

REPORT **AND** ACCOUNTS FOR THE FINANCIAL YEAR **2022**



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

DESDE SEMPRE · PARA SEMPRE



Banco Internacional de
São Tomé e Príncipe

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Bôbô Fito

Feito com Banana Prata Madura

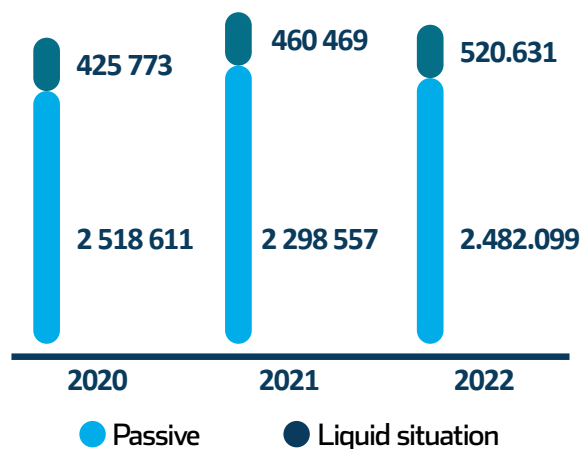
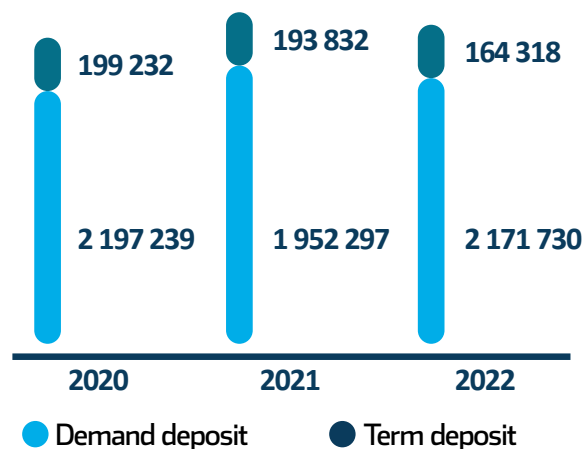
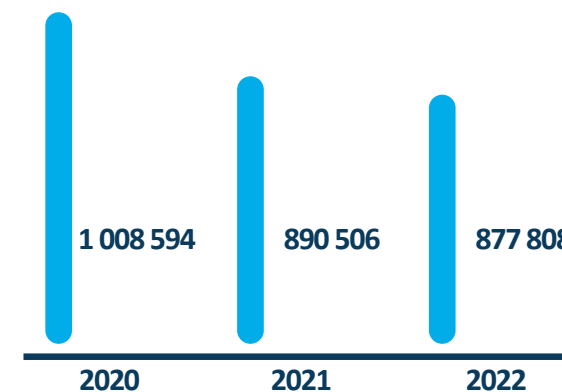
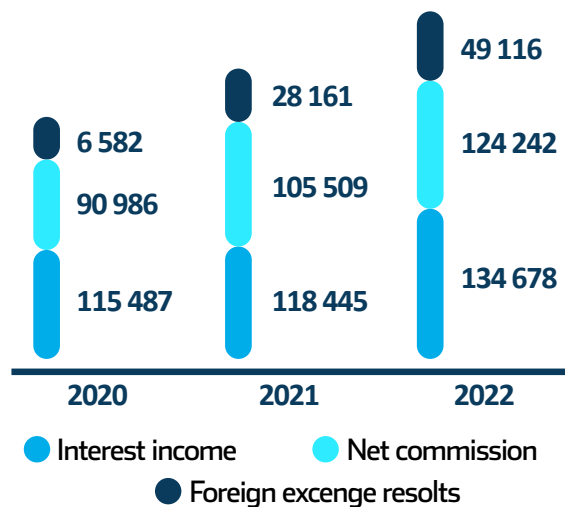
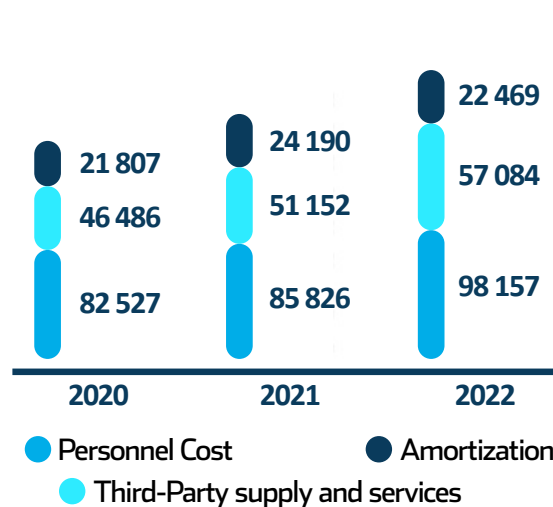
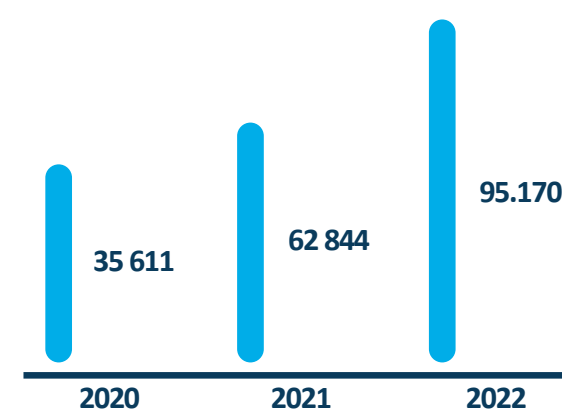
1. KEY INDICATORS

DEVELOPMENT OF BANKING BUSINESS

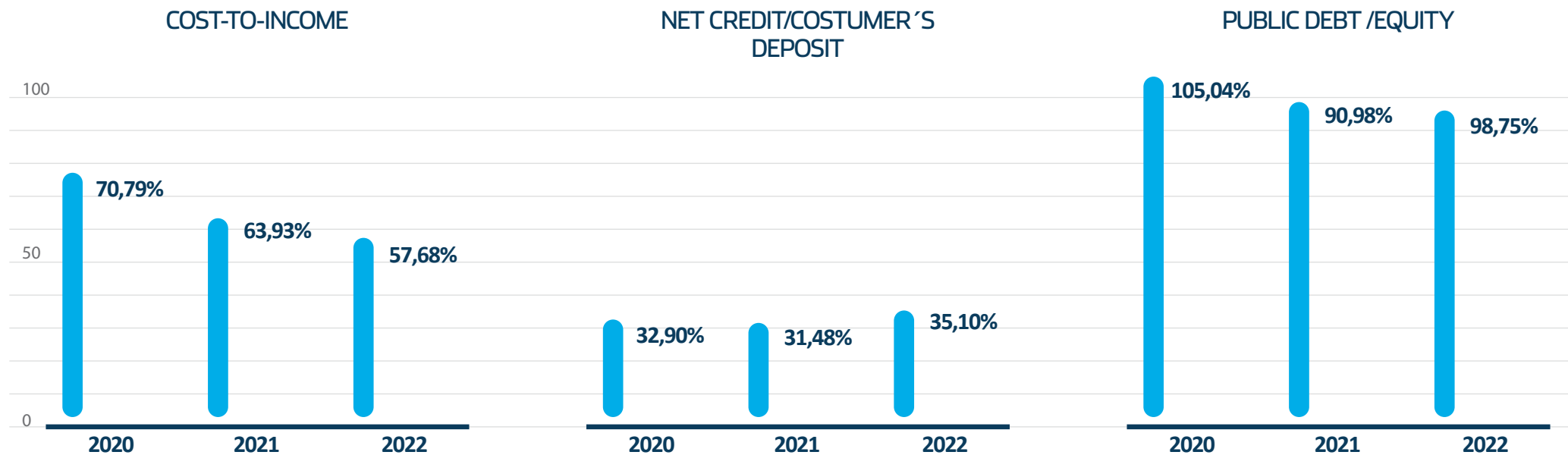
FOLD VALUES	2020	2021	2022	ANNUAL CHANGE	
				2021 Vs. 2020	2022 Vs. 2021
Business Volume	3.453.772.192	3.071.477.979	3.295.907.213	-11,07%	7,31%
Customer Credit	1.008.594.461	890.506.276	877.808.614	-11,71%	-1,43%
Customer Resources	2.398.666.713	2.146.129.128	2.336.048.435	-10,53%	8,85%
Documentary Credit	17.067.487	17.271.030	20.540.879	1,19%	18,93%
Bank Guarantees Provided	29.443.531	17.571.545	61.509.286	-40,32%	250,05%
Balance					
Net Asset	2.944.383.490	2.759.025.950	3.002.729.156	-6,30%	8,83%
Net Credit	789.186.518	675.547.892	819.966.179	-14,40%	21,38%
Customer Resources	2.398.666.713	2.146.129.128	2.336.048.435	-10,53%	8,85%
Net Situation	425.772.926	460.469.337	520.630.545	8,15%	13,07%
Results					
Financial Margin	115.487.271	118.445.290	134.678.010	2,56%	13,70%
Complementary Margin	97.567.875	133.669.908	173.357.774	37,00%	29,69%
Bank Product	213.055.146	252.115.198	308.035.784	18,33%	22,18%
Operating Result	84.042.328	115.136.495	152.793.991	37,00%	32,71%
Result before Tax	48.800.751	84.880.003	130.337.178	73,93%	53,55%
Net Result	35.610.772	62.844.253	95.170.171	76,48%	51,44%
Ráeios					
ROE	8,36%	13,65%	18,28%	-5,28% p.p	+4,74% p.p
ROA	1,21%	2,28%	3,17%	+1,07% p.p	+0,91% p.p
Financial Margin/ Asset	3,92%	4,29%	4,49%	+0,37% p.p	+0,19% p.p
Complementary Margin/ Bank Product	45,79%	53,02%	56,28%	+7,22% p.p	+3,26% p.p
Efficiency Ratio (Cost-to-Income)	70,79%	63,93%	57,68%	-6,86% p.p	-6,23% p.p
Equity/ Asset	14,46%	16,69%	17,34%	+2,23% p.p	+0,63% p.p
Transformation Ratio					
Net Credit/Deposits	32,90%	31,48%	35,10%	-1,42% p.p	+3,62% p.p
Government Debt/Equity Securities	105,04%	90,98%	98,75%	-14,06% p.p	+7,77% p.p
Past Due Credit/ Customer Credit	25,40%	26,88%	9,70%	+1,49% p.p	-17,18% p.p
Accrual for Past Due/Past Due Credit	85,65%	89,79%	67,94%	+4,14% p.p	-21,85% p.p
Solvency	28,51%	30,82%	42,89%	+2,31% p.p	+12,07% p.p
Liquidity	58,33%	62,73%	59,47%	+4,40% p.p	-3,26% p.p
No. of Employees	158	151	144	-4,43%	-4,64%
# Agencies	12	12	12	0,00%	-8,33%
(Credit + Deposits) / Agency	265.471.536	235.139.752	286.910.343	-11,43%	22,02%
(Credit + Deposits) / Employee	20.162.395	18.686.603	21.916.762	-7,32%	17,29%

SUMMARY OF PERFORMANCE AND ACTIVITY

(Valores em milhares dobras)

BALANCE**TOTAL DEPOSITS****GROSS CREDIT****BANK PRODUCT****STRUCTURE COST****NET INCOME**

SÍNTESE DA PERFORMANCE E ACTIVIDADE





Pala-Pala
Feito com Banana Pão

2. MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE

The year 2022 closes the cycle referring to the 2020-2022 strategic plan. Like 2020 and 2021, 2022 was also very challenging. In addition to fears of a new wave of the Covid-19 pandemic and the worsening of difficult macroeconomic conditions as a result of this pandemic, the year was also marked by an acceleration in the inflation rate, which reached historically high levels, due to the onset of a crisis geopolitics, which culminated in an armed conflict between Russia and Ukraine, and, by a strong increase in the same year in the interest rate by central banks, with the objective of combating inflation.

The combination of all these events created a macroeconomic environment of great risk and complexity.

The effects of a very adverse macroeconomic environment have an even greater impact on the market where we operate (S. Tomé and Príncipe), which already suffers from some structural vulnerabilities and is much more sensitive to external economic shocks.

The reduction in 2022 of the country's net international reserves to levels below the recommended minimum (3 months of imports), the energy crisis resulting from meager foreign exchange resources for the purchase of fuel, the

weak inflow of foreign exchange into the economy, resulting from the reduced flow of donations this year and weak foreign direct investment, highlighted the country's great vulnerabilities. Also noteworthy this year is the acceleration of annual inflation to 25%, part of which is imported inflation, highlighting even more the multiple sensitivities and weaknesses of the country to external shocks.

The 2020-2022 period was indeed very challenging for BISTP, requiring greater prudence and the capacity to adjust the strategic actions of the business to the new market conditions, so that the objectives set could be achieved, even in more difficult market conditions. extreme.

In this perspective, the plan for the modernization and massification of electronic and digital banking was implemented with particular success. In line with this vision, the introduction of the Visa international payment service in the country stands out, which is of great importance for S. Tomé and Príncipe in its strategy for growth in the tourist flow. Also noteworthy is the significant growth of electronic means of payment, reaching 41,020 users (with an increase in the number of transactions of around 86% between 2020 and 2022), and of the digital service, with the launch of the service's mobile

application internet banking, reaching 10,543 users (with a 47% growth in the number of transactions in the same period).

Notwithstanding the tide of events that, cumulatively, led to the formation of an extreme and complex economic environment in 2022, BISTP, committed to its established targets and aware of the need to continue to be guided by prudence in taking risks, sought to rationalize the resources for greater efficiency. The ability to adapt to changes and new market demands, manifested throughout this cycle, was decisive in the progressive consolidation of the Bank's solidity, in its leadership position in this market, as well as in the improvement of the main business indicators.

Thus, in 2022, the bank's net assets grew by +8.8%, compared to 2021, supported by the growth in net credit by +21.38%. Customer deposits grew by around +8.85%, demonstrating customer confidence in the Bank's soundness. Banking income grew by +22.18%, as a result of the growth in the net interest income (+13.70%) and the complementary margin (+29.69%). As a result of these performances, net income grew by +51.44%.

It is also important to highlight the improvements in the solvency ratio, which grew by +12.09 percentage points, standing at 42.89%, the efficiency ratio (cost-to-income) which stood at 57.68%, representing an improvement of 6.25 percentage points. The liquidity ratio stood at 59.47%, remaining comfortably 2.97 times above the regulatory minimum.

It is with natural pride and real satisfaction that the current Executive Committee notes that the solid results achieved reflect and are a consequence of the prudent and adequate continuous management measures that have

been taken for some years now, more recently in a complex and of great uncertainty, and, through which, all stakeholders (Customers, Employees, Shareholders) are benefiting from this prosperity and resilience that the Bank has achieved.

Prospects and commitments for 2023

Macroeconomic conditions remain adverse in 2023.

The risk of a possible escalation of the military conflict between Russia and Ukraine, with direct participation in the war by other nations, cannot be ruled out. The level of inflation will remain high. Countries with a very fragile economy and vulnerable to external shocks, such as S. Tomé and Príncipe, may have another year of great difficulty and economic constraints and in attracting foreign direct investment.

The entry into force of the VAT, initially expected for 2023, could probably have an impact on reducing the purchasing power of families.

For the banking sector, the challenge will continue to be based on accelerating the digital transformation of the business, improving efficiency and productivity, and rigorous risk control. Strengthening resilience to internal and external shocks will depend on the success achieved in these challenges.

Despite the situation continuing, BISTP, as in other years, should continue to maintain the current model of governance, focusing on the principles and values that guide BISTP, with the achievement of "Excellence" at the heart of its strategy, in the Customers axis, in Human Resources, Processes and Results.

Thus, for 2023 as the beginning of a new cycle, it is suggested that the strategic focus be maintained in the continuous search for greater efficiencies, in guaranteeing the safety of our Employees and our Customers, and, in the search for an increase in the volume of business and profitability, through the following actions:

- Investing in new technologies and digital media;
- Continuing to increase the security of the computer system and electronic banking;
- Promote good credit to individuals and companies;
- Diversify and improve risk sharing;
- Streamlining the recovery of overdue/delinquent credit;
- Increase proactivity and commercial dynamism in order to achieve goals set by business unit;
- Increase the number of customers, namely by obtaining a higher rate of banking use by the population;
- Improve cost control and rationalization;
- Reinforce internal control areas.

On behalf of the Executive Committee, we end by offering our sincere thanks to the Customers, Employees, Shareholders, who are the reason for BISTP's existence, and who, in challenging and adverse situations, continue to contribute to the Bank continuing to fulfill the mission for which it was created, which is the creation of value for all its stakeholders.

That is why, on our part, having reached the end of BISTP's management mission cycle (practically 7 years and nine months), we hope that its slogan "**always - forever**" will continue to deserve the trust of our Customers.

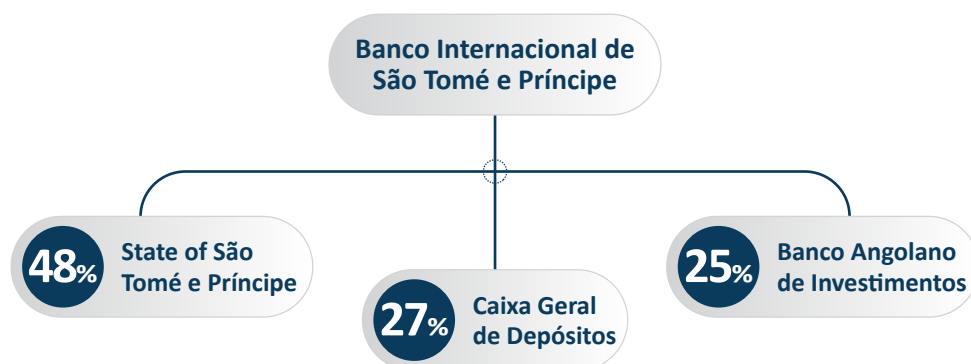
Welcome, wishing continued success for years to come.



Açucarinha
Feito com Coco

3. KEY REFERENCES

3.1 SHAREHOLDER STRUCTURE



3.2 GOVERNING BODIES

General Meeting Board:

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

Board of Directors:

Nelson Lombá Fernandes - President
 Miguel Malheiro Reymão - Member of the Board
 Diallo da Costa Pires dos Santos - Member of the Board
(Died in June 2022)
 Lucamba Magalhães - Member of the Board
 Francisco José dos Santos Silva - Member of the Board

Comissão Executiva:

Miguel Malheiro Reymão - President
 Diallo da C. P. dos Santos - Executive Administrator
(Died in June 2022)
 Lucamba Magalhães - Executive Administrator

Conselho Fiscal:

João Miguel Pacheco de Sales Luis - President
 João Cândido Soares de Moura Oliveira Fonseca - Member of the Board
 Edney Sofia Pires Dos Santos Neto - Member of the Board

3.3 ACTIVITY MILESTONES

MARCH 2022

Celebration of the 29th anniversary of Banco Internacional de São Tomé e Príncipe with distribution of gifts to Customers and opening of cake at all branches simultaneously;

Support for businessman Abel Bom Jesus, for his trip to Guinea-Bissau, to receive the African Figure of the Biennium 2020-2022 award, within the scope of the Youth Coalition of African Countries of Portuguese Official Language;

Sponsorship for the holding of the XIV Ordinary Congress of the São Tomé and Príncipe Bar Association, whose theme was “THE CHALLENGES OF ADVOCACY FACED WITH THE LABOR CODE”;

Sponsorship of the CCIAS-STP Chamber of Commerce, for the holding of the CPLP Business Summit at the Palácio dos Congressos.

MAY 2022

Support for the Order of Doctors (ORMED-STP), for participation in the Congress of Portuguese Speaking Medical Communities in Guinea-Bissau.

JUNE 2022

Sponsorship of the Ministry of Tourism and Culture for the “PROJETO RECITE” (Theatrical Exchange Center Network in the PALOP), within the scope of PROCULTURA, financed by the European Union.

JULY 2022

Sponsorship of the Government of São Tomé and Príncipe for the celebration of the 47th anniversary of National Independence;

Sponsorship of the São Tomé and Príncipe Chess Federation (FEXA-STP), for participation in the 44th edition of the Chess Olympiads with two national Olympic teams, female and male.

AUGUST 2022

Support to the General Command of the National Police for the celebration of the 47th anniversary of the institution's institutionalization;

Sponsorship of the Institute of Law and Citizenship (IDEC), Professor of Law Jonas Gentil and J. Jhúnior de Ceita, for updating the publication of the Constitution of the Republic of São Tomé and Príncipe.

DECEMBER 2022

Sponsorship of MOVE for holding the Entrepreneur's Fair.



Chocolate
Feito com Cacau da Terra

4. MACROECONOMIC AND FINANCIAL FRAMEWORK

4.1 INTERNATIONAL CONTEXT

The year 2022 was challenging and marked by several fears. Starting with the threat of the pandemic that came as a legacy of the last two years. There was a prospect that the pandemic would bring about a truce, but it soon came up against the war in Ukraine and the eventuality of a third world war, plunging the world into a new period of uncertainty.

Despite advances in vaccination, the beginning of 2022 was marked by a violent wave of Covid-19 infections in the United States of America. It was necessary to take new measures of social distance, with a drop in GDP in the first quarter of many economies. Despite the new variants of the new coronavirus being more transmissible, they proved to be less aggressive and lethal and the opening of economies took place more quickly, allowing a resumption of activities. However, at the end of the year, China was faced with the biggest wave of contamination seen since the beginning of the pandemic.

As the problems brought about by the pandemic were not enough, Russia, one of the holders of the largest nuclear arsenal in the world, decided to attack Ukraine, with Moscow claiming that the attack is motivated by the constant

approximation of NATO's political and military influence over the countries of the East. from Europe. In addition to humanitarian issues, this conflict brought about the energy collapse of Europe, due to the reduction in the supply of oil, natural gas, wheat, steel, fertilizers, and, the prices of commodities and energy soared. Most countries in the world are once again living with double-digit inflation, something unheard of in over 20 years.

The Federal Reserve of the United States of America (FED) decided to increase the basic interest rate, previously by 0.25% per year and was adjusted to an almost unsustainable pace of 0.75% per session, which had not happened since 1994 Adding to the irremediable behavior of rising inflation, the basic interest rate reached 4.5% at the end of 2022 and the Fed continued to be willing to raise interest rates. The collapse of energy supply chains was so severe that it forced the US government to re-establish dialogue with Venezuela and Iran.

In the Euro Zone, uncertainties led the single European currency to be quoted below the US dollar for the first time since its creation 20 years ago. The conflict between Russia and Ukraine has exacerbated the structural weaknesses of the German economy, which is seen as the engine of the European Union and is highly dependent on imports of Russian gas and oil. To control inflation and

compete with the American currency, the European Central Bank (ECB) raised the basic interest rate more cautiously, since

any significant push could tip the eurozone into a new sovereign debt crisis.

The change in interest rates in developed countries ended up having repercussions on developing economies, less stable, leading some of them to be unable to pay foreign creditors, showing the great risk that hung over the most vulnerable countries, in trouble to control the inflation and with no reserves to honor its sovereign debts throughout 2022.

Countries in the south of the globe, marked by a slower recovery from the pandemic, recorded an increase in food and energy prices and high levels of public debt, facing a very challenging economic environment in which inflation was practically twice the previous levels to the pandemic, generating political and social instability, aggravating food insecurity. Most countries in the region lacked the resources to support and stimulate economic growth, in sharp contrast to the richest countries that were able to inject billions of dollars into their economies.

EURO ZONE

The countries of the European Union were heading towards a deep and calamitous recession because of the Russian invasion of Ukraine, which caused a devastating energy crisis and a huge rise in prices (increase in inflation).

This prediction made front page news across the continent and triggered a

feeling of deep pessimism among consumers and investors, who gradually resigned themselves to the third economic contraction in less than three years.

However, according to an estimate released by the European Union Statistics Agency (Eurostat), the euro zone showed economic growth in 2022 of 3.5% and that of the European Union of 3.6%. This data confirms the growing trend of optimism that is gradually moving away from the much-feared specter of recession, due to the war in Ukraine, the energy crisis and rising inflation.

A more favorable climate with public support cushioned the impact of rising energy prices, helping the economy to grow by 0.1% between the third and fourth quarters, when a contraction was expected, with the conclusion that the currency region only European managed to grow in all quarters of 2022 by 3.5%, in annual terms.

Businesses and households faced higher borrowing costs as the ECB raised key interest rates by 250 basis points (2.5%) in the second half to combat rising inflation.

The latest figures released by Eurostat also indicate that inflation in the Eurozone fell from an unprecedented high of 10.6% in October to 9.2% in December. The return to single-digit levels took many by surprise and further fueled the wave of optimism, even as core inflation, which excludes volatile energy and food prices, remains high.

Unemployment remained stable and below the 7% threshold, suggesting that the feared scenario of companies forced to lay off thousands of workers to

make ends meet has yet to materialize.

Despite high inflation and the energy crisis due to the war in Ukraine, Germany managed to avoid recession. Although the economy has slowed down this year, according to Germany's Federal Statistical Office (Destatis), GDP has managed to grow by 1.9%. Household spending on the acquisition of goods or services (private consumption) was the main pillar of this growth, assuming the position normally occupied by the industry, which is currently facing difficulties. Private consumption increased by 4.6% compared to the previous year, almost recovering the pre-coronavirus level. Industry, traditionally the engine of the German economy, faced a slowdown due to persistent component shortages. The energy crisis resulting from the war in Ukraine has shaken the German economic model, which was based on massive imports of cheap gas from Russia. The war drained Russian supplies and sent prices skyrocketing in Europe for much of the year.

In France, despite the slowdown recorded in the fourth quarter due to the sharp drop in household consumption, GDP grew by around 2.6%, according to the French Institute of Statistics (INSEE). GDP benefited above all from the resumption of activity recorded in the second half of 2021, thanks to “the end of the pandemic crisis”. Although the numbers are better than forecast, the end of the year was marked by a sharp drop in private consumption, penalized by the drop in purchases of food products, which recorded price increases of over 10%. Energy consumption also dropped in the last quarter, due to a very mild autumn, but also to energy saving efforts.

The preliminary estimate announced by the Italian National Institute of Statistics (ISTAT), referred that the Italian economy grew 3.9% above the

Government's forecast of 3.7%, despite the contraction of 0.1% registered in the last quarter. This result reflects a contraction in the agricultural and industrial sectors, but a growth in the services and tourism sector. With the war in Ukraine, energy and food prices were negatively affecting domestic demand. However, external demand increased and had a very positive effect on Italian GDP.

In Portugal, according to the National Institute of Statistics (INE), GDP grew by 6.7%, the highest since 1987, after the 5.5% increase recorded in 2021. According to the Portuguese Prime Minister, Dr António Costa, these figures show that the economy resisted and recovered well from the Covid-19 crisis, in an international context marked by the conflict in Ukraine and high inflation. Inflation still registers high values for families and companies and the fact that it is decreasing does not mean falling prices.

According to INE, explaining the recorded evolution of GDP is the significant contribution of domestic demand, with an acceleration of private consumption and a slowdown in investment. The contribution of net external demand was very positive, with an acceleration in volume of exports of goods and services and a deceleration of imports. The tourism sector was one of the main drivers and the hotel industry reached levels close to those of 2019, before the health crisis. Hotels in Portugal received almost 15.3 million foreign tourists in 2022, i.e. an increase of 158.5% compared to 2021.

The unemployment rate stood at 6% in 2022, a decrease of 0.6 percentage points in relation to the previous year, being the lowest value since 2002. In 2022, the employed population reached the historical maximum of 4.9 million people.

UNITED STATES OF AMERICA

The economy of the United States of America ended 2022 with growth of 2.1%, sustained by population consumption, despite the drop in purchasing power in a context of inflation, the US Department of Commerce reported in its first estimate.

