12

Risk and Conduct

12.1

Internal Control System

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Compliance Strategy

The Compliance function has contributed to the Bank's strategy by supporting the Board of Directors in maintaining a strong compliance culture, through the continuity of a transversal program of awareness raising and compliance with the applicable rules and legislation on Anti Money Laundering, Counter Terrorist Financing and the Proliferation of Weapons of Mass Destruction (AML/CFT/PWMD).

Constitutes the strategy of the Compliance Function:

- Support the Board in maintaining a Culture of Compliance so that business is done the right way;
- Supporting the Management Body in fulfilling its responsibilities in relation to applicable legal and regulatory requirements;
- Support the materialization of a risk matrix and operational controls;
- Advising the Business Units and the Management Body on matters related to Compliance and CBC/FT/PADM;
- Supporting the effective relationship between the Bank and the Regulatory Authorities

Protect the Bank's reputation

Avoiding sanctions against the Bank

Promote a good relationship with Regulatory Authorities

Demonstrate that the Bank is fit to perform its business

Compliance Department

Compliance Department

- Regulatory
- Monitoring
- Financial Crime Management Unit
- Forensic Services
- Data Privacy
- Exchange Control
- Business Enablement

To meet the requirements of the National Bank of Angola (BNA) and other Regulatory Entities in the implementation of a Culture of Compliance, Standard Bank Angola (SBA) maintains a zero-tolerance approach, both for non-adherence to mandatory training and for non-compliance with internal policies and procedures. The Bank is governed by this culture, the implementation and management of which are evidenced through training, awareness-raising and the rigorous application of internal policies and procedures.

The main responsibilities of the Compliance Department are:

01 **Establish and maintain** a permanent and up-to-date record of the internal and external regulations to which Standard Bank Angola is subject, identifying those responsible for their compliance and, in a timely manner, report to the Executive Committee, the Risk Management Committee and the Audit Committee of the Board of Directors any non-compliance with laws, regulations or supervisory requirements;

02 **Require** relevant regulatory requirements to be incorporated into the Bank's operating procedures manuals;

03 **Ensure,** to the extent possible, that there is no conflict of interest with/between other Internal Control functions;

04 **Being responsible** for establishing a culture of Compliance in the Bank contributes to the Bank's overall objective of prudent risk management;

05 **Evaluate** the processes of prevention and detection of criminal activities, including the prevention of Money Laundering to Terrorism and the Proliferation of Weapons of Mass Destruction, how to ensure legal communications in this area with the competent authorities, namely, the Financial Intelligence Unit (FIU);

06 **Ensure** that a risk-based approach is taken in assessing the Bank's compliance risk profile;

07 **Ensure** that Compliance Department and Bank Employees receive ongoing training so that they have appropriate technical knowledge, understand and comply with the regulatory framework applicable to the Bank, and understand the risks to which the Bank is exposed in the face of the following:

- Surveillance in the context of Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction;
- Market conduct;
- Conflict of interest management;
- Data privacy;
- Consumer protection of financial products and services;
- Routine monitoring;
- Fraud prevention and risk.

Regulatory and Advisory Role

The Regulatory and Advisory Function (hereinafter referred to as “RAF”) has the following **main responsibilities:**

- **To monitor r**esponses and processes with the Regulatory Authorities, namely, the National Bank of Angola, the Capital Market Commission, the Angolan Insurance Regulation and Supervision Agency and the Competition Regulatory Authority;
- **Ensuring** awareness, updating and development of new legislation that has an impact on the Bank’s activities;
- **Manage** the regulatory universe (and its compliance) and the Compliance Risk management plan of the Bank’s areas and verify the implementation of controls and compliance with internal rules and all legislation in force, which is essential and high risk;
- **Ensure** compliance with the rules on (i) conflict of interest, (ii) external business interests, (iii) personal transactions, (iv) market abuse and (v) all policies inherent to the Compliance function approved and published;
- **Ensuring** the protection of the confidentiality of Clients’ information.

Privacy and Data Protection

Privacy is an increasingly important issue in today's digital world. Undoubtedly, the digital age has brought invaluable benefits to businesses and individuals alike, but with the increasing collection, storage, and processing of personal data by various organizations, **protecting privacy** has become a critical challenge.

Data privacy is crucial to protect **individual rights**, ensure the **confidentiality** of personal information, and prevent fraud and misuse, such as invasive tracking, data selling without people's consent or on confidential information, protecting their dignity, freedom of expression, and security.

For the Bank, it is essential to build **trust** with Clients and avoid **fines and reputational damage.** The element of trust is paramount for SBA, as the Clients are treated not only as an asset but above all as a **fundamental right.** The essential features of the right to privacy are safeguarded, including the rights of data subjects.

Clients consider the privacy of their data to be a **critical issue** because they feel they have no control over. SBA is committed to ensuring that it carries out its activity in accordance with the Code of Ethics and Conduct and in compliance with applicable data protection laws, rules and standards. By embracing privacy and data protection requirements, SBA offers a **comprehensive and proactive approach** to data protection that prioritizes our fundamental right to privacy.

In this context, **privacy and data protection management** is strategic to ensure regulatory compliance and strengthen trust in Client relationships. The adoption of sound practices and effective controls ensures respect for the rights of data subjects and the proactive mitigation of the risks associated with the processing of personal data.

