Management Report **2023** | MOZA

1. Message from the Chairman of the Board of Directors

Dear Shareholders, Customers, Employees and Stakeholders in general,

It is with immeasurable satisfaction that I address you all to share our achievements and challenges throughout 2023, the year in which we have celebrated the 15th anniversary of Moza Banco's presence in the market. A milestone that fills us with pride and drives us to continue on a path of sustainable growth, supporting the economy, people and companies in Mozambique.

Internationally, we can characterise 2023 as a year in which global economic growth slowed as a result of the restrictive monetary policies imposed by the main central banks, which focused on combating inflationary pressure. Mozambique was no exception. To combat high inflation, the Central Bank of Mozambique twice revised upwards the compulsory reserve coefficients for domestic and foreign currency liabilities, setting them at 39 per cent and 39.5 per cent respectively, with the aim of absorbing liquidity in the financial system. Meanwhile, the benchmark interest rates for monetary policy remained unchanged throughout 2023, at 17.25 per cent. The Financial System Prime Rate was also increased by 150 bp over the period analysed, to 24.10%.

Likewise with regard to national economic activity, inflation in December 2023 stood at 5.30 per cent, within the target set by the Central Bank of Mozambique (inflation levels below 10 per cent). In addition, there was a continued trend of recovery, with GDP growing by around 4.9 per cent up to the third quarter, essentially reflecting the positive performance of the mining industry.

Despite the various challenges posed by the external environment, we have remained resilient and committed to our goal of business growth. Accordingly, in 2023, Moza continued to grow in various areas, as can be seen from the increase in Customer Deposits (+22.5%), the result of the confidence that Customers and the Market have been reiterating in our activity and performance, as well as the evolution of the credit granted item, which recorded disbursements of around MZN 5.2 billion in new loans, demonstrating our commitment to supporting the Mozambican economy.

It should be stressed, however, that this performance was achieved while remaining faithful to our commitment to develop our business in line with the rigour and prudence that characterised previous years, which led to very positive results for the year. Of particular note in this regard is the operating profit, which grew by approximately 39% to MZN 2 247.2 million, and positive net profit of MZN 101.9 million, reflecting a 13% improvement on the previous year. This performance reflects the increase in revenue generation, driven by the effective strategy of recovering non-performing loans, and the continued strategy of optimising operating and investment costs, showing a significant improvement in operating efficiency, reflected in a cost-to-income ratio of 66.8%, compared to 74.3% in 2022.

It is important to note that in 2023, the Bank strengthened and consolidated its balance sheet structure by increasing its share capital by MZN 1.125 billion, sending a clear message to the market that shareholders have confidence in the Bank.

The current levels of the prudential ratios show that the Bank has a solid and comfortable Capital Adequacy position, as well as robust Liquidity levels. On 31 December 2023, the Bank's Solvency Ratio stood at 19.92% and its Liquidity Ratio at 38.86%, both above the requirements imposed by the regulator.

The encouraging results achieved are a reflection of the assertiveness of our 2022 - 2026 Strategic Plan, which has significantly optimised the way the Bank positions itself in the market. In line with the Strategic Plan, in 2023 we launched a digital transformation programme, with the aim of improving our competitiveness, enhancing customer experience and satisfaction, growing in a solid and sustainable way and becoming more and more an innovative bank of reference and excellence. And because for us, digital transformation, while not being limited to, comprises above all a deep understanding of the human essence and adjusting the DNA of relational banking, we launched a programme to consolidate the Moza culture called "Mozificar", a word that reflects the innovative action of transforming in the good Mozambican way, i.e. evolving in the approach/ methodology of work and in technology, while maintaining the essence of our roots and our culture.

In the field of technology and digital solutions, in 2023 we introduced even more effective digital interconnectivity and security mechanisms for our customers, with Moza Connect and 3D Secure standing out.

We continue to strengthen our data strategy, with a particular focus on the progress made in implementing and consolidating a data-driven culture. We have invested in advanced analytical solutions to optimise the use of data, thereby improving the understanding of financial operations and the identification of risks and opportunities. At the same time, particular attention has been paid to the implementation of new policies, in line with international best practice, in the field of data protection, respect for privacy and data quality, as well as to the automation of processes for the collection and processing of data through robotised solutions. These initiatives have contributed to significant improvements in operational efficiency and strengthened the quality of our decision-making at all levels of the organisation.

Our commitment and investment in this area has allowed us to actively participate in debates on data management, both regionally and internationally, demonstrating our commitment to excellence in data management and continuous innovation in this field.

Our efforts were echoed externally, culminating in valuable awards that underline our commitment to our stakeholders. Moza was once again recognised as one of the best institutions to work for in Mozambique, while also receiving the Local Content Bank award, a distinction that was reaffirmed with the award of the "Mozambican Pride. Made In Mozambique" seal, enshrining Moza as a proudly Mozambican brand. These are achievements that would not be possible without the contribution of our customers, the real reason for our existence.

And because our stakeholders are part of the social reality of communities, in 2023 Moza continued to invest and excel in the area of Social Responsibility, enabling a series of initiatives in various areas, with a particular focus on sports, volunteering, the environment, culture, education and financial literacy. Of the various actions carried out, Moza's proactivity in supporting the victims of the floods in Maputo province, support for the most vulnerable groups in society in Nampula, including children and the elderly, contributing to the reconstruction of infrastructure in Sofala, affected by Cyclone Idai, and supporting orphaned children by donating school materials and food can be highlighted.

Moza Banco has supported various cultural and sporting initiatives, from supporting athletes to representing the country in international competitions, as well as supporting a wide range of cultural and literary activities, and highlighting the support for our communities in various districts of the country, where the Bank has helped to organise festivities.

In 2023, Moza Banco, through Clube Moza, its social arm, stood out for its actions aimed at conserving ecosystems, focusing on strengthening vegetation in critical areas of the country affected by climate change and erosion. As part of the "Let's Plant Trees" project, the bank aims to plant one million trees, making a significant contribution to environmental sustainability and climate change mitigation. In addition, Clube Moza has joined the Partnership for Maternal, Newborn and Child Health (PMNCH), reinforcing the bank's commitment to promoting the health of women, children and adolescents at a global level. These initiatives reflect Moza Banco's commitment to ESG practices and its contribution to a more sustainable and healthy future.

In response to concerns about the financial education of citizens, in 2023 Moza ensured that in the districts of the northern and central regions of the country, citizens acquired essential knowledge for a better understanding of the need to save and invest, with the implementation of a radio financial education programme called "Conta com o Moza" (Count on Moza). The message, broadcast in local languages, was mainly aimed at people in rural areas, including farmers, small traders, civil servants, state agents and students.

During 2023, we strengthened our commitment to the well-being and health of our employees, broadening the spectrum of our interventions beyond traditional technical issues and focusing on raising awareness of a wide range of social topics, including health, well-being and citizenship. It was in this context that we organised a series of talks addressing critical issues such as suicide, loan sharking and HIV prevention in the workplace, as well as awareness campaigns on hypertension and cholera. These initiatives demonstrate our commitment to the integral well-being of our employees and to promoting a culture of health and safety in the workplace.

In conclusion, on behalf of myself and the entire Board of Directors, I would like to express a very special thank you to everyone who has contributed to consolidating the results we have achieved.

To the Executive Committee and all the employees, I express my sincere appreciation for their committed and professional handling of every mission they have undertaken at Moza. To our valued customers, I express my gratitude for the continued trust they place in us. To the shareholders, a sense of recognition and deep gratitude for the trust and support that are fundamental to the Bank's success. Last but not least, I would like to extend my regards to the Supervisory and Governmental Authorities for their constant support and willingness throughout our journey towards the Bank's solid and sustainable growth.

As members of the Moza family, we reaffirm our commitment to Making It Happen through hard work and dedication, guiding us with determination towards a promising future that will make all stakeholders proud.

Yours sincerely,

João Figueiredo

João Figueiredo

Chairman of the Board of Directors

2. Key Highlights

2.1. Main indicators

(in thousands of Meticais)

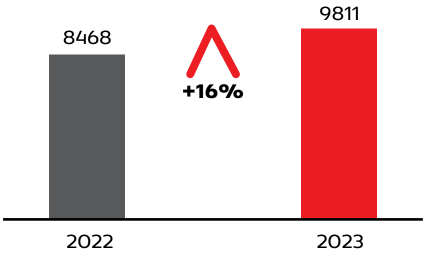
Key Indicators	2022	2023	Var. 2023 - 2022
BALANCE SHEET			
Total Assets	47 676 365	58 971 811	23,69%
Loans and advances to customers (net)[1]	21 753 640	21 934 189	0,83%
Customer deposits	35 397 414	43 347 567	22,46%
Loan-to-Deposit ratio[1]	69,90%	58,03%	-11,87 pp
COMPETITIVE POSITIONING[2]			
Market share in Customer Loans	8,39%	8,14%	-0,25 pp
Market share in deposits	5,64%	6,50%	0,86 pp
Market share in Assets	5,56%	6,53%	0,97 pp
PROFITABILITY			
Profit Before Tax	326 015	426 685	30,88%
Net Profit	90 138	101 855	13,00%
Operating income	4 120 045	3 883 940	-5,73%
Net interest margin[1]	8,66%	7,77%	0,89 pp
Return on Equity (ROE)	1,26%	1,11%	-0,15 pp
Return on Average Productive Assets (ROA)	0,19%	0,19%	0,0 pp
PRUDENTIAL LIMITS			
Tier I	25,72%	22,64%	-3,08 pp
Solvency Ratio	22,58%	19,92%	-2,66 pp
Liquidity ratio	47,41%	38,86%	-8,55 pp
ASSET QUALITY			
Non-performing Loans >90 days	3 838 116	2 539 234	-33,84%
Non-performing Loans Total	4 100 823	2 666 964	-34,97%
Credit Impairment	2 988 822	1 847 925	-38,17%
Non-performing Loans >Customer Loans	15,64%	11,15%	-4,49 pp
Loan Impairment / Non-performing Loans >90 days	77,87%	72,77%	-5,09 pp
Loan Impairment / Non-performing Loans Total	72,88%	69,29%	-3,59 pp
Impairment of Loans and advances to customers	12,18%	7,77%	-4,41 pp
EFFICIENCY			
Operating Costs	3 378 030	3 683 453	9,04%
Other operating costs	1 158 204	1 184 185	2,24%
Staff costs	1 773 280	2 084 834	17,57%
Depreciation	446 546	414 434	-7,19%
Costs/Total Assets (%)	7,09%	6,25%	-0,84 pp
Cost-to-Income	74,32%	66,77%	-7,55 pp
Other operating expenses/Operating income	28,11%	30,49%	2,38 pp
Staff costs/Operating income	43,04%	53,68%	10,64 pp
BUSINESS INDICATORS			
Business Units	65	63	-3,08%
No. of ATMs	108	103	-4,63%
No. of POS	3 385	3 272	-3,34%
No. of employees at the end of the period	961	943	-1,87%
No. of Customers	215 864	242 565	12,37%
No. of cards in the network	179 875	106 596	-40,74%

Source: Bank of Mozambique statistical information
Net impairment loans and advances from customers
1 Loan portfolio less impairments
2 Statistical information from Bank of Mozambique, December 2022 and 2023
3 Loans = gross loan portfolio
4 Includes Private, Corporate and Institutional business centres
5 Net interest income ratio= net interest income/average productive assets
Productive assets= Loans and advances to credit institutions + Credit + Securities
pp = percentage points
6 Cost-to-income = Operating Costs/Revenue

2.2. Main highlights

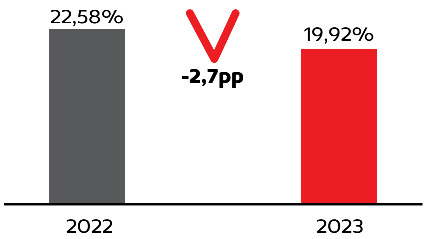
SOLIDITY

Equity (Millions of MZN)



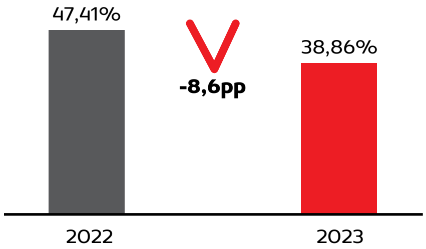
Equity increased by 16 per cent, largely due to the capital increase of MZN 1,124.5 million and the incorporation of the positive net profit of MZN 101.9 million. This increase is indicative of the strengthening of the Bank's financial structure.

Solvency Ratio (in %)



The Bank's Solvency Ratio stood at 19.92%, remaining above the required regulatory limit of 12%. This underpins the continuous development of its activities, maintaining the institution's position in the financial market as a robust and trustworthy entity.

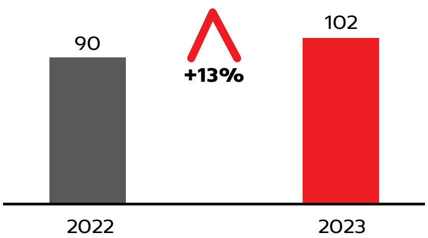
Liquidity ratio (in %)



The Bank's Liquidity Ratio stood at 38.8%, above the minimum regulatory limit of 25%, demonstrating the institution's financial strength and reinforcing its ability to honour its commitments. It is important to emphasise that, in the face of market dynamics, the Bank maintained solid liquidity levels, despite the increases in the Mandatory Reserve coefficients established by the Central Bank.

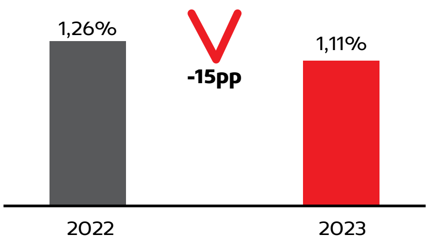
PROFITABILITY

Net Profit for the Year Return on Equity (Millions of MZN)



In 2023, the Bank recorded a net profit of MZN 101.9 million, an increase of 13 per cent compared to 2022. This growth is mainly due to the increase in turnover, coupled with rigorous cost and investment management. This performance reflects the effectiveness of the strategies implemented, geared towards sustainability and strengthening the Bank's competitive position in the market.