The US growth engine, consumption, remained solid, despite interest rate hikes decided by the Fed to try to cool the economy and alleviate inflationary pressure. Raising rates meant making credit, consumption and investment more expensive. As a result, consumers felt their purchasing power being eroded by inflation and the rising cost of credit.

But even with more expensive credit, orders for durable goods, which include large purchases by companies, rose sharply in December. There was some difficulty in hiring in companies in general, although in some sectors, such as technology, thousands of people who had been incorporated during the pandemic were laid off.

US annual inflation stood at 6.5% in December 2022. The rate dropped by 0.6 percentage points from the previous month, making it the sixth consecutive reduction. However, regarding the interest rate, the FED increased to 4.5%, being the seventh consecutive increase.

CHINA

For its part, China, the second largest economy in the world, grew 3%, less than half the growth rate of 8.1% achieved in the previous year. The pace of growth

in the Chinese economy has dropped to the second lowest level in four decades, reflecting the impact of the “zero covid” policy and a crisis in the real estate sector. These data released by the National Bureau of Statistics suggest, however, that economic activity is recovering, after Beijing ended the epidemic prevention measures that resulted in the blockade of entire cities, culminating in large-scale protests.

However, consumers remain cautious as China grapples with an unprecedented wave of cases that has caused a public health crisis in the country. The slowdown of the Chinese economy had a strong impact on the raw materials market, affecting several countries, by reducing the demand for oil, iron ore and agricultural goods. The impact is also being felt by more developed economies, as China is one of the world's biggest markets for automobiles and other value-added goods.

EMERGING COUNTRIES

Emerging markets and developing countries are being hit by the stronger dollar, high borrowing costs and capital outflows. This triple whammy has been particularly heavy on countries that are heavily indebted. According to the IMF, more than a quarter of emerging economies have defaulted or have bonds traded at troubled levels, and more than 60% of low-income countries are at high risk of debt distress.

The picture has become even more complex since the beginning of the conflict between Russia and Ukraine, since 16 countries have requested financial aid, in

the amount of 90 billion dollars. According to data from the World Bank, in emerging markets and developing economies, growth will not exceed 3.4%. The negative repercussions of the war nullified short-term incentives for some commodity exporters due to high energy prices that raised production costs, tightened financial conditions and clamped down on macroeconomic policy, weakening the growth of their economies and exposing all their vulnerabilities.

In the adverse international scenario, Brazil went to elections in October, with Luiz Inácio Lula da Silva as the winner. This result brought the prospect of improving social conditions in the country, but also the threat of lack of control in public accounts, which could result in a snowball in the economy. The IMF estimates that the Brazilian economy will have a GDP growth of 3.1%, with a positive contribution from industry and mainly services, which continue to be the main engine of the Brazilian economy. According to the Brazilian Institute of Geography and Statistics (IBGE) annual inflation was 5.79%, that is, 1.09 percentage points above what was initially estimated (4.7%). The estimates had been made before the start of the war in Ukraine, which had a big impact on the country's inflation.

Russia, according to the IMF, has been finding new customers outside the West to sell fuel. Heavy government spending to support the army and the invasion of Ukraine has also helped to maintain economic activity even in this time of crisis. Despite being the target of several packages of western sanctions, Russian President Vladimir Putin announced that the GDP had decreased by only 2.5%, while experts predicted a deep drop, proving to be a strong country with internal potential, which allowed reorient the markets to overcome the battery of sanctions imposed.

The Russian Minister of Economic Development announced that the inflation rate stood at 11.9%, far from the pessimistic forecasts advanced after the first sanctions against Moscow, following the offensive launched against Ukraine at the end of February.

India is the country that has made the most progress in the list of the 10 largest economies in the world, and, according to forecasts, it will reach the top 5 soon, if it continues with the current pace of development. India is currently looking to stabilize its economy, which has been disrupted by the Covid-19 pandemic, which has led to widespread job losses and affected domestic demand. The drop in national consumption, one of the factors that most boost the country's economic growth, was partially offset by the increase in exports, with a record of 421 billion dollars in the period 2021-2022, which contributed to the economic recovery. The IMF estimates that India's GDP will grow by 6.8%, in a moderate framework due to less favorable prospects globally and inflation should be around 6.9%.

After being heavily affected by the Covid-19 pandemic, South Africa has been going through an energy crisis that has caused some rationing and has been harming its economic activity. The most industrialized country in Africa is trying to take back the reins of the economy and GDP is expected to grow by 2.1%, with emphasis on the activity of industries in the agricultural, forestry and fisheries sector, which grew by 19.2% and real estate and financial services businesses that grew 1.9% in relation to the previous quarter. The inflation rate stood at 7.2% with cereal prices contributing 20.3% to this increase.

SUB-SAHARAN AFRICA

Sub-Saharan Africa is facing a more challenging economic environment, marked by a slow recovery from the pandemic, rising food and energy prices and high levels of public debt. One of the most pressing issues facing the region is the need to combat the highest levels of inflation in recent decades, which are devastating incomes and food security, while sustaining economic growth. In sub-Saharan Africa, despite the recovery recorded last year, the side effects of the pandemic kept economic activity relatively contained, and a slowdown in growth in the region is expected. IMF data indicate that GDP in the region will grow by around 3.6%, far from the 4.7% recorded last year. Most countries lacked the resources to support and stimulate growth, in sharp contrast to the richest countries around the world that were able to inject millions and millions of dollars into their economies. This decline also reflects lower growth from trading partners, tighter financial and monetary conditions and a negative change in the terms of trade for raw materials. It is feared that inflation in this region will reach 14.4%, essentially explained by the worsening of world economic conditions, namely the impact of the invasion of Ukraine by Russia and the consequences for trade in food raw materials on the African continent.

PROSPECTS FOR 2023

The year 2023 will be marked by a strong slowdown in the economy and inflation will still remain high. The scenario will not, however, be homogeneous across the globe and the second half of the year could bring good news. The Secretary General of the IMF came to ask for prudence in expectations for the

year 2023, saying that the year could not be worse than 2022, but that a third of the economy could enter into recession. Under the pressure of still high inflation, an unresolved energy crisis, a relentless war in Europe and rising interest rates, 2023 will be one of the most difficult years for economies in recent decades, and could end with a firm prospect of resume.

The IMF points to global growth of just 2.7% in 2023. It will be the weakest growth since 2001, excluding the financial crisis of 2008 and 2009 and the first year of the Covid-19 pandemic. The World Bank reflects in its forecasts a gloomier situation, having advanced a growth of 1.7%. The combination of slow growth, tightening financial conditions and high debt is likely to weaken investment and trigger corporate failures. Other negative shocks, such as high inflation levels, more restrictive monetary policy, financial stress, profound weakness in the main economies or increased geopolitical tensions, could push economies into recession, according to the Global Economics Prospects Report.

Despite the general slowdown trend, the pace will be different in the various regions of the globe. Europe, the scene of the war between Russia and Ukraine, will be the region most penalized by the energy crisis, and will have the worst performance. The IMF points to a growth of 0.5% in GDP, which puts Germany (-0.3%) and Italy (-0.2%) in recession.

In the US, the outlook will not be particularly encouraging either, with institutions pointing to 1% growth. Economists surveyed by the FED assign a 40% probability of a recession in 2023, the highest since 1975

China is one of the few countries for which an acceleration to 4.4% is

anticipated. The wave of Covid-19 may, however, call into question the forecast, as the coming months will be difficult due to the impact on world growth, which is expected to be negative.

For emerging markets and developing economies, the IMF forecasts a GDP change of 3.7%, much higher than the 1.1% forecast for advanced economies. Asia will be a kind of refuge, given the estimate of 4.9%, with India standing out with 6.1%.

In this scenario, world trade will also lose strength. After the 10.1% jump following the drop caused by the pandemic, the IMF predicts that the growth in the volume of goods and services transactions will slow down to 2.5%. But the slowdown of the economies will come mainly from the strong slowdown in household consumption and the deceleration of investment, both conditioned by a monetary policy that will become even more restrictive in the coming months to contain inflation.

Businesses, households and states will have to deal with higher financing costs. It is already certain that the Fed and the ECB will continue to increase the cost of money, even if at a slower pace. The FED plans to raise the key dollar rate to a range between 5% and 5.25% and the minutes that were released from the last meetings indicate that, until the end of December, there should be no decrease. In the Euro Zone, after the ECB raised the main rate for financing operations to 2.5%, the strongest monetary tightening ever, the expectation is that it will rise to 3.5%.

Given that the monetary authority itself only foresees inflation returning to levels close to 2% in 2025, it is possible that rates will remain at the new levels

for a long period. The reduction in the differential for the dollar rate should give the euro some breath, after, in 2022, it dropped from parity. Bloomberg analysts estimate a recovery to around 1.15 dollars.

In addition to raising rates, 2023 will bring the beginning of quantitative tightening by the ECB, something that has already been done by the FED. As of March, the European Central Bank will stop reinvesting bonds that reach maturity, reducing the balance sheet by €15 billion per month. A pace that is still slow, taking into account the approximately 5 billion euros in assets.

Despite action by central banks, inflation will remain stubbornly high in 2023, particularly in the Eurozone. The ECB estimates that the average change in the price index will slow down to 6.3% and this decline may have to do with the fall in the prices of energy raw materials, in particular natural gas, due to the milder winter that has been experienced in Europe, opening up good perspectives of relief. In the US, a much more pronounced relief is expected, with inflation falling to 3.5% in the IMF estimate, if there is no unexpected shock.

One of the reasons for the slower reduction in inflation has to do with the pressure to raise wages, which in turn is encouraged by the slack in the labor market. Although the unemployment rate should rise in the main economies this year, the increase will be modest. The IMF anticipates an increase of just two tenths in the Eurozone to 7%.

The resilience of the labor market is one of the reasons that lead some economists to believe that the fall of the economy could be smoother or even non-existent in some regions. In the Euro Zone, leading indicators have

revealed a slight recovery in activity, albeit remaining at recessive levels, and an improvement in the confidence of economic agents, especially with regard to future prospects.

As there are many factors of uncertainty that can mix up the economy's accounts, there is one thing that all institutions agree on: the reduction of inflation and the end of the cycle of monetary tightening will open up more encouraging prospects for the world economy.

4.2 NATIONAL CONTEXT

For several reasons, the year 2022 was a particularly difficult year for the São Toméans. Starting with the worsening cost of living, as well as the impacts of the pandemic, climate change and the events of November 25th.

The country has been facing significant difficulties since 2020, as structural weaknesses such as the reduced economic size, high costs of insularity and persistent imbalance of external accounts have been added to particularly unfavorable conjuncture elements, namely the rise in prices of imported goods, the contraction of tourism flows and the significant reduction in access to external financial resources.

In 2022, the combination of structural factors and short-term adversities led to a slowdown in economic activity and a rise in inflation. The rise in prices of imported goods gave rise to a situation of progressive imbalance in the external accounts, with the consequent reduction in net external reserves, creating challenges to the fixed exchange rate parity in relation to the euro, in force

since 2009. Account management public funds was complex, given that tax revenues suffered from the reduction in the level of activity in the private sector (lower tax collection) and the sharp decline in donations.

Added to these difficulties were the consequences of the floods at the end of 2021, which destroyed infrastructure on the island of São Tomé, as well as agricultural crops, homes and commercial establishments. New floods in April and May 2022 created even greater problems for the continuation of economic activity, a situation that tends to persist, given the lack of financial resources to recover the affected infrastructure.

The authorities' space for intervention is particularly limited given the lack of financial resources, in a national and international context that can condition the materialization of commitments by development partners.

POLITICS

In his communication to the country on the occasion of the New Year, the President of the Republic, Dr. Carlos Vila Nova stated that the year 2021 was a very difficult year for the people of São Tomé and guaranteed that he will do everything to make 2022 better. He dedicated the first part of his message to the victims of the floods at the end of last year, to patients admitted to hospitals, to doctors and nurses and to members of the security forces who were on the ground to help the population. He also asked for determination to combat corruption and other evils that the country has been experiencing and called for the return of justice so that São Tomé and Príncipe has the genuine

will and determination without limit, to definitively expel the misery and mediocrity that lives in the nowadays.

The General State Budget (OGE) for 2022 was promulgated by the President of the Republic, after some corrections made by the Government, at his request. Estimated at around 158 million euros, the OGE is 51% supported by external resources and 49% by internal resources, where the budgetary framework forecasts economic growth of around 2.8% of GDP and inflation of 7.5%. In addition to the negotiation process aimed at the civil service salary adjustment, around 56% of the total budget was allocated to operating expenses, 38% to investment expenses and 5.3% to debt amortization. As for investment in the country, an expenditure of 20% was forecast for the infrastructure sector, followed by health with 16%.

The Ministry of Work, Solidarity, Family and Vocational Training implemented two social support programs for the poorest families in the country. These are the Socioeconomic Emergency Response Program (PRES) and the Vulnerable Family Support Program (PFV). The PRES emerged to mitigate the impacts of Covid-19, ensuring the stability of household food consumption and the PFV seeks to reduce household poverty, promoting access and use of education services by households with children, and increasing the human capital of children in these households. Financed by the international community, namely the World Bank, with more than 18 million dollars, the two programs managed to reach 84.5% of the locations that constitute pockets of extreme poverty in the country.

The President of the Republic, Dr. Carlos Vila Nova, made his first official visit to Portugal since he was elected President of São Tomé and Príncipe, with a view

to improving and strengthening cooperation ties between the two countries. The agenda focused on bilateral cooperation in the areas of health, education, defense and culture. In Portugal, Carlos Vila Nova had meetings with his Portuguese counterpart, Marcelo Rebelo de Sousa, with Prime Minister António Costa and with the Mayor of Lisbon, Carlos Moedas.

Carlos Vila Nova visited Angola, having been welcomed by his Angolan counterpart João Manuel Gonçalves Lourenço, during which they discussed the security of the Gulf of Guinea, both from piracy and protection in terms of what is the existing capacity in the gulf that belong to the two countries, such as fisheries resources and petroleum resources.

Former President of São Tomé and Príncipe, Evaristo de Carvalho died in May, aged 80. Elected President in 2016, Evaristo de Carvalho served until 2021, when he was succeeded by Carlos Vila Nova. The former statesman was a history of São Tomé politics, having been Prime Minister on two occasions in governments of presidential initiative. He was also President of the National Assembly, Minister and Deputy.

In August, the Government lifted the restrictive measures imposed because of Covid-19. This decision was justified on the basis of the fairly acceptable population immunization rate and the number of new weekly cases considered in a downward phase.

The Independent Democratic Action (ADI) of Patrice Trovoada won, with an absolute majority, the legislative elections of São Tomé and Príncipe, with a total of 36,212 votes, corresponding to 30 Deputies, in a total of 55 seats in the National Assembly. The MLSTP-PSD, which was seeking a second term, received

25,287 votes, equivalent to 18 Deputies, the Independent Citizens Movement (MCI-PUN) with 5 Deputies and BASTA with 2 Deputies. The Democratic Union for Development (UDD) and the Democratic Movement Force of Change (MDFM) lost their seats in the National Assembly. It is the return of Patrice Trovoada, after having already been Prime Minister from 2010 to 2012 and from 2014 to 2018.

For the first time in 32 years of multi-party democracy, a woman was elected to preside over the National Assembly. Celmira Sacramento, Member of the ADI, was the name of the only list presented to the table of the constituent plenary session of the 12th legislature and was trusted by 53 Members.

SOCIETY

Bantumen, a digital platform focused on black culture in Lusophony, revealed the list of the most influential Black Personalities in Lusophony in 2022, in which 9 São Tomé personalities stand out. The event took place at Teatro São Luiz, in Lisbon and celebrated personalities from different areas of activity, from artists, academics, digital influencers, entrepreneurs and many more personalities who create a positive and remarkable impact on society. Among the nominees this year, the following personalities from São Tomé stand out: Anastácia Carvalho (singer); Angelo Torres (actor); Calema (singers); Azomé Pinto (humorist); Carlos Pereira (comedian and presenter); João Carlos Silva (Chef and cultural researcher); Katya Aragão (filmmaker and journalist); Miguel Paraíso (youtuber) and Olinda Beja (author).

Maria do Carmo Silveira, former Prime Minister of São Tomé and Príncipe and

former Executive Secretary of the Community of Portuguese Speaking Countries (CPLP) was chosen to head the CPLP election observation mission in Equatorial Guinea. It was about the presidential elections, for the Chamber of Deputies, for the Senate and Municipalities in Equatorial Guinea. The mission made up of 15 observers was on the ground between 14 and 23 November under the leadership of Maria do Carmo Silveira, and the observers met with the parties and candidates for the electoral act and with the authorities of the administration and electoral management. The mission witnessed the final phase of the electoral campaign, polling day and the partial tabulation of votes.

The São Tomé artist, Olavo Amado, participated in the WOMEX-Worldwide Music Expo 2022 in Lisbon, representing the Entrepосто de Artes: São Tomé and Príncipe and Cape Verde, a project coordinated by Roçamundo-Association for Culture and Development (Cacau). WOMEX is the world's largest international and culturally diverse music gathering and largest conference on the global music scene, featuring trade shows, lectures, films and small showcase concerts.

The 5th Edition of FestFilm - International Film Festival of São Tomé and Príncipe took place, held simultaneously at the Instituto Camões-Centro Cultural Português (CCP), at the Instituto Guimarães Rosa and at Alliance Française. At the opening ceremony at the CCP, which was attended by representatives of the Festival's various partners, among which the Ambassadors of Portugal and Brazil in São Tomé, the directors of the CCP and the Guimarães Rosa Institute, among others. In addition to films by São Tomé directors, short films from other African countries and Europe were on display. The short film entitled "Chamo-me Maria", by young São Tomé director Jéssica

Lima, won FestFilm in the category of national productions.

MACROECONOMIC DEVELOPMENTS

At the beginning of the year, the former Governor of the Central Bank of São Tomé and Príncipe, Américo Barros, informed that it was a landmark year for the São Tomé economy, stressing that the economic effects of the pandemic crisis, climate change and of the war in Ukraine. As a result of this overlapping crisis, combined with the country's economic, financial and social weaknesses, the national economy is expected to grow below 1% and inflation would be at levels above 24%, a value not seen since 2008.

The current BCSTP Governor, Américo Ramos, said that São Tomé and Príncipe's trade deficit reached around US\$135 million in 2022, almost the value of the State Budget approved for 2023, estimated at €158 million. Foreign reserves are at historic lows, incapable of guaranteeing exchange rate coverage for imports of essential goods and services.

Américo Ramos also revealed that the country received, at the end of the year, a donation from Portugal in the amount of 15 million euros to support the General State Budget, allowing for a less degraded framework of reserves and, therefore, facilitating the management of this crisis without precedents. According to the BCSTP Governor, the international context, which is very marked by the increase in the price of transport, oil and food, negatively affected economic performance on a global scale, and contributed greatly to this misfortune that currently affects the country.

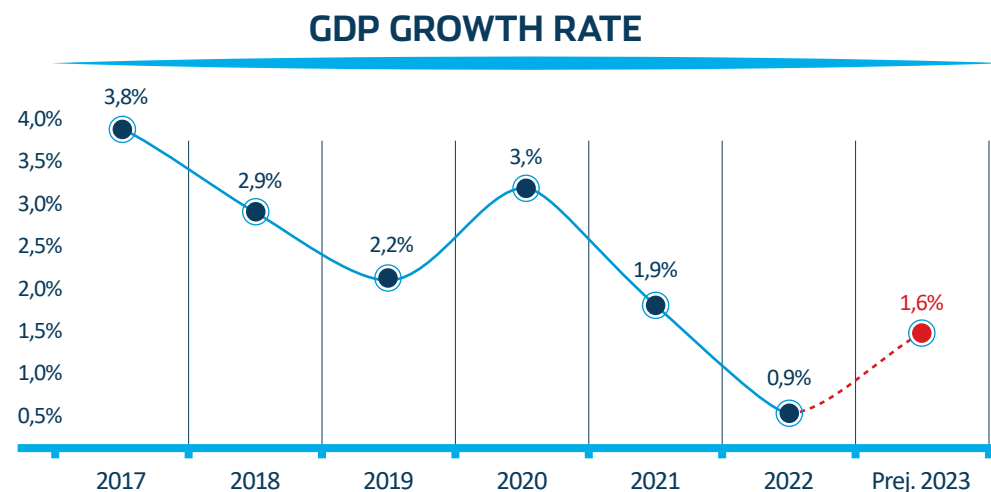
According to the São Tomé Government, as of July 2022, the IMF had

suspended the evaluation of the Expanded Financing Program with São Tomé, pointing to a total derailment of the established goals and delays in the implementation of reforms. An IMF team visited São Tomé and Príncipe in December 2022 and met with the new Government, to analyze recent economic developments and discuss with the authorities the challenges facing the country. The authorities expressed great interest in a new agreement with the IMF to help anchor the new Government's priorities of restoring macroeconomic stability and improving the living conditions of the population. The IMF stands ready to support the authorities in these efforts and discussions will continue in the coming months.

The BCSTP Governor highlighted the responsibility of Sao Tome leaders in implementing essential structural reforms in the productive sector, including energy, which have been delayed in recent years and which in 2022 cost an increase of more than 13 percentage points in inflation levels . The São Tomé government, as the country's largest employer, consumes a substantial part of the credit made available to the economy, weakening the private sector, which is currently incapable of leading the process of transforming the economy with a focus on wealth creation. The national economy has entered a spiral of deceleration, and it is clear that it is urgent to implement reforms so that São Tomé and Príncipe gains economic self-determination and projects an average economic growth cycle of more than 5%, at a level necessary to guarantee the prosperity of families and are healthy. -Thomas.

Américo Ramos defended the alignment between the Government, the BCSTP and bilateral and multilateral partners to implement transformative reforms, including the reform of the national financial system.

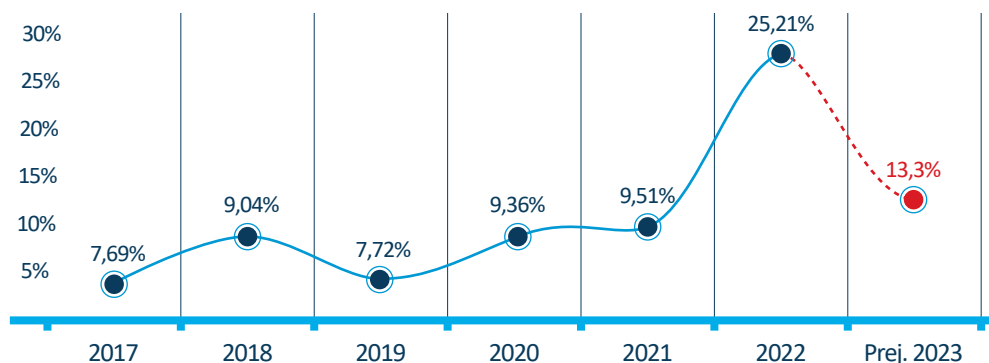
According to data from the Ministry of Planning, Finance and Blue Economy, the indicators of the economic situation available until September 2022 point to a slowdown in economic activity from 1.9% in 2021 to 0.9% in 2022. A recovery is expected of economic activity in 2023, with a GDP growth rate of around 1.6%, led by the industry sector, services sector, with emphasis on tourism and catering activity.



Source: Ministry of Planning, Finance and Blue Economy

According to data from the BCSTP, inflation maintained its galloping path determined by legislative elections, changes in fuel prices, shortages of fertilizers in the country, etc. Thus, the accumulated inflation rate recorded in 2022 was 25.21% against 9.51% recorded in the same period, the highest increase recorded since 2008.

Evolution of Inflation



Source: Ministry of Planning, Finance and Blue Economy

According to data, until September 2022, the primary deficit increased by 6.6% and net international reserves fell by 38%. The data entered in the Table of Financial Operations of the State referring to the budget execution of the 3rd quarter of 2022, indicate that current revenues recorded a collection of 421.74 million escudos, which represents 23.8% of the program and an increase of 4.8% compared to the same period of 2021. This increase is provided by the higher collection of non-tax revenues compared to the same period of the same year, despite a decrease in tax revenues of 8.2%.

Current operating expenses registered an execution of 720.763 million escudos, which represents 33% of the programmed and variation of 48.2% in relation to the same period of the previous year. This increase in expenditure execution is caused by the increase in personnel expenses (35.8%), subsidies and current transfers (19.5%), and a reduction in goods and services (3.9%) in relation to the same period 2021 counterpart.

With regard to the primary balance, it recorded a deficit of 319.747 million DOBs against -156.426 million DOPs recorded in 2021, with a variation of 104.4%.

In this year 2022, according to BCSTP data, exports of goods amounted to approximately USD 16.743 million, a figure of approximately USD 2.098 million, with a negative variation of 11% compared to 2021. This reduction is due to the drop in cocoa exports, which registered a decrease of 24%, with less 2.510 million USD than the registered in the homologous period. On the other hand, exports of palm oil increased by 30%, reaching USD 7.863 million, USD 1.837 million more than in the same period last year.

Imports of goods totaled USD 168.489 million, which translated into an increase of USD 16.489 million, with a variation of 11% in relation to the same period of the previous year. This evolution is essentially explained by imports of petroleum products, which grew by 62% over USD 21.057 million and imports of equipment by over USD 9.125 million and a variation of 59% in relation to the previous year.

The trade balance deficit stood at USD 151.746 million, worsening by 14% year-on-year.

ECONOMICS AND INVESTMENTS

According to the IMF, in its report No. 22/95, of March 2022, the macroeconomic prospects for S. Tomé and Príncipe are subject to uncertainties and significant risks:

- The new variants of Covid-19 and future pandemic waves pose risks to livelihoods and challenges to growth and stability.
- Domestic repercussions from rising international fuel prices could hamper recovery, exacerbate power cuts and inflation, and negatively affect revenues and implicit subsidies. Prolonged disruptions to global supply chains can lead to shortages of intermediate and final consumer goods, slowing growth and rising prices.
- Delays in revenue reforms, through the introduction of VAT, could reduce budgetary space for social and development spending, while less-than-expected grant support, or delays in disbursements by donors, will undermine investment and financing options.

Furthermore, Delays in EMAE's reforms (National water and Electricity Company) and prolonged power outages could also put additional pressure on revenue performance and delay the recovery in growth.

Parliamentary elections in October 2022 could delay legislative reforms and put additional pressure on spending. And a possible natural disaster could also delay budgetary consolidation.

To this already very adverse environment for the economy of S. Tomé and Príncipe is added the Russian military crisis in Ukraine. This new crisis event with a military conflict between Russia - one of the largest producers of oil, gas and cereals in the world - and Ukraine - one of the largest producers of cereals and sunflower oil - led to a reduction in production of these countries in the sphere of world trade, which naturally further aggravated the pressure on supply and price, especially for importing countries, as is the case of S. Tomé

and Príncipe.

This entire situation has pressured an accelerated increase in prices.

The Central Bank also announced that the inflation rate would accelerate to 2 digits, reaching 15%, justified by imported inflation, the increase in fuel prices and climate change, which impact local production. However, in September accumulated inflation was already at 18.08%.

There has also been a low inflow of donations in a country that is 98% dependent on international financial aid to carry out public investment. The reduction in donations and other budget revenues leads the State to rely more heavily on domestic credit.

External reserves have been decreasing and have reached worrying levels. This situation has put pressure on the exchange rate parity regime.

As a result of the financial difficulties experienced by the State (low inflow of revenue and donations) it has placed the State treasury under a lot of pressure. Salary payments were experiencing successive delays. One of the ways found by the State to guarantee the payment of salaries without delay was the use of a bank loan (in the form of an advance on revenue) with a maturity of no more than 1 month.

