CODE OF ETHICS PERTAINING TO ADMINISTRATORS, DIRECTORS, AND EMPLOYEES OF BANKING AND NONBANKING FINANCIAL INSTITUTIONS

PREPARED FOR THE NATIONAL BANK OF ANGOLA

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BACKGROUND

The integrity and professional conduct of any financial institution's management is a vital ingredient to the public's confidence in the safety of their bank/nonbank deposits. Management has a responsibility to ensure that a financial institution is professionally managed and financially sound. Furthermore, any bank/nonbank business conducted by the administrators, directors, and employees must be carried out according to the highest moral standards. Under these circumstances, and given the growing diversity and complexity of today's banking business, it is important that a code of ethics be specified and issued in the form of a written regulation in order to promote and maintain uniform ethical standards across banking/nonbanking financial institutions.

COVERAGE

1. In view of the above obligations of bank/nonbank management and of the National Bank of Angola's duty to foster the highest moral standards in the financial sector of Angola, the following regulation is issued, setting out the minimum acceptable standards of conduct expected of administrators, directors, and employees of financial institutions. This regulation is intended to support the chief executives of all financial institutions in their efforts to uphold proper standards and, do not in any way, restrict financial institutions from formulating more comprehensive sets of rules, should they so desire. For the purposes of this regulation, the term "financial institution" is clearly defined in the Financial Institutions Law nr. 13/05, September 30. The term "relative" refers to spouses, parents and children of administrators, directors, and employees of the financial institution.

SAFEGUARDS

2. To ensure adherence to the regulation, bank/nonbank boards of directors must take the following measures designed to encourage and ensure acceptable standards of conduct:

   (a) require all administrators, directors, and employees (existing and upon appointment for new staff) to sign a declaration as to their observance of the guidelines; and

   (b) assign responsibility to the heads of various departments to ensure compliance with the guidelines on a day-to-day basis and to handle any inquiries from the staff on matters relating to the code of conduct.

   Breaches observed should be reported and a centralized record, under the control of the personnel manager, should be available for inspection by BNA.

Financial institutions, through their personnel manager or disciplinary committee, are required to submit quarterly a summarized report to the BNA on all breaches observed during the quarter and the corrective/punitive action taken. Such reports should reach the BNA not later than 15 days after the end of each quarter.

3. The underlying intent of this regulation is reflected in six principles:

   (i) To avoid conflict of interest;

   (ii) To avoid misuse of position;

   (iii) To prevent misuse of information gained through the financial institution's operations, either for personal gain or for any purpose other than that intended by the financial institution;

   (iv) To ensure completeness and accuracy of relevant records;

(v) To ensure confidentiality of communication and transactions between the financial institution and its customers; and

(vi) To ensure fair and equitable treatment of all customers and others who rely on or who are associated with the financial institution.

Conflict of interest

4. Administrators, directors, and employees must not engage directly or indirectly in any business activity that competes or conflicts with the financial institution's interests. These activities include, but are not limited to, the following:

(a) Outside Financial Interests

Where management and staff have a financial interest in a customer, whether as a sole proprietor, partner, shareholder, creditor or debtor, such an interest must be disclosed immediately to their immediate supervisor. Thereafter, that particular administrator, director, or employee should not be directly involved in the financial institution's dealings with said customers so long as the interest continues to exist.

The above restriction does not apply in cases where the administrators, directors, or employees have holdings of publicly quoted/traded securities, unless the immediate supervisor considers the interest to be material, and the financial interest is considered likely to impair the objectivity of the administrators, directors, or employees concerned. Holdings of 5 percent or more of the voting shares of a publicly quoted/traded company would be regarded as material.

(b) Other Business Interest

It is considered a conflict of interest if an administrator, director, or employee, employed on a full-time basis, conducts business other than the financial institution's business during office hours.

A conflict of interest also arises when the acquisition of any business interest or participation in any business activity outside the financial institution (and its office hours) demands excessive time and attention from the administrator, director, or employee, thereby depriving the financial institution of his/her best efforts on the job.

(c) Other Employment

Before making any commitment, administrators, directors, and employees are to discuss possible part-time employment or other business activities outside the financial institution's working hours with their manager or department head.

(d) Entertainment and Gifts

Administrators, directors, and employees must not accept costly entertainment from customers, potential customers or suppliers. However, administrator, directors, and employees may accept token gifts of no commercial value during festive seasons if the acceptance of such gifts would not place them in a compromising position. Under no circumstances should gifts in the form of cash, bonds, negotiable securities, personal loans, airline tickets or use of vacation property be accepted.

Administrators, directors, and employees of banks/nonbanks should note that acceptance of any gift (other than a gift of nominal value received during festive occasions), commission, service, gratuity, money, property or thing of value for his own (or his relative's) personal benefit from any person, other than the bank/nonbank, in exchange for the procurement of credit or other banking facilities for any person is prohibited. On conviction, the offender shall be liable for a

fine not exceeding Kz ??? or imprisonment for a term not exceeding 3 years or to both fine and imprisonment, as well as the return of the gift or Kwanza equivalent of the personal benefit received.