Return on Equity (in %)



Return on Equity (ROE) stood at 1.11 per cent, down 14 bps on the previous year as a result of the capital increase.

3. Moza Banco

Short Description

Moza Banco is a universal retail bank that has been operating in the Mozambican market since 16 June 2008. The Bank stands out for its strong presence at national level, with the third largest branch network in the Mozambican Banking System, with a total of 63 Business Units distributed throughout the country.

Moza Banco offers a wide range of banking products and services, catering for a variety of clients, including the Individual, Private, Small and Medium-sized Enterprise, Corporate and Institutional segments.

Organisational Transformation and Strengthening the Moza Culture

As part of its 2022-2026 Strategic Plan, Moza Banco embarked on a significant organisational transformation journey in 2023, with a special focus on the Bank's Digital Transformation.

This programme is a key strategic vector for strengthening the Bank's competitiveness, enriching customer experience and satisfaction, and establishing a robust technological base that will support the Bank's stable and sustainable growth. In addition, it will boost operational efficiency, optimising internal processes and systems to improve employee productivity and the Bank's overall efficiency to better serve the market. With this transformation, Moza Banco aspires to consolidate its position as an innovative benchmark of excellence in the banking sector.

A crucial element in the backbone of this transformation is 'People & Culture'. To this end, a project has been set up to strengthen the internal culture and employee training. During 2023, solid foundations were laid for this transformation, with the implementation of initiatives to involve, inspire and align its employees.

Moza brand

In 2023, Moza Banco marked its 15th anniversary, a journey characterized by its dedication to serving the Mozambican market. Since its foundation, the Bank has adopted the aim of establishing itself as the preferential bank, reflecting the daily lives and aspirations of consumers in its actions and values.

Over the years, Moza Banco has stood out as an institution that values and celebrates the challenges, victories and, above all, the achievements and dreams of its customers. This commitment translates into a constant quest to inspire and motivate, while maintaining and strengthening the relationships built with its customers.

Under the slogan **"Make it Happen"**, Moza Banco positions itself not just as a financial organisation, but as a source of motivation that reflects resilience and dynamism. This message is intended to inspire personal and professional progress, reflecting a proactive and entrepreneurial spirit that doesn't just wait for opportunities, but acts to turn its dreams and goals into reality.

The award of the Proudly Mozambican Seal to Moza Banco recognises its ongoing commitment to invest and innovate in offering financial products and services that meet the needs of the Mozambican market. This seal reinforces the Bank's objective of actively contributing to the country's economic and social development.

As a benchmark bank in the national financial sector, Moza Banco is committed to providing its customers with the best relational banking experience, leading by example in innovation and excellent service. This path, which Moza Banco intends to continue, reaffirms its commitment to the progress of communities and the sustainable development of the country.

Main Events 2023

The year 2023 will be marked by the materialisation of numerous initiatives and projects that reflect Moza Banco's ambition and growth, supported by its stakeholders. Of these initiatives, the following stand out:

- Increase in share capital by more than one billion meticais to MZN 7,020,750,000.00.
- Signing of the Financing Line with the European Investment Bank.
- Launch of the +SME solution.
- Launch of the New Family Credit.
- Launch of the Moza Savings Account.
- Memorandum signed with Vodacom under the + SME Solution.
- Inclusion of 3D Secure technology in Moza cards.
- Launch of the Moza Connect service (Host-to-Host).
- Moza Banco's 15th anniversary and the launch of its "Make it Happen" institutional campaign.
- Moza was awarded a Diploma of Honour by the Central Bank of Mozambique for the implementation of SIMO's new payment platform (Euronet).
- Moza was recognised for the second year running as one of the best institutions to work for in Mozambique;
- Award of the "Mozambican Pride. Made in Mozambique".
- Award for "Local Content Bank" in the ENERMINA AWARDS.
- Launch of the financial literacy programme on community radio and in local languages.
- Protocol signed with APIEX to boost national exports
- Economics and Business Breakfast with the topic "Macroeconomic Perspectives for 2023 and Sustainability of Mozambican Companies".
- Debate on the "Challenges of the World Economy in 2023 and their Impact on Mozambique" in partnership with the Dom Cabral Foundation;
- Moza's participation in the Visa Payment Forum in Amsterdam
- Participation in the first edition of the Mozambique-European Union Investment Forum, Global Gateway;
- Participation in the Banking, Financial Services and Insurance Conference.
- Announcing and awarding the winners of the 2nd Moza Journalism Prize;
- Launch of works by the winners of the Fernando Leite Couto Literary Prize 2023.
- Premiere and promotion of the children's theatre play about savings "Saber sonhar o amanhã" (Knowing how to dream of tomorrow).
- Launch of the "Collection of Mozambique's Financial Legislation".

4. Shareholder Structure and Governing Bodies

4.1 Shareholder Structure

On 1st December 2022, Moza Banco's General Shareholders' Meeting approved an increase in the institution's share capital of 1,124,500,000.00 MT (one billion, one hundred and twenty-four million, five hundred thousand Meticais).

Subsequently, on 28 February 2023, in accordance with the resolution of the General Meeting, Moza Banco's share capital increased from 5,896,250,000.00 MT (five billion eight hundred and ninety-six million, two hundred and fifty thousand Meticais) to 7,020,750,000.00 MT (seven billion twenty million, seven hundred and fifty thousand Meticais).

In this context, the structure of Moza Banco, in terms of the Shareholders' participation in the company, is reflected in the following distribution, as illustrated in the table below:

Shareholders	Number of Shares	Nominal Value (In Meticais)	Percentage of Capital
Kuhanha S.A	927.822	4 639 110 000	66.0771%
Arise B.V.	431.296	2 156 480 000	30.7158%
Moçambique Capitais, S.A	45.029	225 145 000	3.2069%
António Matos	3	15 000	0.0002%
Moza Banco	**1.404.150**	**7.020.750.000**	**100%**

The geographical distribution of shareholders changed in 2023, with Mozambican shareholders predominating, representing 69.2842% of total shares. This distribution emphasises Moza Banco as a financial entity with strong national roots, consolidating its status as a banking benchmark in Mozambique.

Origin	Percentage of Capital
Mozambique	69,2842%
The Netherlands	30,7158%
Total	100,0000%

4.2 Governing Bodies and Governance Model

Moza Banco has a governance structure made up of the following: the General Meeting, the Board of Directors, the Supervisory Board and the Executive Committee. These bodies are essential for supervising and guiding the Bank's strategy, ensuring compliance with regulations and promoting the best interests of its stakeholders.

General Assembly	
Chairperson	Lourenço Joaquim da Costa Rosário
Vice-Chairperson of the Office	Maria Violante Jeremias Manuel
Secretary of the Office	Sara Mondego Marques

Supervisory Board	
Chairperson	Irene Luzidia Maurício
Vice-Chairperson	Anastácia Sebastião Chamusse Cuna
Member	Nuno Gonçalo Gomes Domingues
Replacement member	Isaltina José Franco Mahumane Nhabinde

Board of Directors	
Chairperson	João Filipe de Figueiredo Júnior
Director	Adérito Sousa
Director	Angélica Macave
Director	Devan Hassad Bai Manmoandas
Director	Gomes Zita
Director	Manuel Jorge Aranda da Silva
Director	Manuel Jorge Mendes Soares
Director	Ruth da Pátria
Director	Sérgio Eduardo Ribeiro
Director	Wilfred Jeroen Scheelbeek

Governance Model

The General Meeting is the company's highest body, representing all shareholders, and its resolutions are binding on all shareholders and the company in general, when taken in accordance with the law and the articles of association.

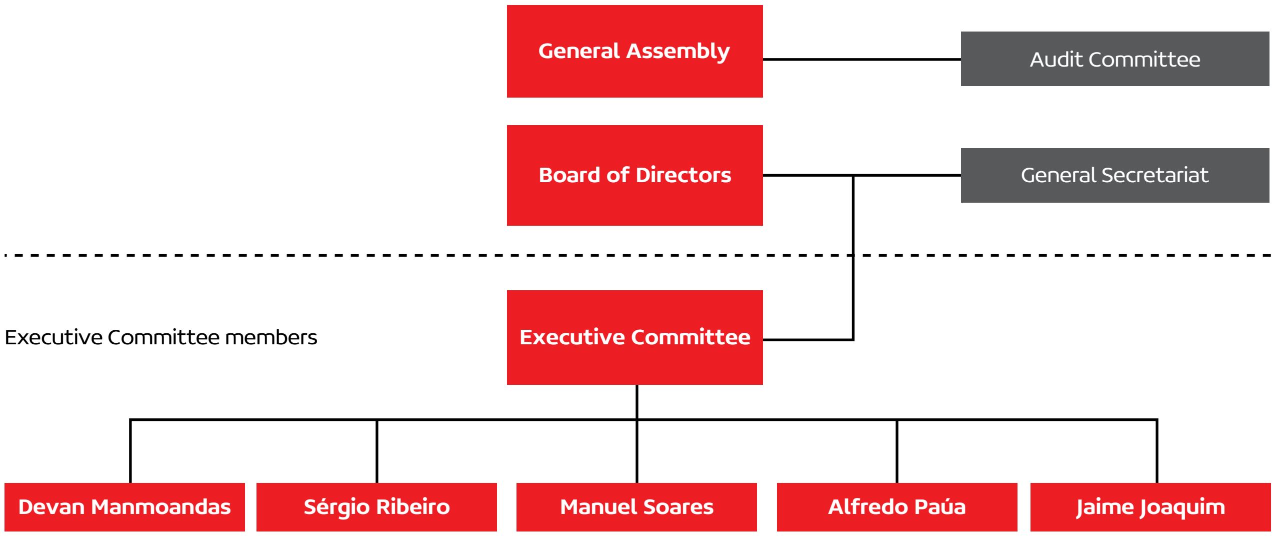
Moza Banco adopts a governance model in which responsibility for running the company is assigned to the Board of Directors, which delegates the day-to-day management of the business to the Executive Committee, with the Supervisory Board responsible for oversight.

The Board of Directors of Moza Banco, held on 28 April 2023, decided on the composition, appointment and duties of the Executive Committee, as shown below:

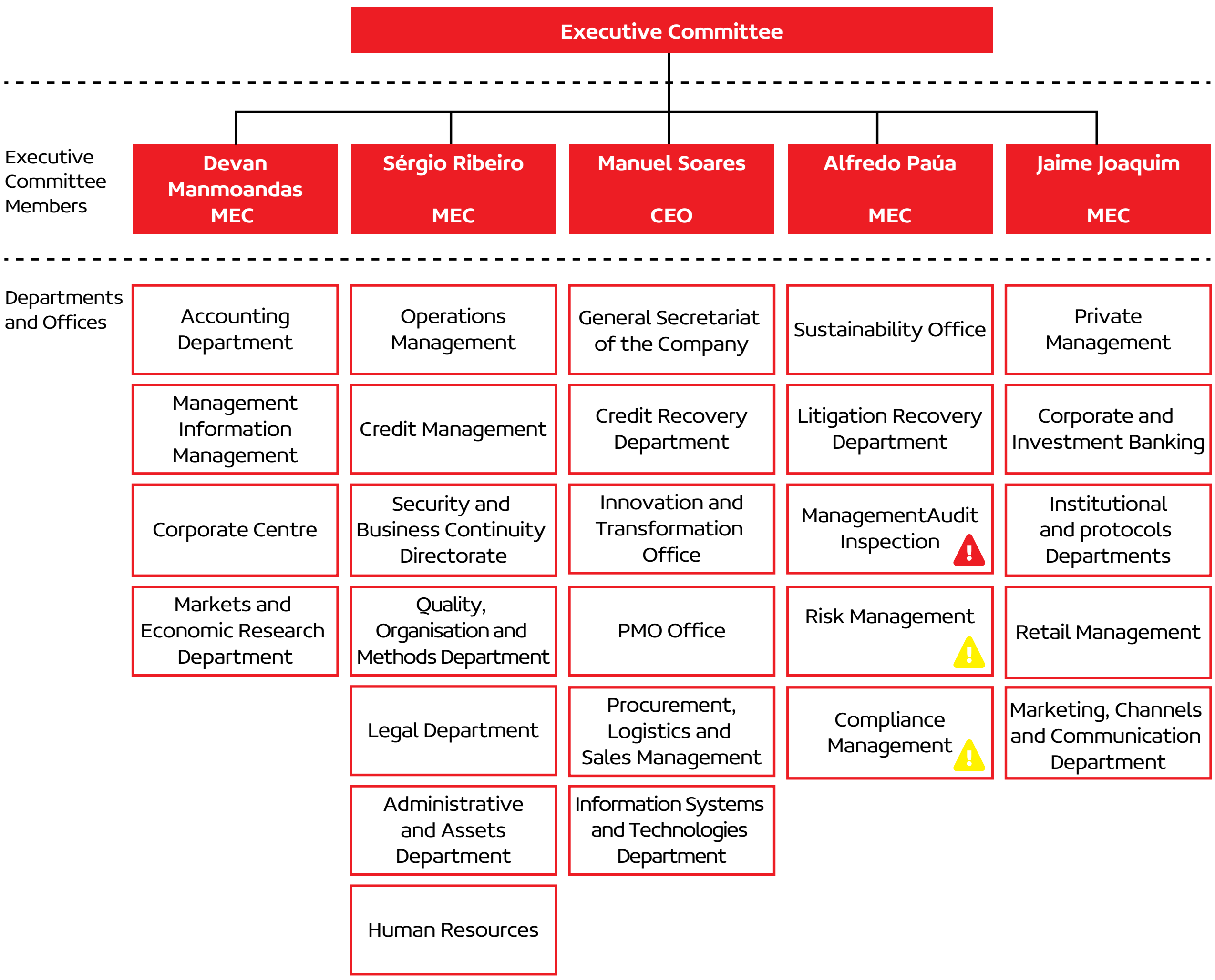
Executive Committee	
Chairperson	Manuel Jorge Mendes Soares
Member	Sérgio Eduardo Ribeiro
Member	Devan Hassad Bai Manmoandas
Member	Alfredo José Paúa
Member	Jaime de Jesus Joaquim

The Company Secretary, whose appointment is the responsibility of the Board of Directors, is responsible, among other activities, for guiding and supporting the Bank's Governing Bodies in matters of corporate governance, legality and administration, as well as supporting meetings of the Board of Directors and other Governing Bodies.