The Central Bank of S. Tomé and Príncipe announced that, in view of the current internal and external situation, the national economy will slow down to 1.4%, against 2.8% estimated by the Government in the General State Budget for 2022.

Main Economic Indicators

Table 1: Macroeconomic assumptions

Indicators	2018	2019	2020	2021	2022	2023
	Real	Real	Est.	Est.	Proj	Proj
Nominal GDP (billion Dobras)	8.619	9.424	10.247	11.144	12.232	13.538
GDP at constant prices (annual variation in %)	2,9	2,2	3,1	2,3	2,8	2,9
Dobras/USD exchange rate (last day of the year)	21,7	22,2	21,7	20,4	20,4	20,4
obras/EUR exchange rate (last day of the year)	24,5	24,5	24,5	24,5	24,5	24,5
Internal Interest Rate (annual average in %)	9,0	9,0	9,0	9,0	9,0	9,0
external Interest Rate (% at the end of the period)	-0,312	-0,395	-0,538	-0,550	-0,285	0,02
Inflation (annual average in %)	7,9	7,7	9,9	7,9	8,5	7,3
Inflation (year-on-year variation %)	9,0	7,7	9,4	8,4	7,5	7,2
Domestic primary balance (% of GDP)	-3,1	-1,8	-4,2	-3,8	-2,8	-1,9
Current account as % of GDP	-19,4	-21,1	-11,9	-22,8	-18,4	-14,2

Fonte: Estimativas do MPFEA / FMI / WEO / UMF

MONEY MARKET

The Central Bank of São Tomé and Príncipe (BCSTP), to contain the growth of inflation, ensure the exchange rate regime and guarantee price stability, through its monetary policy committee, used the following monetary policy instruments:

- 1) Increase in the reference interest rate from 9% to 10%.
- 2) Increase in the permanent liquidity facility rate from 9.5% to 10.5%.
- 3) Increase in the minimum cash reserves coefficient in national currency from 18% to 28%, maintaining the coefficient in foreign currency at 21%.

- 4) Issuance of Certificates of Deposit, at variable rates, aiming to control excess liquidity.

Therefore, it restored the minimum cash reserve rate (RMC) that was in force before the COVID-19 pandemic. Thus, the RMC went from 14% to 18% in national currency and from 17% to 21% in foreign currency, with the aim of reducing the excess liquidity available in the system and minimizing the impact of this excess on the increase in inflation.

Aiming to diversify deficit financing sources and have a more sustainable debt structure for the country's economic reality, the Public Treasury issued five (5) Treasury Bill issues, from February to September 2022, totaling STN 637 million. The last three (3) issues (16th, 17th and 18th) carried out in May, August and September, were at a variable rate, in which the nominal value of each ticket was 1,000.00 Dobra, with a maturity of up to 12 months.

BANKING

The highly concentrated banking system continues to face the challenge of excess liquidity, but also low profitability and high risk potential, largely explained by the difficulty in recovering bad credit due to the inefficiency of the courts.

- The creation of an arbitration center to speed up the resolution of commercial disputes could improve the level of credit risk.
- The search for greater business volume had led banks to increasingly reduce their lending rates, ease credit security conditions and take on more risks. However, some banks that had adopted measures aimed at easing credit security conditions are reviewing their actions, as a result of the real risks experienced by them. Therefore, they began to require

guarantors in their credit operations to individuals.

- O These weaknesses, verified over the last few years, led to the bankruptcy of the Island Bank, Banco Ecuador, Banco Privado and Energy Bank, decreed by the BCSTP, resulting in the reduction of the number of Banks in the market, from 8 to 4 Banks.
- With the exit of the most fragile institutions from the system, the sector's profitability improved, with a ROE of around 9.1% in 2021, against 4.1% in 2020 and -1.3% in 2019, according to the data presented by the Central Bank of São Tomé and Príncipe. Market sanitation, with the exit of less efficient banks, has led to an improvement in the system's profitability.
- However, historical profitability indicators continue to point to general weakness, as only one Bank (BISTP) presents positive accumulated results, while the others present very negative results, which ended up eroding their share capital.
- O Banks have taken advantage of the issuance of Treasury Bills and Deposit Certificates to monetize their excess liquidity, in a context of contraction in the credit portfolio. These applications have been an alternative for Banks to apply some excess liquidity.
- To boost and raise awareness of the financial system to the new challenges of financial inclusion, financial services with concern for environmental sustainability, the Central Bank held a workshop with Financial Institutions, fintechs and various public data production and processing services, with the purpose to stimulate everyone's interest in the opportunities that these new economies suggest.

Key Financial Sector Indicators

Regulatory Framework	2018	2019	2020	2021	Until Set 2022	Regulatory Levels
Solvency	31,1%	28,5%	29,0%	31,61%	32,66%	≥ 12,00%
Liquidity	63%	49%	58%	63,69%	65,62%	≥ 20,00%
Sectoral Framework	2018	2019	2020	2021	Until Set 2022	
Number of Seats	5	5	5	4	4	
Assets as % of GDP*	47,8%	46,6%	47,4%	42,95%	44,82%	
Net Lending as % of GDP*	15,6%	14,9%	13,9%	10,72%	10,87%	
Deposits as % of GDP*	33,2%	32,6%	34,6%	30,73%	33,24%	
Transformation Ratio (Credit/Deposit)	47%	46%	40%	35%	33%	
Bad Credit Level (> 90 days)	24,6%	26,7%	29,6%	28,57%	11,36%	
Cost-to-Income	70,0%	79,0%	79,0%	71,48%	66,59%	
ROE	-1,0%	-1,3%	4,1%	9,08%	8,40%	
ROA	-0,2%	-0,2%	0,7%	1,66%	1,44%	

Source: Central Bank of São Tomé and Príncipe

*BISTP calculation

BISTP quota

	2019	2020	2021	2022	Var. 2022/2021	
Total Asset	65,26%	65,3%	60,94%	61,83%	0,90	pp
Equity	52,76%	52,3%	54,78%	56,48%	1,70	pp
Deposits	73,15%	74,9%	68,16%	68,37%	0,22	pp
Net Credit	62,24%	60,1%	58,30%	61,74%	3,44	pp
Bank Product	70,46%	70,1%	63,82%	61,73%	-2,09	pp
Agencies	60%	66,7%	70,59%	68,75%	-1,84	pp
ATM	72%	74,2%	78,57%	76,09%	-2,48	pp
Total Asset			61,26%	73,84%	12,58	pp

Source: GP



Doce de Amendoins
Feito com Amendoins de Terra

5. BISTP BUSINESS STRATEGY AND GEOGRAPHICAL PRESENCE

5.1 BUSINESS STRATEGY AND MODEL

The International Bank of Sao tome and Principe is the largest Financial Institution operating in Sao Tome and Principe, having an outstanding leadership position in terms of financial products and services, market segments and wide geographic coverage through its network of agencies. Additionally, the bank has other channels for distributing its products and services (ATM, POS and e-banking).

As a Bank that operates both in the retail segment and in the segment of companies and institutions, BISTP has a very heterogeneous range of customers in each segment and, therefore, in its strategy of expanding its geographic coverage network in the country, it takes into account consideration of the specificity and needs of different niches. Thus, while the Bank is extending its physical presence across the country, aiming to serve the customer segment that favors more personalized service, it is also promoting the dissemination of electronic and digital banking services, aiming to serve the younger and more enthusiastic customer segment in the country. access to remote banking services.

The year 2022 was turbulent and faced great challenges as a result of an adverse national and international situation. Despite the current situation, the Bank's business model is adequately diversified in this market, which gives the Bank a greater capacity for resilience and for maintaining its main indicators in positive territory.

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

The focus on achieving adequate levels of profitability given the risk of this market, operational efficiency and better control of credit risk are essential to strengthening the leadership position in this market and ensuring the Bank's perpetuity.

The pursuit of its ideal of “Excellence” has materialized in the carrying out of activities centered on the Bank's four strategic axes: Customers, Human Capital, Processes and Results.

The actions implemented in 2022 allowed the Bank to take qualitative steps towards its ideal of “Excellence” in each strategic axis.

CLIENTES

Throughout 2022, the Bank continued its plan to expand access to products and services via electronic and digital channels, with the central objective of this plan being to ensure easy, convenient, safe and unlimited access to customers, to the Bank's main products and services. The Bank invested in increasing its ATM and TPA/POS fleet. The broadcast of advertising spots focused on the advantages offered by electronic and digital channels also continued. In practical terms, the Bank sought to add a debit card to each new account that was opened, as well as the internet banking service. The combination of these actions has contributed to greater use of electronic and digital channels, and has, as a consequence, helped to provide greater autonomy and satisfaction to customers when using our products and services via these channels.

HUMAN CAPITAL

The ability demonstrated by the Bank to achieve good performance over the years and, particularly in adverse circumstances, is a reflection of human capital prepared, focused and determined to continue making BISTP the best financial institution on the market in all aspects.

Aiming to maintain competitiveness and be able to keep up with the continuous mutation of the market, characterized by the emergence of competition from new financial companies, such as fintech and increased regulatory requirements, the Bank has invested in the continuous training of its staff. In 2022, particular attention was paid to the need for training the Bank's staff in compliance matters, the objective of which was to reinforce theoretical

and practical knowledge, given the relevance of compliance in the banking business.

INTERNAL PROCESSES

In 2022, in terms of relevant projects aimed at improving internal processes, the highlight is the completion of the High Availability project, which aimed to ensure better customer service, allowing electronic channels to function uninterruptedly, even during the period at the end of the day. In this way, it was possible to ensure the availability of electronic channels 24 hours a day, 7 days a week. This investment also reduced the average closing time, making the process faster.

RESULTS

The effects of the economic constraints generated by high inflation, the military conflict between Russia and Ukraine and the fear of a resurgence of Covid-19, are visible in the real economy and were felt throughout 2022. However, the Banco, with the commitment of its entire team, was once again able to demonstrate its versatility, ability to understand the situation and quickly adapt to it.

With a business model whose strategy is oriented towards meeting everyone's expectations (Customers, Employees, Shareholders and Society in general) the Bank has consistently achieved satisfactory results that have contributed to strengthening its solidity and liquidity ratios, allowing advances towards its ideal of "Excellence".

Despite the contraction recorded in the credit portfolio, it is noted that the

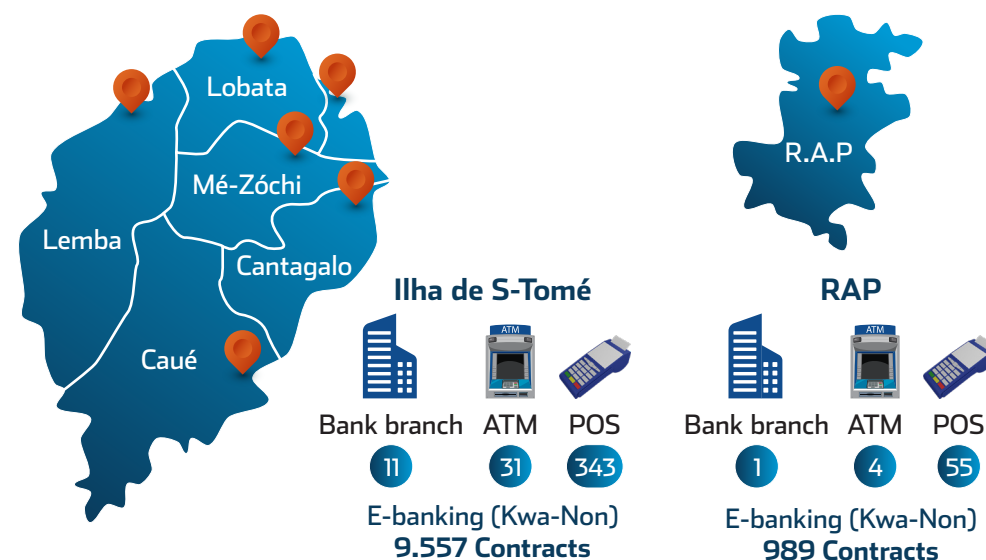
diversification of the Bank's revenue sources allowed it to achieve a positive result that was higher than that recorded last year. The solidity and efficiency ratios remain at notable positive levels, standing at 42.89% and 59.50%, respectively.

5.2 GEOGRAPHICAL PRESENCE AND DISTRIBUTION CHANNEL

BISTP, as the largest financial institution on the market, remains firm in its mission of bringing financial services to the entire country, allowing more people to enjoy the advantages/benefits that financial products and services can generate, both for companies (small and medium-sized companies), as well as for general people.

The Bank maintains its commitment, within the framework of its mission and vision, to be the “Bank for Everyone”. Therefore, being physically present in all districts of the country, taking the financial service further and further and being closer to the population.

WE ARE PRESENT THROUGHOUT THE COUNTRY



In 2022, the process continued with a view to achieving the desired ambition of having a branch in every district of the country. It is expected that in 2023 the Bank will be able to inaugurate its new branches. By the end of 2022, the Bank was present with a branch in 4 of the 7 districts of the country, however, despite not yet having a branch in all districts, the Bank's presence is already visible through the Automatic Areas/ATM that are installed in the north to south of the country, already covering all districts.

In addition to opening new branches, the Bank has also placed increasing emphasis on electronic and digital channels, placing them at the center of its strategy, being complementary channels with great potential to take financial services to even more distant locations and facilitate access to financial services for all those spread across the country. It is along these lines that in 2022 the number of ATMs/ATMs rose to 35 units and TPAs/POS to 398 units serving the market.



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6. KEY BUSINESS AREAS OF BISTP IN 2022

6.1 RETAIL BANKING: PRIVATE

The national economy, still shaken by the effects of Covid-19, found itself faced with the worsening of macroeconomic conditions resulting from the acceleration of inflation to historically high levels (since 2013, inflation had not reached 2 digits), and the war between Russia and Ukraine.

In a situation like this, the challenges in promoting the growth of the credit portfolio and other financial products are enormous.

Companies, in general, were already in difficulty, and families saw their purchasing power fall with the increase in inflation. The visible slowdown in economic activity has increased credit risk.

The contraction of the credit portfolio in the individual segment of around 11.1% in 2022 compared to the previous year, is a reflection of the slowdown in economic activity in 2022. However, it is important to emphasize that a relevant part of this contraction arises from the Write-off accounting imposed on BISTP in light of the regulatory standards issued by BCSTP. However, if we nullify the effect of the Write-off, the contraction in the private customers' credit portfolio would have been in the order of 4.33%.

In view of this contraction, the weight of the volume of credit in this segment now represents 52.83% of the Bank's overall credit, compared to 58.52% in 2021, with this variation revealing the difficulties experienced by families and the retraction in the demand for financing Bank officer. However, it is important to note that this segment continues to hold a greater weight in BISTP's credit portfolio, which provides, to a certain extent, greater stability in the credit portfolio, characterized by being the segment in which there is greater risk diversification, and be less volatile compared to the corporate segment. For this reason of lower volatility, Retail Banking continues to play a leading role in ensuring greater resilience to the Bank's business model in general.

The deposit portfolio for this segment grew by around 8.14%, meaning that its weight in the total deposit portfolio (current and term deposits) stands at 42.5%, revealing a certain stability compared to the 2021 weight, which was 42.8%.

The weight of private customers in the total volume of credit and deposits combined rose to 45.3% compared to 47.4% in 2021. This segment has proven to be very important in the risk diversification strategy and in strengthening resilience capacity of the Bank's activity, as a result of greater heterogeneity

among private customers.

DEPOSITS

Deposits in this segment registered a variation of around +8.14%, which is due to an increase in current deposits of +13.76%, against a reduction recorded in term deposits of 13.83%. Current deposits, non-interest-bearing liabilities, registered a relevant expansion in 2022 and their weight in the deposit portfolio became more reinforced.

Individuals (Customer Deposits Portfolio)

	Variance				
	2020	2021	2022	21.vs.21	22.vs.21
Customer Deposits (excluding interest payable)					
Demand Deposits	684.642.749	730.067.198	830.542.440	6,63%	13,76%
Term Deposits	192.792.798	186.763.132	160.932.363	-3,13%	-13,83%
Total Customer Deposits	877.435.547	916.830.330	991.474.803	4,49%	8,14%

Amount in STN

Deposits in this segment stood at mSTN 991,475, translating into a growth of mSTN 74,644 compared to 2021, i.e. +8.14%.

The growth in demand deposits of +13.76% compared to 2021, even in an adverse environment, reflects the stability of the deposit portfolio in this segment and the confidence that customers place in the solidity of the Institution. It is important to highlight that the situation of financial fragility or

bankruptcy of smaller financial institutions, which has occurred over the years in S. Tomé and Príncipe, also contributed to strengthening confidence in BISTP.

With this growth, the weight of demand deposits in 2022 rose to 83.8% of total deposits in this segment, compared to just 16.2% of term deposits.

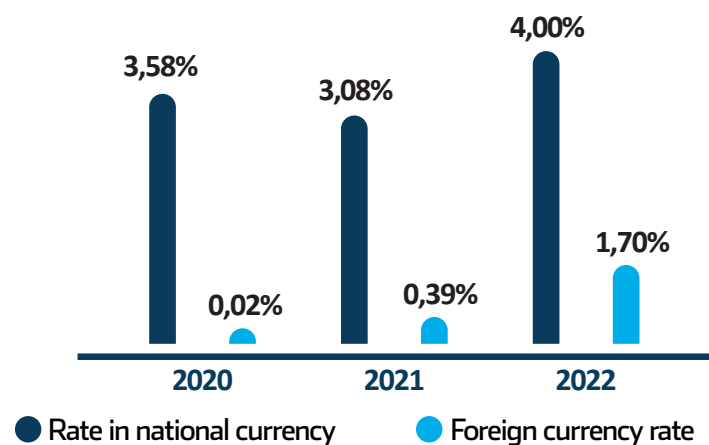
With regard to term deposits, there is a contraction in the weighted average rate in national currency, resulting from a policy of applying lower funding rates, justified by the situation of excess liquidity in the financial market, with the problem of surplus unspent resources worsens in a context of crisis in which bank credit registers a contraction. The reduction in term deposits can also be explained by the need that customers are having, in a scenario of sharp acceleration of inflation, to mobilize low-interest term deposits to meet their consumption needs.

Term deposits in progress, with longer maturities, are not impacted by the policy of lower rates, which is why it appears that the weighted average rate is being more influenced by older contracts.

Maturity of Term Deposits 2022		
Maturity of forward deposit contracts	Capital (STN)	Weighted Average Rate
Up to 6 months	46.264.378	1,23%
From 6 to 12 months	2.372.707	1,05%
More than 12 months	112.773.006	4,52%
Total	160.932.363	3,54%

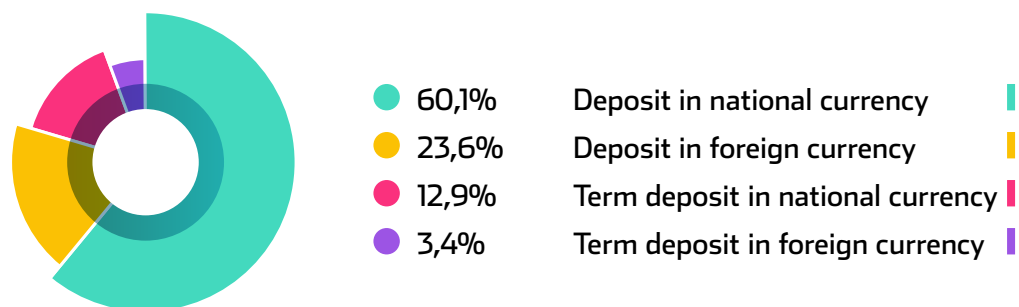
Amount in STN

Funding Rate per Group of coins (wheighted Avarege)



Regarding the composition of deposits by currency, it is worth highlighting the existence of a greater predominance of deposits in national currency (73.0% of total deposits) compared to deposits in foreign currency (27.0%).

Weight of deposits by currency



CREDIT

The volume of the loan portfolio in this segment, in 2022, experienced a contraction of around 11.1% compared to 2021, corresponding to a reduction in absolute terms of -mSTN 57,481.

Credit Portfolio	2020		2021		2022		Variance			
	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)	21 Vs. 20		22 Vs. 21	
Regular Credit	4.906	435.122.522	5.227	417.224.846	5.284	391.036.583	6,5%	-4,1%	1,1%	-6,3%
Irregular Credit	511	102.592.394	224	100.910.037	220	69.965.123	-56,2%	-1,6%	-1,8%	-30,7%
Discovered	3.304	1.138.265	7.435	758.710	2.653	410.425	125,0%	-33,3%	-64,3%	-45,9%
TTotal Credit Portfolio	8.721	538.853.181	12.886	518.893.593	8.157	461.412.131	47,8%	-3,7%	-36,7%	-11,1%

Amount in STN

The volume of credit in good standing recorded a contraction of 6.3%. Likewise, irregular credit recorded a contraction, but with a more significant variation of 30.7%. It should be noted that this greater contraction of the irregular portfolio is a result of the accounting write-off carried out in 2022. The greater contraction of regular credit is a reflection of a more adverse situation that characterized economic activity in 2022.

Credit Portfolio - Regular							Variance			
Credit Portfolio	2020		2021		2022		21 Vs. 20		22 Vs. 21	
Regular Credit	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)
Housing with mortgage Guarantee.	145	94.137.240	134	76.260.057	120	63.868.171	-7,6%	-19,0%	-10,4%	-16,2%
Consumption	1.328	72.401.459	1.559	81.710.489	1.616	88.664.036	17,4%	12,9%	3,7%	8,5%
Car	11	3.547.379	13	4.229.712	11	2.074.073	18,2%	19,2%	-15,4%	-51,0%
Health	7	394.810	7	579.927	4	948.451	0,0%	46,9%	-42,9%	63,5%
Other retail claims	3.415	264.641.635	3.514	254.444.661	3.533	235.481.852	2,9%	-3,9%	0,5%	-7,5%
Total Regular Credit (1)	4.906	435.122.522	5.227	417.224.846	5.284	391.036.583	6,5%	-4,1%	1,1%	-6,3%

Amount in STN

In terms of the credit portfolio in good standing, there has been a contraction in the purpose of mortgage loans of around 16%. Car credit experienced a contraction in volume of around 51%. "Other credit to individuals", which generally includes credit intended for investment in small private businesses, recorded a contraction of around 7.5%. On the other hand, consumer credit was the one that grew by +8.5%.

In a less favorable economic environment, the recovery of credit in default becomes even more difficult, with a potential increase in the risk of new credit defaulting. In view of the recovery difficulties, aggravated by the economic situation and by the potential increase in the risk of default, the Bank has instituted a policy of regularly monitoring customers at the level of the Branches and Managers, with the recovery of highly complex credits being led by the GJR - Legal and Recovery Office.

Irregular credit recorded a contraction of around 30.7% compared to 2021, and this reduction is explained essentially by the accounting write-off. Disregarding the write-off effect, it appears that the loan portfolio classified as risky (irregular credit) would have expanded by around 13%.

It is important, however, to keep in mind that the extreme slowness of the Courts (not to say inoperability) in dealing with credit litigation processes has been the most critical obstacle in the process of recovering defaulted credits. As a result of the inefficiency of the Courts in this matter, credit recovery in this market becomes particularly difficult and challenging.

Carteira de Crédito Irregular Credit	Credit Portfolio - Irregular						Variance			
	2020		2021		2022		21 Vs. 20		22 Vs. 21	
	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)	Nº	Amount (STN)
With delays > 90 days										
Housing with Mortgage Guarantee	27	30.319.714	34	44.421.860	35	42.524.610	25,9%	46,5%	2,9%	-4,3%
Consumption	127	5.204.168	45	2.701.035	66	3.837.561	-64,6%	-48,1%	46,7%	42,1%
Car	3	1.789.955	2	1.005.441	2	935.573	-33,3%	-43,8%	0,0%	-6,9%
Health	0	-	1	147.854	2	278.310	-	-	100,0%	88,2%
Others	320	40.927.921	109	23.851.478	115	22.389.070	-65,9%	-41,7%	5,5%	-6,1%
Total late credits > 90 dias	477	78.241.757,40	191	72.127.667,77	220	69.965.123	-60,0%	-7,8%	15,2%	-3,0%
Litigation										
Housing with Mortgage Guarantee	7	7.103.188,87	6	7.405.815,71	-	-	-14,3%	4,3%	-100,0%	-100,0%
Consumption	9	3.292.084,19	8	3.153.040,07	-	-	-11,1%	-4,2%	-100,0%	-100,0%
Others	18	13.955.363,50	19	18.223.513,69	-	-	5,6%	30,6%	-100,0%	-100,0%
Total claims in Litigation	34	24.350.636,56	33	28.782.369,47	-	-	-2,9%	18,2%	-100,0%	-100,0%
Total Irregular Credit (2)	511	102.592.394	224	100.910.037	220	69.965.123	-56,2%	-1,6%	-1,8%	-30,7%

Amount in STN

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

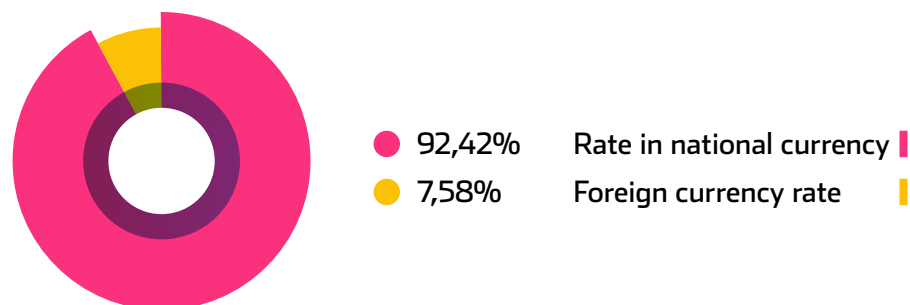
- The reduction in the weight of irregular credit in total credit in this segment, from 19.45% in 2021 to 15.16% in 2022, largely justified by the accounting write-off.
- With the write-off of higher risk credits, there was an improvement in the quality of the portfolio. The reduction in the level of total credit coverage (Regular

and Irregular) by the provision, in this segment, standing at 11.1%, compared to 17.0% in 2021, is revealing of this improvement.

- Total irregular credit in 2022 stood at mSTN 69,965, following the write-off, compared to mSTN 100,910 in 2021.
- With this reduction in irregular credit, in particular those that in 2021 were already in the highest risk class (with 180 and 360 days of default), there was, as a consequence, an improvement in terms of portfolio risk, with the permanence of credits that are at the lowest risk level. For this reason, the risk credit provision coverage ratio in the portfolio increased from 78% in 2021 to 65% in 2022.
- Notwithstanding this reduction in the risk of the loan portfolio, the Bank has maintained a very prudent and rigorous provisioning policy, having irregular loans properly provisioned.

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

Weight of credits by currency



6.2 CORPORATE BANKING: COMPANIES AND INSTITUTIONS

Despite a timid recovery in tourism activity, with an increase in the influx of tourists to the country, mainly at the end of 2022, there was not much optimism on the part of investors during the year, which can be translated by weak foreign or domestic direct investment in this sector. and in others, contrasting with the years before 2020, in which there was great euphoria and expectations regarding the growth of the tourism sector and other related sectors. In fact, the weak optimism of foreign and national capital and the cooling of investment can be explained, to a certain extent, by the still striking economic and health consequences caused by the pandemic, the armed conflict between Russia and Ukraine and a inflationary spiral that has not been seen for a long time. All these accumulated events created a very adverse and very high-risk macroeconomic environment, particularly for markets more vulnerable to external shocks, such as S. Tomé and Príncipe.

In the face of an unfavorable situation, companies also reduced their demand for bank financing, both for stock rotation and for investment/business expansion. In view of this more adverse scenario and with a tendency to increase risk, the Bank has maintained its credit granting strategy, but adjusted to the needs and circumstances of companies.

