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Operating Context

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Global Overview

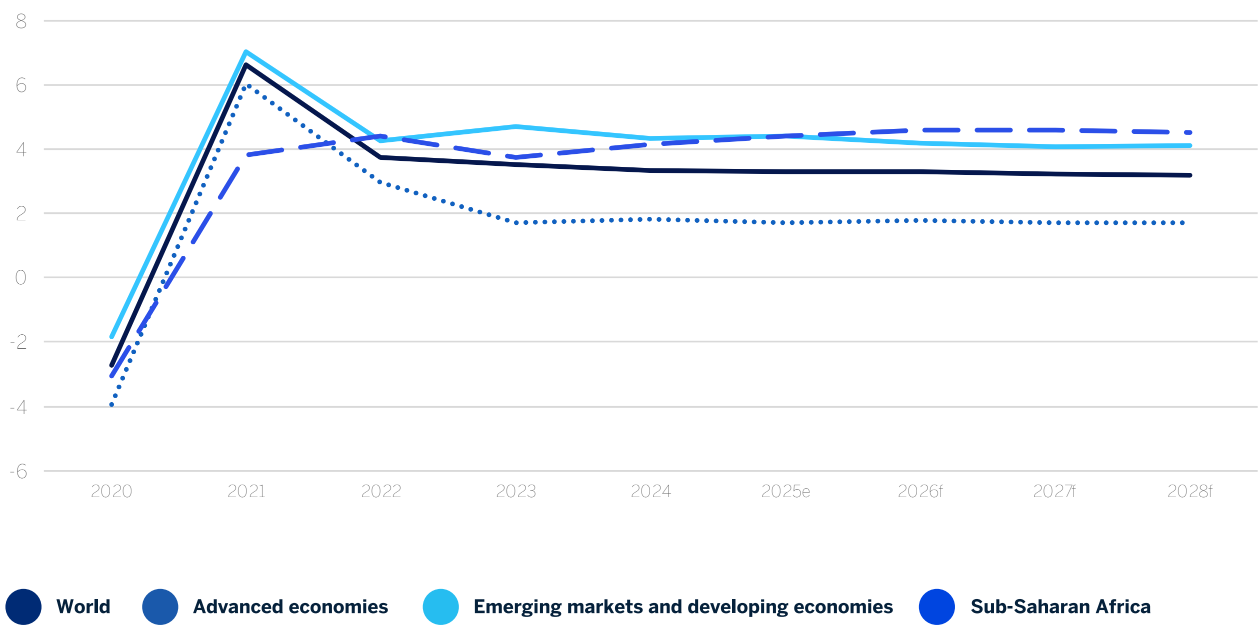
The year 2025 took place in an international environment marked by **high uncertainty**, largely influenced by the **tariff policy of the United States,** with the initial increase in tariffs and the uncertainty generated conditioning global trade and disrupting strategic value chains.

In **advanced economies**, long-term bond yields remain high, mainly due to pressure from the accumulation of government debt and the reduction of asset purchase programs by central banks. On the other hand, investment in technologies, namely **Artificial Intelligence,** has sustained the resilience of some economies, particularly the United States, which continue to stand out in the group of developed economies. For 2026, the IMF projects **global growth of 3.3%,** consolidating a period of moderate stability after recent economic shocks.

Para 2026, o FMI projecta **crescimento global de 3,3%**, consolidando um período de estabilidade moderada após os choques económicos recentes.