The organisational structure of Moza Banco at the end of 2023 was as follows:



With regard to the distribution of powers and responsibilities between the members of the Executive Committee and the Bank's various Departments, as at 31 December 2023, these were segregated as follows:



The Audit and Inspection Department, in terms of the Bank's Risk Management Governance Model, reports hierarchically to the Audit Committee, and its dependence on the Executive Committee is purely administrative.

The head of the Risk Management Department and the head of the Compliance Department have access to the Bank's Board of Directors via the Risk Assessment Committee (chaired by a Non-Executive Director).

5. Social Responsibility

5.1 Social Responsibility

In 2023, Moza Banco reaffirmed its commitment to social responsibility, supporting high-impact projects and initiatives for economic and social progress in the communities where it operates.

Based on this premise, and in close collaboration with our partners, we have developed a number of projects and initiatives in various fields ranging from education, financial literacy, entrepreneurship, sport and literature.

5.1.1. Education and Financial Literacy

The Bank's strategy to promote education and financial literacy included the introduction of a radio programme in local languages, "Conta com o Moza" ("Count on Moza"), aimed at increasing access to and use of financial services by rural populations. This educational programme, broadcast during prime time, provided essential knowledge about personal financial management in an accessible way and in the listeners' mother tongue. In addition, Moza Banco supported the Study Support programme at the Santa Luísa de Marillac School, in partnership with the Um Pequeno Gesto, Uma Grande Ajuda (UPG) Association, benefiting over 200 children.

Celebrating World Savings Day, Moza Banco and the Fernando Leite Couto Foundation presented the play "Saber Sonhar o Amanhã" ("Knowing how to dream of tomorrow"), an initiative aimed at children and young people to raise awareness of the importance of saving. This endeavour is part of the bank's social responsibility activities, promoting financial education among young people in various schools across the country.

Moza Banco also took an active part in trade fairs and well-attended events in order to publicise its products and services, emphasising their features and benefits, particularly aimed at low-income segments of the population, students and residents of rural areas.

At the same time, Moza Banco organised a "Journalism Seminar on the Financial Market", bringing together specialists from the Bank and journalists from various national media. The main aim of this training was to provide media professionals with advanced analytical tools for a more accurate interpretation of the country's economic and financial reports and scenarios, making a decisive contribution to a more informed and aware society in its financial decisions.

5.1.2. Entrepreneurship and business development

In the field of entrepreneurship and business development, in 2023 Moza Banco teamed up with MUVA Association to implement the REALIZA programme. The aim of this project was to support approximately fifty female entrepreneurs in the cities of Maputo, Beira and Nampula, with the aim of improving their businesses, demonstrating the Bank's commitment to strengthening female entrepreneurship in Mozambique.

5.1.3. Culture, Literature and Sport

Moza Banco sponsored various cultural and sporting initiatives, including support for the Grupo Desportivo Maputo (GDM), emphasising the importance of sport in shaping personality and social inclusion. In addition, the Bank sponsored Mozambican judoka Jacira Ferreira, supporting her participation in international competitions as part of her preparation for the Paris 2024 Olympic Games.

The partnership with the Fernando Leite Couto Foundation has enabled the Bank to support a wide range of cultural and literary activities, including the Fernando Leite Couto Literary Prize and the publication of literary works by renowned Mozambican authors, thus promoting culture and literature in the country.

5.1.4. Solidarity

In 2023, Moza Banco reaffirmed its commitment to solidarity, a key feature of its institutional identity. The Bank materialised this commitment through various actions to support communities and social institutions in Mozambique.

Among the main initiatives were donations to flood victims in Maputo province and support for the Betel Religious Reception Centre in Nampula, which assists vulnerable groups, including children and the elderly. In addition, Moza Banco contributed to the reconstruction of the Beato José Bakanja Chapel in Sofala, destroyed by Cyclone Idai, and supported the rehabilitation of the REMAR MOZAMBIQUE Association, which focuses on helping marginalised groups of people. Donations of school materials, food and other essential items were also made to the Santa Luisa de Marrilac School in Gaza and the Criança Esperança Orphanage in Pemba, demonstrating the spirit of solidarity and giving from Moza Banco and its employees.

5.2. Sponsorship and support

1. **National Conference on Quality Education:** This support reflects an investment in improving education, a key pillar for sustainable socio-economic development.
2. **Sponsorship of the Road Fund for the 20th ARMFA General Assembly:** We support this important continental meeting focused on strengthening networks and sharing best practices in the financing and maintenance of roads in Africa.
3. **1st Edition of the "India-Mozambique Expo & Conference":** We sponsored the 1st edition of this event, which promoted the union of cultures through trade, strengthening commercial and cultural relations between the two countries.
4. **International Banking, Finance and Insurance Conference:** The sponsorship of this forum highlights Moza Banco's active involvement in the dialogue and evolution of the financial sector, particularly in critical areas such as digitalisation and financial inclusion.
5. **MasterClass on "Practical Leadership":** We supported this Executive Academy initiative, which provided enriching debates with experts in various fields.
6. **Launch of the Collection of Mozambique's Financial Legislation:** We supported the publication of this essential document for the financial sector, including Banking, Insurance and Securities;
7. **Support for the festivities in various districts of the country** as part of their elevation to the category of towns.

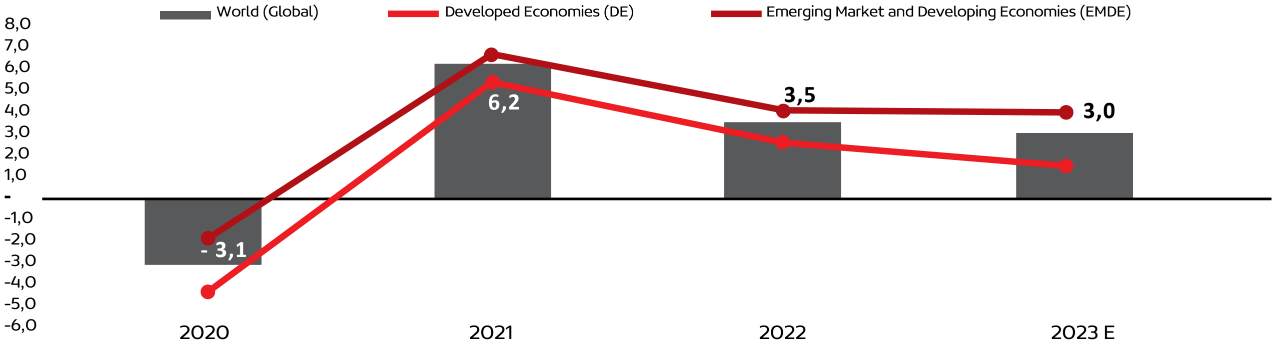
6. Macroeconomic Framework

6.1 International Economy

Economic Growth

In 2023, the world economy faced a slowdown, with growth falling to 3.0 per cent, down from 3.5 per cent in 2022. This was the result of a series of external shocks such as the Covid-19 pandemic, the Russia-Ukraine conflict, and escalating inflation that led to a tightening of monetary policies globally. Additional risks included tension in the Middle East, tightening credit conditions and rising borrowing costs, which negatively impacted both the global economy and the public finances in the most vulnerable countries.

Global Economic Growth (%)

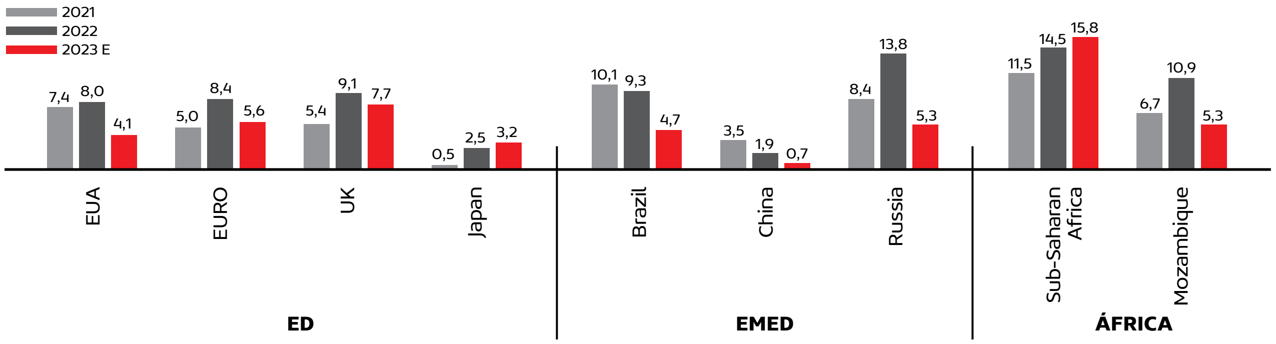


Note: E - Estimate
Source: IMF - World Economic Outlook, January 2023

Inflation trends

The global inflation rate in 2023 slowed down compared to the peak in 2022, but continued to exceed targets in many of the main economies. Global inflation stood at around 5.9 per cent, with significant regional variations. Developed economies saw a sharper deceleration in inflation compared to emerging and developing markets.

Inflation %

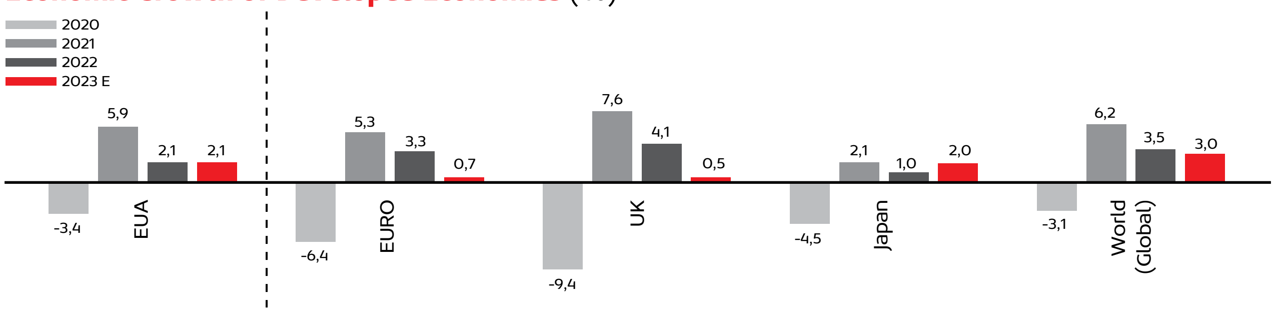


Note: IED - Developed Economies; E - Estimated
Source: FMI - World Economic Outlook Out, 2023

Developed Economies

The economic slowdown was particularly noticeable in the developed economies, from 2.6 per cent in 2022 to 1.5 per cent in 2023. In the US, economic growth remained resilient, supported by robust consumption and a solid labour market. In the Eurozone, growth slowed significantly, influenced by higher energy prices and lower external demand. In the UK, growth fell sharply due to restrictive monetary policies and the persistent negative effects of high energy prices.

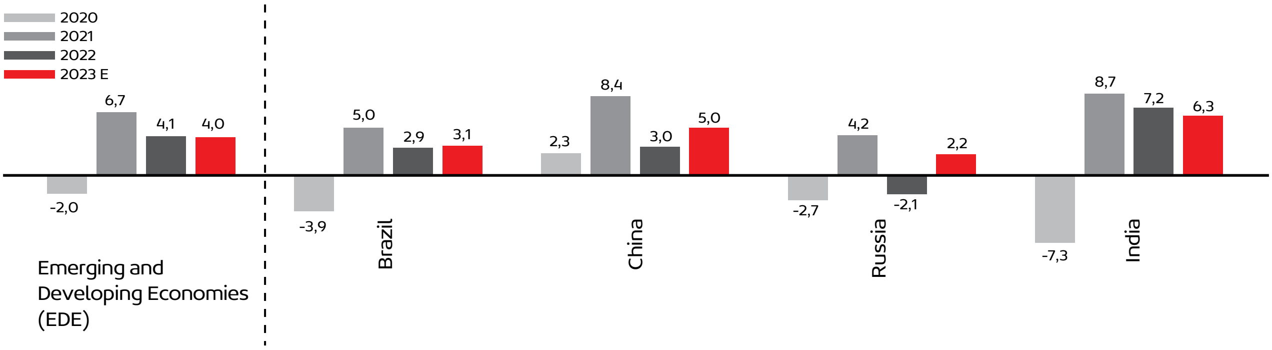
Economic Growth of Developed Economies (%)



Emerging and Developing Economies

Emerging and developing economies felt the impact of reduced demand for goods from advanced economies, as well as rising interest rates. China, in particular, experienced accelerated growth at the start of 2023, followed by a slowdown in the second half, largely due to the recession in the property sector. Growth in these economies is expected to stand at 4.0 per cent in 2023, down slightly from 4.1 per cent in 2022.