The Companies and Institutions segment has a weight of 47.2% and 57.4% respectively of the total credit and deposit portfolio in 2022.

DEPOSITS

The volume of deposits for this segment experienced an expansion of around +9.5% in 2022, supported by an increase in current deposits of around +9.7%, contrasting with a reduction in term deposits of around 52.6%.

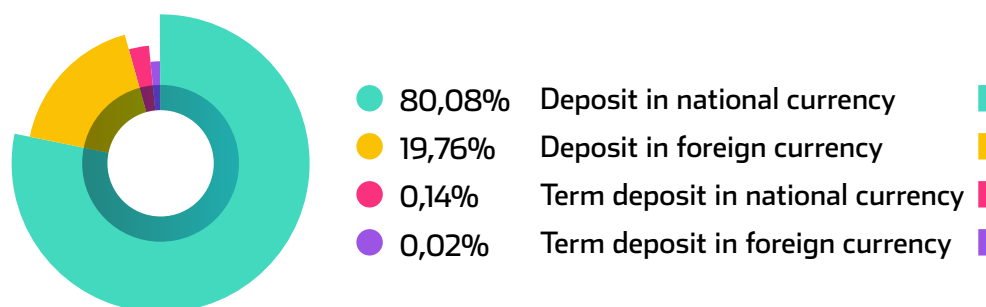
This magnitude of variation in deposits observed highlights a certain concentration and less stability of term deposits in this segment.

Corporate (Customer Deposits Portfolio)

Deposit Portfolio (excluding interest payable)	2020	2021	2022	Variance	
				21.vs.20	22.vs.21
Demand Deposits	1.504.653.357	1.222.229.779	1.341.188.037	-18,77%	9,73%
Term Deposits	5.639.651	4.571.150	2.166.115	-18,95%	-52,61%
Total Customer Deposits	1.510.293.009	1.226.800.929	1.343.354.152	-18,77%	9,50%

Amount in STN

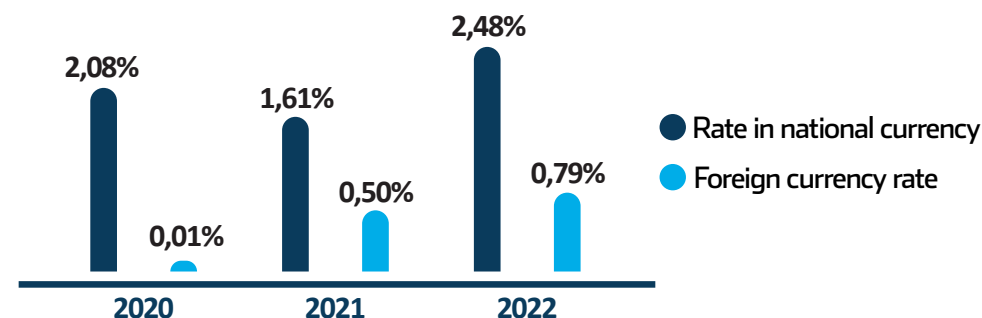
Regarding the composition of deposits by currency, it is noted that deposits in national currency continue to represent the majority of deposits in this segment, with a weight of 80.1%, compared to 72.4% in 2021.

Weight of deposits by currency

Average funding rates for this segment remain low. However, with the exit/maturity of term investments, we tend to end up obtaining a higher average rate due to the fact that deposits that remain in the portfolio, contracted for a longer term, are subject to higher rates. Term deposits in this segment are more volatile and their holders generally tend to look for better returns.

Maturity of Forward Deposit Contract	Maturity of Term Deposit 2022	
	Capital	Weighted Average Rate
AUp to 6 months	-	-
6 to 12 months	-	-
More than 12 months	2.643.843	2,25%
Total	2.643.843	2,25%

Amount in STN

Funding Rate by Currency Group (Weighted Average)

CRÉDIT

Credit to the economy expanded (+12.02%), which in absolute terms represented an increase of mSTN 44,221. Although the situation was, in general terms, adverse, it was still possible to increase the credit portfolio, with

the credits granted to the State in 2022 serving as a lever for this increase.

Credit to companies, in general terms, registered an important contraction. This evolution highlights the impact of the adverse situation on companies' demand for bank credit.

Despite the current situation, BISTP has been attentive to the few business opportunities that arise and has given particular attention to this segment, looking for financing solutions that are more appropriate to the economic context and the situation of each company, in particular.

Credit Portfolio	2020		2021		2022		Variance			
	Nº	Amount	Nº	Amount	Nº	Amount	21 Vs. 20		22 Vs. 21	
							Nº	Amount	Nº	Amount
Regular Credit	63	295.024.113	54	227.172.230	49	281.034.048	-14,3%	-23,0%	-9,3%	23,7%
Irregular Credit	42	152.558.391	53	138.019.645	18	14.963.340	26,2%	-9,5%	-66,0%	-89,2%
Discovered	90	16.977.259	142	2.629.650	17	116.044.993	57,8%	-84,5%	-88,0%	4312,9%
Total Credit portfolio	195	464.559.763	249	367.821.525	84	412.042.381	27,7%	-20,82%	-66,3%	12,02%

Amount in STN

Credit Portfolio- Regular	2020		2021		2022		Variance			
	Nº	Amount	Nº	Amount	Nº	Amount	21 Vs. 20		22 Vs. 21	
							Nº	Amount	Nº	Amount
Regular Credit										
Trade	26	52.851.735	20	46.685.710	14	24.379.615	-23,1%	-11,7%	-30,0%	-47,8%
Construction	7	33.493.924	5	44.199.544	11	33.566.764	-28,6%	32,0%	120,0%	-24,1%
Services	16	44.756.272	18	34.684.464	7	8.022.744	12,5%	-22,5%	-61,1%	-76,9%
Agriculture	3	2.055.503	3	1.546.313	-	-	0,0%	-24,8%	-100,0%	-100,0%
Other (Corporates; Public Institutions and Other Private Enterprises)	11	161.866.680	8	100.056.199	17	215.064.925	-27,3%	-38,2%	112,5%	114,9%
Total Crédito Regular	63	295.024.113	54	227.172.230	49	281.034.048	-14,3%	-23,0%	-9,3%	23,7%

Amount in STN

There is a contraction of credit in all sectors with the exception of credit to “Public Institutions and Other Private Companies”, evidencing an adverse economic situation that cuts across almost all sectors of activity. Loans granted to Public Institutions in 2022 registered a growth of around 114.9%, and were responsible for the increase of the loan portfolio in this segment by around 23.7%.

Credit Portfolio Irregular Credit	Credit Potfolio – Irregular						Variance			
	2020		2021		2022		21 Vs. 20		22 Vs. 21	
	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount	Nº	Amount
With delays > 90 days										
Trade	5	4.303.038	17	17.731.648	8	7.827.526	240,0%	312,1%	-52,9%	-55,9%
Construction	3	2.907.185	5	4.198.803	4	4.347.843	66,7%	44,4%	-20,0%	3,5%
Services	4	3.309.240	4	1.885.134	-	-	0,0%	-43,0%	-100,0%	-100,0%
Agriculture	1	684.746	3	1.397.895	3	2.079.619	200,0%	104,1%	0,0%	48,8%
Other	3	976.015	1	393.310	3	708.352	-66,7%	-59,7%	200,0%	80,1%
Total late credits > 90 days	16	12.180.224	30	25.606.790	18	14.963.340	87,5%	110,2%	-40,0%	-41,6%
Litigation										
Trade	17	103.633.461	14	75.493.232	-	-	-17,6%	-27,2%	-100,0%	-100,0%
Construction	2	23.120.326	2	23.120.326	-	-	0,0%	0,0%	-100,0%	-100,0%
Services	5	9.093.531	5	9.268.448	-	-	0,0%	1,9%	-100,0%	-100,0%
Agriculture	1	184.688	1	184.688	-	-	0,0%	0,0%	-100,0%	-100,0%
Other	1	4.346.160	1	4.346.160	-	-	0,0%	0,0%	-100,0%	-100,0%
Total claims in litigation	26	140.378.167	23	112.412.855	-	-	-11,5%	-19,9%	-100,0%	-100,0%
Total Irregular Credit (2)	42	152.558.391	53	138.019.645	18	14.963.340	26,2%	-9,5%	-66,0%	-89,2%

Amounts in STN

In general terms, irregular credit experienced a contraction of around -89.2% resulting from the accounting write-off that occurred in 2022.

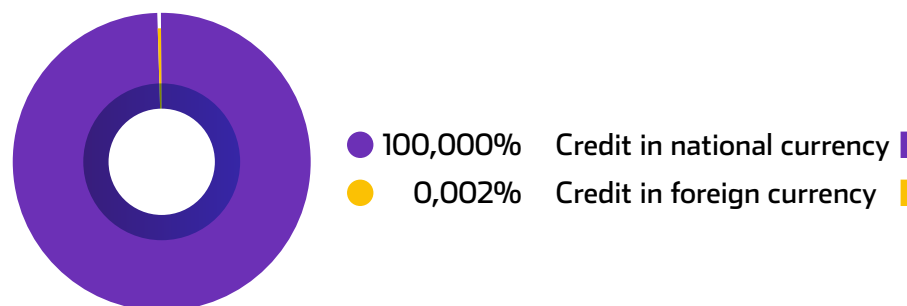
Despite the reduction in the level of risk in the credit portfolio in this segment through write-off, it is important to highlight the efforts invested in better monitoring and recovery of credit, market conditions (weak economic activity) and weak judicial performance (excessive slowness/inoperationality in the judicial treatment of litigation) continue to condition better results in terms of recovery of credit in an irregular situation.

In terms of provision, the maintenance of a prudential and rigorous policy stands out, with the provision for doubtful debts covering around 80.5% of irregular credit (credit overdue for more than 90 days), resulting in a reduction in the ratio coverage by 18 percentage points, when compared to 2021, when the irregular credit portfolio reduced by 89%.

Regarding the composition of credit by currency, it is noted that in 2022, credit in national currency had a weight of approximately 100.0% compared to 94.38% in 2021. This weight of credit in national currency results from the policy of the BISTP to strengthen the confidence of economic agents in the national currency, relate

the currency in which financing is granted with the currency of customers' income, but also to reduce the Bank's exposure to fluctuations in index rates (Euribor and Libor).

Weight of credits by currency type



6.3 ELECTRONIC BANKING (DEBIT CARD AND E-BANKING)

Throughout 2022, BISTP intensified its actions aimed at disseminating electronic and digital media as a convenient, safe and easy alternative to access financial services. The constraints imposed by the Covid-19 pandemic, and more recently with Government Decree No. 16/2021 guiding the mandatory installation of POS/TPA by public and private institutions, were relevant to accelerate greater adoption by customers of electronic and digital means as increasingly valid alternative ways to access financial services.

In order to respond to the growing interest in the electronic banking service, BISTP intensified its investments in the purchase of equipment (ATM and TPA/POS), launch of an internet banking service APP, production of advertising

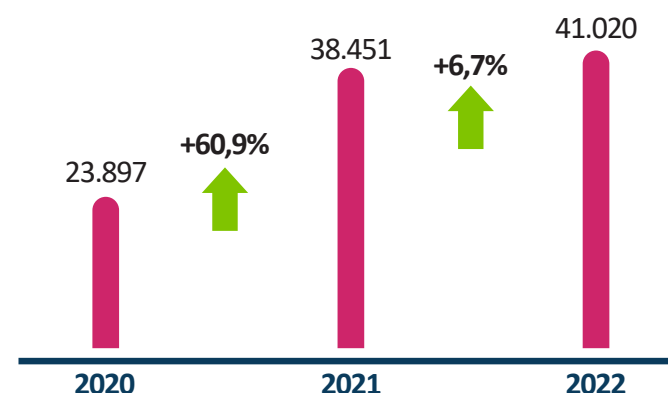
campaigns about the advantages they provide these services, particularly with regard to convenience and speed at a time when people's mobility was restricted for security reasons.

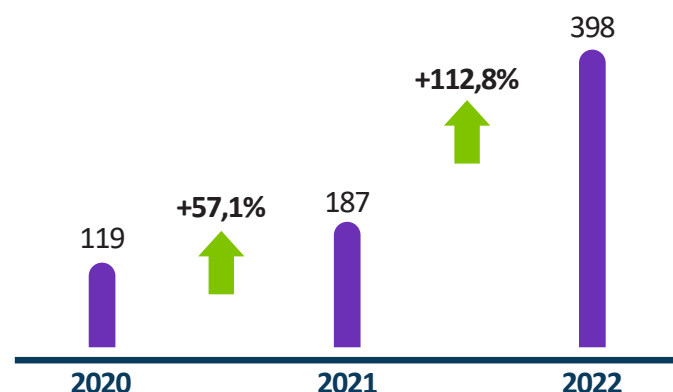
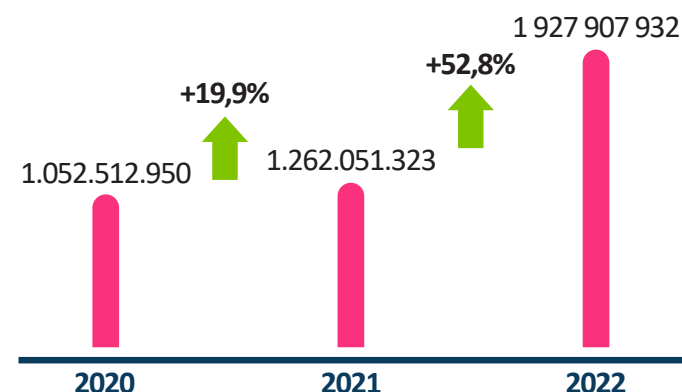
DEBIT CARD - "FOLD 24"

Adherence to debit cards, TPA/POS and internet banking has been encouraged when opening an account and also through cross-selling, particularly with credit operations.

The commercial and marketing boost associated with the current legal provision that requires the installation of POS/TPA, aiming at greater dissemination of electronic services, has contributed to the gradual increase in the number of customers using electronic banking. In 2022, the number of POS equipment installed grew by around 112.8% compared to 2021.

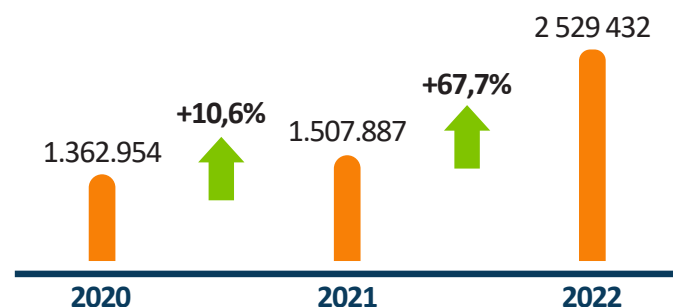
Debit Cards (number)



TPA/POS (nnmber)**Volume of transations (ATM and POS)**

The number of transactions carried out through these channels has increased significantly over the last few years. The total number of transactions carried out at the ATM and TPA/POS were 2,529,432, representing a growth of 67.7% and the volume transacted was 1,927,907,932 mSTN, i.e. 52.8% more than in 2021.

In addition to this service offering greater convenience to the customer, it has the great potential to allow the Bank to reduce the current high level of customer attendance at branches to carry out withdrawals, transfers, balance inquiries and account movements.

Number of transations (ATM and POS)

E-BANKING (KWA-NON)

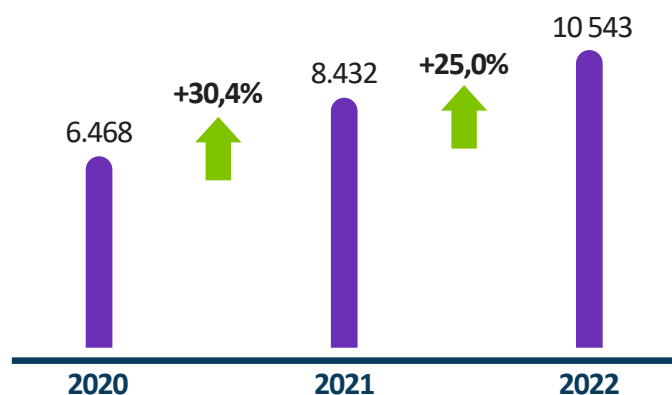
By encouraging the adoption of this service when opening an account and also through cross-selling, it appears that the number of users of the internet banking service (kwa-Non) has, in the same way, been growing, as well as the number and volume of transactions carried out in this channel.

The launch of the mobile application for this service is contributing to greater use of this channel in the near future in accessing banking services.

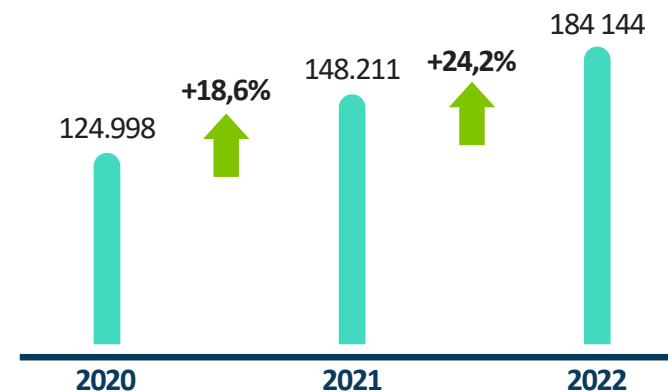
In terms of users, there was a growth of around 25.0.4% in 2022, when

compared to 2021 and the volume of transactions carried out through this channel grew by around 32.1% compared to 2021.

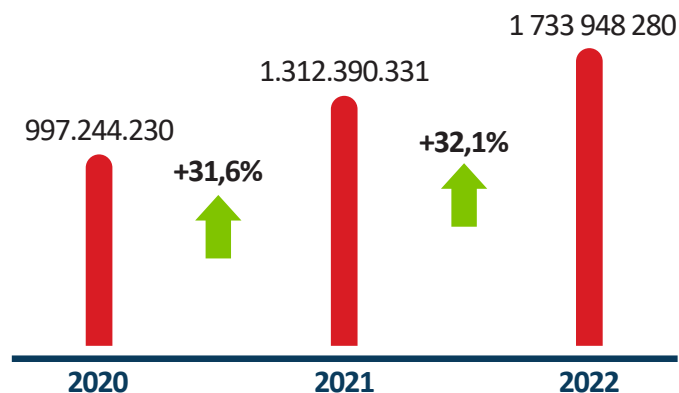
Contract e-Banking (KWA-NON)



numbers of transations



Volume of Transations (in STN)





Doce de Gengibre
Feito com Gengibre

7. RISK MANAGEMENT PRINCIPLES

RISK MANAGEMENT OFFICE (GRN)

Throughout 2022, despite the COVID-19 pandemic, the Bank continued the process of disseminating and improving the Internal Control System, aiming to respond to the demands of the national and international financial system.

RISK APPETITE

BISTP's principle is to develop its business activities with prudence and in a controlled and sustainable manner, and always seeks to adapt and reconcile the objectives set for the business and the risk tolerance levels defined in terms of sustainability and medium-sized profitability. long-term, adopting strategies that aim to reconcile the objectives of the Bank's strategic plan with the introduction of measures leading to their materialization. The period of uncertainty that the world continues to go through, largely due to the COVID-19 pandemic that persists with incalculable impacts on the lives of people and companies, as well as the side effects of the war between Russia and Ukraine, which have led the Bank to increasingly refine its level of requirements.

The Bank has been defining and implementing controls and limits for the risks it considers to be materially relevant to which its activity is exposed. This process is supported by the “Declaration of Risk Appetite” – the RAS (Risk Appetite Statement) whose general principles are based on qualitative statements that define the Bank's risk strategy. These principles are aligned with the business strategy and the understanding of the resulting risk-benefit trade-offs, and are part of the Bank's culture and strategy, supporting all its activities.

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

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trade-offs, and are part of the Bank's culture and strategy, supporting all its activities.

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

RISK STRATEGY

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

Therefore, the RAS and the Risk Appetite Framework continue to be inseparable and central elements of BISTP's risk management, both aiming to control and mitigate risks classified within the scope of the risk identification process.

INTERNAL CONTROL

The Risk Management function continues to be an integral part of the Bank's Internal Control System (ICS), along with the Compliance and Internal Audit functions, thus contributing to a solid internal control environment and delimitation of risks involving the business Bank officer .

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

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

Thus, the SGR embodies the so-called "2nd line of defense" in relation to the risks to which the Bank's activities are exposed. It is also important to mention that the 1st Line of defense is ensured, on a day-to-day basis, by all of the Bank's organizational units - supported by a process of training and awareness regarding risks, as well as the delimitation of activities through a system of internal standards (SNI) complete and detailed – and last but not least, the 3rd Line of defense developed by the Internal Audit function, in a transversal and independent way.

RISK COMMISSION

The Risk Committee, appointed by the Board of Directors, is made up of two non-Executive Directors and a representative appointed by the BAI Shareholder, and is responsible for a set of responsibilities, of which the

following stand out:

- Advise the Board of Directors on BISTP's risk appetite and the institution's general, current and future risk strategy, taking into account all types of risks, financial and non-financial, in order to ensure that they are harmonized with the institution's business strategy, objectives, culture and business values;
- Supervise the coherence between all important products and services offered to customers, as well as the Institution's business model and risk strategy, presenting correction plans to the Board of Directors, when that analysis results in the aforementioned conditions not adequately reflecting the risks ;
- Monitor the management policies of all risks related to BISTP's activity, financial and non-financial, namely business and strategic risks, solvency, liquidity, interest rate, credit, market, operational, IT, Compliance and reputation, exchange rate and political;
- Evaluate and promote the effectiveness and efficiency of BISTP's internal control processes, namely through the evaluation of recommendations from internal or external auditors, and monitor the implementation of the measures adopted;
- Monitor BISTP's risk strategy and risk appetite.

AUDIT AND INTERNAL CONTROL COMMITTEE

The Audit and Internal Control Committee (CACI), elected by the Board of Directors, is made up of two non-Executive Directors and a representative

appointed by Shareholder BAI, and is responsible for a set of responsibilities, including:

- Promote and monitor compliance with legal and regulatory provisions, the BISTP Statutes, standards and recommendations issued by supervisory entities, as well as general policies, standards and practices established internally.
- Evaluate and promote the effectiveness and efficiency of the Internal Audit Function, ensuring direct functional reporting of this function.
- Promote the pursuit of the fundamental objectives set in terms of internal control and risk management by the Central Bank of São Tomé and Príncipe (BCSTP), as well as in the supervisory directives addressed to credit institutions and financial companies.
- Monitor the activity of the Executive Committee.
- Carry out a critical assessment of the Bank's Internal Control System, following the complementary autonomous assessments that are assigned to the Internal Audit Function, as emanated from the supervisory authorities, and ensuring that their effectiveness and completeness contribute to the effectiveness and efficiency of the Bank Internal Control System.

The nature and form of composition of the Board's two specialized committees (they do not include Executive Directors), aims to guarantee them the necessary monitoring independence, as well as safeguarding conflicts of interest (those who manage the business should not manage control).

RISK OFFICE

The Risk Office is the structural unit responsible for the risk control function across the BISTP. The function is developed by a Structure Body, namely, the Risk, Organization and Standards Office – GRN, except for Compliance risk which is handled in the specific structure unit p (Compliance Office). The GRN is responsible for informing the Risk Committee of the risk level, proposing measures to improve the control environment, and implementing mechanisms that ensure compliance with the approved limits. The functions of the GRN, briefly described and enumerated, are as follows:

- Ensure the effective application of the risk management system, through continuous monitoring of its adequacy and effectiveness, as well as the measures taken to correct any deficiencies or improve the system.
- Advice and presentation to the Executive Committee and the Risk Committee of the situation resulting from the periodic monitoring carried out on the risks in the monitoring process, as well as indicating whether appropriate measures were taken to correct any deficiencies.
- Disclosure of risk management guidelines and methodologies to Structural Bodies.
- Definition of reporting models for similar functions.
- Risk monitoring and application of shared and disclosed methodologies.
- With the aggregation of the standards component, the office also began to develop and update the Bank's standards system, with the introduction of new standards, as well as updating those that prove necessary. The agglutination essentially resulted from the unification of the function that had been carried out by the person in charge of Risk Management.

MAIN ACTIVITIES DEVELOPED AND ACHIEVEMENTS IN 2022

In 2022, the risk management function maintained its focus on the process of implementing the programmed metrics, as well as on the continuous improvement of the risk control system already implemented, namely on the permanent monitoring of the risk levels to which the Bank is exposed in relation to the tolerance limits of the assured RAS, and, at the same time, keep the Bank in full compliance with regulatory and/or supervisory requirements and, consequently, keeping the internal regulatory structure up to date that is adequate for risk control and management, this latest developed by Compliance.

The most relevant activities carried out in 2022 were, broadly speaking, the following:

- Participation in the continuous updating of the BISTP Contingency Plan in light of the COVID-19 pandemic;
- Continuous improvement of the governance, measurement and risk control model at Bank level;
- Improved effectiveness of the Internal Control system;
- Improvement in the liquidity risk control system;
- Updating of internal norms, resulting from the departmental aggregation process, based on the principle of aggregations capable of providing greater operational efficiency;
- Participation in the NAP implementation process on provision, which led to a significant reduction in the NPL ratio. Despite this being an improvement in terms of data for reporting, since the credits that were the subject of

accounting write-off, allowed the reduction of the NPL level but did not lead to the effective recovery of that written-off value of the asset that, at the time of the 1st execution stood at around 139 million of dobras.

CREDIT RISK

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

Credit Risk – Concentration

unity : STN

Largest Customers in relation to the total portfolio with Credit characteristics- last 4 quarters								
STN	4º Trim - 2022.		3º Trim - 2022.		2º Trim - 2022.		1º Trim - 2022.	
	%	Absolute	%	Absolute	%	Absolute	%	Absolute
20 biggest customers*	50%	436.393.145,81	45%	368.886.107,45	33%	237.624.049,32	37%	317.150.382,66
50 biggest customers*	57%	494.472.010,36	52%	427.715.842,42	42%	300.802.175,90	48%	413.923.719,37
100 biggest customers*	62%	539.801.346,47	57%	467.787.050,14	48%	344.476.558,62	56%	481.397.748,82
Portfolio Total*	-	873.454.511,92	-	824.855.674,31	-	715.853.353,76	-	863.204.203,94

*For clients with domain relationships, economic groups were created.

In the chapter on credit risk concentration, BISTP, throughout 2022, presented concentration levels as reflected in the table above for each of the segments, with the 20 largest customers (defined by economic group) representing 50% of the credit portfolio. Bank credit in the 4th quarter. However, this weight is justified by the size and specificity of our market, which generally does not allow for greater diversification.