GDP growth

Fonte: IMF - World Economic Outlook (WEO) update January 2026



Global inflation

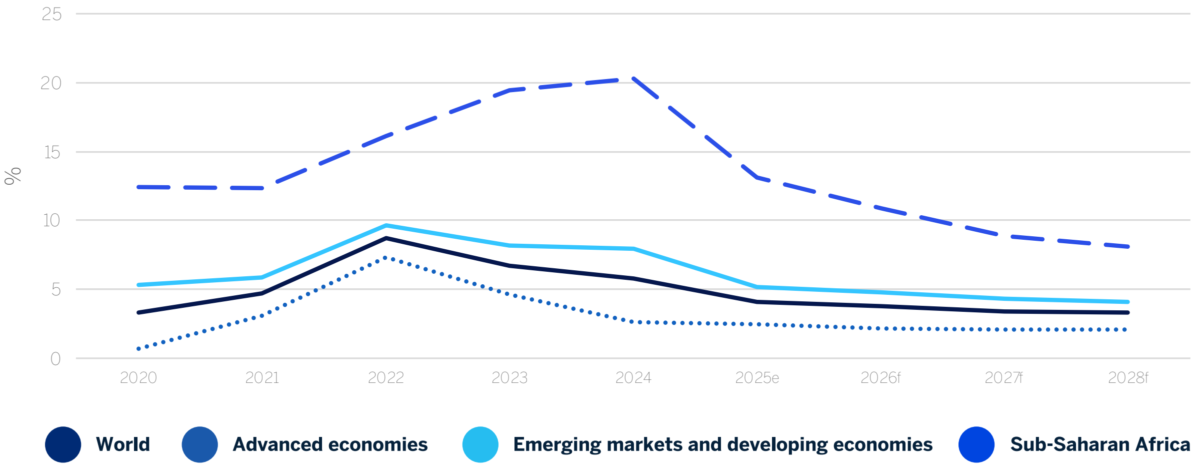
In 2026, tariffs are expected to continue to have asymmetric impacts, with moderate inflationary pressure in the United States and deflationary effects in other economies. Despite interest rate cuts since 2024, long-term bond yields in the US and UK have remained elevated, mainly reflecting fiscal constraints and government debt dynamics.

In contrast, declining long-term yields in South Africa suggest less structural pressure on rates. In Japan, monetary normalization continued, while in China a gradual approach was maintained in an environment of moderate growth.

This global framework, still marked by high long rates, reinforces the importance of preserving macroeconomic stability in Angola, given the country's sensitivity to external financing and liquidity conditions.

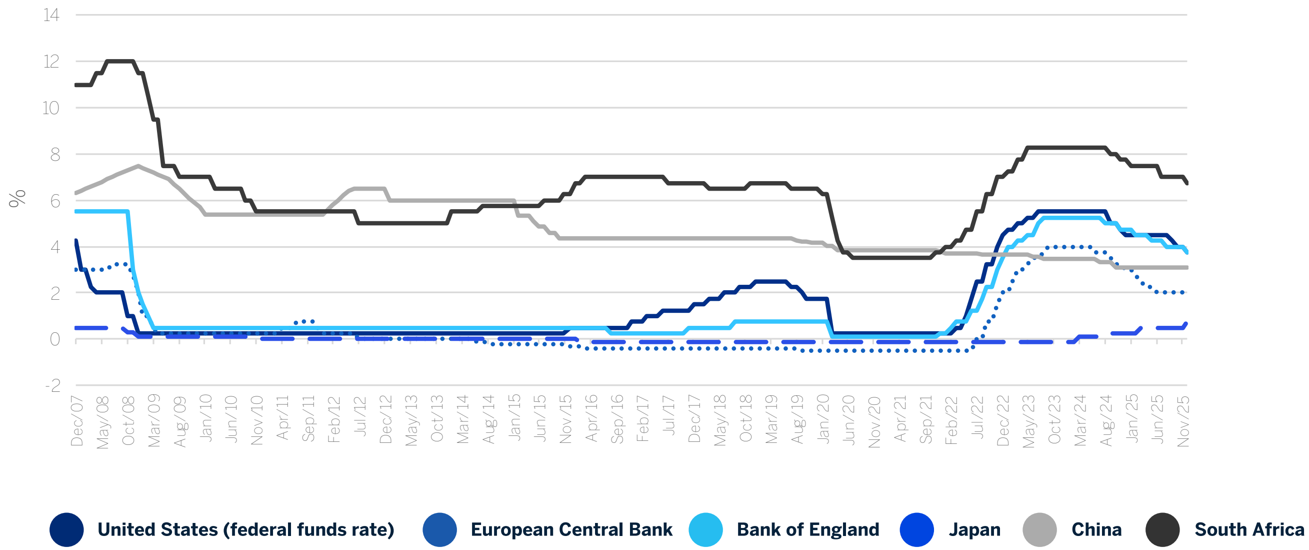
Average inflation

Source: IMF - World Economic Outlook (WEO) update January 2026



Interest rates

Source: Standard Bank Research



African Economies

In 2025, Sub-Saharan Africa maintained a robust growth path, with **growth estimated at 4.4 percent,** supported by reforms in key economies such as Nigeria and South Africa. The outlook for 2026 remains similar, although with downside risks, in a context of persistent global trade tensions and heightened geopolitical uncertainty.