Economic Growth in Emerging and Developing Economies (%)

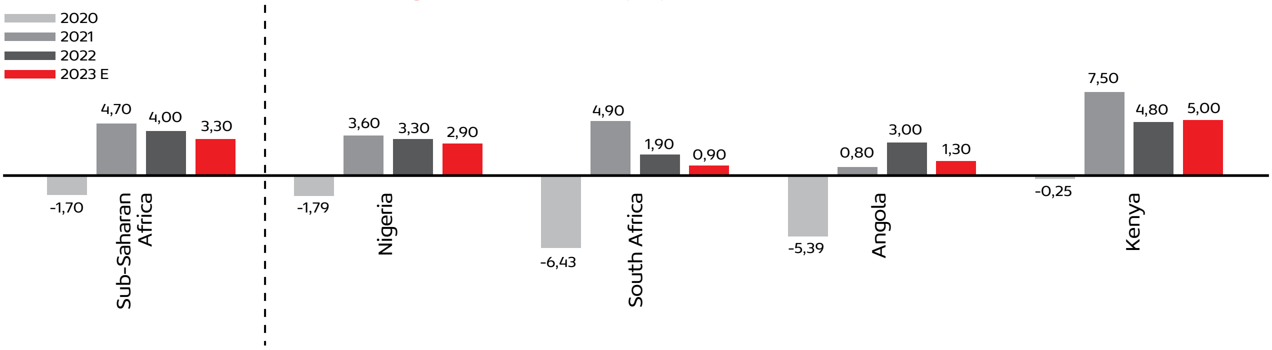


Note: EMED - Emerging and Developing Economies, E - Estimate
Source: World Economic Outlook, January 2023

6.2 Regional Economy

2023 was marked by significant challenges in the global and regional economy, directly impacting economic activity in the Sub-Saharan region. Factors such as high production costs in Nigeria, energy crises in South Africa, lower global metal prices and intense conflicts in countries such as Sudan, Chad and Niger contributed to a generalised slowdown. This scenario was aggravated by reduced external demand and monetary tightening measures aimed at combating persistent inflation. As a result, the region's three largest economies - Nigeria, South Africa and Angola - saw their economic growth slow to an annual average of 1.8 per cent, while in the other countries growth slowed to 3.9 per cent. Overall, growth in sub-Saharan Africa was around 3.3 per cent.

GDP of Sub-Saharan Africa's Largest Economies (%)



Source: FMI - World Economic Outlook, October 2023

Commodities

As far as commodities are concerned, 2023 was a year of volatility and a general reduction in prices, although they remained above pre-pandemic levels. Crude oil, in particular, had an average price of $83/bbl, influenced by various factors, including moderation in demand from China and tighter monetary policy in many of the major economies. Notably, there was an annual decline in Brent and WTI prices, as well as a significant reduction in coal and natural gas prices. The latter was due to effective stock management and record production that exceeded consumption.

In the metals market, there was a 10% drop in prices due to weak demand, especially from China. Aluminium, for example, saw its price fall by around 9.1% year on year. On the other hand, gold stood out with a record annual increase of 12.7 per cent, reflecting changes in central bank monetary policy, geopolitical tensions and changes in interest rates.

As for food, 2023 saw a general slowdown in prices. The FAO Food Price Index fell by approximately 10 per cent, mainly due to a drop in the prices of vegetable oils, cereals, dairy products and meat. This trend was influenced by the robust supply of food products and favourable weather conditions, which helped mitigate concerns about global food inflation.

Commodity Price Developments (2021-2023)

	Real			Anual (%)	
Commodities	**Dec-21**	**Dec-22**	**Dec-23**	**Dec-22**	**Dec-23**
Brent Crude Oil (USD/Barrel)	74,3	80,9	77,9	9%	-4%
WTI Crude Oil (USD/Barrel)	71,5	76,5	72,1	7%	-6%
Aluminium (USD/MT)	2 695,5	2 401,7	2 182,4	-11%	-9%
Gold (USD/Ounce)	1 790,4	1 797,6	2 026,2	0%	13%
Gas (USD/Million UTB)	3,7	5,5	2,5	47%	-54%
Thermal Coal (USD/MT)	142,5	326,2	-	129%	-100%
Maize (USD/MT)	264,5	302,3	206,5	14%	-32%
Wheat (USD/MT)	327,8	386,3	291,1	18%	-25%
Rice (USD/MT)	400,0	467,0	644,0	17%	38%
Sugar (USD/Kg)	0,8	0,8	0,9	-1%	10%
Cotton (USD/Kg)	2,6	2,2	2,0	-16%	-10%
Tobacco (USD/MT)	4 182,2	4 399,3	4 394,2	5%	0%

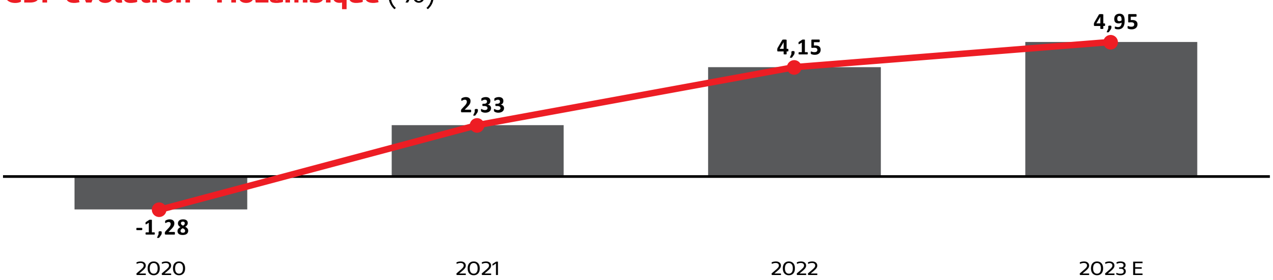
Note: Prices based on annual averages
Source: World Bank - Commodity Price Data, January 2023

6.3 National Economy

GDP trends

In 2023, the national economy continued on its path to recovery, driven mainly by improved external demand for energy commodities such as coal and natural gas. Despite the fall in the prices of these commodities on the international market, Gross Domestic Product (GDP) grew consistently, recording increases of 4.2%, 4.7% and 4.9% in the first three quarters of the year, totalling an accumulated growth of 4.9%. This progress is mainly reflected in the performance of the primary sector, with the mining industry standing out. The tertiary sector, with an emphasis on financial services, also performed well. Agriculture and related activities continue to be the largest contributor to GDP, accounting for 22.9 per cent.

GDP evolution - Mozambique (%)



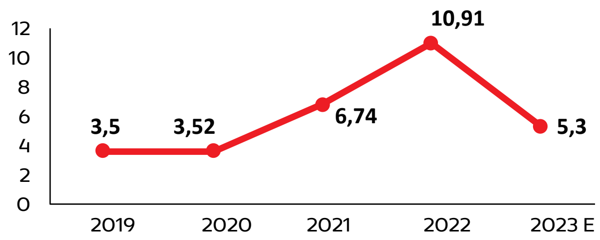
Inflation

Inflation in 2023 followed a decelerating trend, falling from 10.91% in December 2022 to 5.30% in December 2023. This behaviour is due to exchange rate stability, lower international prices for some commodities and the restrictive monetary measures that began in 2021. Average annual inflation stood at 7.13 per cent, below the government target of 11.5 per cent.

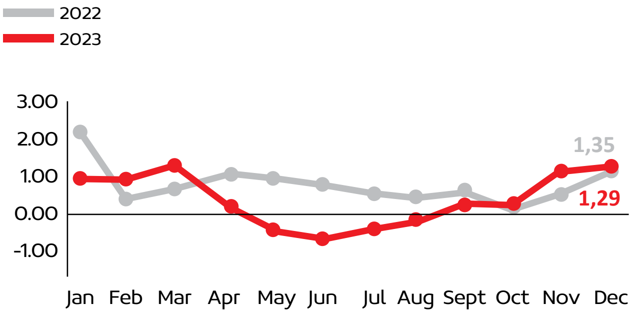
The inflation achieved in December 2023 brings inflation levels in line with the Central Bank of Mozambique's target (inflation levels below 10%).

Average annual inflation of 7.13 per cent remains below the target set by the government for 2023 (11.5 per cent) in its Economic and Social Plan and State Budget (PESOE) 2023.

Annual Inflation Evolution (%)



Monthly Inflation Evolution (%)



Source: - INE - Consumer Price Index, December 2023

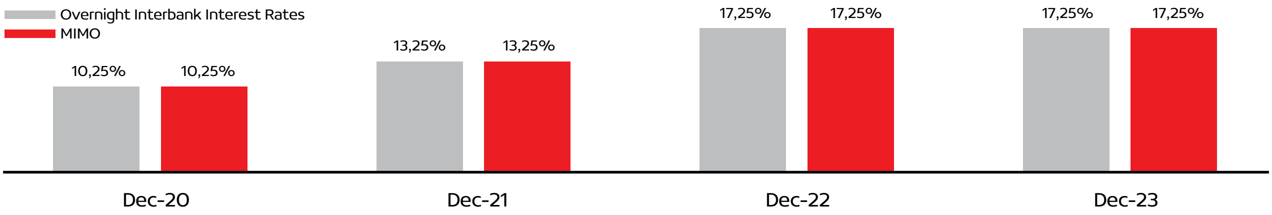
Money Market

During the first half of 2023, the Central Bank of Mozambique's Monetary Policy Committee (CPMO) decided to implement an even tighter monetary policy. This measure was characterised by an increase in the mandatory reserve coefficients for domestic and foreign currency liabilities, setting them at 39% and 39.5% respectively, with a view to absorbing excessive liquidity in the banking system.

Nevertheless, the Monetary Policy Interest Rate remained unchanged throughout 2023 at 17.25%, due to the deceleration in inflation, despite the continued risks associated with inflation projections, especially the conflict in the Middle East.

The Financial System Prime Rate increased by 150 bp in the period under review, standing at 24.10 per cent, reflecting the upward adjustment of the RO coefficients, as well as the increase in the volume of non-performing loans on the market, which worsened the Cost Premium.

Rates - MIMO & Interbank Money Market

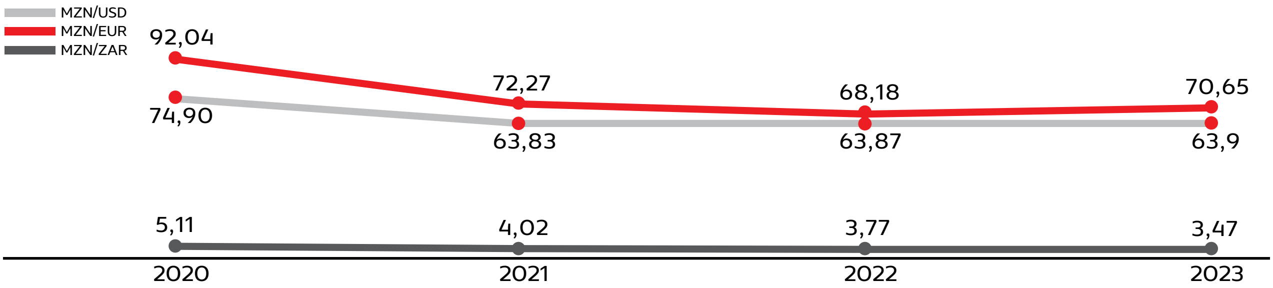


Source: Central Bank of Mozambique, December 2023

Foreign Exchange Market

The metical remained stable against the dollar throughout 2023, with a slight depreciation at the end of the year. The rate closed at USD/MZN 63.90, influenced by a conservative stance in the foreign exchange market and the increase in production and exports in the extractive sector. In annual terms, the metical depreciated slightly by 0.05% against the dollar and appreciated against the South African rand by 8.0%, and depreciated by 3.6% against the Euro.

Metical Exchange Rate



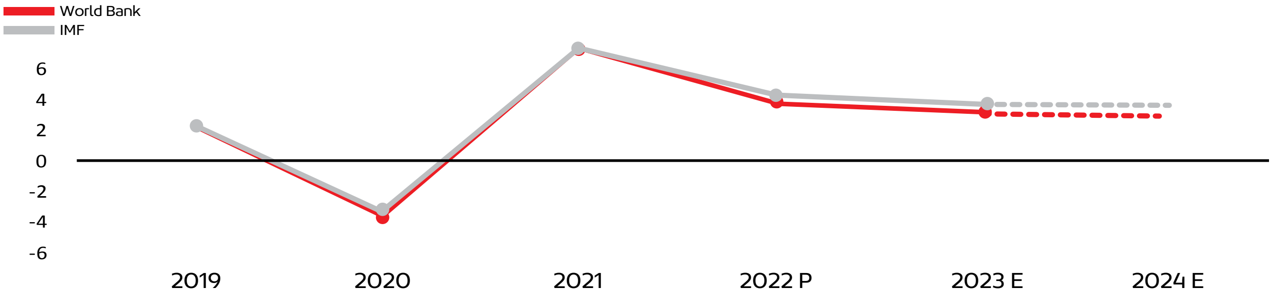
6.4 Economic outlook for 2024

a) Global Economy

According to the International Monetary Fund, the world economy is expected to grow by 3.0 per cent in 2024, down from 3.5 per cent in 2023. This successive slowdown is the result of several factors:

1. **Impact of Central Bank Measures:** The increase in reference rates by central banks, a strategy to combat inflation, has significantly influenced the economic slowdown.
2. **China's Economic Performance:** The Chinese economy underperformed, affected by the persistent weakness of the property sector and low external demand.
3. **External Influences:** Disruptions in the energy and food markets due to the conflict in Ukraine and global monetary tightening to deal with high inflation, as well as geopolitical tensions in the Middle East, have contributed to the global slowdown, although stagnation is not expected. However, full recovery to pre-pandemic levels seems increasingly distant, particularly for emerging markets and developing economies.

GDP Global Economy (%)



Source: World Bank - Global Economic Prospects, January 2023
IMF - World Economic Outlook, January 2023

Note: E - Estimate, P - Projection

The International Monetary Fund considers that the evolution of economic performance is based on three global forces:

1. **The Recovery of the Services Sector:** Between 2022 and 2023, there was a recovery in this sector, boosting economies focused on services such as tourism. However, this trend is slowing down, which could lead to a slowdown in economic activity in these countries.
2. **Restrictive Monetary Policy:** Although effective in combating inflation, tighter credit conditions are negatively affecting property markets, investment and economic activity.
3. **Inflation and Raw Materials:** Inflation, influenced by commodity price shocks, has been particularly challenging for Russia's energy import-dependent economies, resulting in higher price indices and a more pronounced slowdown.

In addition, the conflict in the Middle East poses a significant risk to the global economy, inflation and food security. An escalation of this conflict could destabilise global energy markets, with adverse impacts on the prices of certain raw materials.

b) National Economy

The Mozambican economy is expected to grow between 2024 and 2026. This growth will be driven by the positive performance of the economic and social sectors, as well as the export of natural gas from the Coral Sul Project in Area 4 of the Rovuma Basin. The International Monetary Fund's support for the Government of Mozambique in reforms and macroeconomic policy management will also contribute to this growth, along with the increase in mining production, namely coal and aluminium, driven by international demand.