Risco de Crédito - Provisão

Unid: STN

Nível de Provisão da Carteira de Crédito - Últimos 4 Trimestres															
Classe de Risco Final - Provisão no Banka + Provisão Económica				4º Trim - 2022.			3º Trim - 2022.			2º Trim - 2022.			1º Trim - 2022.		
				Créditos Gerais Total STN	Provisão		Créditos Gerais Total STN	Provisão		Créditos Gerais Total STN	Provisão		Créditos Gerais Total STN	Provisão	
Tipo/Categoria	Nível	Percentual	Absoluto		% (média)	Absoluto		% (média)	Absoluto		% (média)	Absoluto		% (média)	
Crédito por Desembolso	(A)			873.454.511,92	68.396.026,09	8%	824.855.674,31	78.378.045,94	10%	715.853.353,76	89.746.213,52	13%	863.204.203,94	228.288.221,51	26%
Normal	I	≥ 2% até 9,99%		774.221.165,66	9.419.349,81	1%	710.729.397,56	9.440.505,04	1%	581.846.504,33	9.795.463,38	2%	596.818.167,45	9.867.490,08	2%
Sob Supervisão	II	≥ 10% até 24,99%		14.097.369,45	1.409.736,95	10%	15.212.444,76	1.521.244,48	10%	29.380.280,09	2.938.028,01	10%	21.061.365,15	2.106.136,52	10%
Abaixo do Normal	III	≥ 25% até 49,99%		15.033.915,89	3.765.930,14	25%	18.575.796,35	4.652.458,05	25%	16.926.029,50	4.240.715,49	25%	14.962.351,87	3.759.698,69	25%
Duvidoso	IV	≥ 50% até 99,9%		68.199.479,34	51.898.427,60	76%	71.608.567,35	54.034.370,08	75%	36.989.649,27	22.061.116,06	60%	45.287.718,94	27.480.295,69	61%
Perda	V	100%		1.902.581,59	1.902.581,59	100%	8.729.468,30	8.729.468,30	100%	50.710.890,58	50.710.890,58	100%	185.074.600,54	185.074.600,54	100%
Crédito por Assinatura	(B)			61.509.285,78	927.253,48	2%	25.638.250,09	4.984.567,01	19%	25.638.250,09	466.245,72	2%	24.816.789,27	496.335,79	2%
Garantia Prestadas				40.968.407,18	532.184,07	1%	40.985.884,99	532.358,85	1%	15.461.571,91	309.231,44	2%	13.050.932,12	261.018,64	2%
Créd. Documentário de Import.				20.540.878,59	395.069,41	2%	224.884.026,98	4.452.208,16	2%	10.176.678,18	157.014,28	2%	11.765.857,14	235.317,14	2%

Nota: A média de provisão na classe I é inferior a 2% porque os créditos do Estado em situação Normal não devem ser provisionados (NAP 13/2021).
E a média de provisão de garantias prestadas está com forme a ponderação de apuramento.

In the provisions chapter, BISTP has internal mechanisms for monitoring provision levels. The process is carried out monthly, with the situation of each customer being analyzed based on the behavior recorded, whether in the relationship with the Bank or in the sector and/or segment in which it operates. Around 89% of the credit portfolio is at the lowest risk level (level I), on the opposite side we have 0.22% of the portfolio at level V, this level being essentially composed of operations already in the process of contentious execution (Court) that are still awaiting a judicial outcome, or, operations that, due to the borrower's derailment, have deteriorated and are awaiting accounting write-off, if they remain in class V for a period longer than 12 months.

Credit Risk - Exposure by Economic Agent

Unid: STN

Exposição por Agente Económico - Últimos 4 Trimestres																
Agentes Económicos	4º Trim - 2022.				3º Trim - 2022.				2º Trim - 2022.				1º Trim - 2022.			
	Valor Crédito Aplicação em STN (a)	Peso s/Fundos Próprios	Peso s/Carteira de Crédito	Provisão Constituída	Valor Crédito Aplicação em STN (b)	Peso s/Fundos Próprios	Peso s/Carteira de Crédito	Provisão Constituída	Valor Crédito Aplicação em STN (c)	Peso s/Fundos Próprios	Peso s/Carteira de Crédito	Provisão Constituída	Valor Crédito Aplicação em STN (d)	Peso s/Fundos Próprios	Peso s/Carteira de Crédito	Provisão Constituída
(A) ESTADO (Créditos Empresa + Organ. Públicos)	303.254.117	59%	-	N.A.	238.704.311	50%	-	N.A.	238.704.311	51%	33%	N.A.	103.455.653	22%	12%	N.A.
(B) FAMÍLIAS	461.412.131	89%	53%	53.991.992	476.791.258	99%	58%	56.398.784	492.383.859	106%	69%	60.367.238	520.452.346	108%	60%	88.779.891
(C) EMPRESAS PRIVADAS	108.788.264	21%	12%	14.404.026	109.360.105	23%	13%	21.979.258	131.396.160	28%	18%	29.378.976	239.296.205	50%	28%	139.502.412
(D)** BILHETES DE TESOIRO + CERTIFICADO DE DEPÓSITOS	401.652.321	78%	N.A.	N.A.	521.496.264	109%	N.A.	N.A.	521.496.264	112%	N.A.	N.A.	375.842.530	78%	N.A.	N.A.
Total de Exposição Direta (expresso em STN) = A+B+C+D	1.275.106.833	246%	-	-	1.346.351.938	281%	-	-	1.383.980.594	297%	-	-	1.239.046.734	258%	-	-
Total da Exposição Direta (Expresso em EUR)	52.045.177	-	-	-	54.953.140	-	-	-	56.489.004	-	-	-	50.573.336	-	-	-

BT = Bilhete Tesouro / CD = Certificado Depósito

** A exposição reportada de BT e CD, não contempla os juros a serem pagos na maturidade.

Nota: Certificado de depósitos contam para RMC, por essa razão constam do mapa como mera informação e não propriamente uma exposição.

In the chapter on the allocation of its available resources, the risk function periodically monitors our exposures to assess whether they are within the internally defined limits and is responsible for generating alerts in the event of any exceeding of said limits. Certificates of Deposit, despite not constituting exposure, due to their nature, are considered for the monitoring process.

Portfolio Composition by Credit Segment (Signature Credit)

Unid: STN

Crédito por Assinatura - Distribuição por Tipo de Crédito - Últimos 4 Trimestres								
STN	4º Trim - 2022.		3º Trim - 2022.		2º Trim - 2022.		1º Trim - 2022.	
	%	Absoluto	%	Absoluto	%	Absoluto	%	Absoluto
Garantia Prestada	67%	40.968.407,18	15%	40.985.884,99	60%	15.461.571,91	53%	13.050.932,12
Crédito Documentário de Importação	33%	20.540.878,59	85%	224.884.026,98	40%	10.176.678,18	47%	11.765.857,14
Total da Carteira	100%	61.509.285,78	100%	265.869.911,97	100%	25.638.250,09	100%	24.816.789,27

In this chapter, the volatility of its composition is notable, both in terms of type and amounts. However, they are duly provisioned, as can be seen in the provisions chapter.

Volatility is essentially justified by the fact that few companies use CDI, and the contracted amounts are not constant. It is also important to note that the greatest growth in documentary credit in the 3rd quarter of 2022 is due to a one-off CDI operation carried out for fuel imports. As for guarantees, they are essentially provided to the State, within the scope of State works (infrastructure, etc.).

THE COVID-19 PANDEMIC

The year 2022 was impacted by the negative effects resulting from the COVID-19 pandemic, although there have already been signs of some recovery, especially on the part of companies linked to the tourism sector.

The Bank's operability, as well as the protection of Employees and Customers, during the most critical period, was assured (continues to be) through the activation of the Bank's Business Continuity Contingency Plan (PCN), which implied the adoption of a set of measures to address the constraints caused by the pandemic.

RUSSIA/UKRAINE WAR

As it is a predominantly importing country, the war between Russia and Ukraine has had a negative impact on the prices of goods in STP, especially the price of fuel. The Bank, as part of the national business fabric, has adopted measures aimed at containing and/or mitigating the effects resulting from this situation, having very recently started a pilot and testing process for the photovoltaic system that could lead to better optimization of natural resources (in this case the sun).

BUSINESS CONTINUITY MANAGEMENT

BISTP's business continuity management is based on the Business Continuity Plan, which is segmented into two large groups - Operational Continuity Plan and Technological Recovery Plan. The process of disseminating and improving each of the segments continues to be a current task, especially in the area of new technologies, which should allow robust defense in crisis situations.

For the year 2023, the GRN foresees the continuation and improvement of processes and the continuation of the dissemination of the risk culture at BISTP.



Banana Seca
Feito com Banana Prata

8. HUMAN RESOURCES

In 2022, the focus was on training staff in terms of compliance, aiming to strengthen the capacity of the entire Bank team in this increasingly relevant matter in banking activity. All employees took part in these training sessions, with particular emphasis on the commercial team.

DISTRIBUTION BY LEGAL LINK

In 2022, BISTP's staff consisted of 144 employees, of which 2 were on a public service commission, 2 on a temporary contract and 140 on a permanent contract.

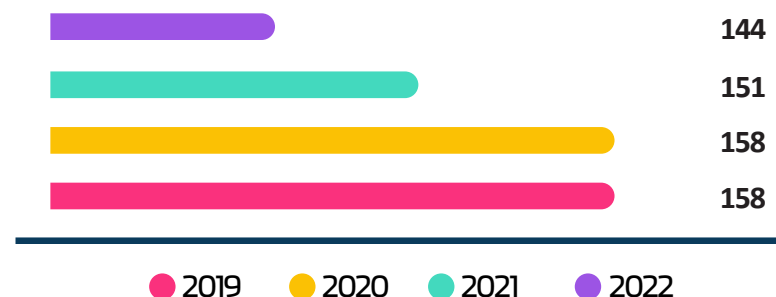
STAFF'S LEGAL BOND 2022



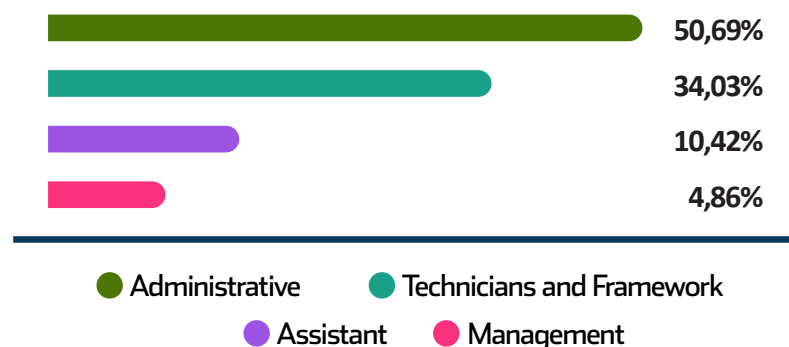
FUNCTIONAL DISTRIBUTION

According to the new Career Plan, Administrative staff continue to be the most representative professional group, with the highest number of employees (73), representing 50.69% of the total workforce. Employees from the technical staff and with management functions represented around 34.03% of the workforce. The professional group with management functions (7 elements) represents around 4.86% of the total staff.

EVOLUTION OF WORKFORCE IN THE PAST 4 YEARS



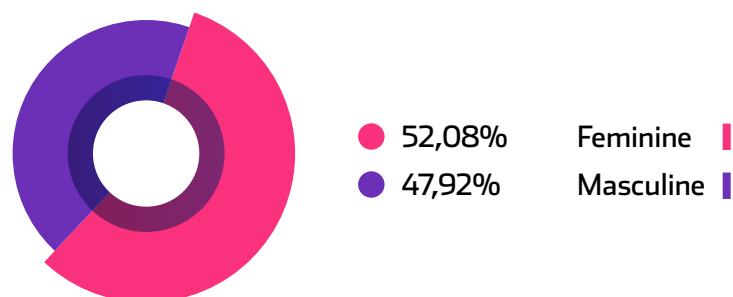
WORKFORCE BY PROFESSIONAL GROUP



DISTRIBUTION BY GENDER

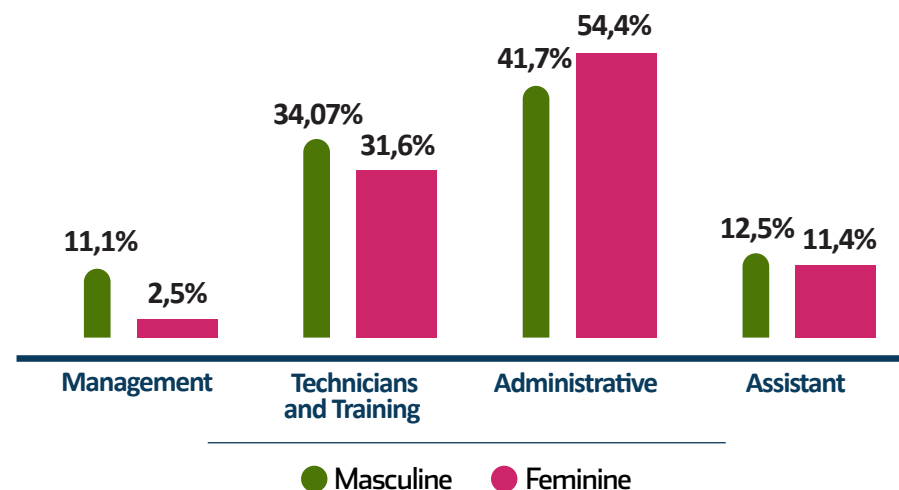
In terms of gender distribution, the percentage trend of the previous year continues, with the number of female employees being 52.08%, higher than the male number (47.92).

EMPLOYEES BY GENDER



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

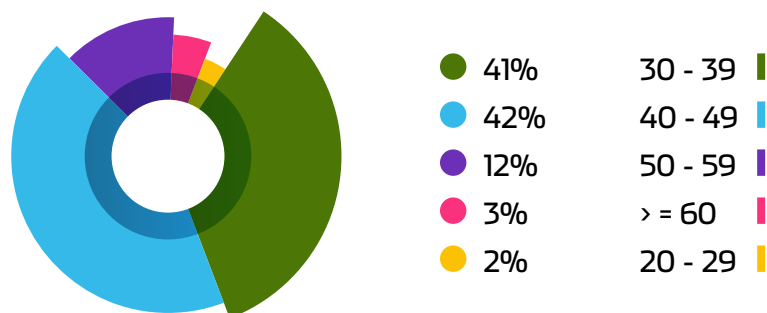
PROFESSIONAL GROUP BY GENDER



DISTRIBUTION BY AGE GROUP

The age group with the highest number of employees is 40 to 49 years old, which in 2022 represented 42% of BISTP's total workforce. The 30 to 39 age group represented 41% of the total workforce.

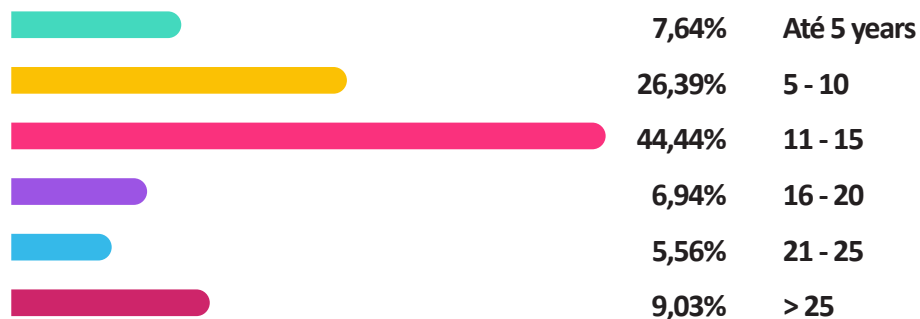
STAFF BY AGE RANGE



DISTRIBUTION BY SENIORITY

At BISTP, in terms of seniority, around 44.44% of all employees have between “16 and 20 years” of service.

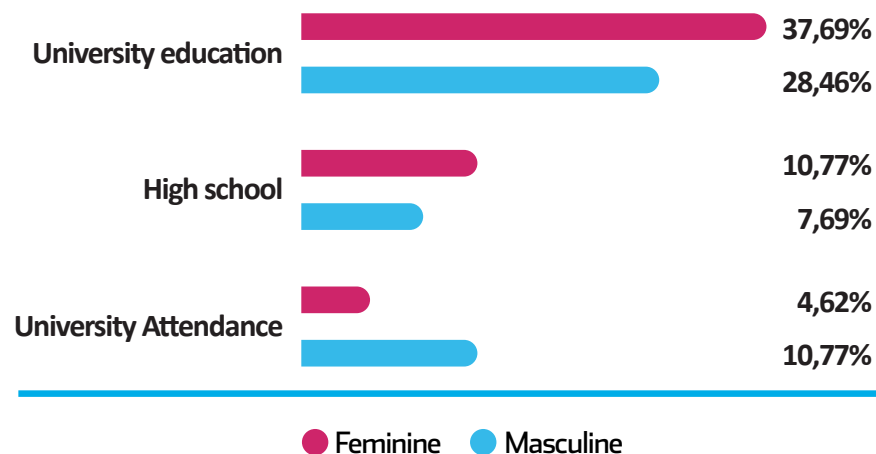
SENIORITY EXTRUTURE



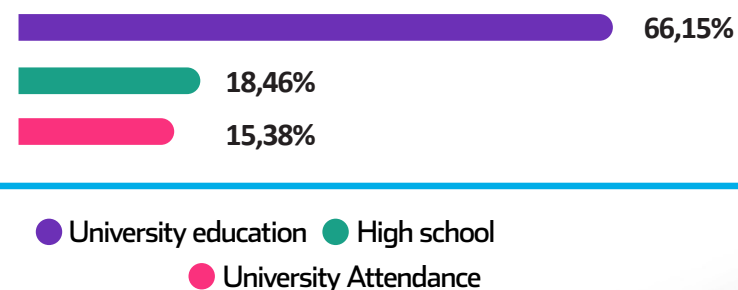
DISTRIBUTION ACCORDING TO LEVEL OF EDUCATION

BISTP's strong focus on hiring young graduates in recent years has allowed the employee qualifications rate to increase. Thus, in 2022 the number of employees with higher education qualifications reached 66.15% of the Bank's total workforce (professionals with banking functions).

DISTRIBUTION BY LITERACY LEVEL/BY GENDER



DISTRIBUTION BY LEVEL OF EDUCATION





Marmelada de mamão
Feito com Mamão

9. SOCIAL RESPONSIBILITY

Social Responsibility (SR) is a concept that encompasses the voluntary actions of companies for the benefit of their public, both internal and external. Socially responsible organizations are those whose current posture, behavior and conduct are structured to put into practice attitudes that promote the well-being of those involved

As always, BISTP has guided its management model over the years not only by financial interests – aiming at profit, but also by supporting inclusion and social responsibility initiatives, revealing itself as a decisive factor for the development and growth of São Tomé society in its various aspects (economic-financial and social).

The year 2022 was marked by the beginning of the War between Russia and Ukraine, with consequences and social repercussions worldwide, so São Tomé and Príncipe and BISTP were no exceptions, considering the decrease in turnover. In this field of Social Responsibility (SR), BISTP continued its annual contribution 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 carried out exceptional work in these areas, continued to support the Foundation of new future and children's home, on a monthly basis in the

purchase of school materials, as well as the Foundation of children and young people, through the granting of monthly support, for the development of actions aimed at protecting and monitoring the minors and young people in need, in the social and civic, cultural, pedagogical, recreational and material areas.

EDUCATION

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

As has been mentioned, one of the main pillars of a society and one of the means for the development of São Tomé and Príncipe, BISTP in 2022, maintained contracts with the Universities of STP – USTP, in which it awards prizes to the best final year students of each of the 3 Organic Units, the award of a scholarship to the most needy student, from each of the 3 Organic Units with an average greater than or equal to 14 points and the contribution to the

Investment in Laboratories. The Bank renewed the agreement with universities of Évora STP, with advantages for the best students.

SPORT

Any form of practice of physical activity in a methodical manner, with competitive objectives, whether through casual or organized participation, seeks to use, maintain or improve physical skills, providing fun for participants and, in some cases, entertainment for spectators. The objectives of sport can be, in addition to competition, also recreational, or improving physical and health condition, or improving mental fitness.

In this area, in 2022, there was a resumption of activities, although still very timid. BISTP, in July, sponsored the CHESS FEDERATION OF SÃO TOMÉ AND PRÍNCIPE – FEXA-STP, for its participation in the 44th edition of the Chess Olympiad with two national Olympic teams, female and male.

CULTURA

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

In 2022, BISTP granted sponsorship to the MINISTRY OF TOURISM AND CULTURE for the "RECITE PROJECT" (network of Theater Exchange Centers in Portuguese-speaking African Countries), within the scope of PROCULTURA, financed by the European Union and managed by C.C. Camões, I.P. whose

objective was to encourage theatrical exchange between the PALOP; and supported the INSTITUTE OF LAW AND CITIZENSHIP (IDEC) of Professor of Law, Msc. Jonas Gentil and J. Jhúnior de Ceita, to update the publication of the Constitution of the Republic of São Tomé, given that our constitution turned 20 years old.

It should be noted that BISTP has had a partnership protocol with the Portuguese Cultural Center for more than 14 years to promote joint activities, share collections and support the implementation of events in the areas of culture, economy, civil society, science, education and health.

Other important support awarded in 2022:

- A highlight goes to Financing for the CCIAS-STP Chamber of Commerce, for holding the CPLP Business Summit which took place at the Palácio dos Congressos;
- Support to the Bar Association of STP for holding the XIV Ordinary Congress, whose theme was: "The Challenges of Advocacy in the Face of the Labor Code";
- Support to the Order of Doctors – ORMED-STP, for participation in the Congress of Portuguese Speaking Medical Communities (CMLP) in Bissau – Guinea-Bissau;
- Sponsorship to the THE NATIONAL POLICE FORCE to celebrate the 47th Anniversary of its institutionalization;
- Support for the Businessman/Farmer Abel Bom Jesus, for his trip as the winner of the 2020/2022 African Figure award, within the framework of the Youth Coalition of Portuguese Speaking African Countries.
- Sponsorship of the NGO MOVE for holding two Entrepreneur Fairs (in December).



Biscoito de Coco
Feito com Coco e Farinha trigo

10. FINANCIAL ANALYSIS

10.1 BALANCE SHEET COMPONENTS

When we were still trying to live with the negative economic and social effects resulting from the pandemic, Russia went to war with Ukraine, prices rose very quickly, creating a particularly difficult situation in 2022. The difficulties in doing business increased. Companies continue to postpone their investment intentions in the face of increased uncertainty surrounding the macroeconomic and geopolitical environment.

Despite this context, and, following rationalizations/restructuring initiated in previous years, BISTP once again demonstrated its great resilience, and ability to maintain the main business indicators in positive territory and add value to Shareholders' capital.

Thus, in 2022, BISTP's total assets stood at mSTN 3,002,729, which translates into an increase of around +8.83%, essentially sustained by the increase in cash available at the Central Bank and the increase in investment in Tickets. Treasury. Liabilities also expanded (+8.0% compared to 2021), as a result of the growth in customer deposits.

Equity registered a growth of around 13.07%, resulting from the increase in net income for the year by +51.44% and retained earnings by +11.6%.

The volume of gross credit to customers registered a slight contraction of around -1.43%, which, in absolute terms, represents a drop of mSTN 12,699, when compared to the year 2021, being explained, on the one hand, by greater difficulty in making new loans, in particular credit to the economy.

Regarding the quality of the portfolio, it should be noted that the accounting write-off carried out in 2022, which summarizes in the removal from the balance sheet the credits classified as losses with an age equal to or greater than 360 days, led to an important reduction in the default ratio, given by the irregular credit ratio over the global portfolio, which stood at 9.7%, against 26.88% in the previous year. The volume of irregular credit stood at mSTN 85,136, against mSTN 239,400 in 2021.

Faced with a situation that has led to a potential increase in credit risk, the Bank has maintained a conservative stance, maintaining a high level of provision coverage. In 2022, the provisions created to cover irregular credit

amount to mSTN 57,567, representing a coverage of around 67.6%, demonstrating a very conservative provisioning policy.

“Applications in Credit Institutions”, essentially in US dollars, experienced a small contraction of around -2.9% (mSTN 9,822). Despite this slight contraction, the increase in remuneration rates throughout 2022 allowed for a significant increase in interest received on these applications.

“Investments in Securities” experienced an expansion of around +16.1%, an increase in absolute terms of mSTN 58,370, as a result of an increase in the Bank's capacity to subscribe to Treasury Bills issued by the State, but also of a greater demand for financing expressed by the State, through a greater issuance of public debt in 2022. Given the deterioration of the State's financial situation, and consequently the risk of this entity, the market has demanded an interest rate more in line with the current level of risk that the State presents.

Regarding fundraising, there was a notable increase of around 8.85%, driven by current deposits which grew by around +11.2%. Term deposits, on the contrary, experienced a contraction of around -14.8%, justified in part by the fact that the Bank offers a relatively low level of interest in remunerating liabilities. Despite this contraction in term deposits, it appears, however, that customer deposits at the Bank have demonstrated adequate stability over the years as a result of the image of solidity, rigor and trust that the Bank manages to convey to its customers. Evidence of adequate deposit stability is expressed in a comfortable level of liquidity.

10.2 INCOME STATEMENT COMPONENTS

Despite an adverse macroeconomic situation, in global and national terms, it was possible to increase the financial margin by around 13.7%, because of an increase in interest received and similar income by +12.8%, and, due to the contraction of interest and similar costs at 4.9%.

Interest received on credit grew by +6.7%, as a result of many short-term operations of more significant values, in particular overdraft operations.

Interest received on Investments in Credit Institutions grew in the order of +475.4%, resulting from the increase in the interest rate in US dollars in the international market, resulting from the measures taken by the American Authorities to combat inflation, through the increase in the director rate. Applications went from a weighted average rate of 0.2% per year in 2021, to a rate of 3.2% per year in 2022.

Interest on securities expanded by around +33.2%, as a result of a greater volume of investment compared to 2021, but also the increase in the remuneration rate, which went from a weighted average rate of 3.7% to 4.6%, in 2022, with a rate variation of 25%.

Interest paid on customers' term deposits contracted by around 4.9%, largely due to the 14.8% contraction in the term deposit portfolio. This reduction in interest paid results from the necessary maintenance of remuneration rates on term deposits at low levels, combined with the establishment of a maximum amount accepted for the constitution of a term deposit. These measures are justified by the excess liquidity in the market and the few alternatives to adequately monetize these deposits captured.

With the appreciation of the US dollar on the international market throughout 2022, and with the bank having a long position in this currency, there were greater results from exchange rate revaluation in 2022, which was set at mSTN49,116, compared to mSTN28,161 in 2021, translating into a growth of around 74%.

Net commissions grew by around 20.1%. This growth was essentially sustained by commissions obtained from documentary credit operations, issuing payment orders abroad and income obtained from issuing debit cards and card annual fees and commissions charged on TPA/POS.

The growth in foreign exchange income and net commissions allowed the complementary margin to grow by around 29.7%.

As a result of the growth in the Complementary Margin and the Financial Margin, the Global Activity Product also experienced a growth of around 22.2%.

The Operating Cost registered a growth of around 13.3%, driven by the growth in personnel costs this year by 14.4% and expenses with “Third Party Supplies and Services” by around 10.04% and by the cost of personnel in the order of 11.6%.

In 2022, with the recording of a provision reversal, as a result of a contracted credit portfolio, and an increase in credit granted to public institutions, which, according to current regulations, are exempt from provisions as are in good standing. Thus, the reversal recorded was STN -556,300.50.

The Net Result for the year 2022, despite many constraints and

macroeconomic challenges, recorded growth compared to the year 2021, in the order of 51.44%, an increase of mSTN 32,325.

It is important to highlight that, despite the various constraints, it was possible to improve results for another year, which, once again, highlights the great resilience of the bank's business model, as well as a quick capacity to adapt to new market conditions.



**Doce feito
de arroz e milho**
Feito com Arroz e Milho

11. PROPOSAL FOR IMPLEMENTATION AND DISTRIBUTION OF RESULTS

In analogy and identical proportion in relation to previous years, the Board of Directors proposes, considering the legal and statutory provisions, that the net result of STN 95,170,171 (Ninety-Five Million, One Hundred and Seventy Thousand, One Hundred and Seventy-eight One Dobras), referring to the 2022 financial year, has the following application:

Items	Percentage	Amount (STN)
Legal Reserve	10%	9.517.017
Free Reserves	30%	28.551.051
Shareholders	60%	57.102.102
Net Result	100%	95.170.171



Filipote
Feito com Milho e fuba

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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 2022 (que evidencia um total de 3 002 729 156 STN e um total de situação líquida de 520 630 545 STN, incluindo um resultado líquido de 95 170 171 STN), as demonstrações dos resultados, das 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 2022 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 2.2).

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.