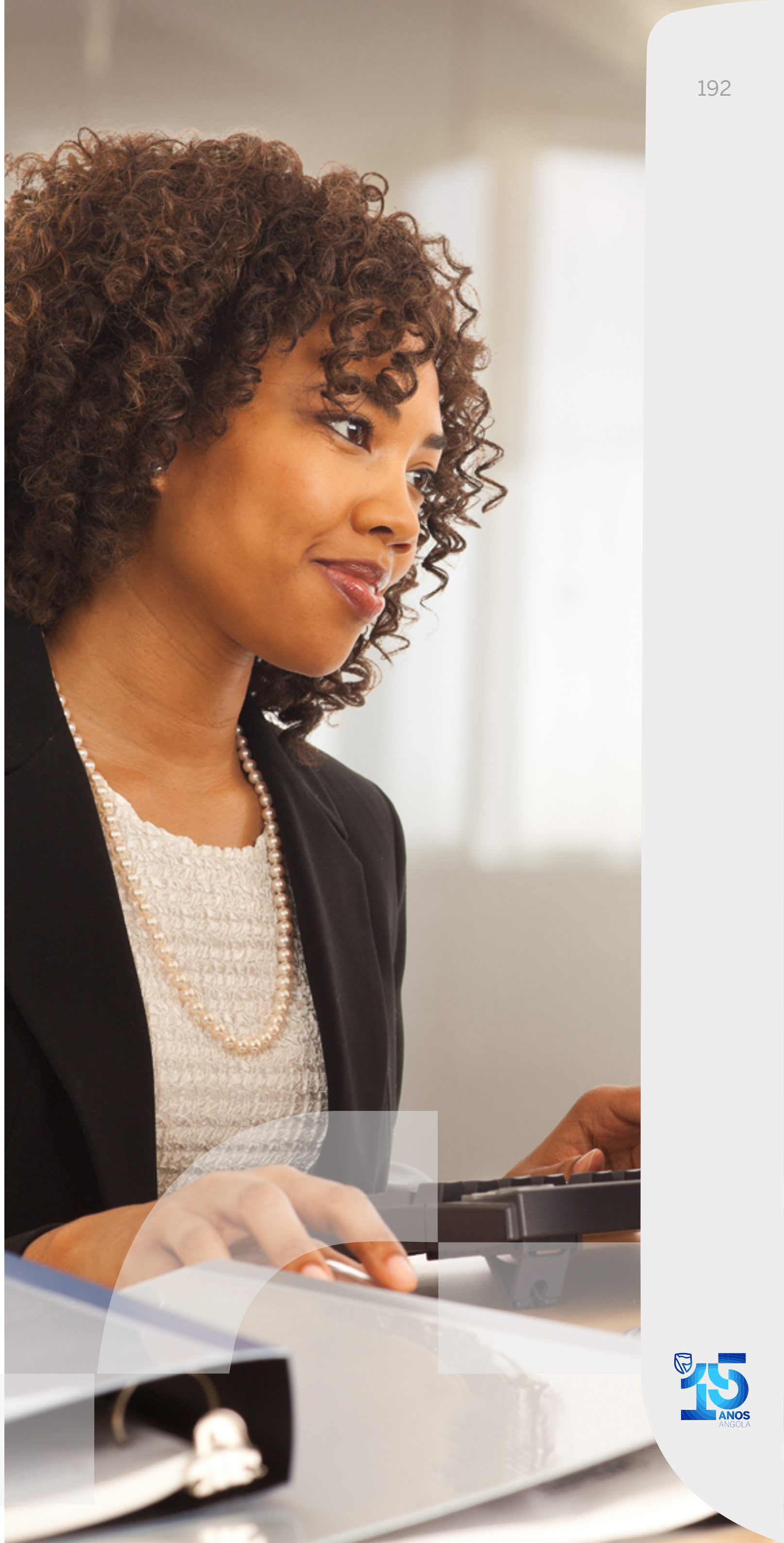
The privacy and data protection function, among many, has the following responsibilities:

- **Ensure** compliance with data privacy;
- **Assess** the impact of data privacy;
- **Establish and implement** the Bank's privacy and data protection risk control plans;
- **To promote** culture, awareness and training on privacy and data protection in the Bank;
- **Raise awareness,** update and monitor the development of new legislation related to data privacy with an impact on the Bank's activities;
- **Ensure compliance** with privacy and data protection risk management in accordance with relevant legislation worldwide;
- **Manage** the Regulatory Universe and Management of the Compliance Risk Management Plan for the Bank's areas, as well as the confirmation of the implementation of controls and compliance with internal rules and all legislation related to data privacy;
- **To play the role** of expert advisor for Compliance in privacy and data protection;
- **Oversee** all elements related to data privacy monitoring (assess, remediate, govern) to strengthen trust in the control environment;
- **Proactively develop** a strong partnership with the Bank's areas, allowing for enhanced cooperation to strengthen privacy and data protection;
- **To mediate and interact** with the Regulatory Authorities (Data Protection Agency and National Bank of Angola) and all data privacy matters.

Monitoring Function

In compliance with the provisions of paragraph a) and d) of point 4 of article 33 of Notice 1/2022 (Corporate Governance Code of Banking Financial Institutions), the Compliance Department has a Monitoring area, **whose main responsibilities are:**

- **Monitor** the Organization's compliance with laws and regulations to facilitate the establishment of a Compliance culture that contributes to prudent Risk Management;
- **To contribute** to increasing the level of awareness of regulatory obligations through the execution of quality monitoring analyses that provide innovative, relevant and pragmatic solutions, with a focus on responding to the needs of the Bank's stakeholders and Clients;
- **Monitor** the adequacy and effectiveness of the Compliance Risk Management Plan;
- **Assess** the implementation of controls and compliance with internal rules and all current legislation with an impact on the Bank;
- **Monitor** compliance with the rules of conduct established in the Compliance policies, including compliance with mandatory training.



Financial Crime Management Unit

Law No. 5/20 of 27 January, Law on Preventing and Combating Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction (hereinafter referred to as "Law No. 5/2020"), provides that Financial Institutions must adopt and implement measures to prevent and detect criminal activities, including the prevention of money laundering, of the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction, as well as ensuring communications with the competent authorities, in particular with the Financial Intelligence Unit ("FIU").