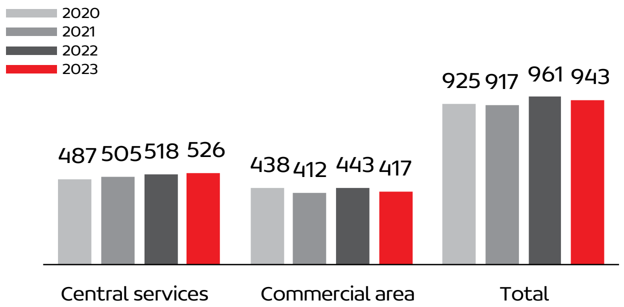
Inflation is expected to remain under control and below 10 per cent, reflecting the reduction in food and fuel prices on international markets. However, there is a downward trend in the price of the Brent oil commodity, as reported by the World Bank in its October 2023 Commodity Markets Outlook.

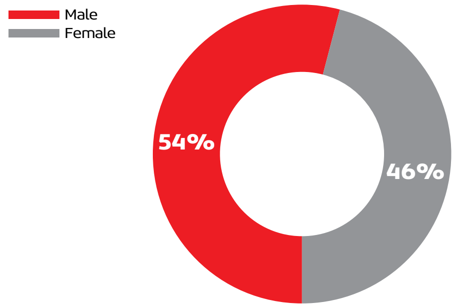
In the medium term, monetary rigidity is expected to ease, with the possibility of a reduction in the MIMO Rate of between 100 and 200 basis points by 2024. This forecast is based on inflation remaining in the single digits, despite the risks associated with climate shocks and the conflict in the Middle East. Credit to the economy, which was restrained in 2023 due to the high lending interest rate, is expected to grow in the coming years, driven by economic performance and the potential easing of monetary policy.

7. Business Support Activities

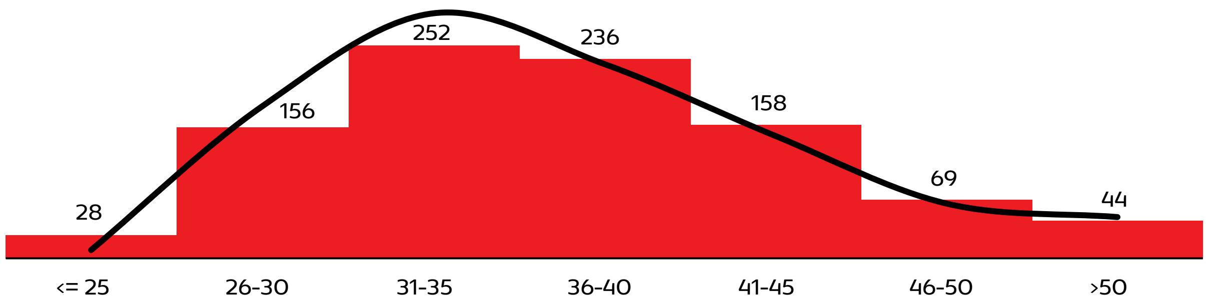
7.1 Human resources management

In 2023, the Bank recorded a slight reduction of 2% in its workforce, reflecting normal dynamics and continuous adjustment of our workforce to align with organisational strategies.





The Bank's gender composition remained stable compared to the same period last year, demonstrating the commitment to the principle of balance and equal opportunities between genders in the policy of attracting and retaining Human Capital.



Moza Banco's workforce is mostly young, with an average age of 36. The 31-35 and 36-40 age groups account for a combined 52 per cent of employees.

Training

Over the past year, Moza Banco has significantly stepped up its investment in digital training, expanding access to a wide range of courses available on both internal and external platforms. This strategy, complemented by a combination of face-to-face sessions, aims to ensure a complete learning experience tailored to the specific needs of each employee. This approach allows the Bank to offer a richer and more accessible training range, encouraging the continuous development of employees in various areas of expertise, reaffirming the Bank's commitment to the professional and personal development of its team.

In this way, the Bank ensured that 161 training sessions were held, totalling 7,314 hours and attended by 2,504 people. These actions were aimed at complying with strategic guidelines, covering areas such as promoting cost optimisation and rationalisation, data governance, regulatory compliance (including Operational Risk Management and Combating Money Laundering and Terrorist Financing), improving skills in applications and processes, ethics and conduct, managing conflicts of interest, dealing with complaints, as well as aligning and integrating new employees.

Moza Banco's continued commitment to its in-house trainers should be emphasised, as they have increasingly taken on a more prominent role in guiding a significant proportion of these training sessions. This strategy combines the trainers' experience and in-depth knowledge of the Bank's needs with the desirable quality and applicability of the knowledge imparted.

Revision of Regulations

Moza Banco has revised various policies and regulations, including the Compensation and Benefits Policy, among other regulations, reaffirming its commitment to employee well-being and satisfaction, as well as updating its regulations to reflect current best practices.

In 2023, Moza Banco updated its Home Loans and Consumer Loans products in order to offer better conditions to its employees. These updates include implementing more advantageous conditions in terms of interest rates and making financing options more flexible. In addition, the Bank has established strategic partnerships to optimise its service offering, aligning itself with current market practices and seeking to provide direct benefits to its employees.

In addition, the Bank reinforced its policy on holidays and absences that benefit employees, reflecting the institution's commitment to harmony between professional and personal life. Among these initiatives are the granting of a day off on each employee's birthday, the allocation of additional days for personal matters and an extension of paternity leave, exceeding the period stipulated by the new Labour Law.

Actions of a Social Nature

Moza Banco's approach to people management issues goes beyond the technical dimension traditionally associated with this area, and also involves making employees aware of a variety of social issues. These include relevant topics related to health, well-being and citizenship.

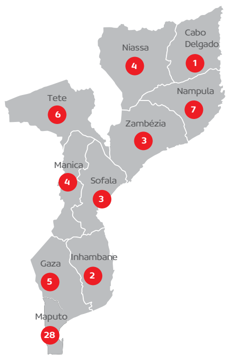
In this regard, the Bank has actively dedicated itself to the well-being of its employees, expanding partnerships with health organisations and promoting a series of social activities. These have included obtaining preferential conditions in healthcare, remote support for employees facing health or social challenges, and organising educational and awareness campaigns focused on vital topics such as mental health, disease prevention and managing personal challenges.

7.2 Distribution network

At the end of 2023, Moza Banco's distribution network comprised a total of 63 Business Units, distributed as follows:

- 60 Branches,
- 1 Private Centre,
- 1 Corporate Centre and
- 1 Institutional Centre.

In this respect, the geographical coverage of the Moza Business Units was distributed as detailed below:



7.3 Commercial activity

Contrary to the initial outlook, in 2023, Moza's commercial activity was carried out within a challenging macroeconomic context, greatly influenced by the increase in the reference rate for credit operations (Prime rate) and the reinforcement of restrictive monetary policy measures, especially the increase in the coefficient of Mandatory Reserves in national and foreign currency to levels of 39 per cent and 39.5 per cent, respectively, compared to the 10.5 per cent and 11 per cent recorded in 2022.

Despite the adversities resulting from the macroeconomic situation, the Bank once again showed its resilience and ability to prosper. With a focus on the customer, we strengthened and consolidated our range, continuing to develop new products and services for both corporate and individual customers, demonstrating our commitment to being a benchmark bank in terms of proximity, dedicated attention and prompt response to the needs of customers in the Bank's various business segments: Retail (SMEs and Individuals), Private Banking, Corporate & Investment Banking, and Institutional.

In addition, we would like to highlight our commitment to the Agri-business sector, aimed at supporting the agricultural sector by providing tailored financial solutions that contribute to the sustainable development and growth of this vital sector of the economy.

To this end, the Bank has endeavoured to enrich and diversify its range of products and services in order to meet the constantly evolving needs and expectations of its customers. By implementing solutions and renewing its means of payment, the Bank has reinforced its commitment to economic development and the well-being of families and companies in Mozambique.

7.3.1 Supply initiatives

On the supply side, we would highlight the launch of the following solutions:

a) Solution + SME (Local Content): In 2023, Moza Banco introduced the Solution + SME, a specialised range to support Small and Medium-sized Enterprises (SMEs) that are suppliers to the Bank's large corporate clients. This solution includes an Escrow Account with minimum financing of MZN 500,000 and favourable conditions, allowing up to 80% of the invoice value to be financed. It also offers the option of import documentary credits for importing suppliers. In addition, the +Negócios Account was developed to manage the treasury of SMEs, providing access to essential financial services and benefits such as subsidised interest rates and exemption from opening fees, thus strengthening the Bank's support for the growth of SMEs in Mozambique.

b) New Family Credit: Moza Banco has introduced "New Family Credit", a credit product designed specifically for private customers. This loan provides a comprehensive financial solution for the purchase of household appliances, furniture, travel finance, wedding expenses, the purchase of building materials and education. It is characterised by a differentiated level of service, with the possibility of disbursement in up to 3 days, and offers attractive conditions, including a maximum financing amount of up to MZN 7 million and flexible payment terms of up to 72 months, thus meeting the varied needs of Mozambican families.

c) EIB Financing Line: Financing line designed to support investment and treasury for companies or ventures developed by Mozambican SMEs in general and by SMEs run by women in various sectors of activity.

This line of funding has the particularity of including a female component for companies that fulfil the conditions set out below:

- Companies in which 51% of the share capital is held by women;
- Companies where 30% of the board is made up of women;
- Companies where 30% to 50% of their workforce is made up of women;
- Companies whose products and services benefit female empowerment.

d) Moza Connect: Moza Banco offers the Moza Connect service, which allows corporate customers to submit transfer files directly from their central computer system for processing by the bank (host-to-host). This service offers multiple advantages, such as the ability to process an unlimited number of records per file and the flexibility to submit various types of transactions at any time. Among the operations available through Moza Connect are intra-bank and inter-bank transfers, transfers to digital wallets, topping up prepaid cards and sending statements, making it an effective and versatile solution for corporate financial management.

e) 3D Secure Technology on Moza Cards: Moza Banco incorporates 3D Secure technology on its cards, an advanced security protocol for online shopping transactions. This technology involves verifying the identity of the cardholder by sending a code by SMS and/or e-mail, which is used during payment on websites participating in the protocol. This system significantly increases the security of online transactions, offering additional protection against fraud and allowing suspicious transactions to be challenged.

7.3.2 Results obtained by the business areas

Payment Methods and Channels

In 2023, Moza Banco made significant progress in modernising its payment methods and channels. Focusing on Cards, POS and ATM, as well as interoperability services, the Bank successfully integrated SIMO's new payment platform (Euronet). This important development included the transition to equipment equipped with contactless technology, substantially improving the customer experience with this innovation introduced as early as 2022.

Initially, the integration process faced challenges that temporarily affected the customer experience in the migration process. However, Moza Banco overcame these obstacles and successfully made the transition. This effort was honoured by the Central Bank of Mozambique with the award of a Diploma of Honour, highlighting Moza Banco's commitment to providing its customers with advanced, secure and convenient payment solutions.

Electronic cards

In 2023, Moza Banco modernised its card business segment by switching to SIMO's new payment platform (Euronet), improving its range of advanced technology payment methods. The complete migration of the electronic card fleet to contactless technology, which took place in May, marked a significant step forward in aligning the Bank with international practices and satisfying consumer demand for fast, secure and contactless transactions.

POS

Despite the reduction in the number of POS installed, in line with the strategy of optimising it, there was growth in the number and volume of transactions compared to 2022, with a positive growth of around 5%. This result was achieved by means of various initiatives to boost sales, in particular the reallocation of POS with no transactions to merchants with business potential.

In addition, in 2023, the Bank acquired new POSs, making it possible to modernise the fleet and adapt it to SIMO's new payment platform (Euronet), with the aim of improving customer satisfaction and experience.

ATM

In 2023, Moza Banco recorded a positive performance in the ATM business, despite the reduction in the number of devices. There was an increase in the number and volume of transactions carried out through ATMs, with growth of around 3 per cent and 7 per cent respectively compared to 2022.

This favourable performance is largely due to the replacement of older equipment with more modern models, thus integrating SIMO's new payment platform (Euronet). The aim of this ATM modernisation was not only to improve customer satisfaction, but also to enrich their experience with the Bank, demonstrating Moza Banco's commitment to meeting the needs of its users.

Digital Channels

In 2023, the Bank successfully implemented a strategy to optimise its digital channels. This approach resulted in significant growth in the number of customers using the USSD/AZAPP and Moza Net (Internet/Mobile Banking) Channels, with increases of 27% and 19% respectively. At the same time, there was a 20 per cent increase in the volume of transactions carried out through these channels compared to the previous year.

7.4 Data Strategy

Since 2014, Moza Banco has consolidated its strategy, making significant efforts to promote a data-driven culture. In 2023, the development of advanced analytical models, supported by rigorous scientific methodologies, which provide an in-depth understanding of the Bank's financial and operational performance, stood out. In this context, the Bank implemented a comprehensive strategy for assessing the institution's profitability, culminating in the development of a bank branch profitability model.

Priority was also given to automation in the compilation of prudential and regulatory reports, with the integration of business intelligence technologies, substantially improving efficiency and allowing managers to devote more attention to analysing information. The Bank remains faithful to the highest ethical standards in the handling of information and has updated its internal data governance policies to reinforce transparency, accuracy and compliance in information management.

The Bank's strategy, focused on ensuring a single source and centralising information, has been key to consolidating the data culture. Supported by innovative technological solutions and an appropriate governance structure, this approach has produced tangible results, significantly improving decision-making processes at all levels, increasing operational agility and strengthening the Bank's competitive position in the financial sector.