Outras matérias

As demonstrações financeiras relativas ao exercício findo em 31 de dezembro de 2021 apresentadas pelo Conselho de Administração para efeitos comparativos, foram auditadas por outro auditor, cujo Relatório de Auditoria, datado de 6 de abril de 2022, não continha reservas ou ênfases.



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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.

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:

- identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detetar uma distorção material devido a fraude é maior do que o risco de não detetar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno;
- obtemos uma compreensão do controlo interno relevante para a auditoria com o objetivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno 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 concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Banco descontinue as suas atividades;

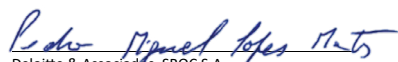


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- avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transações e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- comunicamos com os encarregados da governação, 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, 27 de abril de 2023



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



Biscoito Aranha
Feito com lascas de coco

13. FINANCIAL STATEMENTS

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

Balance Sheets for the years ending 31 December 2022 and 2021

Values in Local currency, Sao Tome and Principe Dobras (STN)

Active	Notes	2022			2021		P	LIABILITIES AND EQUITY	A	Notes		
		Gross asset	Amortizations and provisions	Net asset	Net asset						2022	2021
Caixa e	Cash and availability of the Central Bank	1 072 700 906	-	1 072 700 906	1 017 260 344			Deposits				
Disponibil	Cash on hand over credit institutions	93 787 702	-	93 787 702	94 997 598			In sight	11		2 171 731 317	1 952 296 978
Outros c	Other Credits on Credit Institutions	324 272 216	-	324 272 216	334 094 005			On term or with notice	11		164 317 958	193 832 150
Créditos	Customer credits	877 808 614	(57 842 435)	819 966 179	675 547 892			Resources from other entities	12		9 764 497	9 250 476
Títulos d	Investment bonds	420 128 205	-	420 128 205	361 758 555			Other liabilities	13		56 059 658	73 049 889
Imobiliz	Tangible assets	415 083 433	(206 094 022)	208 989 411	217 662 473			Regularization accounts	14		80 225 181	70 127 120
Imobiliz	Intangible Fixed Assets	46 122 849	(41 002 650)	5 120 199	5 226 155			Total Liabilities			2 482 098 611	2 298 556 612
Imobiliz	Fixed assets in progress	8 416 564	-	8 416 564	9 958 711			Capital	16		166 600 000	166 600 000
Imobiliz	Financial fixed assets	2 940 000	(2 940 000)	-	-			Reservations	16		241 583 576	215 511 998
Outros e	Other Assets	64 445 717	(21 586 051)	42 859 666	37 936 868			Various provisions	16		17 276 799	14 579 210
Contas	Regularization accounts	6 488 109	-	6 488 109	4 583 348			Result of the year	16		95 170 171	62 844 253
								Total equity			520 630 545	460 469 337
Total de	Total Assets	3 332 194 315	(329 465 158)	3 002 729 156	2 759 025 950			Total liabilities and shareholders' equity			3 002 729 156	2 759 025 950

As notas fazem parte integrante destas demonstrações financeiras

O Contabilista

O Conselho de Administração

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

Income Statement for the years ending 31st December 2022 e 2021

	Notes	2022	2021
Interest and similar income	20	140 280 064	124 335 878
Interest and similar charges	20	(5 602 055)	(5 890 589)
FINANCIAL MARGIN		134 678 010	118 445 290
Service income and commissions	21	119 214 089	101 327 418
Service charges and commissions	21	(21 488 336)	(19 944 621)
Net Result of Foreign Exchange Transactions	22	49 116 257	28 161 376
Other exploration results	23	26 515 764	24 125 735
BANKING PRODUCT		308 035 784	252 115 197
Cost with staff	24	(98 157 451)	(85 826 313)
General Administrative Expenses	25	(57 084 342)	(51 152 390)
Amortizations for the year	8	(22 444 880)	(24 189 510)
Credit provisions net of replacements and cancellations	15	8 961 879	797 016
Other provisions, net of replacements and cancellations	15	(8 973 812)	(6 863 998)
EARNINGS BEFORE TAX		130 337 178	84 880 003
Income tax	19	35 167 007	22 035 750
RESULT OF THE YEAR		95 170 171	62 844 253

The attached notes form an integral part of the financial statements

The Accountant

The Board of Directors

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

Statement of change in net position for the years ending 31 December 2022 and 2021

	Reservations					Total	Various provisions	Net Result for the year	Total
	Active	Legal	Revaluation	Currency revaluation	Others				
Balances in 31-12-2020	166 600 000	44 552 461	892 214	31 139 164	125 617 727	202 201 566	21 360 589	35 610 772	425 772 927
Distribution of income for the year 2020	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	3 561 077	-	-	10 683 231	14 244 309	-	(14 244 309)	-
Dividend distribution	-	-	-	-	-	-	-	(21 366 463)	(21 366 463)
Net profit for the year	-	-	-	-	-	-	-	62 844 253	62 844 253
Transfer of the balance provision for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (notes 15)	-	-	-	-	-	-	(6 781 379)	-	(6 781 379)
Balances in 31-12-2021	166 600 000	48 113 538	892 214	31 139 164	136 300 958	216 445 874	14 579 210	62 844 253	460 469 337
Excess tax estimate for the 2017 fiscal year	-	-	-	-	-	-	-	-	-
Distribution of income for the year 20218	-	6 284 425	-	-	18 853 276	25 137 701	-	(25 137 701)	-
Incorporation into reservations	-	-	-	-	-	-	-	(37 706 552)	(37 706 552)
Dividend distribution	-	-	-	-	-	-	-	95 170 171	95 170 171
Net profit for the year	-	-	-	-	-	-	-	-	-
Transfer of the balance provision for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Miscellaneous provisions movement (notes 15)	-	-	-	-	-	-	2 697 588	-	2 697 588
Saldos em 31-12-2022	166 600 000	54 397 963	892 214	31 139 164	155 154 234	241 583 576	17 276 799	95 170 171	520 630 545

The attached notes form an integral part of the financial statements

The Accountant

O Conselho de Administração

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

Statement of Cash Flows for the years ending 31st December 2022 and 2021

Cash flow	Nota	2022	2021
Operational Activities			
Income for the year		95 170 171	62 844 253
Adjustments:			-
Amortizations for the year	8	22 444 880	24 189 510
Provisions and impairment		11 933	6 066 982
(Increase) / Decrease in investments in credit institutions	5	9 821 789	(17 438 924)
(Increase) / Decrease in customer credit	6	(153 547 991)	99 527 927
(Increase) / Decrease in other assets	9	2 707 180	(18 555 235)
(Increase) / Decrease in customer funds and other borrowings	11	189 920 147	(252 537 586)
(Increase) / Decrease in other liabilities	13	1 459 055	40 954 872
Payment on account 2020	19	(16 526 813)	(3 126 791)
Flow of operational activities		151 460 351	(58 074 991)
Investment activities			
(Payments) / Receipts relating to:			
Other obligations and other securities	7	(49 428 016)	56 435 702
Bodily immobilization	8	(7 134 807)	(23 316 945)
Immobilisations incorporelles	8	(2 960 310)	(1 932 624)
Fluxo da Actividade de Investimento		(59 523 134)	31 186 133
Actividade de Financiamento Financing activity			
Pagamentos respeitantes a: Payments in respect of:			
Dividendos distribuídos Dividends distributed		3 552)	(15 597 518)
Financing activity flow		(37 706 552)	(15 597 518)
Increase / (decrease) cash and cash equivalents		54 230 666	(42 486 376)
Cash and its equivalents at the beginning of the period		1 112 257 942	1 154 744 318
Cash and cash equivalents at the end of the period		1 166 488 608	1 112 257 942

The attached notes form an integral part of these financial statements

The Accountant

The Board of Directors



Bleguê
Feito com Mandioca

14. NOTES TO THE FINANCIAL STATEMENTS

Values in Sao Tome and Principe Dobras (STN)

INTRODUCTORY NOTE

The International Bank of São Tomé and Príncipe, S.A.R.L. (hereinafter also referred to as “Bank” or “BISTP”), headquartered in São Tomé, and was constituted by Public Deed on March 3, 1993.

The Bank is dedicated to obtaining resources from third parties in the form of deposits or others, which it invests, together with its own resources, in granting loans to customers, deposits at the Central Bank of São Tomé e Príncipe, investments in institutions credit, acquisition of securities and other assets, for which it is duly authorized. It also provides other banking services, having for this purpose, on December 31, 2022, a national network of twelve branches, located in the city of São Tomé (9), in the city of Trindade (1), in the city of Santana (1) and on Príncipe Island (1), in addition to having 3 automatic areas with ATMs in the capital of the districts of Lobata, Lembá and Caué.

2. BASIS FOR PRESENTATION AND SUMMARY OF KEY ACCOUNTING POLICIES

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

2.1. BASIS OF SUBMISSION

The attached financial statements were prepared on the assumption of continuity of operations, 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), in accordance with 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 continuously, based on all relevant information, facts, and circumstances, of a financial, commercial or other nature available about the future. As a result of the evaluation carried out, the Board of Directors concluded that the the Bank has adequate levels of capital and liquidity to maintain activities, which is why it

considered appropriate the use of the assumption of continuity of operations in the preparation of financial statements.

The PCIF, which came into force on January 1, 2010, represents an approximation to the International Financial Reporting Standards (NIRF), containing a wide range of adaptations to the São Tomé reality.

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

The deferral of commissions associated with credit was carried out using the straight-line method, and not the effective interest rate;

The securities in the portfolio were recorded at their nominal value, thus not applying the concept of fair value in their valuation.

Provisions for loans granted were determined based on the rules provided for in NAP nº 7/2007 (revoked by NAP nº 13/2021), thus not calculating impairment in accordance with IFRS 9;

The presentation of disclosures in accordance with Standard IFRS 7 – “Financial Instruments: Disclosures” will only be mandatory after the implementation of the provisions defined above.

On March 5, 2019 and January 21, 2020, the Central Bank of São Tomé and Príncipe issued new communications that extended all exceptions, listed above, to the provisions defined in the PCIF for the years 2018 and 2019, with

the exception of recognition of securities in the portfolio, in which institutions initially have to determine whether the securities are valued at fair value or intended for investment (point 6 of chapter “III. SPECIFIC ACCOUNTING STANDARDS” of the PCIF).

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

In January 2022 and February 2023, the Central Bank of S. Tomé and Príncipe issued new communications extending all conditions of accounting procedures mentioned in the communication of March 5, 2019 and January 21, 2020. Having reiterated in the February communication 2023 that these conditions will remain until official communication to the contrary.

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

The accounting policies and calculations were applied in a manner consistent with those used in the financial statements as of December 31, 2021.

These financial statements were approved for issuance by the BISTP Board of Directors at its meeting on April 19, 2023 and are pending approval at the General Shareholders' Meeting. However, it is the Board of Directors' understanding that the financial statements will be approved without significant changes.

2.2. ACCOUNTING POLICIES

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

a) Exercise specialization

Income and costs are recognized depending on the period during which the operations are valid, in accordance with the accounting principle of accrual accounting, and are recorded when they fall due, regardless of when they are received or paid.

b) Conversion of balances and transactions in foreign currency

The Bank's financial statements as of December 31, 2022 and 2021 are expressed in the functional currency, in São Tomé and Príncipe Dobras, with assets and liabilities denominated in other currencies being converted into national currency, based on the purchase exchange rate indicator published by the Central Bank of São Tomé and Príncipe on those dates, in accordance with the provisions of Permanent Application Norm No. 5/09, of July 9.

Through the entry into force of Permanent Application Norm No. 17/09, of December 31st, of the Central Bank of São Tomé and Príncipe, the exchange rate parity with the Euro (EUR) was fixed from January 1st, 2010, having the exchange rate was set at 1 Euro/24.5 São Tomé and Príncipe Dobras (STN). On December 31, 2022 and 2021, the exchange rate against the North American Dollar (USD) was as follows:

	2022	2021
1USD	23,0069 STN	21,6757 STN

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

The costs and income relating to actual or potential exchange rate differences resulting from the conversion are recorded in the income statement for the year in which they occur, under the heading “Net income from foreign exchange operations”.

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

In accordance with Permanently Applicable Rule No. 5/09, financial institutions that held their capital in foreign currency are authorized to set up a provision for exchange rate risks, aimed at maintaining the value of the capital. It is also permitted that financial institutions set up a provision for the revaluation of fixed assets. These two provisions are exclusively intended to be incorporated into the institutions' capital, upon approval by the Central Bank of São Tomé and Príncipe.

c) Provisions for credit risks

As defined in the PCIF, loan provisions must temporarily correspond to the greater of regulatory provisions and impairment. As described in Note 2.1,

for the years 2022 and 2021, the Central Bank of São Tomé and Príncipe authorized that impairment be not calculated in accordance with IFRS 9.

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

For non-significant exposures, the Bank calculated provisions for credit risks in accordance with the provisions of NAP nº 13/2021.

For off-balance sheet exposures, the Bank establishes provisions on the amount of exposure calculated based on the rule contained in the Official Gazette No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3, as well as NAP No. 13/2021.

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

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

The classification of credit operations to the same customer, for the purposes of establishing provisions, is carried out in the category that

presents the greatest risk and is independent of the guarantees associated with each operation.

Irregular credit is classified into risk categories based on the time elapsed since the date on which the operations entered default, with the minimum provisioning levels calculated in accordance with the following table:

Category	Normal	Under Supervision	Below Normal	Doubtful Credit	Loss
% of provision	2%	10%	25%	50%	100%
Time elapsed since Entry into default	até 30 dias	de 30 a 89 dias	de 90 a 180 dias	de 180 dias a 360 dias	mais de 360 dias

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

The Bank's Board of Directors considers that the appropriations for the aforementioned provisions are fully deductible for the purposes of calculating income tax, as they are inherent/indispensable for the realization of income subject to tax.

Provisions determined by individual analysis and for customers in the categories "Below normal", "Doubtful loans" and "Loss" are recorded as credits under "Loans to customers" in assets.

Provisions for the "Normal" and "Under supervision" categories and those

for off-balance sheet exposures are recorded under “Miscellaneous provisions” in shareholders' equity.

Pursuant to article 5 of NAP nº 13/2021, the exposures about the State of São Tomé and Príncipe and the Central Bank of São Tomé and Príncipe, as well as the assets that are guaranteed by them, or even the Off-balance sheet operations, negotiated on your behalf or with your guarantee, are treated differently. Therefore, exposures to those entities must be classified in the “Normal” risk category, observing the conditions set out in the aforementioned article 5. Pursuant to article 5 of NAP nº 13/2021, the Bank did not establish provisions for those exposures.

d) Goods in payment donation

Properties and other assets received in payment for the recovery of irregular credits are recorded under the heading “Other assets” (Note 9), in accordance with article no. 8 of NAP no. 7/07, of 6 August.

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

Since 2019, the Bank has set up specific additional provisions for these properties, depending on their age, using a depreciation rate of 12.5% per year of age for this purpose.

This methodology for determining the net value of the property received as a gift on the balance sheet came into effect from the 2019 financial year.

Provisions for Goods in payment are recorded under the heading “Other assets” (Note 9).

e) Tangible and intangible fixed assets

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

	Years of life
Own-service buildings	50
Equipment:	
Furniture and equipment	8
Machines and tools	2 - 10
Computer equipment	3 - 4
Interior installations	8 - 20
Transport equipment	4

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

Intangible fixed assets essentially correspond to costs with the acquisition, development, or preparation for use of software used in the development of the Bank's activities. These fixed assets are amortized according to the straight-line method, in twelfths, over a period of three years.

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

f) Portfolio of securities

In accordance with the PCIF, portfolio securities must be classified into categories according to the nature of the financial instruments and the intention

of the Bank upon its acquisition. This standard also provides for the accounting of part of the instruments at fair value.

Therefore, as it is BISTP's intention to hold its securities until maturity, i.e., it does not have the objective of disposing of securities in the short term or obtaining a short-term gain, no provisions are recorded for any capital losses. potential arising from the devaluation of securities, except in situations where there is evidence of impairment.

On December 31, 2022 2021, investments in securities are registered at nominal value and correspond to Treasury Bills of the State of São Tomé and Príncipe. The negative difference between the acquisition cost and the nominal value of the securities, which corresponds to the discount verified at the time of purchase, is recognized in accounting as income on a straight-line basis until maturity. Securities are accounted for in assets at

their nominal value, and presented in the balance sheet under the heading "Investment securities".

The value of the discount is recorded in liabilities under the heading "Settlement accounts - Income with deferred income – Bonds and other securities" (Note 14).

g) Financial fixed assets

On December 31, 2022, and 2021, the item "Financial fixed assets" corresponds to the Bank's participation in the Automatic Payment Management Company of São Tomé and Príncipe (SPAUT). Financial fixed assets are recorded at acquisition cost and are subject to impairment analyses.

h) Taxes

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

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

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

Interest on Treasury Bills issued by the State of São Tomé and Príncipe is subject to withholding at a rate of 20%, in terms of tax on capital income, this amount being subsequently deductible for the purposes of calculating the tax estimate.

Deferred taxes are not recorded, as the PCIF does not provide for it.

i) Retirement pensions

The Law nº 1/90, of May 8, which regulates the Social Security system in São Tomé and Príncipe, provides for the attribution of retirement pensions to all workers enrolled in Social Security who reach the age considered normal for the cessation of professional activity (57 or 62 years old depending on whether they are female or male, respectively). The value of these pensions is calculated in accordance with Articles 59 and 67 of the aforementioned Law.

its Article 99, the contribution rates for this system are 6% for the employer and 4% for the workers. In addition to these contributions, the Bank has not assumed any additional responsibility for its employees' retirement benefits.

j) Seniority premiums

Until 2021, the Bank was committed to paying a seniority bonus, corresponding to one or two months' salary, for employees who had completed 15 and 30 years of service, respectively. In 2022, with the entry into force of the new Personnel Statute, through Service Order No. 23/2022, the Bank began to undertake the commitment to pay seniority

bonuses corresponding to one, two or three months of salary, to employees who complete 10, 20 and 30 years of service, respectively. Seniority bonuses are recognized on a straight-line basis over the period of service of employees under the heading "Costs payable", being recorded in the "Settlement accounts" (Note 14) and presented in the results under the category "Personnel costs".

k) Productivity Premium

The Executive Committee annually distributes productivity bonuses (Profit Sharing) to employees according to the contribution of each one to the results and defense of BISTP's interests.

The following criteria were defined for eligibility:

- Employees of the permanent staff, with contracts for an indefinite period, fixed-term, contract or expatriate, who on December 31st are at the service of the Bank;
- Employees who, not being at the service of the Bank on that date, have provided effective service in whole or in part during the year, and who, however:
 - Have been renovated;
 - Have ceased functions in compliance with the contract or agreement established with the Bank, except for fixed-term contracts that were dismissed due to inadequacy.
 - Productivity bonuses paid to employees for their performance are reflected in "Personnel costs" in the financial year to which they relate,

in accordance with the principle of accrual accounting.

l) Commissions

According to the PCIF, commissions charged by the Bank when granting credits must be deferred and recognized in income using the effective rate method, regardless of when these commissions are charged or paid. As described in Note 2.1, in 2022 and 2021 the Bank obtained authorization from the Central Bank to defer these commissions using the straight-line method.

Commissions associated with guarantees provided, documentary credits and card annual fees are subject to linear deferral over the corresponding period.

Commissions for services provided are recognized as income over the period of service provision or all at once if they correspond to compensation for the execution of single acts.

Commissions relating to credit operations and other financial instruments, namely commissions charged or paid directly attributable to their origination, are recognized throughout the period of these operations in “Interest and similar income” and “Interest and similar charges”.

m) Customer credit and other receivables

Credits and other receivables comprise all financial assets corresponding to the supply of money, goods or services to a debtor. This concept covers the typical activity of granting credit to customers, as well as credit positions resulting from operations with third parties carried out within

the scope of the institution's activity and excludes operations with credit institutions. These financial assets are initially recorded at contracted values, when originated by the Bank, or at paid values, when acquired from other entities.

Interest, commissions and other costs and income associated with credit operations are periodicized throughout the life of the operations against income items, regardless of when they are charged or paid.

Pursuant to article 6 of NAP 13/2021, exposures classified in the “Loss” category must be written-off after 12 months have elapsed since their classification in that category or before that period, if there are no reasonable expectations of recovery. Until the 2021 financial year, the write-off of operations from assets (total or partial) could only occur when there was clear evidence that led to a high expectation of total uncollectibility. Thus, write-off of asset operations was proposed when:

- a) If evidence of a high expectation of uncollectibility was identified;
- b) There was a legal opinion attesting to the unrecoverability through the courts, as well as the possible legal costs, which make said action unfeasible, taking into account the low probability of legal success when compared to legal costs that do not exceed the outstanding capital.

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

n) Guarantees given and irrevocable commitments.

Liabilities for guarantees provided and irrevocable commitments are recorded in off-balance sheet headings for the value at risk, with the flow

of interest, commissions or other income recorded in income headings throughout the life of the operations.

These responsibilities are covered by the regime for establishing provisions for credit risk provided for in NAP 13/2021 and in the Official Gazette No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3, as disclosed in Note 2.2 c).

o) Other Financial liabilities

This category includes resources 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 must be recognized when there is a present obligation (legal or constructive), (i) resulting from a past event, in relation to which there is a strong probability of an expenditure of resources, and which is (iii) quantifiable in a reliable way.

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

Provisions are derecognized through their use for the obligations for which they were initially created or in cases where they are no longer observed.

A contingent liability appears as a possible 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 entirely under the control of the entity or a present obligation that arises from past events, but which is not recognized because it is not probable that an outflow of resources incorporating 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 that no present obligation exists at the balance sheet date, unless the possibility of an outflow of resources that embody economic benefits is remote.

q) Recognition of interest

The results relating to interest on active and passive financial instruments are recognized under the captions interest and similar income or interest and similar charges (financial margin), using the effective interest rate method.

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

NAP 05/2009 - "Plan of Accounts" establishes that institutions cannot continue to recognize interest (periodization) after 90 days of default (credit operations classified in class III).

r) Cash and cash equivalents

For the purposes of preparing the cash flow statement, the Bank considers as “Cash and cash equivalents” the values recorded in the balance sheet of very short-term investments, available immediately without loss of value, which include cash and cash equivalents. at the Central Bank and cash available on credit institutions.

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

The main accounting estimates and judgments used in the application of accounting principles by the Bank are presented in this Note, with the aim of improving the understanding of how their application affects the Bank's reported results and their disclosure. An extended description of the main accounting policies used by the Bank is presented in Note 2.2 to the financial statements.

Considering that, in many situations, there are alternatives to the accounting treatment adopted by the Board of Directors, the results reported by the Bank could be different if a different treatment was chosen. The Board of Directors considers that the choices made are appropriate and that the financial statements present in a true and appropriate manner the Bank's financial position and the results of its operations in all materially relevant aspects.

a) Provisions for credit granted.

Provisions for credit granted are determined in accordance with the methodology defined in Note 2.c), resulting from a periodic review of the

credit portfolio in order to assess the existence of impairment losses. This assessment results from the consideration of a set of factors that reflect knowledge of the customers' reality, their behavior and historical data, the value of the guarantees associated with the operations in question, among others, presenting, as such, a high degree of judgment.

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

b) Provisions and contingent liabilities

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

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

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

c) Taxes on profits

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

Income taxes are reflected in the results for the period.

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

To determine the global amount of taxes on profits, it was necessary to make certain interpretations and estimates.

3. CASH AND HOLDINGS AT THE CENTRAL BANK

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

	2022	2021
Box		
National banknotes and coins	64.312.303	67.059.283
Foreign banknotes and coins:		
In euros	15.152.453	18.678.371
In US dollars	4.266.054	11.471.279
Other currencies	8.043.789	7.787.988
	91.774.600	104.996.921
Demand deposits at the central bank of são tomé e Príncipe		
In national currency	905.484.128	816.386.623
In foreign currency:		
In Euros	55.032.007	78.617.512
In US dollars	20.410.172	17.259.289
	980.926.306	912.263.424
	980.926.306	912.263.424
	1.072.700.906	1.017.260.344

Demand deposits at BCSTP in national currency aim to comply with current provisions for maintaining minimum cash reserves.

On December 31, 2022 and 2021, the minimum cash reserves are updated, by applying the percentages of 18% on eligible liabilities in national currency and 21% on eligible liabilities in foreign currency, respectively, referring to the month preceding within two months the start of the maintenance period, in accordance with Permanent Application Norm No. 18/2011, of August 17, of the Central Bank of São Tomé and Príncipe. These deposits are not remunerated.

As of December 31, 2022, the total amount of liabilities amounts to STN 620,514,050.

4. CASH HOLDINGS ON CREDIT INSTITUTIONS

As of December 31, 2022 and 2021, this item has the following composition:

	2022	2021
Checks to be collected		
Abroad	39.200	-
In the country	804.142	23.275
	843.342	23.275
Bonds to be collected in the country	2.715.983	2.065.809
Demand deposits abroad		
Caixa Geral de Depósito:		
Head office (Lisbon)	69.800.689	55.829.204
France branch	2.071.172	1.139.335
Portuguese Commercial Bank	7.368.082	25.867.492
Banco Santander Totta	3.728.172	9.886.259
Angolan Investment Bank	7.075.669	-
Other Credit Institutions	184.362	184.362
	90.228.147	92.906.651
Other Availability	231	1.863
	93.787.702	94.997.598

The item “Checks to be collected” corresponds to checks on customers of other banks, which, as a rule, are collected on the first following business days.

On December 31, 2022, and 2021, the heading “Securities to be collected in the country” corresponds to securities representing “bank orders” issued by the General Directorate of the Treasury, aimed at paying the State's current expenses and which are deposited in the Bank for the purpose's settlement.

The greater need for foreign exchange to meet the import of fuel and food products led to a reduction in availability in the corresponding banks.