The Compliance Department has a specific functional area that deals with **matters related to Financial Crimes, in particular the Prevention and Combating of Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction,** whose responsibilities include, but are not limited to:

1. Monitoring compliance with and adherence to policies and standards related to Money Laundering and Terrorist Financing, as well as reviewing procedures and processes in different areas;

2. Surveillance – Alert management;

3. Sanctions alerts/preparation of UIF reporting;

4. Alerts of suspicious operations/preparation of reporting to FIU;

5. Politically Exposed Persons (PEPs) Alerts/PEP Registration;

6. Reporting of cash transactions equal to or greater than USD 5,000;

7. Investigation of suspicious Client activity;

8. Interaction with Correspondent Banks;

9. Provide continuous training to Employees on Anti-Money Laundering and Countering the Financing of Terrorism and related matters;

10. Raising awareness on Anti-Money Laundering and Countering the Financing of Terrorism;

11. Monitoring of cross-border transactions for the control of money laundering related to them;

12. Compliance Risk Matrix Management;

13. Ensure compliance with legal and regulatory obligations aimed at mitigating the risk of Bribery and Corruption;

14. Management of the Suspicious Transaction Monitoring Tool (Nice Actimize);

15. Preparation and publication of legislative and informative alerts with an impact on Anti-Money Laundering and Terrorist Financing and Proliferation of Weapons of Mass Destruction;

16. Interaction with Regulators on Anti-Money Laundering and Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction;

17. Preparation and reporting;

18. Management of the Secretariat of the High Risk Committee;

19. Organization of Regulatory Universes and Compliance Risk Management Plans in matters of Anti-Money Laundering and Terrorist Financing and Proliferation of Weapons of Mass Destruction.

BC/FT/PADM Risk Management

Know Your Customer (KYC)

SBA has implemented a strict KYC policy, which covers knowledge of the Client, their activity and the origin of their funds. In addition to being an effective measure to combat ML/TF/PADM activities, it also allows the Bank to understand the general obligations and needs of its Clients.

The main objective is to ensure that all Clients with whom SBA establishes a business relationship are properly identified and subject to periodic risk-based reviews, complying with established regulatory obligations.

Client and Transaction Monitoring

The Bank has operational systems to support Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction, which ensures the filtering of all Clients and transactions.

The monitoring systems identify, based on pre-defined parameters and risk scenarios, potentially suspicious persons, entities, transactions and behaviors, allowing a timely and effective detection of activities and transactions that may shape the practice of Money Laundering and Terrorist Financing.

Training and Awareness

During this financial year, the UGCF maintained its commitment to strengthening the prevention and fight against Money Laundering and Terrorist Financing, through training aimed at Employees.

In addition to the training, awareness-raising actions were developed and published with the aim of strengthening the awareness of Employees on issues of preventing and combating Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction.

Exchange Control Function

Exchange Control Area Overview

The area ensures compliance with foreign exchange legislation and regulations, interacting with the Regulator and following up on all relevant communications. It is responsible for managing Compliance risk related to foreign exchange regulations, ensuring the implementation of internal controls and the alignment of impacted areas. In addition, it promotes continuous training, supports business units in normative interpretation, product development and issue resolution, as well as evaluating internal processes to ensure compliance with legal and regulatory requirements.

- **Interact** with the Regulator for clarification of issues related to compliance with foreign exchange legislation and regulations;
- **Monitor** all communications from the Regulator related to foreign exchange legislation and regulations and share with the relevant business units;
- **Management** of the regulatory universe and Compliance risk management plans for all areas of the Bank impacted by foreign exchange regulations and confirmation of the implementation of controls and compliance with internal rules and all foreign exchange legislation and regulations;
- **Develop** an annual training plan to meet the training needs of Bank Staff on foreign exchange matters;
- **Provide** the training of the annual training plan, as well as provide training and workshops requested by the business units impacted by the foreign exchange legislation and regulations;
- **Assist and advise** the business units regarding the implementation of new products and businesses, to verify their compliance with the provisions of foreign exchange legislation and regulations;
- **Clarify** the business units regarding the interpretation of the provisions of the foreign exchange legislation and regulations, as well as all changes made at this level;
- **Assist and advise** the business units in resolving issues related to compliance with foreign exchange laws and regulations; and
- **Assess** whether processes and procedures within business units ensure compliance with the requirements of foreign exchange legislation and regulations.

Forensic Services

Overview

The Forensic Services Unit conducts its activities in accordance with the mandate approved by the Risk Committee of the Board of Directors.

In the context of the fight against financial crimes, this unit integrates two fundamental components: **prevention and detection,** which underpin the effective management of fraud risk in the SBA.

On **the preventive side,** the Forensic Services Unit is responsible for implementing fraud awareness campaigns, with the goal of empowering each Employee with tools to proactively identify and report financial crimes.

As for the **detection aspect,** the unit is dedicated to the investigation of complaints submitted by internal and external Clients, related to financial crimes.

This process culminates in the preparation of **reports with recommendations aimed at strengthening controls and continuous improvement of processes.**

Additionally, the team has been implementing automation initiatives, with the purpose of making the investigative process faster, more efficient and in line with the best technological practices.

Awareness

The Forensic Services team has implemented a strategy to raise awareness among Employees about fraud issues, through internal communications. In addition, the Forensic Services team has been, together with the Business Units, creating physical and digital content, as well as conducting targeted workshops, to promote awareness about fraud risk prevention.

Whistleblowing Channel

The Bank has a Whistleblowing Policy, which is designed to ensure compliance with statutory and regulatory obligations applicable throughout the Bank.

The policy aims to ensure that:

- It is maintained an ethical culture within the Bank that aligns with all existing principles and policies, including generally acceptable ethical behavior and choices;
- All Bank Employees understand what whistleblowing is and the process to be followed;
- The culture of openness, transparency and accountability is strengthened;
- Whistleblowers are encouraged to raise concerns related to the Bank or its Employees and to make complaints, in good faith and in a transparent manner, without fear of victimization or prejudice;
- A framework is provided for parties outside the Bank to make complaints.

Business Capacity

Overview

With the mission of effectively managing the tools used by the Compliance Department in the performance of its functions, in particular the Anti-Money Laundering, Terrorist Financing and Proliferation of Weapons of Mass Destruction (Nice Actimize) tool, this area aims to optimize the development process and implement digitalization and automation initiatives identified between the different areas of the Compliance Department.