7.5 Compliance, Prevention and Combating of Money Laundering, Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction

In addition to the focus on guaranteeing quality customer service, the Bank has kept its Compliance function a priority, ensuring compliance with legal, regulatory and statutory requirements, as well as monitoring and evaluating internal control procedures in terms of the prevention of money laundering and terrorist financing, supported by the use of appropriate and effective IT tools and the fulfilment of "Know Your Customer", "Know Your Transactions" and "Due Diligence" obligations, respectively.

As part of the process of supporting the country in the ongoing process of actions aimed at removing Mozambique from the so-called grey list, and in view of the new legislation on Preventing and Combating Money Laundering, Financing Terrorism and Financing the Proliferation of Weapons of Mass Destruction, has revised its internal regulations and publicised the new guidelines of the laws in question, with the aim of strengthening internal measures to prevent and combat money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction.

The combination of these and other factors has enabled Moza Banco to improve its processes and IT systems for tracking and monitoring customers in a way that is appropriate to our size and complexity in terms of existing business relationships, as well as new relationships and the operations carried out as a whole.

Of particular note was the Bank's participation in the Eastern & Southern Africa Anti Money Laundering Group (ESAAMLG) Meeting on Public-Private Sector Dialogue on Preventing and Combating Money Laundering and Terrorist Financing, which took place on 8 and 9 September 2023 in Kasane - Botswana, where information and experience on these issues were shared.

The basic principles of integrity, transparency, honesty, social responsibility and innovation between Moza Banco and its customers were also highlighted in 2023, as they are intrinsic to the organisational culture.

In 2023, the Bank continued to implement its actions aimed at consolidating the culture of compliance and the risk-based approach, focusing its efforts mainly on (i) strengthening actions to combat money laundering, terrorist financing and the proliferation of weapons of mass destruction, and (ii) implementing the compliance risk management programme by identifying, classifying and measuring the Regulatory Universe to which the Bank is exposed, and monitoring these risks and the actions to mitigate them.

In order to keep up with the challenges posed by the regulations of the Supervisory and Regulatory Entities, as well as to guarantee the prevention of money laundering and the financing of terrorism and the proliferation of weapons of mass destruction, as well as effective management of Compliance Risk (risk arising from violations or non-compliance with laws, rules, regulations, contracts, prescribed practices or ethical standards), a number of actions were carried out in 2023 to improve regulatory control, as well as the implementation of projects to enable the Bank to meet new regulatory requirements and international standards, including the following:

- **Preventing and Combating Money Laundering, Terrorist Financing and the Proliferation of Weapons of Mass Destruction (ML and TF):** Moza Banco has implemented and revised several internal processes to ensure continuous adherence in the detection and prevention of money laundering and terrorist financing, following international best practices.
- **Reporting to the Authorities:** The Bank strictly complied with its legal obligation to report, reporting suspicious operations and maintaining an effective development of information for mandatory communications, reinforcing its transparency and regulatory collaboration.

Detailed analyses of foreign operations were conducted, including assessment against international lists and analysis of supporting documents, ensuring compliance with FATCA and collaborating with correspondent banks.

- **Regulatory Training:** Comprehensive training was given to the Bank's employees, including members of the Governing Bodies, on key issues such as the prevention and detection of money laundering and terrorist financing, reinforcing the culture of compliance and regulatory knowledge.

  Essential documents were created and revised, such as the Regulatory Matrix and forms reflecting the Central Bank's warnings, consolidating compliance policies and ensuring adherence to rules and regulations.

  In collaboration with several key departments, a methodology was developed for the objective assessment of reputational and compliance risk, emphasising the Bank's proactive approach to risk management and maintaining its reputation and regulatory compliance.

8. Risk Management

8.1 Introduction

Risk Management at Moza Banco is considered a key pillar for responding to uncertainties in the market context in which the Bank operates in a wide variety of areas that could jeopardise its activities and affect its risk profile. In this way, Moza Banco is permanently aware of the vulnerabilities that characterise its activity and the potential losses in Capital, Profitability and Liquidity that may occur as a result of the impact of unexpected events on its activities or business. From this perspective, Risk Management takes on added importance, where the principles of good Corporate Governance are favoured, through the implementation of policies, processes and procedures that respect good Risk Management practices.

The definition, monitoring and implementation of Moza Banco's risk management policy involves the involvement of all areas in the management of materially relevant risks, in order to support the Bank's management bodies.

Moza Banco identifies, measures, controls and manages the main risks so that their mitigation is effective and in line with its risk appetite, creating parameters that allow a balance between the risk assumed and the expected return.

Aiming for a better combination of risk and results, Moza Banco acts prudently in the management of financial and non-financial risks, in line with the regulations imposed by the Regulator and in harmony with the best international practices, resulting in the design of policies, principles, procedures, methodologies and the definition of risk limits, which guide the Bank's activity in its sphere of operation in the various business segments.

To ensure fulfilment of the defined strategic objectives and the risk profile to which the Bank is exposed, management is carried out in accordance with the Risk Management model approved by the Institution, based on which inherent and potential risks are identified. This risk management process includes identifying, measuring, controlling and monitoring risks, as well as determining the positive or negative impact of these risks on results and/or capital.

In 2023, Moza Banco's risk typology was adjusted, having been extended from 9 to 16 risk typologies, namely: Credit Risk; Liquidity and Financing Risk; Interest Rate Risk; Foreign Exchange Risk; Market Risk, Real Estate Risk, Excessive Leverage Risk, Operational Risk; Strategic Risk and Business Model; Reputational Risk; Compliance Risk; Conduct Risk, Model Risk, Internal Governance Risk; Environmental, Social and Governance Sustainability Risk and Information and Communication Technologies Risk.

This taxonomy of risks includes Concentration Risk, which is specifically regulated by The Central Bank of Mozambique in Circular 3/SCO/2013 of 31 December.

In general, risk management is carried out on an ongoing basis through:

- Adoption of a Governance model that allows the Board of Directors and Senior Management to be monitored through the Risk Assessment Committee and the Risk Control Committee;
- Continuous monitoring of compliance with the risk appetite approved by the Board of Directors;
- Defining and publicising policies, procedures and limits that are the result of good banking practices and in accordance with the regulations issued by the Central Bank of Mozambique;
- Implementation of monitoring systems and regular follow-up of management information;
- Updating the taxonomy of risks and methodologies for evaluating critical processes.

Risk Management operating structure

The Risk Management Department (DGR) is responsible for coordinating the processes of identifying, measuring, controlling and monitoring the main risks inherent in the Bank's activity, as well as supporting the definition and implementation of controls to strengthen the internal control environment of the business or support areas.

In terms of reporting and communication lines, the DGR provides support and reporting to the Risk Assessment Committee, the Risk Control Committee and the Executive Committee, in line with the strategic guidelines defined by the Board of Directors.

The Risk Assessment Committee, which emanates from the Board of Directors, is chaired by a non-executive director, who pays special attention to the Bank's risk management, with a particular focus on monitoring the evolution of the different risks and compliance with the policies, regulations and risk appetite limits approved by the Board of Directors.

The Risk Control Committee, which emanates from the Executive Committee, meets monthly to monitor the main risk indicators and evaluate the action plans proposed or developed to guarantee the improvement of risk indicators.

8.2 The Bank's Risk Profile

Within the scope of monitoring the various risks, Moza Banco keeps in mind the risks considered materially relevant that make up its risk profile, the management of which is considered essential to guarantee the development, profitability and sustainability of the Bank's business and activity, while at the same time ensuring compliance with regulatory and legal requirements.

Moza Banco continuously and prudently controls its risk profile, ensuring compliance with the limits set by the Board of Directors in relation to the material risks associated with its activity.

The evolution of the financial system and constant technological changes mean that more sophisticated risk mitigation techniques have to be adopted, based on good international practices and compliance with the principles issued by the Banking System Regulator. To this end, Moza Banco constantly endeavours to equip itself with tools and procedures adjusted to the risks to which the Bank's activity is potentially exposed.

Although the DGR is responsible for risk management and compliance with risk appetite limits, the Board of Directors has overall responsibility for risk management at the Bank, exercised through its supervisory role. The Board, in turn, delegates certain risk management responsibilities to the Risk Assessment Committee, as defined in the Bank's internal policies.

Risk Management's main activities and most relevant interventions

To respond to the increasingly adverse macroeconomic and regulatory environment and in order to be in line with best practice, in 2023 the Bank carried out a series of relevant risk management actions, of which the following are the most noteworthy:

- The implementation of the Internal Control System Framework, as well as the revision of the Bank's Risk Management Governance model;
- Review of the Bank's Risk Taxonomy;
- Implementation of the Pricing Model for active operations, with the aim of optimising profitability and competitiveness in the market;
- The implementation of the Deposit Retention Model as part of Liquidity Risk management;
- Updating the risk factors (PDs, LGDs and BMs) applied to the Bank's Impairment Model, in line with the best international practices on the matter;
- Implementation of robotic automation technologies to speed up data management, increasing efficiency and responsiveness;
- Development of advanced business intelligence tools, providing a clearer and more detailed view of credit, liquidity and market risks;
- Implementation of comprehensive training programmes in risk-related subjects, covering essential topics such as credit, market and liquidity risk management;
- Revision of internal rules on risk management, as well as participation in strategic projects, which strengthen the organisational structure and the capacity to respond to risks;

Risk Management Governance and Lines of Defence

Moza Banco adopts the 3 (three) lines of defence model for managing the different risks, which guarantees segregation and transparency regarding the responsibilities attributed to each of the parties involved in risk management, thus ensuring that:

1. In the first line of defence are the Business Units and the Units that generate risk exposures (risk takers), whose main responsibilities are to identify, monitor and mitigate business risks while maintaining efficient controls.
2. In the second line of defence, the following directions are considered:

- The main functions of the Risk Management Department (DGR) are to ensure the protection of the Bank's capital with regard to exposure to credit, market (interest rate and exchange rate), liquidity and operational risks, among others, checking at all times that the Bank's risk level remains within the risk appetite and limits defined by the Board of Directors. It collaborates with the different Business Units to ensure that the first line of defence (risk-taking areas) identifies, assesses and reports the risks of its activities in a timely and correct manner.
- The Compliance Department, whose main mission is to ensure that Moza Banco complies with its applicable national and international legal, regulatory, statutory, ethical, good conduct and good banking practice requirements, through the institutional control and supervision defined by the regulator and internal regulations (including issues related to Preventing and Combating Money Laundering, Financing Terrorism and Financing the Proliferation of Weapons of Mass Destruction).

3. The third line of defence is the Audit Department, which is responsible for independently reviewing the internal controls in place through audits of business, support and/or control processes, identifying the areas of greatest risk by assessing the effectiveness, efficiency and regularity of the procedures implemented in the Bank's various processes.

9. Financial Analysis

9.1 Introductory note

Economic activity in 2023 was characterised by a tightening of monetary policy, reflected in two increases in the compulsory reserves ratio. In February, there was an increase in this coefficient from 10% to 28% in national currency and from 10.5% to 28.5% in foreign currency, followed by a further adjustment in May to 39% and 39.5% respectively.

Despite this challenging scenario, Moza Banco's business developed in a resilient and prudent manner, benefiting from the implementation of various initiatives aligned with the Bank's strategic objectives.

In this context, the Bank concluded the 2023 financial year with a growth in Net Income, which totalled MZN 101.9 million, sustained by the increase in Gross Operating Income, comfortable liquidity levels and adequate control of operating and investment costs.

In terms of Customer Deposits, in December 2023 the Bank recorded an increase of 22.5% to MZN 43 347.6 million, compared to MZN 35 397.4 million in the previous year. We should highlight the attraction of approximately MZN 17.5 billion in new deposits, demonstrating customer confidence and meeting their expectations with a range of products and services that meet their needs.

Compared to 2022, the loan portfolio showed a slight increase of 1%, standing at MZN 21 934.2 million, reflecting a cautious approach to granting loans. However, around MZN 5.2 billion in new loans were granted, demonstrating the Bank's ongoing commitment to supporting economic agents according to their risk profile.

In addition, the overdue credit ratio stood at 11.2 per cent, down 4.4 pp on the previous year. This reduction is the result of an improved methodology for recovering non-performing loans and a more rigorous risk management policy.

Activity and Results

In 2023, the Bank recorded a positive Net Profit of MZN 101.9 million, which represents an increase of 13% compared to the MZN 90.1 million achieved in 2022. This performance reflects the increase in revenue generation as a result of the positive contribution of the Complementary Margin, with emphasis on the growth in the volume of foreign exchange operations and Other Operating Gains which benefited from the improvement in the methodology for recovering non-performing loans, and sustained by rigorous cost management.

The Bank's assets totalled MZN 58,971.8 million, reflecting a year-on-year increase of 24%, mainly due to the increase in cash and cash equivalents at the Central Bank as a result of the increase in the mandatory reserves coefficient to 39% and 39.5% for domestic and foreign currency respectively.

The bank's liabilities also increased compared to the same period in 2022, rising from MZN 39.208 billion to MZN 49.161 billion, as a result of the significant increase in the deposit portfolio, as well as the growth in bond loans, demonstrating the continued trust placed in the bank by its customers.

In terms of prudential indicators, Moza Banco stood out for its prudence and solidity, with the Solvency Ratio standing at 19.92 per cent and the Liquidity Ratio at 38.86 per cent, both comfortably above the regulatory minimums. These indicators reflect the Bank's robustness and stability, reaffirming its commitment to prudent management and long-term sustainability.

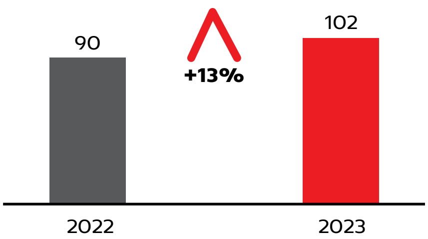
9.2 Profitability Analysis

Net Profit for the Year

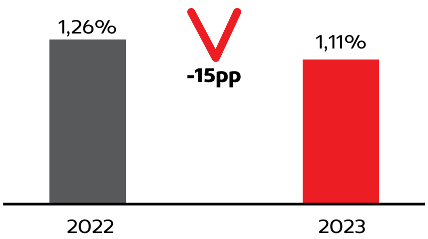
Moza Banco's net profit totalled MZN 101.9 million, an increase of 13% compared to the MZN 90.1 million of the previous year, supported by the 40% increase in gross operating profit. This improvement is due to the positive impact of the growth in the volume of foreign exchange operations, the increase in income associated with the recovery of non-performing loans, resulting from rigour, commitment and focus on the recovery strategy, and greater rigour in cost management.