African economies remain exposed to commodity price volatility, moderating external demand and tighter financial conditions. **The renewal of the AGOA (African Growth and Opportunity Act) for a shorter term,** dependence on external financing and oil price volatility remain relevant risks to the fiscal and macroeconomic stability of several countries in the region, including Angola.

A Angolan Economy

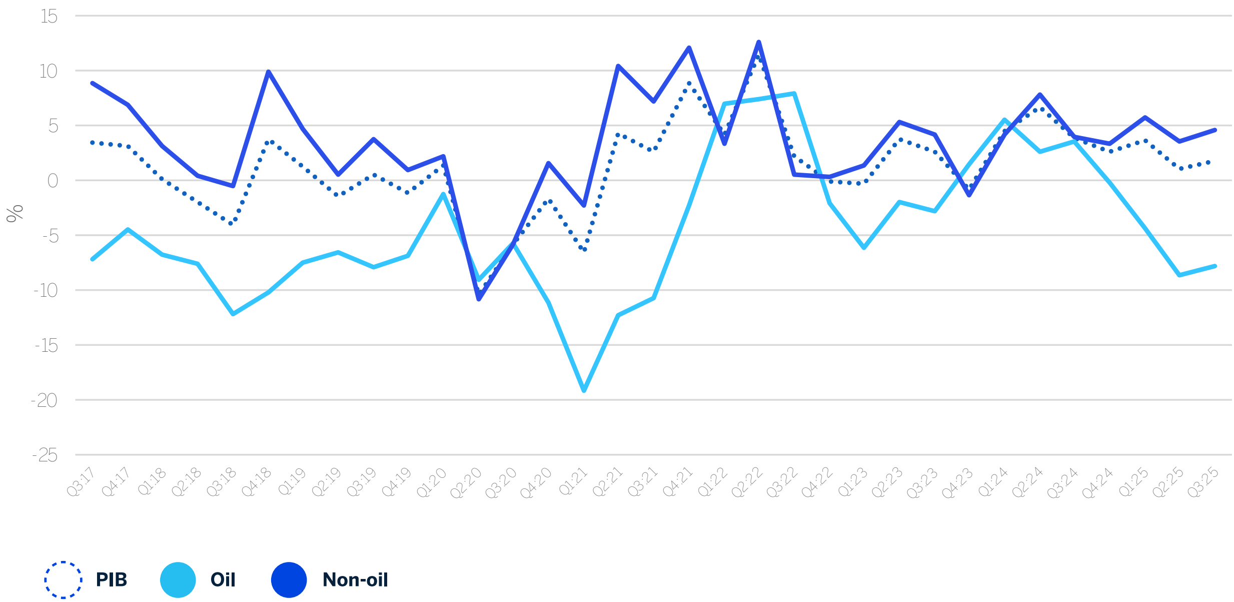
In 2025, the National Statistics Institute released the results of the 2024 General Population and Housing Census, revealing that the resident population in Angola reached 36.6 million inhabitants, compared to 25.8 million in 2014, with an average annual growth rate of 3.5% and a mostly urban population.

In the same year, the update of the national accounts for the United Nations system for 2008 was completed, with a retroactive revision and update of the base year for 2015, with a further amendment for 2019 in 2026, which improves the quality and comparability of macroeconomic statistics.

Although the oil sector continues to account for around a third of GDP in nominal terms, its real contribution has declined to around 20% in 2025, from levels above 30% in 2017, reflecting efforts to diversify the economy. This trend is also visible in public finances, with the weight of oil in state revenues decreasing to 41.3% in the 2026 State Budget, compared to 56.7% in 2017.