12.2c

Risk Management Model

Risk Management System

The Bank's risk management system is structured to ensure monitoring, continuous risk assessment and ensure that the Bank's internal control system is properly aligned with local standards and regulations, as well as international best practices.

Standard Bank Angola (SBA) maintains a solid governance structure, which is assisted by risk committees that supervise and review risk management policies, ensuring the monitoring of the growth of the activity and ensuring compliance with strategic and operational objectives, safeguarding the security of its operations.

Risk Department

Risk Directorate

- Governance Risk
- Non-Financial Risks
- Corporate and Investment Banking Credit Risk (CIB)
- Business and Commercial Banking Credit Risk (BCB)
- Personal and Private Banking Credit Risk (PPB)
- Recovery and Rehabilitation
- Shared Credit Services

The Bank's risk management function assumes critical responsibilities to ensure the stability and security of its operations. Among the main attributions are:

→ **Identification, evaluation, measurement,**

→ **Risk treatment and mitigation;**

→ **Continuous monitoring;**

→ **Preparation of reports and communication;**

→ **Regulatory compliance;**

→ **Promotion of the risk culture.**

In addition, it is responsible for monitoring the business areas and implementing risk management mechanisms that ensure the execution of the Bank's activity in line with the risk appetite established by the Board of Directors.

Thus, the Risk Department has as its main responsibilities:

01 Define the risk management framework and policies;

02 Facilitate risk management activities through the risk management lifecycle;

03 Facilitate calculations of capital requirements for all applicable risk types;

04 Challenge day-to-day risk management decisions;

05 Monitor and provide expert advice on emerging threats;

06 Analyze compliance with risk standards;

07 Monitor whether risk decisions are being made in accordance with risk culture and appetite and reporting of breaches;

08 Manage the interface with regulators regarding industry policy, risk and compliance issues;

09 Compile risk disclosures in accordance with regulatory requirements;

10 Perform independent analysis in specific areas of risk and control.

Description of the functions of the departments of the Risk Directorate:

Governance Risk

→ Ensures the review and updating of Risk Governance frameworks, policies, standards and other documentation, ensuring alignment with the requirements of the Regulator and the Group's corporate practices.

→ Prepares reports and provides technical support to the Credit and Risk Committees, ensuring reliable and timely information for decision-making.

→ Monitors the Risk Appetite Statement (RAS), manages the Delegated Authorities (DAs) and ensures consistency between the risk assumed and the formally approved limits.

→ Maintains permanent articulation with the segments and with the Group, ensuring coherence, transparency and specialized support to the decision-making process.

Non-Financial Risks

→ Identifies, evaluates and monitors operational, technological, legal, conductive, cyber and other non-financial risks, ensuring an integrated and transversal view of the Bank's risk profile.

→ Implements and maintains the Non-Financial Risk Management Framework, ensuring full compliance with the Group's internal standards, regulatory requirements and guidelines.

→ Supports the business units in defining controls, mitigation plans and reporting processes, reinforcing the effectiveness of the internal control environment.

→ Monitors emerging risks and ensures clear, consistent and timely reporting to the Executive Board and Risk Committees, strengthening the Bank's supervisory and response capacity.

Corporate and Investment Banking Credit Risk (CIB)

→ Analyzes and approves credit operations for CIB Clients, ensuring compliance with internal credit policies, established limits and applicable regulatory requirements, ensuring technical rigor throughout the decision-making process.

→ It monitors the portfolio, identifies signs of deterioration, assesses emerging risks and proposes corrective actions to preserve asset quality and mitigate potential losses.

→ It actively participates in the Credit Committees and monitors sectoral trends, macroeconomic risks and external factors relevant to the prudent management of the CIB portfolio.

→ Ensures robust credit origination, valuation and monitoring processes, ensuring consistency, integrity and alignment with the Group's practices and best market practices.

Business and Commercial Banking Credit Risk (BCB)

→ It evaluates and approves credit operations for Clients in the BCB segment, ensuring that the proposals comply with internal policies, defined limits and established risk criteria, reinforcing controls throughout the credit cycle. Conducts inspections, portfolio analysis and non-compliance monitoring, ensuring the integrity of the process.

→ Reviews and updates policies, standards and legal documentation applicable to the segment, ensuring compliance with the requirements of the Regulator and the Group's corporate guidelines.

→ Maintains constant dialogue with internal committees and the Group, ensuring technical alignment, consistency in decisions and adequate management of the segment's risks.

Personal and Private Banking Credit Risks (PPB)

→ Evaluates the risks associated with Private Clients, ensuring that credit proposals are in accordance with the internal policy, risk criteria and rules issued by the Central Bank, ensuring rigor and regulatory adherence.

→ Monitors key portfolio indicators, including NPLs, pre-NPLs and signs of deterioration, ensuring preventive monitoring and timely response to preserve credit quality.

→ Maintains up-to-date knowledge of credit systems and models, articulating permanently with the Recovery area to ensure the integrity and consistency of the portfolio.

→ Approves operations within its delegated authority, ensuring reasoned technical decisions in line with the Bank's limits and practices.

Recovery and Rehabilitation

→ Executes the recovery strategy for defaulted accounts, ensuring the maximization of collections and the minimization of losses, in alignment with internal policies and regulatory guidelines.

→ Supervises legal proceedings, ensuring effective articulation with lawyers, collection agents and other external entities, ensuring contractual compliance and the correct conduct of recovery proceedings.

→ Monitors recovery campaigns and operational indicators, ensuring continuous reinforcement of practices, systems and control mechanisms.

→ Produces regular reports to internal risk and credit committees, ensuring transparency, traceability and adequate decision-making support.

Shared Credit Services

→ Ensures the management of accounts and guarantees, ensuring the quality, integrity and timeliness of the information recorded, in accordance with internal and regulatory requirements.

→ Validates portfolio analyses and supports the production of reports for the CRMC and the Board of Directors, ensuring technical rigor and consistency in the information submitted for decision.

→ Promotes the automation and optimization of processes, reinforcing operational efficiency and contributing to the continuous improvement of the credit cycle.