5. OTHER CLAIMS ON CREDIT INSTITUTIONS

As of December 31, 2022 and 2021, this item corresponds to term deposits, which have the following structure by currency and interest rate:

	2022					
	Currency	Interest rate	Amount in currency	Amount in STN	Interest to be received	Total
Banco Comercial Português	USD	0,85%	3.400.000	78.223.460	618.726	78.842.186
Banco Comercial Português	USD	2,93%	1.700.000	39.111.730	569.822	39.681.552
Banco Comercial Português	USD	3,85%	1.800.000	41.412.420	602.321	42.014.741
Banco Comercial Português	USD	3,85%	1.800.000	41.412.420	602.321	42.014.741
Banco Comercial Português	USD	4,75%	1.100.000	25.307.590	267.136	25.574.726
Banco Comercial Português	EUR	1,05%	1.000.000	24.500.000	97.183	24.597.183
BAI Europa	USD	5,45%	1.500.000	34.510.350	208.979	34.719.329
BAI Europa	USD	5,45%	1.600.000	36.811.040	16.718	36.827.758
				321.289.010	2.983.206	324.272.216
	2021					
	Currency	Interest rate	Amount in currency	Amount in STN	Interest to be received	Total
Caixa Geral de Depósitos	USD	0,12%	3.000.000	65.027.100	24.710	65.051.810
Caixa Geral de Depósitos	USD	0,13%	1.500.000	32.513.550	11.154	32.524.704
Banco Comercial Português	USD	0,26%	3.400.000	73.697.380	179.371	73.876.751
Banco Comercial Português	USD	0,22%	1.000.000	21.675.700	15.101	21.690.801
Banco Comercial Português	USD	0,22%	2.200.000	47.686.540	33.222	47.719.762
Banco Comercial Português	USD	0,40%	1.800.000	39.016.260	16.058	39.032.318
Banco Comercial Português	USD	0,26%	2.500.000	54.189.250	8.610	54.197.860
				333.805.780	288.225	334.094.005

As of December 31, 2022 and 2021, term deposits have the following structure, according to the residual maturity dates:

	2022			2021		
	Currency	Interest receivable	Total amount	Amount in STN	Interest receivable	Total amount
Up to three months	117.335.190	1.188.548	118.523.738	225.427.280	223.846	225.651.126
Between three months and one year	203.953.820	1.794.658	205.748.478	108.378.500	64.380	108.442.880
	321.289.010	2.983.206	324.272.216	333.805.780	288.225	334.094.005

6. CUSTOMER CREDITS

As of December 31, 2022, and 2021, this item has the following composition:

	2022	2021
Regular Credit:		
National Currency:		
Commercial discounts	152 000	3 442 909
Loans	630 670 319	592 369 241
Current account credit	27 221 239	31 062 094
Discovered in demand deposits	116 247 105	1 833 608
	774 290 663	628 707 852
Foreign currency:		
Commercial discounts		
Loans	14 027 073	17 522 832
Discovered in demand deposits	799	1 084 863
Other credits	-	-
	14 027 872	18 607 694
Regular credit total	788 318 535	647 315 546
Irregular credit		
National Currency		
Capital	63 654 533	185 936 776
Interest	520 050	428 303
	64 174 582	186 365 078
Foreign currency		
Capital	20 951 223	53 019 994
Interest	10 172	14 500
	20 961 394	53 034 494
Total irregular credit (2)	85 135 977	239 399 572
Total credit granted (3) = (1) + (2)	873 454 512	886 715 118
interest receivable on credit granted (4)	4 354 102	3 791 158
Total gross credit (5) = (3) + (4)	877 808 614	890 506 276
Provisions for credit granted (Nota 15) (6)	(57 842 435)	(214 958 384)
Total net credit (7) = (5) - (6)	819 966 179	675 547 892

According to the PCIF, loans with installments overdue by up to 89 days, included in classes 1 and 2 of the loan portfolios ("Normal" and "Under supervision", respectively), are considered in good standing. Loans with installments overdue for more than 90 days, included in classes 3, 4 and 5 of the loan portfolios ("Below normal", "Doubtful loans" and "Loss", respectively), are considered irregular or adversely classified. Credit under enforced collection is included in class 5 of the credit portfolio and is made up of contracts that are subject to litigation.

In 2022, the Bank proceeded to write-off credits that were classified as losses for more than 12 months, as stipulated in NAP 13/2021, in the amount of STN 150 400 354 (Note 15).

For the purposes of distributing the map shown below, the distinction between outstanding loans and overdue loans is made based on the division between outstanding exposure (with no days in arrears) and overdue exposure (with default) for each contract.

As of 31 December 2022, and 2021, the provisions made for customers in the "Irregular" categories amount to 57,843 mSTN and 214,958 mSTN, respectively, and are being deducted from the gross amount of credit on assets under the heading "Loans to customers".

The reduction in the stock of provisions on December 31, 2022, for the "Irregular" categories is related to the write-off of the credits referred to above.

As of 31 December 2022, and 2021, the provisions made for customers in the "Regular" category amount to 10,876 mSTN and 12,413 mSTN, respectively,

and are reflected in the caption "Miscellaneous provisions" of Equity (Notes 15 and 16).

On December 31, 2022 and 2021, the composition of credit and respective provisions by classes presented in the previous map, excluding interest due, can be detailed as follows:

	2022								Unid: mSTN
Class	Vivo	Vencido			Total de Crédito	Provisões			
		Capital	Juros	Total		Regulamentar	Económicas	Total	
Normal	773 531 854	420 925	268 387	689 312	774 221 166	9 459 901	-	9 459 901	
Under supervision	8 598 370	5 388 035	110 965	5 499 000	14 097 369	750 931	664 759	1 415 690	
Regular Credit	782 130 224	5 808 959	379 352	6 188 311	788 318 535	10 210 832	664 759	10 875 591	
Below normal	12 563 057	2 416 559	54 300	2 470 859	15 033 916	902 602	2 885 031	3 787 634	
Doubtful credit	50 500 969	17 332 899	365 611	17 698 510	68 199 479	36 742 921	15 404 091	52 147 012	
Loss	265 915	1 526 357	110 310	1 636 667	1 902 582	1 600 897	306 892	1 907 789	
Credit in litigation	-	-	-	-	-	-	-	-	
Irregular Credit	63 329 941	21 275 814	530 222	21 806 036	85 135 977	39 246 421	18 596 015	57 842 435	
	845 460 164	27 084 774	909 574	27 994 348	873 454 512	49 457 253	19 260 774	68 718 026	
	2021								
Class	Vivo	Vencido			Total de Crédito	Provisões			
		Capital	Juros	Total		Regulamentar	Económicas	Total	
Normal	624 525 312	-	318 872	318 872	624 844 184	10 166 066	-	10 166 066	
Under supervision	15 036 253	7 174 300	260 809	7 435 109	22 471 362	1 030 894	1 216 242	2 247 136	
Regular Credit	639 561 565	7 174 300	579 682	7 753 981	647 315 546	11 196 960	1 216 242	12 413 202	
Below normal	12 480 467	2 743 202	35 886	2 779 088	15 259 555	618 826	3 236 221	3 855 047	
Doubtful credit	31 099 695	3 679 369	60 385	3 739 754	34 839 450	1 785 978	20 016 793	21 802 771	
Loss	27 605 841	20 152 971	346 531	20 499 502	48 105 342	11 557 746	36 547 597	48 105 342	
Credit in litigation	-	141 195 224	-	141 195 224	141 195 224	140 586 457	608 767	141 195 224	
Irregular Credit	71 186 004	167 770 766	442 802	168 213 568	239 399 572	154 549 007	60 409 377	214 958 384	
	710 747 569	174 945 066	1 022 484	175 967 550	886 715 118	165 745 967	61 625 619	227 371 586	

Em 2022, a redução das provisões económicas decorre essencialmente do aumento das provisões regulamentares.

Em 31 de Dezembro de 2022, o crédito irregular encontrava-se adequadamente coberto pela provisão regulamentar e reforçada pela provisão económica, sendo uma cobertura de 68%. Em 2021 esta cobertura era mais elevada (89,8%) porque havia uma grande predominância na categoria do irregular de crédito classificado

In 2022, the reduction in economic provisions is essentially due to the increase in regulatory provisions. As of December 31, 2022, irregular credit was adequately

covered by regulatory provision and reinforced by economic provision, with coverage of 68%. In 2021 this coverage was higher (89.8%) because there was a great predominance in the category of irregular credit classified as loss, and provisioned at 100%.

	2022			2021		Unid: mSTN
	Crédito regular	Crédito irregular	Crédito concedido	Crédito regular	Crédito irregular	Crédito concedido
Companies						
Agricultural	-		-	951.646		951.646
Automobile	1.181.091	21.649	1.202.739	1.378.317	256.586	1.634.903
Commerce	519.004	309.669	828.673		3.772.549	3.772.549
Construction	456.067	811.083	1.267.150	792.165	3.150.558	3.942.723
Consume	3.332.080	19.189	3.351.269	2.431.350	1.137.908	3.569.258
Habitation	9.036.900		9.036.900	9.876.784	14.655.899	24.532.683
Import	4.762.855		4.762.855	2.477.736	944.398	3.422.133
Investment:	55.824.787	13.891.851	69.716.638	70.386.606	91.793.526	162.180.132
Agriculture and Livestock		2.079.619	2.079.619	1.454.820	1.421.295	2.876.115
Commerce	19.097.756	7.517.857	26.615.613	30.234.442	72.266.275	102.500.717
Construction	24.073.796	3.624.697	27.698.493	31.997.834	4.260.975	36.258.808
Education	949.506		949.506	1.855.685		1.855.685
Services	8.022.980		8.022.980	1.203.248	9.498.821	10.702.069
Tourism	3.680.748	669.679	4.350.427	3.640.576	4.346.160	7.986.736
Other types	23.752.767	-	23.752.767	30.030.898	22.646.419	52.677.316
central state body	298.123.389		298.123.389	111.138.180		111.138.180
	396.988.940	15.053.441	412.042.381	229.463.682	138.357.843	367.821.525
Private individuals						
Agricultural	71.135		71.135	501.157	5.986	507.142
Automobile	2.074.073	935.573	3.009.646	4.229.712	1.005.441	5.235.152
Commerce	386.877	225.903	612.780	93.389	7.235.731	7.329.119
Construction	112.724.748	10.171.538	122.896.286	139.374.815	13.001.801	152.376.616
Consume	88.957.049	3.954.973	92.912.021	82.337.508	5.985.766	88.323.274
Education	1.256.917		1.256.917	816.941	29.037	845.978
Export	160.674.977	38.808.540	199.483.517	161.533.696	45.391.886	206.925.582
Habitation	471.677	467.498	939.175		488.428	488.428
Import	23.218.721	15.220.547	38.439.268	27.669.316	21.124.527	48.793.843
Investment	544.971	19.654	564.625	715.404	6.625.273	7.340.676
Other Types	948.451	278.310	1.226.762	579.927	147.854	727.781
Health	391.329.596	70.082.536	461.412.131	417.851.865	101.041.729	518.893.593
	788.318.535	85.135.977	873.454.512	647.315.546	239.399.572	886.715.118

As of December 31, 2022 and 2021, credit in good standing (excluding interest receivable) has the following structure by currency and average interest rate:

Unid: mSTN	2022		2021	
	Taxa de Juro	Crédito regular	Taxa de Juro	Crédito regular
In Sao Tome and Principe Dobras	11,68%	774 290 663	12,99%	628 707 852
In United States Dollars	8,74%	11 443 010	5,91%	13 953 324
In Euros	10,97%	2 584 862	10,30%	4 654 371
		788 318 535		647 315 546

Unid: mSTN	2022	2021
	Total	Total
Up to 3 months	138 556 478	32 244 559
From 3 months to 1 year	51 761 365	51 107 672
From 1 year to 5 years	377 235 614	456 017 303
More than 5 years	304 838 159	259 519 370
Undetermined	1 062 895	87 826 214
	873 454 512	886 715 118

As of December 31, 2022 and 2021, credit to customers has the following structure, according to the residual maturity dates:

Credit with an indefinite duration includes credit subject to coercive collection and contracts in which the contractual due date has passed.

7. INVESTMENT SECURITIES

As of December 31, 2022 and 2021, this caption is made up as follows:

2022							Unid: mSTN
Currency	Acquisition cost	Discount rate	Due date	amount in STN	Discount	Total	
Bilhete de Tesouro (STPBTTES0018)	STN	177.395.549	4,36%	15/02/2023	177.395.549	7.732.656	185.128.205
Bilhete de Tesouro (STPBTTES0019)	STN	38.402.803	4,16%	16/05/2023	38.402.803	1.597.197	40.000.000
Bilhete de Tesouro (STPBTTES0020)	STN	104.854.776	4,91%	09/08/2023	104.854.776	5.145.224	110.000.000
Bilhete de Tesouro (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	
2021							
Currency	Acquisition cost	Discount rate	Due date	amount in STN	Discount	Total	
Bilhete de Tesouro (STPBTTES0013)	STN	97.087.379	3,00%	24/02/2022	97.087.379	2.912.621	100.000.000
Bilhete de Tesouro (STPBTTES0014)	STN	53.398.058	3,00%	10/03/2022	53.398.058	1.601.942	55.000.000
Bilhete de Tesouro (STPBTTES0015)	STN	36.058.248	4,00%	19/05/2022	36.058.248	1.441.752	37.500.000
Bilhete de Tesouro (STPBTTES0016)	STN	47.963.010	4,25%	20/08/2022	47.963.010	2.036.990	50.000.000
Bilhete de Tesouro (STPBTTES0017)	STN	114.425.723	4,23%	17/09/2022	114.425.723	4.832.832	119.258.555
				348.932.418	12.826.137	361.758.555	

On December 31, 2022 and 2021, securities are recorded at their nominal value. The value of the discount is recorded under the heading “Income with deferred income – Bonds and other securities” (Note 14).

On December 31, 2022 and 2021, the Bank only had in its portfolio Treasury Bills issued by the State of São Tomé and Príncipe.

8. FIXED ASSETS

The movement in these items during the years ended December 31, 2022 and 2021 was as follows:

	31-12-2021			Acquisitions	Amortizations for the year	Abates		impairment	Transfer	31-12-2022		
	Gross Assets	Accumulated amortizations	Net Assets			Gross Assets	Accumulated amortizations			Gross Assets	Accumulated amortizations	Net Assets
Tangible assets												
Self-service real estate	269 704 179	(83 075 769)	186 628 410	-	(7 287 277)	(402 511)	-	-	-	269 301 669	(90 363 045)	178 938 623
Furniture and metal	38 294 108	(32 739 262)	5 554 846	169 070	(2 626 080)	(1 207 532)	412 573	-	36 675	37 292 321	(35 751 564)	1 540 758
Machines and tools	35 077 232	(26 454 939)	8 622 293	3 148 784	(2 931 746)	-	-	-	1 863 013	40 089 029	(29 386 318)	10 702 711
Computer equipment–hardware	28 966 269	(24 162 825)	4 803 444	1 136 051	(2 997 908)	(45 081)	9 392	-	3 605 979	33 663 219	(27 150 211)	6 513 008
Indoor facilities	14 483 234	(10 146 845)	4 336 389	551 198	(1 299 123)	-	-	-	32 698	15 067 130	(11 444 839)	3 622 291
Transport material	11 039 076	(6 899 304)	4 139 772	-	(1 642 230)	(1 630 783)	1 630 783	-	1 389 640	10 797 933	(6 909 622)	3 888 311
Safety equipment	4 881 802	(3 265 152)	1 616 650	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)	2 052 748	-	6 928 005	415 083 433	(206 094 022)	208 989 411
Intangible assets												
Computer equipment–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
Fixed assets in progress												
Intangible assets	2 142 486	-	2 142 486	551 021	-	-	-	-	(2 142 486)	551 021	-	551 021
Self-service real estate	888 220	-	888 220	5 941 218	-	-	-	-	-	6 829 438	-	6 829 438
Furniture and material	36 675	-	36 675	-	-	-	-	-	(36 675)	-	-	-
Machines and tools	2 288 825	-	2 288 825	79 184	-	-	-	-	(2 340 578)	27 431	-	27 431
Computer equipment	2 459 824	-	2 459 824	-	-	-	-	-	(2 459 824)	-	-	-
Indoor facilities	753 040	-	753 040	-	-	-	-	-	(701 288)	51 752	-	51 752
Transport material	1 389 640	-	1 389 640	956 921	-	-	-	-	(1 389 640)	956 921	-	956 921
	9 958 711	-	9 958 711	7 528 343	-	-	-	-	(9 070 491)	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)	2 052 748	2 940 000	-	472 562 849	(250 036 676)	222 526 173

As of December 31, 2022 and 2021, the item “Financial Assets – SPAUT”, refers to a 5.364% stake, corresponding to 120 shares, in the São Tomé and Príncipe Automatic Payment Management Society (SPAUT), whose capital social security amounts to STN 54,806,500.

In the 2017 financial year, the Bank provisioned 100% of this participation, as a result of the lack of audited financial information and the consequent low perspective, on the part of the Bank's Board of Directors, of future recoverability. Although in 2020 SPAUT began a process of restructuring its business model, aiming at a substantial improvement in the quality of service and inclusion of new payment services in the Dobra24 network, BISTP, prudentially, maintains its provisioned participation at 100%.

In 2022, the Bank carried out improvement and requalification works on its own properties, in particular in the building where the Market Branch operates, with the works not being completed on December 31, 2022.

9. OTHER ASSETS

As of December 31, 2022 and 2021, this item has the following composition:

	2022	2021
Property received in lieu of credit recovery	56 606 251	49 554 960
advance payments - Cash Advance	1 698 033	551 906
Western Union	1 150 345	1 083 785
Personal Income Tax (IRS) to receive	253 962	-
VISA cards	2 425 286	3 014 661
Others	2 311 840	591 739
	<u>64 445 717</u>	<u>54 797 050</u>
Provisions for credit recovery assets (Note 15)	(21 586 051)	(16 860 182)
	<u>42 859 666</u>	<u>37 936 868</u>

Properties or real estates received as payment for debt recovery are more relevant in terms of “Other Assets”. In the 2022 financial year, the Bank received properties in debt that represents a gross asset in the amount of STN 7,292,984, leading to an increase in this item.

The Board of Directors confirms that it maintains its intention to sell the properties received as a gift through credit recovery.

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

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

The item “VISA Cards” concerns amounts pending compensation by the VISA network.

As of December 31, 2022, the item “Others” includes advances on maternity leave benefits for which the Bank is awaiting reimbursement from Social Security, lost notes receivable (bank orders) and amounts receivable from disputed debtors, in the amounts of STN 320,319, STN 399,056 and STN 203,844, respectively. This item also reflects the amount of STN 1,197,469, related to an operation for the sale of a property for own use, whose expected date for the definitive transfer of the property to the buyer is 06/10/2026, the date on which the credit granted to finance the acquisition of said property.

On December 31, 2022, the Bank started to deduct provisions for doubtful debts for other debtors from the balance of the item “Other assets” (Note 16).

As of December 31, 2022 and 2021, the breakdown by age of the Bank's property portfolio is as follows:

		Movement in 2022		
Year of Acquisition	Balance in 31/12/2021	Acquisitions	Alienations	Balance in 31/12/2022
Anterior a 2012	241 693	-	(241 693)	-
2012	2 211 563	-	-	2 211 563
2013	2 240 398	-	-	2 240 398
2015	980 000	-	-	980 000
2016	4 777 500	-	-	4 777 500
2019	19 038 000	-	-	19 038 000
2020	4 140 806	-	-	4 140 806
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

		Movement in 2021		
Year of Acquisition	Balance in 31/12/2020	Acquisitions	Alienations	Balance in 31/12/2021
Anterior a 2012	241 693	-	-	241 693
2012	2 211 563	-	-	2 211 563
2013	2 240 398	-	-	2 240 398
2014	-	-	-	-
2015	980 000	-	-	980 000
2016	4 777 500	-	-	4 777 500
2017	1 436 328	-	(1 436 328)	-
2018	-	-	-	-
2019	19 038 000	-	-	19 038 000
2020	4 140 806	-	-	4 140 806
2021	-	15 925 000	-	15 925 000
Total	35 066 288	15 925 000	(1 436 328)	49 554 960

As of December 31, 2022 and 2021, the gross value and provisions constituted for properties received as payment for credit recovery are summarized as follows:

Year of Acquisition	2022			2021		
	Gross Value	provisions	Net value	Gross Value	provisions	Net value
Previous to 2012	-	-	-	241.693	(241.693)	-
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	(755.417)	224.583	980.000	(755.417)	224.583
2016	4.777.500	(4.080.781)	696.719	4.777.500	(3.483.594)	1.293.906
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	19.038.000	(8.130.813)	10.907.188	19.038.000	(5.751.063)	13.286.938
2020	4.140.805	(517.600)	3.623.205	4.140.805	(517.601)	3.623.204
2021	15.925.000	(3.649.479)	12.275.521	15.925.000	(1.658.854)	14.266.146
2022	7.292.984	-	7.292.984			-
Total	56.606.250	(21.586.051)	35.020.199	33.629.959	(16.860.182)	32.694.777

As of December 31, 2022 and 2021, the Bank has recorded provisions in the amount of STN 22,226,152 and STN 16,860,182, respectively, to cover capital losses on the realization of these properties. These provisions are calculated in accordance with what is disclosed in Note 2.2 d).

In 2021, two purchase and sale contracts were signed for 2 properties acquired in 2015 and 2020, the deeds of which will only be carried out when the respective credits granted by the Bank are settled, meaning that the provisioning criteria were not changed.

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

10. ASSET ADJUSTMENT ACCOUNTS

As of December 31, 2022 and 2021, this item has the following composition:

	2022	2021
Income receivable:		
Other commissions	245 975	1 542 915
Expenses with deferred costs:		
Software licenses	1 494 429	1 012 893
Insurance	1 630 303	831 693
Rents	85 015	85 015
Other expenses	2 854 510	883 655
	6 064 256	2 813 257
Other Asset Adjustment Accounts:		
Others	177 877	227 176
	6 488 109	4 583 348

related to software licenses and insurance. The item “Other expenses” in the “Deferred cost expenses” category refers essentially to the license cost of the software acquired from the company Dixtior, in the 2022 financial year and in the amount of STN 2,236,562.

As of December 31, 2022 and 2021, the item “Income receivable – Other commissions” essentially refers to commissions for collecting customs revenue from S. Tomé customs to be settled.

The item “Expenses with deferred costs” corresponds to payments on account of third-party supplies and services that, in accordance with the respective contracts, services will be provided in future periods. These services are mostly

11. CUSTOMER'S DEPOSITS

As of December 31, 2022 and 2021, this Item is composed as follows:

	2022	2021
Demand deposit		
Resident in national currency:		
Autonomous bodies and private companies	831 461 851	630 516 512
Private	596 077 430	494 328 303
State bodies and public companies	244 268 591	253 135 347
	1 671 807 872	1 377 980 162
Residents in foreign currency:		
Autonomous bodies and private companies	219 244 776	228 559 533
Private	218 568 155	220 856 349
State bodies and public companies	46 212 819	110 018 388
	484 025 750	559 434 270
Non-residents in foreign currency:		
Private	15 897 695	14 882 546
Total demand deposits (1)	2 171 731 317	1 952 296 978
Term Deposit		
Resident in national currency:		
Private	127 617 745	146 391 005
Autonomous bodies and private companies	1 936 046	4 196 091
	129 553 791	150 587 097
Residents in foreign currency:		
Autonomous bodies and private companies	230 069	216 757
Private	33 314 619	40 372 127
	33 544 688	40 588 884
Non-residents in foreign currency:		
Private		
Autonomous bodies and private companies	-	158 301
	-	158 301
Interest payable on customer term deposits	1 219 480	2 497 869
Total term deposits (2)	164 317 958	193 832 150
Total customer deposits (3) = (1) + (2)	2 336 049 275	2 146 129 128

As of December 31, 2022 and 2021, customer term deposits (excluding interest payable on term deposits) have the following structure by currency and average interest rate:

	2022		2021	
	Interest Rate	Amount	Interest Rate	Amount
In São Tomé and Príncipe dobras	3,99%	129.553.791	3,77%	150.587.097
In United States Dollars	1,86%	24.960.694	0,58%	26.651.194
In Euros	1,17%	7.598.496	0,02%	12.128.127
In Pounds Sterling	1,37%	985.497	0,19%	1.967.864
		<u>163.098.478</u>		<u>191.334.282</u>

Current accounts of customers are not remunerated.

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

	2022			2021		
	Capital	Interest	Total	Capital	Interest	Total
Up to three months	22.335.435	13.398	22.348.833	15.833.872	14.935	15.848.808
From three to 1 year	80.495.924	221.369	80.717.293	25.425.370	65.811	25.491.181
From 1 year to 5 years	34.612.118	84.515	34.696.634	111.940.369	1.184.935	113.125.304
More than 5 years	25.655.000	900.198	26.555.198	38.134.670	1.232.187	39.366.857
Indefinite duration	-	-	-	-	-	-
	<u>163.098.478</u>	<u>1.219.480</u>	<u>164.317.958</u>	<u>191.334.282</u>	<u>2.497.869</u>	<u>193.832.150</u>

12. RESOURCES OF OTHER ENTITIES

As of December 31, 2022 and 2021, this item has the following composition:

	2022	2021
National Currency		
Checks to collect	9.301.475	7.897.811
Consigned values	-	24
	<u>9.301.475</u>	<u>7.897.835</u>
Foreign currency		
Customer resources	-	1.026.774
Other private resources	415.152	298.532
Resources from financial institutions	47.871	27.336
	<u>463.022</u>	<u>1.352.641</u>
	<u>9.764.497</u>	<u>9.250.476</u>

As of December 31, 2022 and 2021, the balance under the heading “Checks and collection” refers to the value of certified checks awaiting collection.

As of December 31, 2021, the balance under “Customer resources” referred to amounts deposited at the Bank whose beneficiaries and payers were unknown. In the case of amounts older than 5 years and there being no prospect of claiming the amounts, the Bank regularized them in 2022 against “Other Operating Results (Note 23)”

13. REMAINING LIABILITIES

As of December 31, 2022 and 2021, this item has the following composition:

	2022	2021
Creditors		
Security deposit for opening documentary credits	23 690 433	12 406 053
Guarantee for credit operation	22 246 772	21 339 485
Suppliers	5 072 341	7 941 675
Shareholders	254 021	28 133 030
Other Creditors	68 723	117 205
Stamp duty on banking operations	875 667	751 568
Withholding tax on independent work	495 146	189 216
Consumption tax	689 956	574 733
Other taxes and duties	760 854	513 651
Withholding tax on capital income	1 905 748	1 083 273
	<u>56 059 658</u>	<u>73 049 889</u>

On December 31, 2021, the item Collateral for credit operations presents the following detail:

	2022	2021
Security deposit for credit operation		
COMPRAN credit line	7 350 000	-
Properties sold – properties in payment (Note 9)	6 125 000	4 532 500
Miscellaneous deposits	3 555 910	4 900
Properties sold – properties for own use (Note 8)	2 450 000	2 450 000
Other collateral for credit operations	4 209 522	5 418 653
	<u>23 690 433</u>	<u>12 406 053</u>

On December 31, 2022, the “Compran credit line” corresponds to the amount received by the Bank under the partnership agreement entered into with the Project to support commercialization, agricultural productivity and nutrition (Compran), as a fund guarantee for the credit lines to be granted by the Bank during the said agreement.

On December 31, 2022, the item “Miscellaneous collateral” contained the amount of STN 3550,926 allocated by the Bank, at the request of the Project to support commercialization, agricultural productivity and nutrition (Compran), to finance a micro project selected by said entity.

The reduction in the “Shareholders” heading arises from the transfer of funds to the CGD shareholder, arising from its accumulated dividends.

14. ADJUSTMENT OF LIABILITIES ACCOUNTS

As of December 31, 2022 and 2021, this caption is made up as follows:

	2022	2021
Costs to be paid		
Vacations and vacation allowances	9 293 583	9 546 003
Productivity award	11 000 041	10 003 831
Seniority Award	9 656 310	3 468 910
Other costs payable	7 595 784	1 306 620
	<u>37 545 718</u>	<u>24 325 364</u>
Deferred income income		
Loan and current account credits	10 052 574	20 532 676
Bonds and other securities	7 451 362	5 992 941
Warranties and guarantees provided	1 068 303	28 769
Other recipes	51 156	9 625
	<u>18 623 394</u>	<u>26 564 011</u>
Other regularization accounts		
Comprehension Payment system	<u>8 264 614</u>	<u>9 478 684</u>
Income taxes payable (Note 19)	<u>15 791 456</u>	<u>9 759 061</u>
	<u>80 225 181</u>	<u>70 127 120</u>

The productivity bonus for the years 2022 and 2021 amounts to STN 11,000,041 and STN 10,003,831, respectively (Note 2.2. k.).

As of December 31, 2022, the item “Other costs payable” refers mainly to the periodicization of costs for audit services and maintenance of the connection to the Swift network, in the amounts of STN 2,655,391 and STN 1,971,910, respectively.

As of December 31, 2022 and 2021, the balance under the heading “Income with deferred income – Loans and current account credits” refers to the deferral of commissions associated with credit operations. The reduction in the balance of this item is related to the maturity of the credit operations that gave rise to it.

As of December 31, 2022 and 2021, the balance under the heading “Other settlement accounts - Payment system compensation” refers to the balance payable relating to the compensation of the automatic payment system.