GDP growth (year-on-year, non-seasonally adjusted change)

Source: INE; Standard Bank Research



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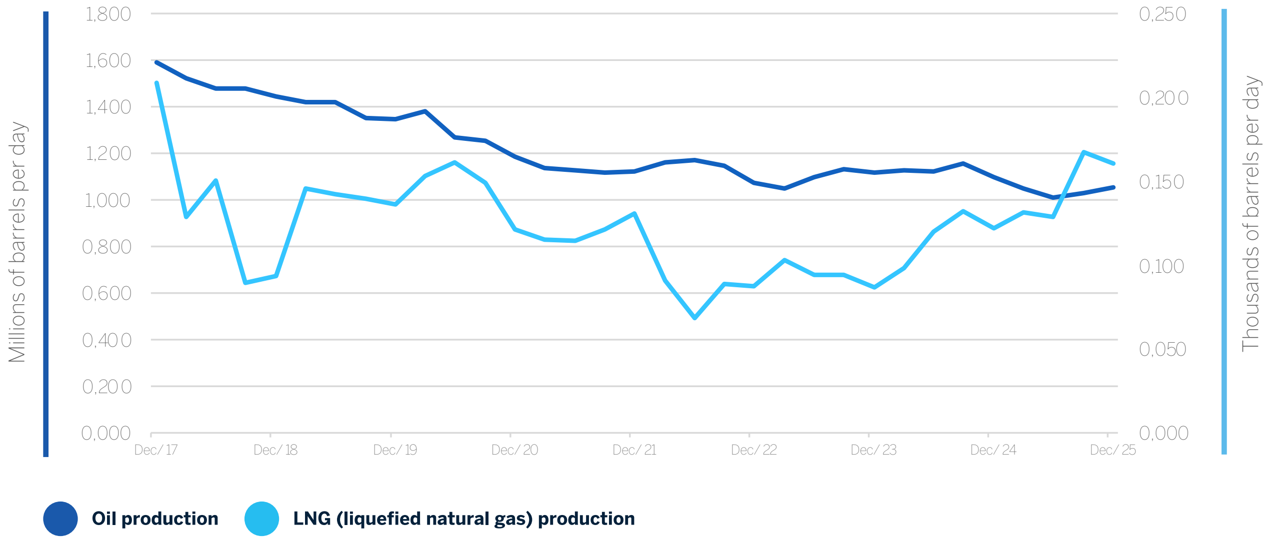
Growth Prospects and the Oil Sector

Our forecast points to GDP growth in the Angolan economy of 3.4% y/y in 2026, up from 2.2% y/y estimated for 2025, reflecting the stabilization of oil production at around 1 million barrels per day, progress in investments in natural gas and the continued contribution of the non-oil economy. Still, the risk of the forecast remains high, given the uncertain trajectory of international oil prices and structural production constraints, associated with mature fields and insufficient investment.

Oil & Gas Production

Source: BNA; ANPG; Standard Bank Research



In 2025, the economy was penalized by the drop in oil production, with an average growth of 2.2% y/y in the first three quarters, in a context in which oil production fell 9% y/y, to 1.035 million barrels per day, according to ANPG. The non-oil economy maintained a more robust performance, growing 4.6% y/y, with a highlight to trade, public administration and the non-oil and agricultural extractive sectors.

The external and fiscal environment continued to constrain growth, with oil prices below the budget reference of USD 70/barrel putting pressure on revenues and foreign exchange supply, in a context where external debt service absorbs a significant share of state revenues, restricting the dynamics of the non-oil economy.