Market Risk

→ It monitors market exposures and ensures compliance with internal and regulatory limits, ensuring prudent management in line with the guidelines of the Central Bank and the Group.

→ Performs risk calculations and metrics, including VaR, PV01, stress tests and independent price verification, ensuring the reliability of the results used in market risk management.

→ Monitors limit violations and prepares reports to ALCO, presenting technical recommendations to mitigate risks and strengthen limit discipline.

→ Ensures the robustness of the models, through backtesting and continuous monitoring of regulatory capital requirements, ensuring adherence to prudential standards and best risk management practices.

Liquidity Risk

→ It monitors compliance with liquidity ratios, both regulatory and internal, monitoring cash flows, depositor concentrations and funding needs on a daily basis, ensuring prudent management in line with market demands.

→ Provides liquidity analysis and stress scenarios to ALCO, ensuring that strategic decisions are supported by reliable, timely information consistent with the Bank's risk profile.

→ Ensures alignment with Instruction No. 01/2024 and the internal liquidity policy, ensuring regulatory compliance and adherence to the best liquidity risk management practices.

Capital Risk

→ Ensures compliance with prudential requirements, ensuring the calculation, reporting and rigorous monitoring of capital ratios (CET1, Tier 1 and Total Capital) in line with the standards of the National Bank of Angola and the Group's practices.

→ Assesses the impact of changes in risk and exposures on the Bank's capital positions, providing strategic analysis and technical support to ICAAP exercises, including landscape design and capital planning.

→ Continuously monitors the risks that influence solvency, ensuring permanent adherence to the regulatory framework and ensuring responsiveness to potential capital pressures.

Business Continuity / Operational Risks

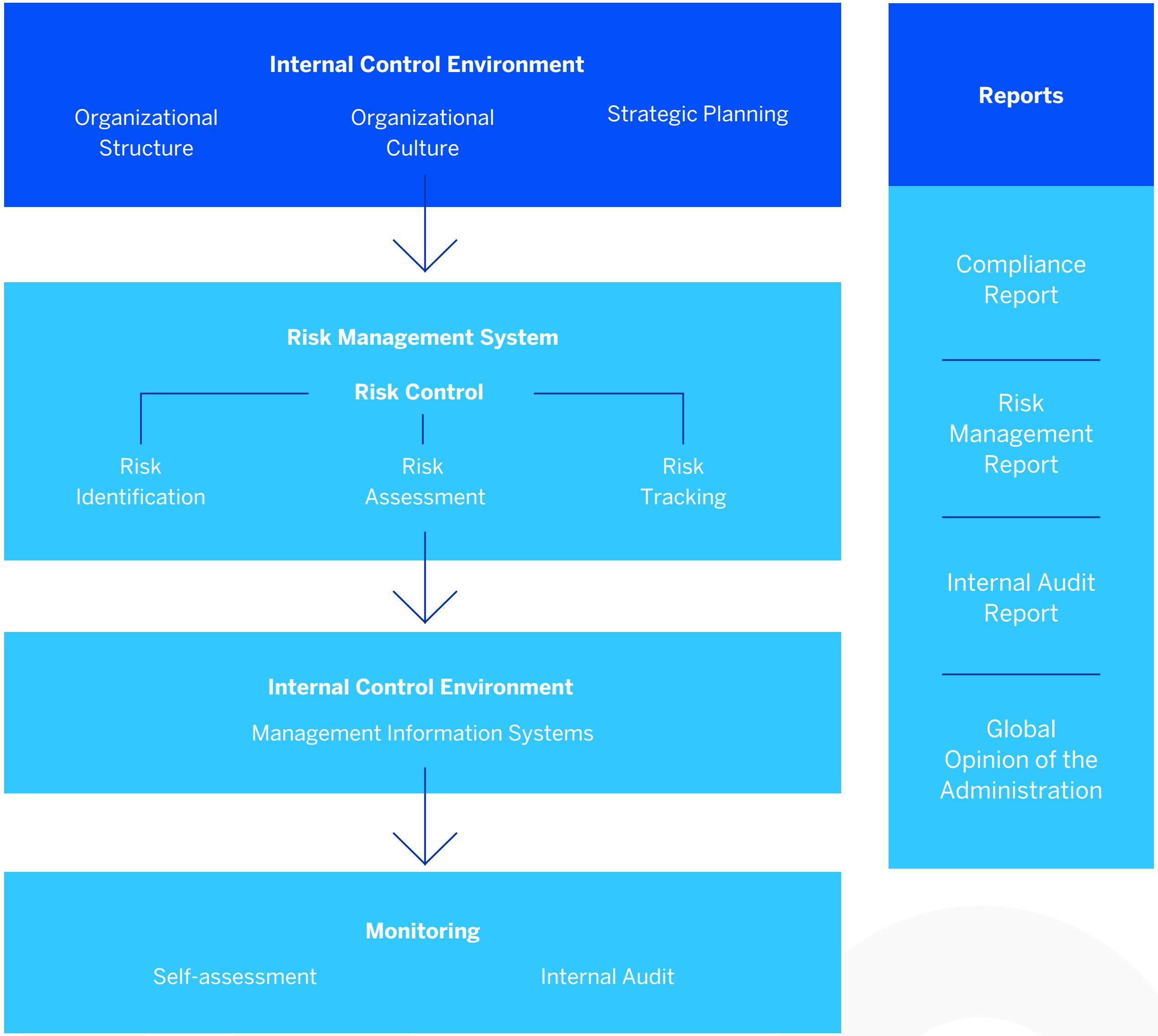
→ Identifies and mitigates risks of operational disruption, ensuring the resilience of critical processes and the Bank's ability to maintain essential operations in situations of disruption.

→ Conducts impact analyses, contingency plans, and regular testing, ensuring the effectiveness of response mechanisms and operational readiness in the face of internal or external incidents.

