ratio in Local Currency**, which stood at 40.2 % in the period under review, recorded a 1.2% YoY decline.

The **Overdue Credit Ratio** (30 days past due credit ratio) stood at 3.5% (+0.2% YoY) and the **NPL Ratio** (Non-Performing Loans Ratio) at 12.3%, which corresponds to a decrease of -0.6% YoY and highlights an improvement in BFA's Loan Portfolio Asset Quality.

Equity rose by +17.5% YoY reaching AOA 483.1 billion. This positive change was mainly driven by the growth recorded in the 'Reserves and Retained Earnings' and 'Net Profit' headings for the financial period under review.

During the financial period under review, BFA also recorded an improvement in its **Cost-to-Income Ratio**, from 43.3 % to 38.3 %, as a result of an AOA +142.6 billion increase in its Operating Income. **Overheads** rose by +2.2% YoY, slightly rising from AOA 55.1 billion to AOA 55.3 billion.

The Bank continues to have very high levels of **Tier 1 capital** (Tier 1) and **Core Tier 1 Capital** (CET1), clearly higher than the regulatory capital requirements, as follows:

- **Total Capital Ratio** stood at 37.4% (well above the 8% regulatory threshold and higher than the 23.41% average recorded for the Angolan financial sector). BFA's strong financial



performance demonstrates its capacity to generate both earnings and equity, as well as it accurately depicts its sound, thorough and efficient business management model;

- **ROE** stood at 33.2% (-6.7% YOY) but remains higher than the 32.95% average recorded by the Angolan Financial System (BNA financial data report, H1 2023).

Nationwide Footprint and Breadth of Financial Services

During H1 2023, BFA continued to generate value for its Customers, Shareholders, Team Members and remaining stakeholders, reaching a customer base of **2.729.803 Clients**, up +238,657 additional Customers which reaffirmed their trust in the BFA brand. The Bank also reported a total of **194 branches** nationwide (in comparison to 197 branches YoY). BFA's Commercial Network is made up of Branches, Corporate Centres, Investment Centres and Private Banking Divisions. BFA has remained committed to maintaining a **comprehensive financial services business**, focusing on offering a wide range of products and services to meet the needs and expectations of all its customers.

Strong Investment in the Enhancement and Empowerment of Human Capital

BFA has a workforce comprised of **2,661 employees** as of June 2023 (-82 employees YoY). This slight change is the result of voluntary departures and contract terminations due to non-compliance with the Bank's Code of Conduct.

BFA's commitment to prioritising, enhancing and empowering its human capital continues to be a key differentiating factor, particularly noteworthy by strengthening both the variety of its training courses and the number of training hours.

In a nutshell, BFA's performance is in alignment with its business strategy: The Bank is now stronger, well-equipped and better prepared to face the upcoming challenges and to fast-track its process of delivering the most advanced solutions, with the aim of enhancing the high-quality and professional standards experience it provides to all its stakeholders who place their trust in the BFA brand.