Oil Production and Prices

Source: BNA; ANPG; Standard Bank Research

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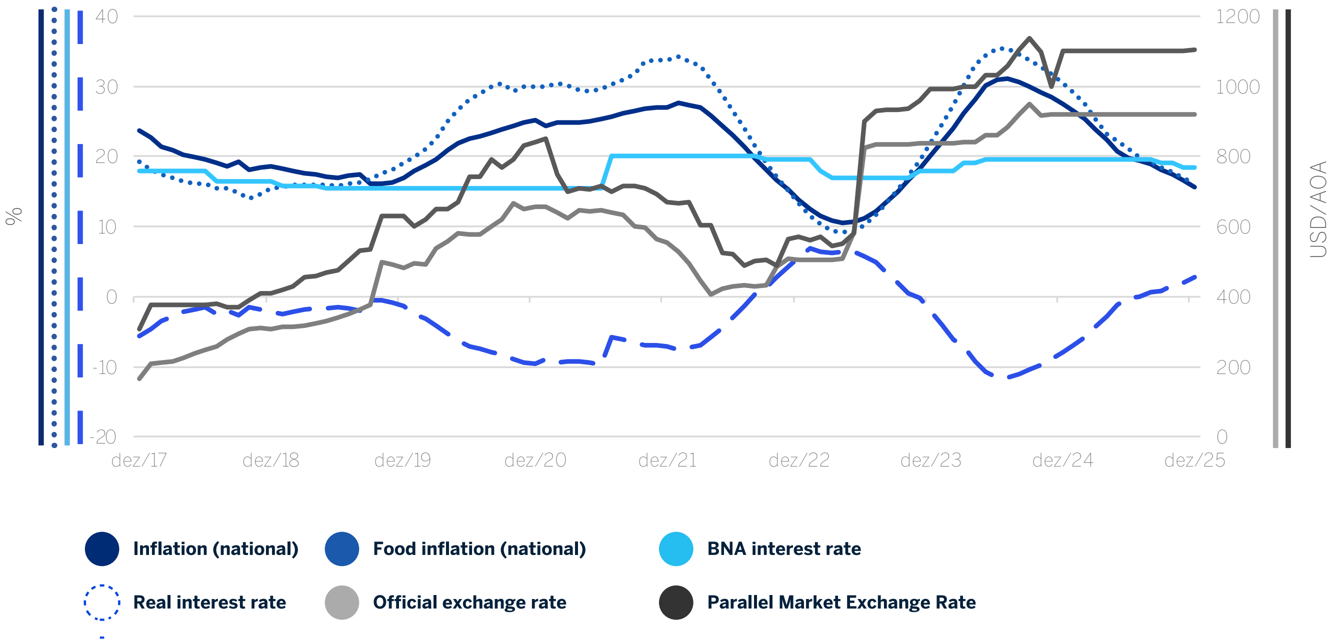
Inflation and Monetary Policy

Assuming fuel prices remain unchanged, inflation is expected to slow to 13.1% in 2026 after 15.7% in 2025, benefiting from exchange rate stability and favourable base effects. Despite the exposure to oil volatility, the stability of the USD/AOA pair is expected to continue, although risks associated with the limited increase in oil production and the high external debt service, which constrains the supply of foreign exchange, persist.

In 2025, the National Bank of Angola reduced the key rate to 18.5%, anticipating the gradual continuationof the cycle of cuts in 2026, if inflation continues to decelerate. The fall in rates should support lending to the economy, although credit-to-deposit ratios remain relatively low, indicating room for expansion of private sector financing.

Inflation and interest rates against exchange rates



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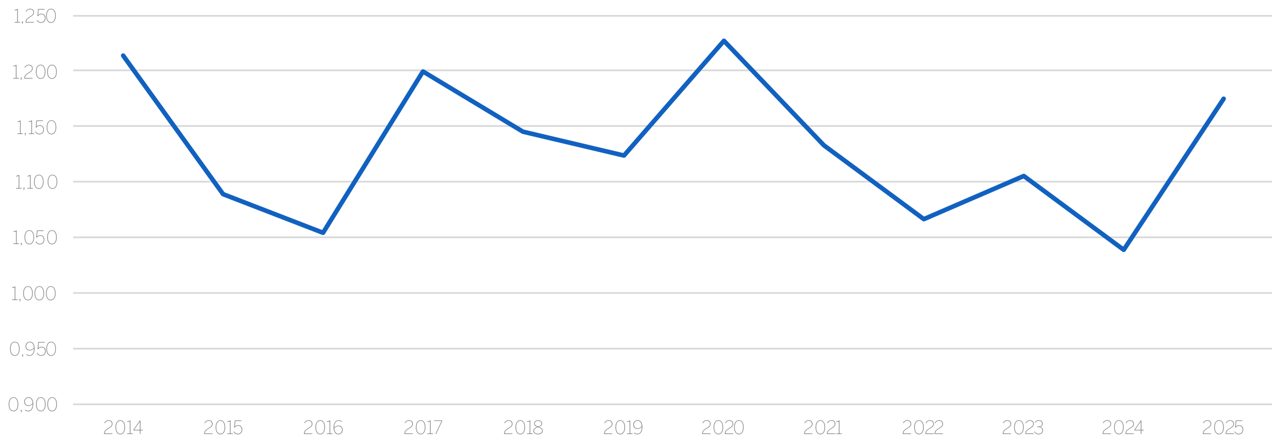
Performance of the external sector and foreign exchange market

The focus on reducing inflation and the cost of living before the 2027 elections could lead the Government to adopt measures to support the Kwanza, if oil prices are more favourable. In 2025, exports of goods and services fell 19.1% to USD 29.9 billion, reflecting lower oil prices and lower production, which is expected to have led to a current account deficit, after a surplus of 5.4% of GDP in 2024.

