



ABR. 22

ANGOLA

NEWS

Special scheme for mortgage credit and construction credit

Angolan Central Bank (Banco Nacional de Angola, “BNA”) Notice no. 9/22 of 6 April was recently published to establish special schemes for mortgage credit and construction credit.

The Notice is binding on banking financial institutions of systemic importance in the domestic market and optional for other banking financial institutions (“Commercial Banks”).

Under the Notice, the Commercial Banks are bound by special duties to evaluate and manage credit risk, both prior to granting the credit and while it is in force. The Commercial Banks must also disclose the availability of credit facilities and the access requirements. Furthermore, they must send the BNA on a weekly basis a list of the contracts that have been granted and are in force, under the terms to be defined in specific regulations.

The Notice covers mortgage credit *(i)* granted to buy owner-occupied housing or *(ii)* restructured for proven reasons of financial difficulty of the customer to comply with his or her responsibilities, provided that, in the latter case, the amount outstanding at the time of restructuring is not more than AOA (Kwanza) 100 million. The mortgage credit must be for properties built after 2012 and acquired from the promoter of a housing project, and this includes properties which are still under construction.

The maximum amounts that can be financed for this purpose are determined according to the financial capacity of the borrowers and guarantors, and they are limited to AOA (Kwanza) 100 million and AOA (Kwanza) 50 million, depending on whether there are, respectively, two beneficiaries or one beneficiary and one guarantor or, alternatively, one beneficiary.

Mortgage credit can be granted for a maximum period of 25 years and, in turn, the maximum period for restructured credit cannot exceed 30 years.

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The Notice comes into force on 6 June 2022 for a period of five years, which may be extended by BNA. The conditions applicable to the credit will remain in force for the duration of each credit.

Regarding interest, the Notice determines that, during the first ten years, the maximum annual nominal interest rate is 7%. Then, from 1 June 2023, it will be the interbank market reference interest rate for the 30-day term. This may be increased by a margin, provided the total annual interest rate does not exceed 7% per year.

In construction credit, promoters of projects to build properties for residential purposes with a maximum sale value per unit of AOA (Kwanza) 100 million or less who meet the other requirements set out in the Notice.

In this type of credit, the term is to be determined in accordance with the characteristics of the project, up to a maximum of three years.

The Notice establishes that, during the first five years of the Notice being in force, the interest rate is 10% and, from 1 June 2027, it will be a variable rate, indexed to the 30-day interbank market reference rate, plus a maximum spread of 1%.

The Notice also sets out the overall maximum types and percentages of commissions that may be charged by the Commercial Banks.

As compensation for the maximum interest rate set out in the Notice, the Commercial Banks may deduct a certain percentage of the disbursed and outstanding credit from the amount of the reserve requirements. The Notice establishes the percentages applicable during the first five years the Notice is in force, and BNA is responsible for defining new percentages and rules after this period.

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