15. PROVISIONS

The movement of provisions in the years ended December 31, 2022 and 2021 was as follows:

	2022				Balance in 31/12/2022
	Balance in 31/12/2021	Net endowment	Uses	Exchange Differences and others	
To be deducted from the asset					
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 credit recovery assets (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 equity					
Provision for general credit risks (Note 6 and 16)	12 413 202	(1 541 968)	-	4 358	10 875 591
Provisions for off-balance sheet exposures (note 18)	263 900	1 772 263	-	16 204	2 052 367
Provisions for other assets (Note 9 and 16)	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
	2021				Balance in 31/12/2021
	Balance in 31/12/2020	Net endowment	Uses	Exchange Differences and others	
To be deducted from the asset					
Provisions for loans granted (Note 6)	219 407 943	3 434 969	(8 947 562)	1 063 035	214 958 384
Provisions for financial fixed assets (Note 8)	2 940 000	-	-	-	2 940 000
Provisions for credit recovery assets (Note 9)	10 005 932	7 081 782	(211 328)	(16 204)	16 860 182
	232 353 875	10 516 750	(9 158 890)	1 046 831	234 758 566
Recognized in the liquid situation					
Provision for general credit risks (notes 6 and 16)	16 645 357	(4 237 882)	-	5 727	12 413 202
Provisions for off-balance sheet exposures (Note 18)	735 702	5 898	-	(32 496)	709 103
Provisions for other assets (Note 9 and 16)	2 568 742	-	(2 321 046)	16 204	263 900
Other provisions (note 16)	1 410 787	(217 783)	-	-	1 193 004
	21 360 589	(4 449 768)	(2 321 046)	(10 565)	14 579 210
	253 714 463	6 066 982	(11 479 936)	1 036 266	249 337 775

As of December 31, 2022, the balance under the heading “Other provisions” is intended to cover contingencies related to legal and administrative proceedings. In 2022, these provisions were reinforced essentially to face an administrative offense process.

16. MOVEMENT IN NET SITUATION

The movement in the net position items in the years ended December 31, 2022 and 2021 was as follows:

	Reservas						Miscellaneous provisions	Net income for the year	Total
	Capital	Legal	Revaluation	Currency revaluation	Others	Total			
Balance in 31-12-2020	166 600 000	44 552 461	892 214	31 139 164	125 617 727	202 201 566	21 360 589	35 610 772	425 772 927
Distribution of net income for the year 2020	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	3 561 077	-	-	10 683 231	14 244 309	-	(14 244 309)	-
Dividend distribution	-	-	-	-	-	-	-	(21 366 463)	(21 366 463)
Net Income for the Year	-	-	-	-	-	-	-	62 844 253	62 844 253
Balance transfer provision for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Movement miscellaneous provisions (Note 15)	-	-	-	-	-	-	(6 781 379)	-	(6 781 379)
Balance in 31-12-2021	166 600 000	48 113 538	892 214	31 139 164	136 300 958	216 445 874	14 579 210	62 844 253	460 469 337
Distribution of net income for the year 2021	-	-	-	-	-	-	-	-	-
Incorporation into reservations	-	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
balance transfer provision for capital depreciation	-	-	-	-	-	-	-	-	-
Transfer from reserve to capital	-	-	-	-	-	-	-	-	-
Movement miscellaneous provisions (Note 15)	-	-	-	-	-	-	2 697 588	-	2 697 588
Balance in 31-12-2022	166 600 000	54 397 963	892 214	31 139 164	155 154 234	241 583 576	17 276 799	95 170 171	520 630 545

CAPITAL

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

During the 2017 financial year, the Bank decided to carry out a capital increase, in the amount of STN 16,600,000, through the incorporation of foreign exchange revaluation reserves set up 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 was maintained at STD 1,000.

As of December 31, 2022 and 2021, the Bank's shareholder structure, detailed by number of shares, is as follows:

	2022	<i>Unid: mSTN</i>
	<u>Number of Actions</u>	<u>%</u>
State of Sao Tome and Principe	79.968.000	48%
Caixa Geral de Depósitos	44.982.000	27%
Angolan Investment Bank – Angola	41.650.000	25%
	<u>166.600.000</u>	<u>100%</u>
	2021	
	<u>Number of Actions</u>	<u>%</u>
State of Sao Tome and Principe	79.968.000	48%
Caixa Geral de Depósitos	44.982.000	27%
Angolan Investment Bank – Angola	41.650.000	25%
	<u>166.600.000</u>	<u>100%</u>

LEGAL RESERVE

In accordance with paragraph a) of Article 23 of the BISTP Statutes, the Bank must establish a legal reserve fund until its capital is competed. To this end, a minimum of 10% of the net profit from the previous year is transferred

annually to this reserve. This reserve can only be used to cover accumulated losses, when the other reserves constituted are exhausted, or for incorporation into capital.

REVALUATION RESERVE

This reserve results from revaluations of tangible fixed assets carried out in previous years and within the legislation previously in force, which provided for the revaluation of fixed assets through the application of exchange rate devaluation coefficients. The balance of the revaluation reserve on December 31, 2022 and 2021, in the amount of STN 892,214, results from the revaluations carried out by the Bank up to the 1998 financial year.

With the entry into force of the Accounting Plan for Financial Institutions (PCIF), pursuant to Permanent Application Rule No. 5/09, of July 9th, issued by the Central Bank of São Tomé and Príncipe, this reassessment took on an optional character, It can only be used to increase capital (Note 2.2 b)).

FOREIGN EXCHANGE REVALUATION RESERVE

Following the provisions of Permanent Application Norm nº 1/02, of January 10th, revoked through Permanent Application Norm nº 28/11, of December 30th, in order to retain part of the profits generated in national currency as a result exchange rate devaluation, the Bank updated its net assets in foreign currency, and the impacts of this exchange rate revaluation were recorded in a special exchange rate revaluation reserve, included in the Bank's own funds. From March 2008, with the entry into force of NAP nº 11/07, of 26 November, the revaluation of the exchange rate position in foreign exchange began to be

recorded in the results of the year.

Additionally, in 2014, the Bank incorporated into this heading the provision for the exchange rate devaluation of the share capital against the Euro established in 2008, referring to the period between 1 March and 31 December 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, resulting from the capital increase decided by the Bank (incorporation of reserves).

This reserve is not distributable and can only be used to increase capital.

MISCELLANEOUS PROVISIONS

The item miscellaneous provisions shown in the net position of the Bank's statement includes provisions for general credit risks (Note 2.2 c), Note 6 and Note 15), provisions for off-balance sheet exposures (Note 2.2 c), Note 15, and Note 18) and others provisions (Note 15). The recording of these provisions in the Bank's net position is as defined in the PCIF.

17. BALANCES AND TRANSACTIONS WITH SHAREHOLDERS

As of December 31, 2022 and 2021, the main outstanding amounts and transactions maintained with the Bank's shareholders are as follows:

Unid: mSTN	2022	2021
Cash on hand over credit institutions (Note 4)		
Caixa Geral de Depósitos	71.871.861	56.968.539
	71.871.861	56.968.539
Credits and Others on credit institutions		
Caixa Geral de Depósitos (Note 5)	-	97.576.514
Estado de São Tomé e Príncipe (Note 6)	298.123.389	111.138.180
	298.123.389	208.714.694
Bonds and other securities (Note 7)		
Estado de São Tomé e Príncipe	420.128.205	361.758.555
	420.128.205	361.758.555
Other Assets (Note 9)		
Caixa Geral de Depósitos	1.698.033	551.906
	1.698.033	551.906
Customer Resources (Note 11)		
Caixa Geral de Depósitos	290.481.410	363.153.735
	290.481.410	363.153.735
Other Liabilities (Note 13)		
Caixa Geral de Depósitos	68.723	28.133.030
	68.723	28.133.030
Extra assets (Note 18)		
Caixa Geral de Depósitos	20.540.879	17.271.030
	20.540.879	17.271.030
Financial Margin (Note 20)		
Caixa Geral de Depósitos	128.919	94.572
Estado de São Tomé e Príncipe	34.266.135	17.785.304
	34.395.054	17.879.876

18. OFF BALANCE SHEET ITEMS

As of December 31, 2022 and 2021, these items have the following composition:

	2022	2021
<i>Unid: mSTN</i>		
Guarantees provided and other contingent liabilities		
Warranties and guarantees provided	40.968.407	17.571.545
Open documentary credits	20.540.879	17.271.030
	<u>61.509.286</u>	<u>34.842.575</u>
Liability for providing services		
Collection of amounts abroad	10.480.350	4.834.552
Deposits and safekeeping	1.080.000	1.080.000
	<u>11.560.350</u>	<u>5.914.552</u>
Third party responsibilities		
Real guarantees	<u>1.396.230.357</u>	<u>1.434.411.748</u>
Other off-balance sheet accounts		
Consignments	399.664	160.283
Miscellaneous accounts	176.670.768	26.742.788
	<u>177.070.433</u>	<u>26.903.070</u>

As of December 31, 2022 and 2021, the provisions for guarantees and guarantees provided have the following amounts:

	2022	2021
Provisions for guarantees and sureties provided (Note 15)	<u>938.053</u>	<u>709.103</u>

Provisions for guarantees and guarantees provided are presented under the

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

As described in Note 2.2 c), on December 31, 2019, the provisions constituted are equivalent to 2% of the total off-balance sheet exposures calculated in accordance with Diário da República No. 25/1992, Instruction No. 2, Regulation 2.2 and 2.3.

19. TAXES

On December 31, 2022 and 2021, the balances relating to income tax were calculated as follows:

	2022	2021
<i>Unid: mSTN</i>		
Income before tax	130 337 178	84 880 003
Adjustments:		
Taxes paid on behalf of a third party (Article 30, No. 1, Item d)		
Salaries and other remuneration payable (Article 30, nº 1, Alinea c)	(252 420)	(321 647)
Performance bonus payable (Article 30, nº 1, Alinea c)	996 210	1 982 566
Seniority premium payable (Article 30, nº 1, Alinea c)	7 276 161	(167 999)
Fines and other sanctions (Article 30, 1 e)	-	-
Life Insurance (Article 30, 1 a)	1 085 283	782 271
Non-deductible amortizations (Article 40, 1 e)	504 430	396 453
Insurance, repairs and maintenance of light vehicles (Article 30, nº 2)	586 757	573 166
Vehicle fuel (Article 30, 2)	134 427	18 186
Representation expenses (Article 31, 3)		
Collectable Material	<u>140 668 026</u>	<u>88 273 676</u>
Income taxes (25% rate)	35 167 007	22 035 750
Excess tax estimate from previous years		
current tax for the year (1)	35 167 007	22 035 750
Payments on account (2)	16 526 813	3 126 791
Withholding at source (3)	2 848 738	9 149 899
Tax to pay	<u>15 791 456</u>	<u>9 759 061</u>

The tax authorities have the possibility to review the Bank's tax situation over a period of five years, which may result, due to different interpretations of the tax legislation, possible corrections to the taxable profit for the years 2018 to 2022. may be carried out, it is not possible to quantify them at this time. However, the Bank's Board of Directors understands that any additional settlements that may result from these revisions will not be significant for the attached financial statements.

O saldo da rubrica “Retenções na fonte” refere-se essencialmente às retenções na fonte à taxa de 20%, aplicadas aos juros dos Bilhetes do Tesouro emitidos pelo Estado de São Tomé e Príncipe, conforme referido na Nota 2.2 h).

20. FINANCIAL MARGIN

In the years ending December 31, 2022 and 2021, these items have the following composition:

<i>Unid: mSTN</i>	2022	2021
Interest and equivalent income		
Of credit granted	108 779 464	101 906 654
Bonds and other securities	17 017 463	12 772 748
Commissions associated with credit operations	10 729 058	9 004 060
Of applications in credit institutions abroad	3 754 079	652 416
Others	-	-
	<u>140 280 064</u>	<u>124 335 878</u>
Interest and equivalent costs		
Of customer deposits	(5 602 054)	(5 885 089)
Others	-	(5 500)
	<u>(5 602 054)</u>	<u>(5 890 589)</u>

Credit interest grew with the boost of short-term credits, in particular advances (overdrafts) made to the State to pay civil service salaries.

Interest on bonds and other securities is formed by interest from Treasury Bills. Given the increase in market risk, the Bank demanded a higher rate for subscribing to these sovereign debt securities.

Interest on investments in credit institutions abroad is formed by interest arising from investments abroad, particularly in US dollars.

Interest paid on customer deposits fell, as a result of a decreasing trend in the term deposit portfolio.

21. REVENUE FROM SERVICES AND COMMISSIONS

In the years ending December 31, 2022 and 2021, these items have the following composition:

<i>Unid: mSTN</i>	2022	2021
Income from services and commissions		
Transfer commissions	53 232 342	45 209 922
Income from Foreign Exchange Transactions	1 824 804	1 326 595
Import documentary credit commissions	5 213 910	7 155 883
Intervention committee	1 848 981	2 687 349
Risk commission	201 318	207 873
Other Commissions	19 895 471	11 736 158
Warranty and surety commissions	27 246 333	24 464 503
Account maintenance commission	8 848 277	7 625 216
Account immobilization commission	902 654	913 918
	119 214 089	101 327 417
Service charges and commissions		
Card maintenance	(10 543 722)	(7 407 116)
Banking services provided on behalf of third parties	(7 376 080)	(10 438 872)
Service Fees	(1 393 305)	(881 054)
Other commissions	(1 965 097)	(1 060 944)
For commitments made by third parties	(210 131)	(156 634)
	(21 488 336)	(19 944 621)
	97 725 753	81 382 796

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

The item "Income from Foreign Exchange Operations" refers to commissions obtained from euro sales operations. This commission was set at 2% by the Central Bank, as a result of the exchange rate parity between the euro and the local currency as of January 2018.

22. EXCHANGE RATE REVALUATION RESULTS

In the years ended December 31, 2022 and 2021, this item is broken down as follows:

	2022			2021		
	Losses	Profits	Liquid	Losses	Profits	Liquid
Resultados de operações cambiais	(2.634)	35.786.887	35.784.253	(801)	22.880.074	22.879.272
Results in foreign exchange	(752.801)	14.084.804	13.332.004	(66.009)	5.348.113	5.282.104
	(755.435)	49.871.692	49.116.257	(66.810)	28.228.187	28.161.377

The appreciation of the US dollar against the euro in the international market, which occurred throughout 2022, associated with a long position that the Bank maintains in this foreign currency, contributed to greater exchange rate profit.

23. OUTROS RESULTADOS DE EXPLORAÇÃO

Nos exercícios findos em 31 de dezembro de 2021 e 2020, esta rubrica apresenta a seguinte composição:

	2022	2021
Other operating income		
Provision of various banking services	21 483 547	12 679 571
Others	4 543 985	3 382 319
Recovery of bad debts	3 500 401	3 546 147
Reimbursement of bank charges	2 954 988	5 260 513
Capital gains on the sale of fixed assets	156 125	1 605 763
	32 639 046	26 474 313
Other operating costs		
Dues and donations	(1 344 306)	(831 094)
Tax and fees	(2 011 538)	(1 238 771)
Others	(2 767 437)	(278 713)
	(6 123 281)	(2 348 578)
	26 515 764	24 125 735

As of 31 December 2022 and 2021, the balance of the caption “Provision of various banking services” essentially includes income from the sale of debit cards and checkbooks. In 2022, income obtained from the sale of debit cards and checkbooks amounted to STN 9,701,243 and STN 8,600,026, respectively, while in 2021, income obtained was STN 2,370,734 and STN 8,298,528. The variation verified compared to 2021, is due to the sale of debit cards made by the bank, within the scope of a partnership that the Bank made with a project to support vulnerable families.

As of 31 December 2022 and 2021, the tax and fees items includes advance payments of Stamp Tax, in the amounts of STN 1,845,023 and STN 793,701, respectively.

24. STAFF COSTS

In the years ended December 31, 2022 and 2021, this item is broken down as follows:

	2022	2021
Employee compensation	10 490 570	11 694 396
Remuneration of management and tax bodies	62 680 947	62 154 933
Productivity award	8 943 455	7 994 702
Mandatory social charges	3 339 167	3 348 761
Optional social charges	1 402 816	422 138
Seniority awards (Note 2.2 j)	10 852 516	88 883
Others	447 979	122 500
	98 157 451	85 826 313

O montante total de remunerações atribuídas aos órgãos de administração, de direção e de fiscalização, no exercício de 2022 foi de STN 20.566.892,28.

Total Remuneration Allocated in 2022 and 2021 (Figures expressed in STN)		
Management Board	9.919.375	11.343.173
Supervisory Board	480.884	383.055
Governing Body	5.884.232	9.784.094
Authority	4.282.402	3.551.660
Total	20.566.89	25.061.982

On December 31, 2022 and 2021, the amount of credit with the Bank that the members of the administrative, management and supervisory bodies had was STN 4,573,167 and STN 6,737,945, respectively.

On December 31, 2022 and 2021, the Bank had 142 and 148 permanent employees, respectively. However, the average number of workers throughout the year was 144, according to the distribution in the table below.

Average number of employees during 2022	
Steering	7
Technicians	49
Administrative	73
Auxiliaries	15
Total	144

In the years ended December 31, 2022 and 2021, the caption “Staff Costs - Other” includes STN 399,230 and STN 56,642 referring to spending on vouchers and socializing parties in the respective years.

The mandatory social charges item concerns Social Security charges and the death benefit. As for optional charges, this item comprises social medical services, hospitalization as well as medical assistance and medication.

The item “Productivity bonus” (Profit Sharing) refers to an estimate by the Executive Committee, which will be subject to ratification by the Remuneration Committee of the Governing Bodies in 2023.

25. GENERAL ADMINISTRATIVE EXPENSES

In the years ending December 31, 2022 and 2021, this item has the following composition:

	2022	2021
Water, Energy and fuel	6 956 647	8 193 329
Communications	8 536 775	9 195 509
Conservation and repair	3 209 014	2 635 793
Printed and current consumables	1 956 099	2 950 429
Computer services	6 317 124	5 450 999
Incomes and rents	3 900 416	4 272 796
Security and surveillance	2 778 248	2 979 831
Auditing and consulting	3 964 162	1 234 800
Travel and representation	2 223 844	1 295 431
Publicity	1 176 933	1 758 752
Receipts, fees and other independent work	2 139 310	2 472 546
Insurance	1 797 970	1 452 873
Transport of values	1 704 287	1 646 156
Others	10 423 515	5 613 146
	<u>57 084 342</u>	<u>51 152 390</u>

Costs for Audit and Consultancy services increased in 2022, reaching STN 3,964,162.

In 2022 and 2021, the “Others” item highlights expenses with the Visa service, in the amounts of STN 6,985,612 and STN 2,124,361, respectively.

In 2022, expenditure on Water, Energy and Fuel amounted to STN 6,981,684, showing a reduction compared to 2021, justified by the fact that an agency was closed for works throughout 2022.

The cost of Communications in 2022 amounted to STN 8,536,775, a lower amount than that recorded in 2021. This variation is explained by the fact that the Bank, after overcoming a dispute with the communications service provider, settled 2021 a set of invoices totaling STN 1,189,066.6, referring to the period between 2012 and 2021.

The acquisition of new software licenses (as was the case with the application acquired with DIXTIO, to support compliance functions), associated with the inflation factor, drove the increase in the cost of IT services.

26. BALANCE SHEET BY CURRENCY

As of December 31, 2022 and 2021, the Bank's balance sheet by currency has the following structure:

Unid: mSTN	2022					
	National Currency	EUR	USD	Others	Total Foreign Currency	Total
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 availability on credit institutions	3.520.194	37.059.102	36.650.881	16.557.524	90.267.508	93.787.702
Other Credits on Credit Institutions	-	24.597.183	299.675.033	-	324.272.216	324.272.216
Credit on customers	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
tangible assets	208.989.411	-	-	-	-	208.989.411
Intangible assets	5.120.199	-	-	-	-	5.120.199
Fixed assets in progress	8.416.564	-	-	-	-	8.416.564
Financial fixed assets	-	-	-	-	-	-
Other assets	112.313.185	-	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
On term or with notice	130.432.363	7.626.647	25.268.706	990.242	33.885.595	164.317.958
Resource from other entities	9.764.497	-	-	-	-	9.764.497
Others 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
Net assets/(liabilities)	626.165.660	(215.019.371)	93.258.837	16.225.420	(105.535.114)	520.630.546

Tabela continua...

Unid: mSTN	2021					
	Moeda	Moeda estrangeira				
	nacional	EUR	USD	Outras	Total ME	Total
Cash and availability at the Central Bank	883.445.913	97.295.879	28.730.564	7.787.988	133.814.432	1.017.260.344
Cash availability on credit institutions	2.090.795	34.036.340	55.089.680	3.780.782	92.906.803	94.997.598
Other Credits on Credit Institutions	-	-	334.094.005	-	334.094.005	334.094.005
Credit on customers	650.116.629	20.071.136	5.360.127	-	25.431.263	675.547.892
Bonds and other securities	361.758.555	-	-	-	-	361.758.555
tangible assets	217.662.473	-	-	-	-	217.662.473
Intangible assets	5.226.155	-	-	-	-	5.226.155
Fixed assets in progress	9.958.711	-	-	-	-	9.958.711
Financial fixed assets	-	-	-	-	-	-
Other assets	33.818.551	1.301.242	2.817.075	-	4.118.317	37.936.868
Regularization accounts	4.583.348	-	-	-	-	4.583.348
Total assets	2.168.661.129	152.704.598	426.091.452	11.568.771	590.364.820	2.759.025.950
	-	-	-	-	-	-
Deposits:	-	-	-	-	-	-
In sight :	1.516.439.144	267.223.636	165.098.257	3.535.940	435.857.833	1.952.296.978
On term or with notice	14.442.375	26.658.764	150.762.579	1.968.432	179.389.775	193.832.150
Resource from other entities	8.943.702	587.539	439.235	-	1.026.774	9.970.476
Others liabilities	15.713.072	48.172.044	522.740	-	48.694.784	64.407.856
Regularization accounts	70.955.900	6.295.264	797.989	-	7.093.252	78.049.153
Total liabilities	1.626.494.194	348.937.247	317.620.799	5.504.372	672.062.419	2.298.556.612
	-	-	-	-	-	-
Net assets/(liabilities)	542.166.936	(196.232.650)	108.470.653	6.064.398	(81.697.598)	460.469.337

27. CONTINGENT LIABILITIES

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

In 2018, Banco Internacional de São Tomé and Príncipe was notified of a process, in the amount of STN 1,715,000, initiated by a customer who was a debtor of a credit operation. By sentence handed down on August 24, 2020, BISTP was acquitted, however, the author filed an appeal with the Supreme Court of Justice, pending the delivery of the sentence.

In 2022, the International Bank of São Tomé and Príncipe was notified of an administrative offense proceeding, brought by the Central Bank of São Tomé and Príncipe, following which a fine in the amount of STN 2,000,000 was fixed. Meanwhile, Banco Internacional de S. Tomé e Príncipe filed an appeal with the Court of First Instance, and is awaiting a decision (Note 15).

28. SUBSEQUENT EVENTS

On January 19, 2023, the Bank was notified of an administrative offense proceeding, filed by the Central Bank of S. Tomé and Príncipe, following a routine inspection carried out between May and September 2022. The Bank presented its defense on February 13, 2023, with the Central Bank of S. Tomé and Príncipe, from which it awaits a position, and filed an appeal with the Court of 1st Instance, also awaiting a decision.

Based on the opinion of its lawyers, the Board of Directors understands that it

is not possible, on this date, to make an adequate estimate of the potential charges that may arise for the Bank as a result of this action, and therefore understands that the criteria set out in NAP nº 5/ 2009 to register a provision for this process.

There were no other facts or events subsequent to the balance sheet date that should be recorded or disclosed in the financial statements at 31 December 2022.

29. CONFLICT IN UKRAINE

Although BISTP does not have direct commercial relations or interests in regions where today there is greater tension and conflict arising from geopolitical issues (Russia's war against Ukraine), it is recognized that the outbreak of this dispute, in a region and between countries which have some weight in the production of raw materials and world trade, could affect the Bank's business to some extent, in particular with regard to the increase in prices of products and services on a global scale, caused by some shortage of production and delays in the supply chain. In a situation like this, it is expected that some projects or activities of the Bank and its Customers, which depend on the acquisition of products and services from abroad, may suffer delays.

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



Doce de Camoca
Feito com Milho torrado

RELATÓRIO E PARECER DO CONSELHO FISCAL

Aos senhores accionistas:

1. INTRODUÇÃO

Nos termos da Lei, nomeadamente da Lei n.º 9/92 sobre as Instituições Financeiras, e dos Estatutos, 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, S.A. R. L. (BISTP), relativos ao exercício de 2022, 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 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 importância da NAP n.º 8/2022 sobre Controlo Interno e Compliance, com entrada em vigor em Setembro de 2023, tendo o Conselho de Administração apresentado ao banco Central um plano de adequação e antecipado para 2022 a sua implementação no que diz respeito ao relatório anual;
- acompanhou a evolução da estrutura organizativa do BISTP, nomeadamente das suas áreas de controlo, e as decisões da Comissão de Riscos e da Comissão da Auditoria e Controlo Interno;
- analisou a informação obtida das principais áreas responsáveis pela preparação e divulgação da informação financeira e pela gestão e controlo de riscos;
- 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 BISTP;

- acompanhou com particular atenção o tratamento contabilístico das operações que, materialmente, influenciaram a evolução da atividade expressa na posição financeira do BISTP;
- participou em quatro reuniões, uma em cada trimestre, com os primeiros responsáveis dos Gabinetes de Compliance, de Auditoria Interna, de Gestão de Riscos e de Planeamento e Controlo, sendo de realçar:
 - i) o acompanhamento das recomendações resultantes da consultoria da CGD à função Compliance e dos planos de ação em consequência da inspeção realizada pelo Banco Central.
 - ii) a contribuição do Auditor Independente na vertente do Controlo Interno e de Compliance. De assinalar a identificação de um maior número de deficiências de Controlo interno comparativamente a 2021, das quais 15% são de risco elevado.
 - iii) que os principais indicadores de risco de solvabilidade e de liquidez mantêm-se em níveis muito adequados. 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 que se mantém de muita incerteza, também em virtude da invasão da Federação Russa na Ucrânia;
 - iv) em relação à estratégia decorrente do "apetite ao risco" registou a continuação da atitude de prudência do Banco, preferindo suportar um maior excesso de liquidez a aumentar excessivamente a exposição ao risco da sua dívida pública;
 - v) em relação investimento conducente ao fortalecimento da banca eletrónica, nomeadamente nos processos de modernização das infraestruturas dos sistemas de pagamento e no *up-grade* do *workflow* de crédito, a instituição revela aposta na sustentabilidade do negócio com risco mais controlado.
- reuniu, com os representantes do Auditor Independente, inteirando-se dos planos de trabalho, das principais conclusões e recomendações pelos mesmos formuladas, no âmbito do desempenho das respetivas atribuições. As matérias consideradas relevantes para o Auditor Independente, as provisões e imparidades para a carteira de crédito de clientes e a valorização de imóveis recebidos em dação por recuperação de crédito, foram especialmente acompanhadas pelo Conselho Fiscal.

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

- o Relatório de Gestão do Conselho de Administração respeitante ao exercício de 2022;
- o Balanço a 31 de Dezembro de 2022 e as Demonstrações dos Resultados relativa ao exercício de 2022;
- o Relatório do Auditor Independente, sem reservas nem ênfases, que merece o nosso acordo.

1



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

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

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

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

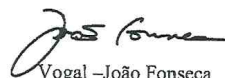
Finalmente, o Conselho Fiscal manifesta o seu agradecimento e apreço ao Conselho de Administração e aos Serviços da sociedade, pela colaboração e disponibilidade sempre proporcionadas.

Cidade de São Tomé, 27 de Abril de 2023

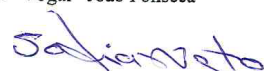
O CONSELHO FISCAL



Presidente – João Sales Luís



Vogal – João Fonseca



Vogal – Sofia Santos Neto