Despite the stability of the USD/AOA pair, the forex market continued to register some unsatisfied demand. The BNA maintained a prudent approach to the sale of foreign currency, preserving reserves equivalent to approximately 8 months of imports, in a context in which the supply of foreign currency remains dependent on the oil sector and conditioned by the high service of public debt.

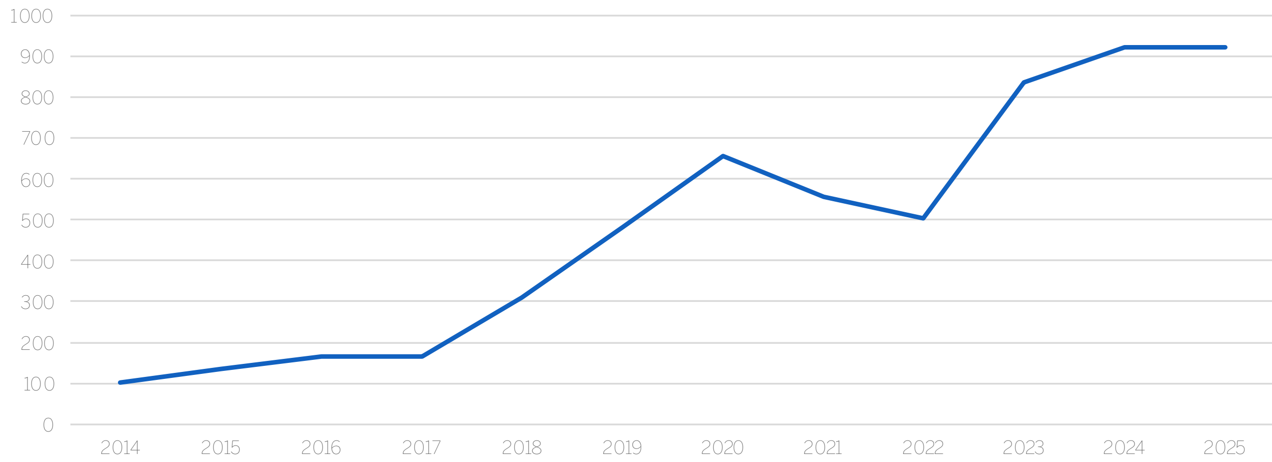
EUR/USD

Source: BNA; Standard Bank Research



USD/AOA

Source: BNA; Standard Bank Research



Fiscal Performance and Outlook

The 2026 State Budget forecasts a fiscal deficit of 2.8% of GDP, below that of 2025, as part of a consolidation path that points to a deficit of 1.7% of GDP in 2027 and surpluses from 2028 onwards. Even so, debt service remains high, estimated at 83.8% of revenue, remaining a relevant source of fiscal and exchange rate pressure.

The fiscal scenario is based on prudent assumptions, with an oil price of USD 61/barrel and production of 1.05 million bpd, resulting in an overall revenue of 13.3% of GDP, with a reduction in the weight of oil revenue to 41.3% of total revenue or 5.5% of GDP and an increase in non-oil revenue to 58.7% of total revenue or 7.8% of GDP.

Public expenditure amounts to 16.1% of GDP, reflecting a higher wage bill and a lower share of fuel subsidies, while the revision of national accounts has contributed to reducing the public debt ratio to 55.1% of GDP in 2024, although the outlook remains constrained by oil volatility and high debt burdens.

Fiscal Performance	2024	2025e	2026f
	%PIB	%PIB	%PIB
Government Revenue	18,6	15,8	13,3
Petroleum	12,5	8,5	5,5
Non-Oil	6,1	7,3	7,8
Government Expenditure	19,9	19,0	16,1
Operating Expense	16,6	14,2	12,2
Personnel Expenses	3,1	3,6	3,7
Interest	4,7	4,0	3,2
Goods and Services	5,0	3,6	2,9
Transfers and Grants	3,7	3,0	2,3
Investment	3,4	4,9	3,9
Global Balance	-1,3	-3,3	-2,8
Net borrowing (-savings)	1,4	3,6	2,8
Other net financial operations	-0,1	-0,3	0,0

Fonte: Ministério das Finanças; Standard Bank Research

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