Return on equity (ROE) stood at 1.11 per cent, a slight reduction of 14 bps compared to the 1.26 per cent recorded in the same period last year, as a result of the capital increase of MZN 1 124.5 million.

Net Profit (thousands MZN)



Return on Equity (in %)



(thousands MZN)

Income Statement	2022	2023	Var.
Interest and similar income	5 370 712	6 017 169	12%
Interest and similar expenses	-2 110 169	-3 097 879	47%
Net interest margin	**3 260 543**	**2 919 290**	**-10%**
Services and net fees	573 638	575 017	0%
Net financial operations	285 864	389 633	36%
Banking income	**4 120 045**	**3 883 940**	**-6%**
Staff costs	-1 773 280	-2 084 834	18%
Other operating costs	-1 158 204	-1 184 185	2%
Other operating gains	425 103	1 632 289	284%
Gross Operating Profit	**1 613 664**	**2 247 210**	**39%**
Depreciation and Amortisation	-446 546	-414 434	-7%
Impairment and Provisions for the year	-841 103	-1 406 091	67%
Profit Before Tax	**326 015**	**426 685**	**31%**
Tax	-235 877	-324 830	38%
Net Profit	**90 138**	**101 855**	**13%**

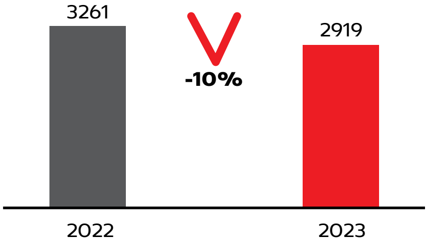
Financial Margin

Reflecting the rising cost of funding, driven essentially by the strong growth in Customer deposits, the upward revision of the benchmark interest rate and the increase in mandatory reserves, leading to an increase in the cost of taking deposits, alongside a decrease in income from investments in securities, net interest income for the year fell by 10 per cent to MZN 2,919.3 million, compared to MZN 3,260.5 million in 2022.

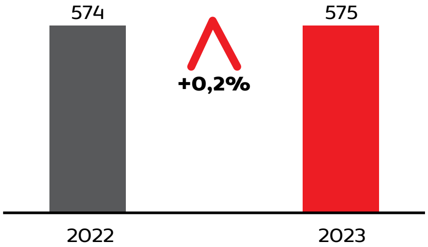
Net fees

Net fees totalled MZN 575.0 Mio, an increase of 0.2% compared to the MZN 573.6 Mio recorded in the same period last year. This increase was driven by growth in brokerage and securities brokerage fees, as well as an increase in payment transactions (POS and ATMs).

Financial Margin (thousands MZN)



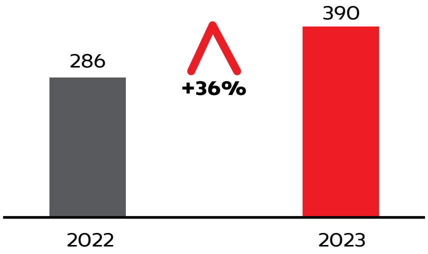
Net fees (thousands MZN)



Net Financial Operations

Net financial operations, which include foreign exchange results, showed a positive performance in 2023, totalling MZN 389.6 million, an increase of 36% compared to the MZN 285.9 million seen in December 2022. This progress is mainly due to the growth in the volume of foreign exchange operations, reflecting the effectiveness of the strategy adopted by the Bank within the scope of trade finance operations.

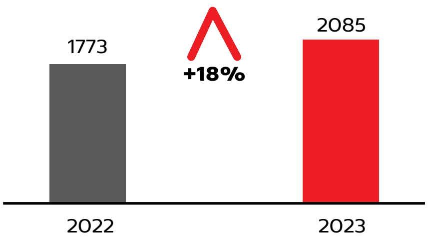
Net Financial Operations (thousands MZN)



Staff costs

Staff costs grew by 18% in 2023, reaching MZN 2 084.8 million, compared to MZN 1 773.3 million the previous year. This increase reflects the Bank's commitment to investing in our employees' professional careers and their well-being, underlining the Bank's commitment to valuing the development of its human capital. This increase is also the result of the impact of the annual updating of the salary scale.

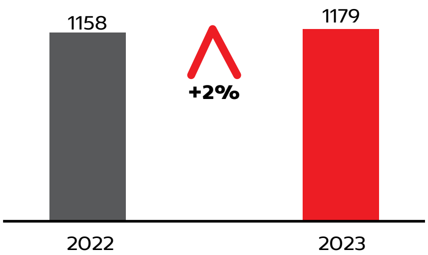
Staff costs (thousands MZN)



Other Operating Expenses

Other operating costs totalled MZN 1 178.8 million, reflecting a slight increase of 2% compared to the MZN 1 158.2 million recorded last year, a variation below the average inflation rate for 2023. The increase in costs associated with IT systems and means of payment should be highlighted.

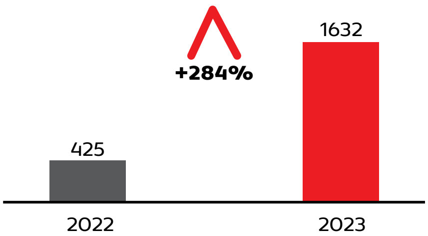
Other Operating Expenses (MZN million)



Other Operating Income

During the 2023 financial year, Other Operating Gains showed a significant increase of MZN 1 207.2 million compared to the previous year, largely explained by the recovery of credit from an operation that was subject to reorganisation in the 2021 financial year, duly disclosed in the respective Annual Report.

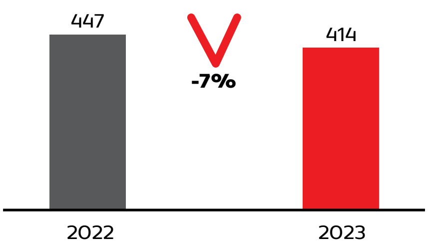
Other Operating Income (MZN million)



Depreciation and Amortisation

Depreciation and amortisation during the year fell by 7% compared to the previous year, to MZN 414.4 million, compared to the MZN 446.5 million recorded in 2022. This reduction is due to the end of the useful life cycle of certain assets in 2023.

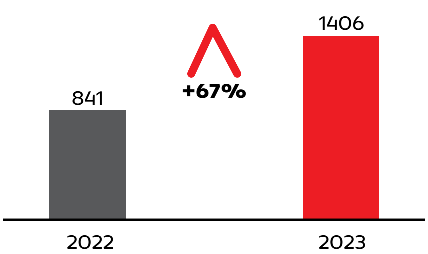
Depreciation and Amortisation (MZN million)



Impairments and provisions for the year

Appropriations for impairments and provisions rose by MZN 565 million, representing an increase of 67 per cent compared to the previous period, reflecting the following factors: i. reinforcement of credit impairments, with the aim of ensuring robust coverage for exposures to credit risk and overdue loans as a result of greater prudence in risk management in the face of a challenging macroeconomic scenario; and ii. reinforcement of Other Impairments and Provisions totalling around MZN 145 million. reinforcement of Other Impairments and Provisions totalling around MZN 145 million, with a view to safeguarding possible duly identified charges arising from the Bank's normal activity.

Impairments and provisions for the year (MZN million)



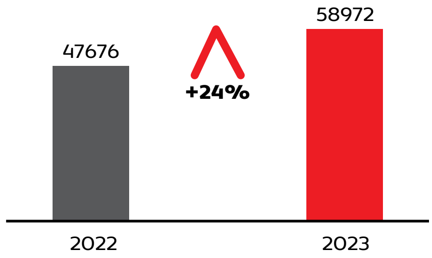
9.3 Analysing the Balance Sheet

Total Assets

The Bank's total assets totalled MZN 58,971.8 million, reflecting a significant increase of 24% compared to the MZN 47,676.3 million recorded in the previous period. This growth is mainly due to the strong increase in customer deposits and the increase in deposits with the Central Bank, driven by the increase in the mandatory reserves coefficient, set at 39 per cent and 39.5 per cent for domestic and foreign currency, respectively.

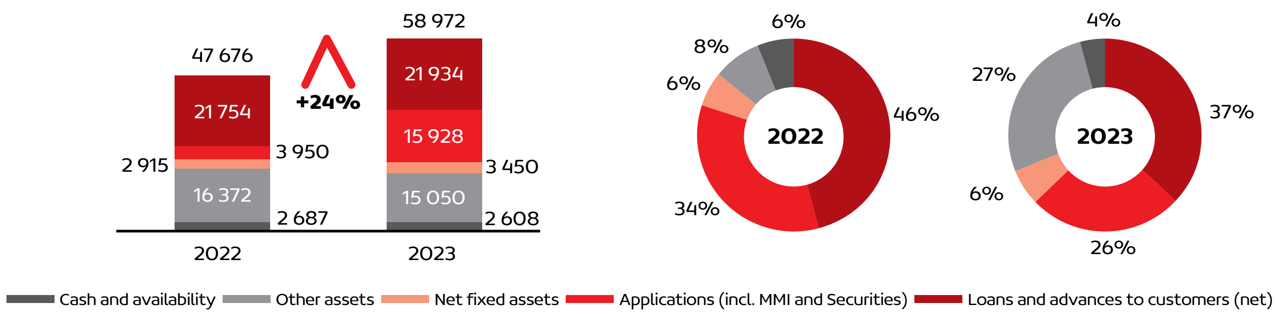
The dynamics in 2023, considering the macroeconomic context, led to a greater appetite for the Bank to invest excess cash in lower risk assets, in parallel with maintaining robust liquidity with a view to the Bank's financial stability and sustainability. Investment in securities grew by 29 per cent to MZN 12,593.1 million. This growth is attributable to the high profitability and lower risk of these assets.

Total Assets (MZN million)



As far as the composition of assets in 2023 is concerned, there was a change in its structure, with the proportion corresponding to loans decreasing to 37 per cent of total assets, compared to 46 per cent in 2022. This evolution reflects the impact of the upward revisions to the Mandatory Reserves coefficient, which increased the weight of Cash and Deposits, as well as the implementation of an asset portfolio diversification strategy, in line with the Bank's Risk Management objectives.

Asset Structure (MZN million)



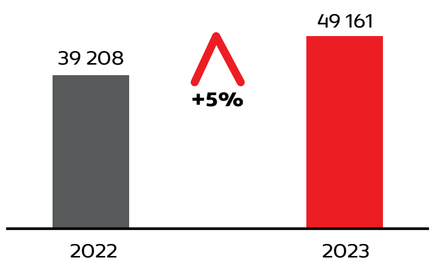
Total liabilities

In 2023, the Bank's total liabilities totalled MZN 49 161 million, representing a 25 percent increase compared to 2022, largely reflecting the significant increase in the deposit portfolio, as well as the growth in loans as a result of the issuance of bonds aimed at investors.

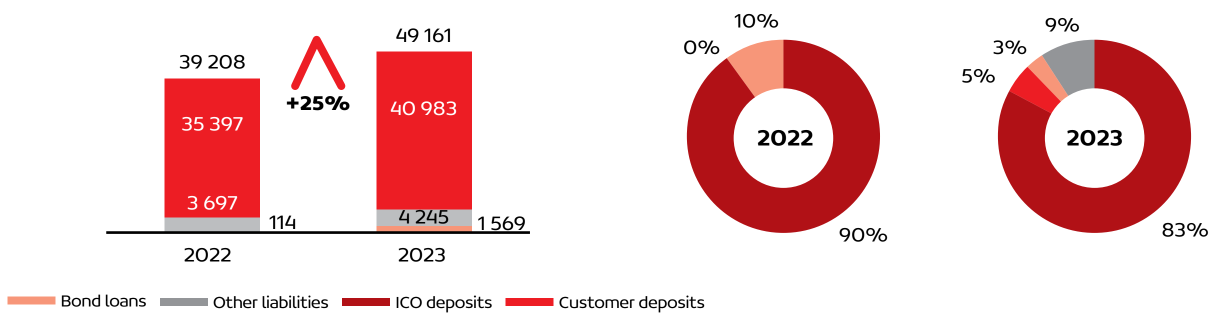
In the period under review, customer deposits remained the main source of funding for the Bank's activity, accounting for 88% of total liabilities and totalling MZN 43 347.6 million, which translates into an increase of 22.5% compared to 2022. This result reflects the trust placed in the Bank by customers.

Other liabilities totalled MZN 5,813.4 million, compared to the MZN 3,810.6 million recorded in the previous period, and these include earmarked deposits, lease liabilities, current and deferred taxes, as well as other liabilities.

Total liabilities (MZN million)



Total liabilities (MZN million)



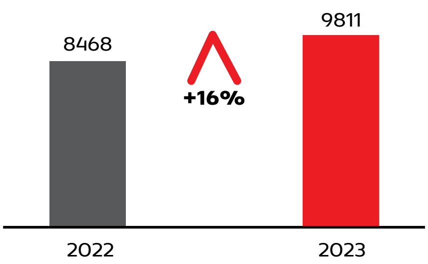
Equity

Equity totalled MZN 9,810.8 million, an increase of MZN 1,342.1 million compared to the MZN 8,468.3 million recorded in the previous year. This evolution is due to the following factors:

> Capital increase made by the shareholders in the amount of MZN 1,124.5 million;

> The recording of a positive net profit for the 2023 financial year, totalling MZN 101.9 million;

Equity (in %)



Capital Adequacy

During 2023, Moza Banco continued to show an adequate solvency situation, with a solvency ratio of 19.92 per cent, above the required regulatory limit (12.0 per cent), which allows for the sustained development of the business.

In addition, regulatory own funds increased by 3 per cent compared to 2022, standing at MZN 5,549 million, which keeps the bank at a comfortable level of solidity.