Governance and Risk Management Structure

The Bank's Board of Directors has the ultimate responsibility for the supervision of Risk. For the period under review, the Risk Management, Compliance, Treasury, Capital Management, Exchange Control and Internal Audit Functions have functioned effectively and the Bank's business activities have been managed within the risk appetite approved by the Board of Directors.

The Bank is functioning adequately, accordingly financed and capitalized to support the implementation of its strategy.



Risk Appetite

Standard Bank Angola accepts Non-Financial Risks, including operational risks inherent to the conduct of its business strategy, provided that these risks are controlled through the **following** three fundamental pillars:

Limit impact on results

Aggregated net operating losses are expected to remain below a specified percentage of gross operating income (GOI) over a period of 12 consecutive months. Annual operational risk losses over a 10- year stress period shall not exceed a specified tolerance amount;

Limit the impact on solvency

The economic capital ratio and the Regulatory capital ratio shall remain above a percentage specified in Standard Bank Angola's risk appetite statement.

Limit the impact of unacceptable risk elements

Including violation of the law: unethical/ inappropriate behavior that damages the reputation of SBA, disruption of services provided to Clients, inappropriate behavior in the market or knowingly causing a breach of Regulatory requirements, as well as damage to the environment.

The risk appetite statement was approved in March 2025, considering factors such as economic conditions, the Bank's strategic intent, business line initiatives and internal risk management processes.

This framework is supported by specific policies and standards for each type of risk, ensuring alignment with best practices and regulatory compliance.

Risk committees have appropriate mandates and delegated authority, with qualified members for informed decisions. Client trust, built over more than 150 years, is underpinned by effective risk management, strict compliance with legislation and an ethical culture that ensures the economic and social sustainability of the business.

Risk categories

SBA classifies risks into three categories, according to their nature, grouping those that have similar characteristics:

Strategic Risks

Strategic risk corresponds to a potential reduction in operating income, resulting from a lower than expected performance in business volumes and margins, without due compensation through cost reduction. It encompasses three main dimensions:

→ **Risk of Strategic Position**

→ **Strategic Execution Risk**

→ **Reputational Risk**

Financial Risks

Financial risk is the risk of loss due to unexpected changes in foreign markets, prices, rates, and the supply and demand of liquidity:

→ **Credit Risk**

→ **Equity Risk**

→ **Market Risk**

→ **Country Risk**

→ **Funding and Liquidity Risk**

→ **Insurance Risk**

Non-Financial Risks

Non-financial risk refers to the possibility of failures or inadequacies in processes, people or systems that make up the operations of the business, as a result of changes in internal or external factors.

These risks are complex, difficult to predict, monitor and supervise, evolving rapidly and may have financial or non-financial implications for the Bank:

→ **Operational Risk**

→ **Business Interruption Risk**

→ **Legal Risk**

→ **Compliance**

→ **Models Risk**

→ **Conduct Risk**

→ **People Risk**

→ **Cyber Risk**

→ **Physical Asset Risk**

→ **Fraud Risk**

→ **Environmental, Social and Governance (ESG) Risk**

→ **Tax Risk**

→ **Financial Risk**

→ **Technological Risk**

→ **Financial Crimes Risk**

→ **Third-Party Risk**

→ **Information Risk**

→ **Transaction Processing Risk**

Credit Risk

The Bank's credit risk management is critical to the Bank's financial health. It involves identifying, assessing, and mitigating the risks associated with non-compliance by borrowers.

The Bank's credit risk management is divided into the **Corporate and Investment Banking Credit Risk (CIB), Business and Commercial Banking Credit Risk (BCB) and Personal and Private Banking Credit Risk (PPB) segments,** mandated to execute the Bank's credit policies and monitor compliance with the limits according to the credit risk appetite, in order to ensure sustainable growth of the portfolio, and reduce the risk of losses in accordance with the criteria defined by the regulations and standards in force at Standard Bank.

Credit risk models play an essential role in the credit decision-making process. The decision-making process for credit portfolio operations is based on a set of policies using scoring models for the Private Client portfolios and rating models for the Corporate segment. Credit decisions depend on risk ratings and compliance with various rules on the financial capacity and behavior of applicants.

Credit decisions must be supported by **the Credit Committee,** the collegiate body whose purpose is to assess credit operations in accordance with the policies and limits defined by the Board of Directors, as well as to monitor the portfolio of non-performing loans.

The Bank assesses credit risk by means of models for assessing objective evidence of deterioration of a financial asset or group of financial assets, and based on regulatory standards, all financial assets subject to credit risk must be subject to impairment assessment within the framework of the requirements defined by IFRS 9 (International Financial Reporting Standard 9).

In this context, and based on the criteria stipulated in the standards, including Instruction No. 08/19 and on the contractual characteristics in relation to indications of impairment or default, the Bank carries out an individual analysis process for significant exposures in the portfolio of financial assets subject to credit risk.

Individually analyzed transactions that end with an individual impairment rate equal to 0% are referred to the collective impairment calculation.

As of December 2025, the Bank has a Non-Performing Ratio of 0.16%, reflecting the quality of the loan portfolio and effective credit risk management.

This indicator demonstrates the soundness of the credit granting and monitoring processes, as well as the Institution's ability to maintain controlled risk levels. The low level of default reinforces confidence in the robustness of the credit policy and the maturity of the relationship with Clients, contributing to the Bank's financial sustainability.

Interest Rate Risk

Interest Rate Risk refers to the impact that movements in interest rates have on the Bank's results and equity value.

This risk derives from the different maturities or revaluation of the Bank's assets, liabilities and off-balance sheet positions (revaluation risk), in the face of changes in the slope of the interest rate curve, in the face of variations in the relationship between the market curves that affect the different banking activities.

Interest rate risk is the risk of the current value of the future cash flows of a financial instrument, which may fluctuate due to changes in market interest rates. This risk is monitored monthly by the Assets and Liabilities Committee (ALCO).

Market Risk

Market risk management involves identifying, analyzing, and mitigating risks that may impact the Bank because of fluctuations in financial markets.

