

## **Declarations on Angolan Banks from Tiago Dionisio, Analyst at Eaglestone Advisory-**

London 26 July 2013,

### **Angola Oil Finance May Lure U.S., Chinese Banks, Brokerage Says , By Colin McClelland**

July 26 (**Bloomberg**) -- Profit from a foreign-exchange law in Angola, Africa's largest crude oil producer behind Nigeria, may attract banks from the U.S., China and even Brazil, according to Eaglestone Securities BV. The law, passed last year, is expected to draw an additional \$20 billion to \$30 billion a year through Angolan banks, which may add 10 percent to their fee income, Lisbon based analyst Tiago Dionisio wrote in a note published today. Return on investment is expected to remain at 15 percent to 20 percent for the foreseeable future, he said. Foreign oil companies such as Total SA, Chevron Corp. and Exxon Mobil Corp. operating in the southwest African country were required to pay taxes in kwanzas, the local currency, from May. Since July 1 foreign companies must pay all domestic suppliers in kwanzas, and after Oct. 1 they have to pay foreign suppliers via Angolan bank accounts in local or foreign currency.

The new law "should also raise foreign interest in local banks, making consolidation a topic to monitor," Dionisio wrote. "The continued expansion of the banking sector in the domestic market remains on the agenda of most players," while expensive real estate and a shortage of skilled labor remain challenges, he said. Angola pumped 1.67 million barrels of oil a day in June, mostly from offshore fields, according to data compiled by Bloomberg. Exploration is at the leading edge of undersea development with ConocoPhillips and BP Plc preparing to drill under a layer of salt 5 kilometers (3 miles) beneath the seabed for discoveries similar to the 12 billion barrel Libra field off Brazil predicted by the industry's Atlantic mirror theory. Business Growth From 2008 to 2011, Angolan banks delivered an average compound annual growth rate of 33 percent in net interest income, according to Eaglestone's Dionisio. Loans increased by 34 percent and profit rose 24 percent. Growth in the country's banking industry may be helped by an economy that the World Bank forecasts will expand by 7.2 percent this year and 7.5 percent in 2014, Dionisio said. Angola has 23 banks, with 75 percent to 80 percent of total assets, loans and deposits controlled by five, according to Eaglestone. They are Banco Angolano de Investimentos SA, Banco de Poupanca e Credito SA, Banco Espirito Santo Angola SA, Banco BIC SA and Banco de Fomento Angola SA. London-based Eaglestone was founded in 2011 with a focus on sub-Saharan Africa. It has about 25 staff members with offices in Amsterdam, Cape Town, Luanda, Lisbon, New York and Maputo.

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