(e) Corporate Directorships

Administrators, directors, and employees shall not solicit corporate directorships. An administrator, director, or employee shall not serve as a director of another corporation without the approval of the board of directors. Administrators, directors, and employees who hold directorships without such approval must seek approval immediately, if they wish to remain as directors of other corporations. However, administrators, directors, and employees may act as directors of non-profit public service corporations, such as religious, educational, cultural, social, welfare, philanthropic or charitable institutions, subject to the policy guidelines of each institution.

(f) Trusteeships

Administrators, directors, and employees shall not solicit appointments as executors, administrators or trustees of customers' estates. If such an appointment is made and the administrator, director, or employee is a beneficiary of the estate, his/her signing authority for the estate's bank account(s) must be approved by the Board of Directors or Chief Executive, who will not unreasonably withhold approval.

Misuse of Position

5. Administrators, directors, and employees must not use the financial institution's name or facilities for personal advantage for political ends, investment or retail purchasing transactions, or similar types of activities. Administrators, directors, and employees, and their relatives must not use their connection with the financial institution to borrow from or become indebted to customers or prospective customers. The use of position to obtain preferential treatment, such as in purchasing goods, shares and other securities, is prohibited.

6. Furthermore, administrators, directors, and employees must not use the financial institution's facilities and influence for speculating in commodities, gold, silver, foreign exchange or securities, whether acting personally or on behalf of friends or relatives. Such misuse of position may be grounds for dismissal. Administrators, directors, and employees should also not engage in "back-scratching" exercises with administrators, directors, and employees of other financial institutions to provide mutually beneficial transactions in return for similar facilities.

Misuse of Information

7. Administrators, directors, or employees shall not deal in the securities of any company listed, or pending listing, on a stock exchange at any time when he/she is in possession of information, obtained as a result of his/her employment by, or his/her connection with, the financial institution. Such information is not generally available to shareholders of that company or to the general public, and, if it were, would likely bring about a material change in the market price of the shares or other securities of the company concerned.

8. Administrators, directors, and employees possessing insider information are also prohibited from influencing any person(s) with respect to dealing/trading relevant securities or communicating such information to any person(s), including other employees who do not require such information in discharging their duty.

Integrity of Records and Transactions

9. Accounting records and reports must be complete and accurate. Administrators, directors, and employees should never make entries or allow entries to be made for any account, record or document of the financial institution that are false or would obscure the true nature of any transaction, or might provide misinformation with respect to the true authorization limits or approval by the relevant authority of such transactions. The Financial Institutions Law Nr. 13/05, September 30, does not provide criminal penalties for person (director, manager, auditor, or employee of a licensed financial institution) who is guilty of willfully making a false entry, or omitting, altering, concealing or destroying an entry in the bank's books of record, reports or documents.

10. All record and computer files or programs of the financial institution, including personnel files, financial statements and customer information, must be accessed and used only for the management-approved purposes for which they were originally intended.

Confidentiality

11. The confidentiality of relations and dealings between the financial institution and its customers are paramount in maintaining the financial institution's reputation. Thus, administrators, directors, and employees must take every precaution to protect confidentiality of customer information and transactions. No administrator, director or employee shall, during or after termination of his/her employment with the financial institution (except in the proper course of his/her duties or with the financial institution's written consent), divulge or make use of any secrets, copyrighted material, or any correspondence, accounts or dealings of the financial institution or its customers. No administrator, director, or employee shall in any way use information so obtained for financial gain.

12. Business and financial information about any customer may be used or made available to third parties only with prior written consent of the customer or in accordance with the arrangements for the proper interchange of information between financial institutions about credit risks, or when disclosure is required by law.

Fair and Equitable Treatment

13. All business dealings on behalf of the financial institution with current and potential customers, and with all those who may have cause to rely upon the financial institution, should be conducted fairly and equitably. Administrators, directors, and employees must not be influenced by friendships or associations, either in meeting a customer's requirements or in recommending that they be met. Such decisions must be made on a strictly arms-length business basis. All preferential transactions with insiders or related interests should be avoided. If transacted, such dealings should be in full compliance with the law, judged on the basis of a normal business, fully documented, and duly authorized by the board of directors.

Transitional Arrangement

14. All financial institutions are required to inform the BNA by end-June 2010 as to whether they have adopted the above guidelines as their code of ethics, or whether they have established more comprehensive in-house rules which should require a standard of conduct not less than that required by this regulation.

Implementation Date

15. By July 1, 2010, at the latest, financial institutions and their directors, officers and employees are required to adhere to their adopted code of ethics. Quarterly reports are to be submitted to the BNA on all breaches observed during the quarter and the corrective/punitive action taken, commencing from the third quarter of 2009. The quarterly reports should reach the BNA not later than 15 days from the close of the quarter. A report should also be submitted even if no breaches have occurred.