The Market Risk Department is responsible for monitoring the integrity of the exposures assumed by the Capital Markets area and for ensuring that the exposure is in accordance with the principles defined in the Bank's internal policies and limits defined by the Regulator. In this way, the defined risk/exposure limits are periodically reviewed, and exceeding them requires their immediate escalation for approval by a higher hierarchical level, as well as the taking of immediate corrective actions in the form of an extension of the limit or a reduction of the risk.

Within the scope of its activities, the Market Risk area registers the identification of risks in the Trading and Banking Books, performs VaR calculations, PV01, prepares scenarios, prepares stress tests, manages limits and violations, monitors the NOP – "net open position" (Group and Regulatory), price verification (BTI), performs Backtesting calculations, and keeps track of Regulatory capital. The report of its activity and recommendations is presented to the Assets and Liabilities Management Committee monthly.

Foreign Exchange Risk

Foreign exchange risk management refers to the process of identifying, assessing, and mitigating the risks associated with fluctuations in exchange rates. The management of foreign exchange risk is the responsibility of the Capital Markets Department, to which all positions originated in the other business areas are transferred in real time.

Pursuant to Notice No. 13/2022 (BNA), the Bank observes and controls a Net Foreign Exchange Position (NOP) limit corresponding to 10% of Regulatory Own Funds (FPR) on a daily basis.

Liquidity Risk

During 2025, the Bank fully complied with the regulatory liquidity requirements, in accordance with Instruction No. 01/2024, of 26 January 2024. Internal liquidity ratios remained above the required regulatory minimums and within the institutionally defined risk appetite. There was also an improvement in depositor concentration indicators, reinforcing the stability of the funding base over the period.

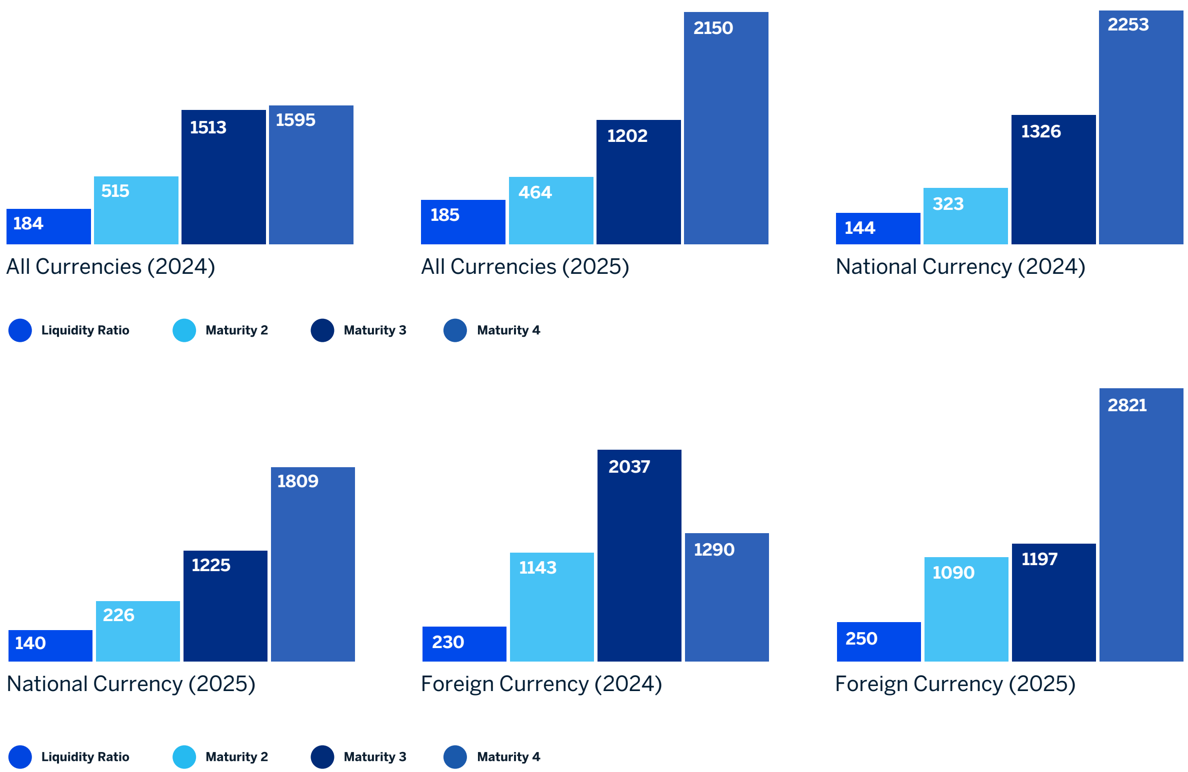
The **Consolidated Watch Ratio,** i.e., in all currencies, as of December 2025, stood at 464%, above the BNA's regulatory minimum and within the Bank's Risk Appetite.

Compared to the same period last year, December 2024 (515%), reduced by 51 p.p...

The **Consolidated Liquidity Ratio,** i.e. in all currencies, as of December 2025, stood at 185%, above the BNA's regulatory minimum of 110%, and within the Bank's risk appetite. Compared to the same period last year, December 2024 (184%), increased by 1pp.

The ratio in National Currency (MN) and the ratio in Foreign Currency (EM) followed the same trend, staying above the defined limits.

Evolution of Ratios by Type of Currency



Liquidity Risk

As part of the conduct of monetary policy, the National Bank of Angola in another session of the Monetary Policy Committee, held on 13 and 14 January 2026, decided to:

Reduce the BNA Rate from 18.5% to 17.5%

Reduce the interest rate on the Marginal Lending Facility from 19.5% to 18.5%

Maintain the interest rate on the Marginal Liquidity Absorption Facility at 16.5%

According to the statement published by the National Bank of Angola (BNA), the decision on policy rates is justified by the consistent deceleration of inflation, which in December 2025 exceeded the defined target, as well as the prospect of maintaining this trend in the coming months of 2026.

The inflation statistics for the month of December 2025 indicated a monthly change of 0.95%. According to data published by the National Statistics Institute (INE), year-on-year inflation in December 2025 stood at 15.70% compared to 27.5% in December 2024, a significant reduction of 11.8pp.

The Interbank Money Market (LUIBOR) reference rates reduced in all maturities, with emphasis on the Overnight maturity, which closed December 2025 at 18.79%, showing a reduction of 4pp to December 2024, when it stood at 22.69%. The remaining maturities end the year as follows: 30 days 18.35 (-1pp), 90 days 18.38 (-2.28pp), 180 days 19.5% (-2.69%), 270 days 19.30% (-2.98pp) and 360 days 20.03% (-3.10pp).

Regarding **risk monitoring,** depositor concentration ratios continue to deserve special attention. In Foreign Currency, the largest depositor represented 14% and the ten largest depositors totaled 49%. In National Currency, the largest depositor represented 3% and the top ten depositors 22%. All ratios closed December 2025, within the limits defined in the Bank's risk appetite, with significant improvements compared to December 2024.

The Bank has seen sustained growth in the deposit base, despite the existence of some moderate concentration. This risk has been diluted in the medium and long term, driven by the expansion of the Business and Commercial/Personal and Private Banking segments. The strategy for monitoring the evolution of deposits remains a priority item on the agenda of the Assets and Liabilities Commission (ALCO).

Capital Risk

Notice No. 8/2021, of 18 June, on Prudential Requirements and Capital Requirements defines that financial institutions under the supervision of the National Bank of Angola must maintain a level of own funds compatible with the nature and scale of operations, duly weighted by the risks inherent in the operations, **with the regulatory capital ratio being at least 8%, the minimum Tier 1 ratio of 6% and the minimum Common Equity Tier 1 (CET1) ratio of 4.5%.**

The calculation, reporting and management of capital adequacy is based on the Regulatory Capital Ratio (Instruction No. 19/2021), and includes:

→ **Level 1 Capital Funds**
Include, among others, (i) paid-up Share Capital; (ii) results car – forward from previous years; (iii) legal, statutory and other reserves arising from non-distributed profits, or those set up to increase capital, (iv) net profit for the current year; (v) intangible fixed assets net of amortizations; (vi) deferred tax assets depending on future profitability.

→ **Level 1 Additional Capital Funds**
Include (i) Preference shares; (ii) Hybrid and/ or convertible instruments; (iii) Other Level 1 Additional Own Funds instruments approved by BNA.

→ **Level 2 Capital Funds**
Include, among others: (i) Redeemable preferred shares; (ii) Other Level 2 Own Funds instruments whose issuing conditions were previously approved by the National Bank of Angola, Reserves from the revaluation of properties for own use.

Indicator	2024	2025	↑ 24–25
Regulatory Capital	290 705 712	362 069 902	24,5 p.p
Capital Requirements	77 493 464	101 208 859	30,6 p.p
CET1 Ratio (%)	30,0%	28,6%	-1,4 p.p
Tier 1 Ratio (%)	30,0%	28,6%	-1,4 p.p
Regulatory Capital Ratio (%)	30,0%	28,6%	-1,4 p.p
Leverage Ratio (%)	16,4%	15,2%	-1,2 p.p

Non-Financial Risk

Non-Financial Risk is defined as **the risk of loss resulting from inadequacy/failure in internal processes, People, systems or external events** which includes Compliance Risk, Technology Risk, Information Risk, Conduct Risk, Environmental and Social Risk, Business Interruption Risk, Cyber Risk, Third Party Risk, Legal Risk, Financial Crime Risk, Physical Asset Protection Risk, Tax Risk, Model Risk, Personal Risk, Transaction Processing Risk, Financial and Accounting Risk, Fraud Risk.

The responsibility of the Bank's Non-Financial Risk (NFR) area includes the identification, analysis, measurement, management, monitoring and reporting of operational risks. This is accomplished through the application of quantitative and qualitative measures that allow determining the level of risk (probability vs severity). In this way, it is possible to evaluate the cost of mitigation in relation to the benefit, as well as define the types of control necessary for this.

On the other hand, from a **qualitative analysis perspective,** the area makes use of **self-assessments of Risk Controls** made by the business and support areas. Through these analyses, the financial impact of the operational risk on the monthly profits of each Business Unit is monitored and reported monthly to the Risk Management Committee.

Stress Tests

Stress testing is a key management tool used to assess the sensitivity of the current and future risk profile to the various levels of risk appetite.

Stress testing supports a number of business processes, including:

→ Liquidity planning and management;

→ Information on the context of the declaration of risk appetite;

→ Proactive identification and mitigation of risks, through actions such as reviewing and changing limits, limiting exposures and hedging;

→ Facilitating the development of risk mitigation or contingency plans, including recovery plans under various stress conditions.

Stress Tests are carried out at the Bank as part of the Regulatory requirement (ILAAP and ICAAP) and internally, as part of good risk management practices.

Standardized Stress Tests

The Bank conducted standardized stress tests during 2025, in accordance with Directive No. 02/DSB/DRO/2022 and was submitted on April 30th, 2024. The exercise was executed with reference to 31st December 2024 and the results indicated a solid capital and liquidity position. It should be noted that, within the scope of the legislation in force, the Regulator reserves the right to request the performance of ad hoc stress tests, as well as to request from institutions operating in the financial system information of various natures to carry out systemic stress tests.

Macroeconomic Stress Tests

These tests were carried out across various types of risk, in an integrated manner, for a range of economic scenarios based on severe but plausible macroeconomic shocks that may simultaneously affect several different risk factors and the resulting impact on the Bank's profit and loss statement, balance sheet and demand for Regulatory capital, after consideration of mitigating actions.

Macroeconomic stress tests should be carried out atleast annually and aligned with the presentation of the ICAAP and ILAAP, this includes the baseline scenario and migration scenarios.

In addition to regulatory stress tests, the Bank develops specific scenarios conducted by the Executive Board, aimed at strengthening the cross-cutting assessment of the Bank's resilience. Stress tests indicate a resilient balance sheet with a strong capital position and sufficient liquidity.