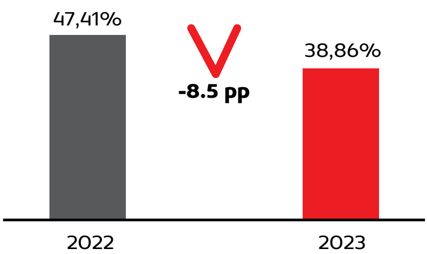
(Millions of Meticais)

	2022	2023	Var.
Total Regulatory Own Funds	**5 367**	**5 549**	**3%**
Core Capital	6 114	6 306	3%
Additional Own Funds	1	3	139%
Other deductions	-748	-761	2%
Risk Weighted Assets	**23 771**	**27 851**	**17%**
Core Capital Ratio (Tier I)	**25,72%**	**22,64%**	**-3,1 pp**
Solvency ratio	**22,58%**	**19,92%**	**-2,7 pp**

Liquidity

In 2023, Moza Banco continued to promote management measures aimed at maintaining a robust liquidity position, with the liquidity ratio standing at 38.86% (minimum: 25%). This shows that the Bank maintains an adequate liquidity position in the context of a restrictive monetary policy, marked by increases in the Mandatory Reserves coefficients established by the Central Bank of Mozambique.

Liquidity (in %)



10. Proposed application of results

Proposed Application of Results

The financial year ended on the 31st of December of 2023, it generated positive results after tax of MZN 101,855 million (one hundred and one billion, eight hundred and fifty-five million meticais). Considering this fact, as well as the legal and statutory provisions in force, the Board of Directors of Moza Banco, SA hereby proposes, for approval by the General Meeting, the following appropriation of the profit for the year:

> 30 per cent of the profit for the 2023 financial year, in the amount of MZN 30,557 million (thirty million, five hundred and fifty-seven thousand meticais) be applied to legal reserves.

> 70 per cent of the positive result for the 2023 financial year, amounting to MZN 71,299 million (seventy-one million, two hundred and ninety-nine thousand meticais), be applied to retained earnings.

Thus, after applying the results proposed above, the equity structure will be as follows:

	Balance at 31.12.2023 Before application of net income	Proposal			Balance at 31.12.2023 after application the result
		Legal reserve (30%)	Utilisation of the Premium	Cumulative results (70%)	
Capital	7 020 750 000	-	-	-	7 020 750 000
Legal reserve	4 688 884 466	30 556 574	-	-	4 719 441 040
Share premium	1 993 740 399	-	-	-	1 993 740 399
Fair value reserve	(3 475 311)	-	-	-	(3 475 311)
Accumulated results from previous years	(3 990 916 390)	-	-	71 298 673	(3 919 617 717)
Profit for the year	101 855 247	(30 556 574)	-	(71 298 673)	-
	9 810 838 411				9 810 838 411

Directors' declaration of responsibility

The Directors are responsible for the preparation and fair presentation of the Financial Statements of Moza Banco, S.A., which comprise the statement of financial position as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, as well as the notes to the Financial Statements, which include a summary of the main accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The Directors are also responsible for the internal control system relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective risk management system.

The Directors carried out an assessment of the Bank's ability to continue operating with due observance of the going concern assumption and found no reason not to believe that the Bank will continue to operate under this assumption in the near future.

The auditor is responsible for reporting on whether the financial statements are properly presented in accordance with International Financial Reporting Standards.

Approval of the Financial Statements

The Financial Statements, as mentioned in the first paragraph, were approved by the Board of Directors on 15 March 2024 and have been signed on its behalf by:

Manuel Soares
Director of the Board of Directors

João Figueiredo
Chairman of the Board of Directors

INCOME STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2023

(MZN million)

	Notas	2023	2022
Interest and similar income	6	6 017 169	5 370 712
Interest and similar expenses	6	(3 097 879)	(2 110 169)
Net interest margin	6	2 919 290	3 260 543
Income from services and fees	7	878 198	798 250
Service charges and fees	7	(303 181)	(224 612)
Services and net fees	7	575 017	573 638
Net financial operations	8	389 633	285 864
Operating income		3 883 940	4 120 045
Net impairment for the year	9	1 172 408	773 901
Net operating income		2 711 535	3 346 144
Staff costs	10	(2 084 834)	(1 773 280)
Depreciation and amortisation	24,25,26	(414 434)	(446 546)
Other operating costs	11	(1 184 185)	(1 158 204)
Other operating gains	12	1 632 289	425 103
Provisions	13	233 686	67 202
Profit before tax		426 685	326 015
Income tax			
IRPC- Rate of payment	15	(324 830)	(235 877)
Profit/loss for the year		101 855	90 138
Earnings per share			
Basic	16	0,07	0,08
Diluted	16	0,07	0,08

Certified Accountant

David Zavale

OCAM n° 888/CC/OCAM/2013

Management

Manuel Soares

To be read in conjunction with the notes to the financial statements

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2023

(MZN million)

	2023	2022
Profit for the year	101 855	90 138
	101 855	90 138
Items that can subsequently be reclassified to profit or loss		
Fair value reserve for financial assets	(5 111)	(175 835)
Deferred taxes (32%)	1 636	56 267
	98 380	**(29 430)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(MZN million)

	Notes	2023	2022
ASSETS			
Cash and deposits at the Central Bank	17	15 550 870	3 469 028
Loans and advances to credit institutions	18	377 410	480 809
Investments in credit institutions	19	2 457 392	6 591 707
Financial assets	20	12 593 053	9 779 840
Loans and advances to customers	21	21 934 189	21 753 640
Other assets	22	1 782 696	1 132 133
Non-current assets held for sale	23	731 847	788 292
Investment Property	24	232 279	237 705
Tangible assets	25	2 291 031	2 462 191
Intangible assets	26	317 468	224 572
Current taxes	27	606 941	605 181
Deferred taxes	14	96 635	151 267
Total assets		**58 971 811**	**47 676 365**
LIABILITIES			
Deposits from credit institutions	28	1 568 698	113 708
Deposits and current accounts	29	40 983 484	35 397 414
Earmarked deposits	30	745 008	577 659
Provisions	31	441 155	219 124
Other liabilities	32	2 985 949	2 794 533
Bond loans	33	2 364 083	-
Current taxes	34	63 759	96 699
Deferred taxes	14	8 839	8 839
Total liabilities		**49 160 975**	**39 207 976**
EQUITY			
Share capital	35	7 020 750	5 896 250
Legal and other reserves	36	4 685 408	4 542 275
Share premium	36	1 993 740	1 993 740
Retained earnings	36	(3 990 917)	(4 054 014)
Total equity		101 855	90 138
Total equity and liabilities		**9 810 836**	**8 468 389**
Total equity and liabilities		**58 971 811**	**47 676 365**

STATEMENT OF CHANGES IN EQUITY

	Share capital (note 35)	Legal reserve (note 36)	Other Reserves (note36)	Share premium (note 36)	Retained earnings (note 36)	Results for the year	Total Equity
Balance on 1st January 2022	**5 896 250**	**4 661 843**	**-**	**1 993 740**	**(4 054 014)**	**-**	**8 497 819**
Fair value reserve	-	-	(175 835)	-	-	-	(175 835)
Deferred tax assets	-	-	56 267	-	-	-	56 267
Profit for the year	-	-		-		90 138	90 138
Balance on 31 December 2022	**5 896 250**	**4 661 843**	**(119 568)**	**1 993 740**	**(4 054 014)**	**90 138**	**8 468 389**
Appropriation of profit for 2022	-	27 041	-	-	63 097	(90 138)	-
Fair value reserve	-	-	114 457	-	-	-	114 457
Deferred tax	-	-	1 635	-	-	-	1 635
Share Capital Increase	1 124 500	-	-	-	-	-	1 124 500
Profit for the year	-	-	-	-	-	101 855	101 855
Balance on 31 December 2023	**7 020 750**	**4 688 884**	**(3 476)**	**1 993 740**	**(3 990 917)**	**101 855**	**9 810 836**

CASH FLOW STATEMENT AS AT 31 DECEMBER 2023

	Note	2023	2022
Cash flow from operating activities			
Profit before tax		101 855	90 138
Adjustments to:			
Depreciation and amortisation		414 434	446 546
Loan impairment losses		1 172 405	819 343
Provisions		233 686	21 760
Interest accrual and deferral		(222 937)	16 154
Fair value reserve through other comprehensive income		143 133	(119 568)
		1 842 576	**1 274 373**
Transactions in:			
Loans and advances		(945 171)	(314 739)
Financial assets		(2 325 223)	(2 804 433)
Other assets		(597 691)	(275 985)
Non-current assets available for sale		37 362	115 164
Deposits from credit institutions		1 451 066	94 606
Deposits and current accounts		5 215 877	2 379 802
Other liabilities		257 581	(129 953)
Tax payments		(32 940)	40 232
Net cash flow from operating activities		**4 903 437**	**379 067**
Cash flow from investing activities			
Acquisition of investment property		-	101 175
Acquisition of tangible assets		(205 403)	(167 129)
Acquisition of intangible assets		(125 342)	(95 074)
Net cash flow from investing activities		**(330 745)**	**(161 028)**
Cash flow from financing activities			
Earmarked deposits	30	128 357	217 591
Lease liabilities	32	(293 611)	(183 474)
Bond loans	33	2 312 180	(487 674)
Share capital increase	35	1 124 510	-
Net cash flow from financing activities		**3 271 436**	**(453 557)**
Increase in Cash and cash equivalents		7 844 128	(235 518)
Cash and cash equivalents at the beginning of the year		10 541 544	10 777 062
Cash and cash equivalents at the end of the year		**18 385 672**	**10 541 544**

Cash and Cash Equivalents are as follows:

		2023	2022
Cash and deposits at the Central Bank	17	15 550 870	3 469 028
Loans and advances to credit institutions	18	377 410	480 809
Investments in credit institutions	19	2 457 392	6 591 707
		18 385 672	**10 541 544**

(Amounts expressed in thousands of Meticais)

1. Introduction

Moza Banco, S.A. (hereinafter referred to as Moza Banco) is a Universal Commercial Retail Bank, created in 2007, with its head office in Maputo, and its shareholders are KUHANHA-Pension Fund Management Company of the Central Bank of Mozambique, ARISE B.V, Moçambique Capitais, S.A. and Dr António Almeida Matos.

The Bank provides financial services aimed at corporate and individual clients, with a special focus on the Retail, Corporate and Institutional segments.

The financial year ending 31 December 2023 was characterised by a restrictive monetary policy, based on a significant increase in the mandatory reserve ratio from the previous 10% to 39.5%. Despite this challenging scenario, the Bank demonstrated its resilience and prudence as a result of various initiatives aligned with the Bank's strategic objectives.

The Bank currently has 63 Business Units and 103 ATMs distributed throughout all of Mozambique's provinces (2022: 65 Business Units). It should also be noted that 17 of these branches are located in rural areas and the rest in urban areas..

1.1. Presentation bases

The Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS), adopting the principle of accrual accounting. According to this principle, the effects of transactions and other events are recognised when they occur, regardless of whether cash or cash equivalents are received or paid.

The Financial Statements of Moza Banco, SA for the year ending 31 December 2023 were approved at the Annual General Meeting held on 15 April 2024.

1.2. Functional and presentation currency

The Metical is the Bank's functional currency and the Financial Statements are prepared and presented in this currency, rounded to thousands of Meticais, unless otherwise stated.

1.3. Use of estimates and judgements

In preparing the Financial Statements, Management has used judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Calculated results may differ from actual results.

The underlying estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognised prospectively. The main accounting estimates and judgements are analysed as follows:

i) Judgements

The Bank uses judgement in establishing the criteria for determining whether the credit risk on a financial asset has increased significantly since initial recognition, for determining the methodology to be incorporated into the forward-looking information for measuring the expected credit loss (ECL), and in selecting and approving the models used to measure the ECL.

- Note 3 (b) (ii) - classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) on the outstanding principal amount.
- Note 5.1 - establishes the criteria for determining whether the credit risk of a financial asset has increased significantly since initial recognition, determining the methodology

ii) Assumptions

Impairment of financial instruments - determined through inputs into the expected credit loss (ECL) measurement model, including the incorporation of forward-looking information;

Deferred tax assets - recognition of deferred tax assets through the availability of future taxable income against which tax losses carried forward can be utilised. During the 2023 financial year, the Bank recognised deferred tax assets on the fair value of financial assets.

Information on assumptions and estimation uncertainties at the date of the financial statements that have a significant risk of resulting in a material adjustment to the values of assets/liabilities is included in the following notes

- Note 3 (g) - Impairment of financial instruments;
- Note 3 (f) - Fair value measurement;
- Note 3 (s) (ii) - Recognition of deferred tax;

2. Changes in accounting estimatess

During the 2023 financial year, the Bank revised the estimated useful life of its own properties, changing the useful life to 50 years from the previous 25 years, with a direct impact on the amount of depreciation. This change, with reference to 01 January 2023, had an impact of MZN 7,432 thousand meticais on the result for the period.

3. Summary of the main accounting policies

The main accounting policies applied in the preparation of the Financial Statements have been consistent over the years and are described as follows:

a) Foreign currency transactions

Foreign currency transactions are recognised based on the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rate on the reporting date.

The exchange rates used to convert balances denominated in foreign currency were as follows:

	2023	2022
US Dollar	63,90	63,87
Euro	70,65	68,18
South African Rand	3,47	3,77

The exchange gain or loss on monetary items is the difference between the amortised cost of the functional currency at the start of the year, adjusted for interest, impairments and actual payments during the year and the amortised cost in foreign currency at the spot exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date the fair value is determined. Non-monetary items that are measured based on historical cost in foreign currency are translated using the spot exchange rate on the date of the transaction. Foreign currency differences resulting from translation are recognised in profit or loss.

b) Financial assets and liabilities

i) Initial recognition and measurement

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date they are originated. All other financial instruments (including regular purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank takes a stake in the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not recognised at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The fair value of a financial instrument is generally the transaction price.

ii) Classification

Financial assets

On initial recognition, a financial asset is classified as: amortised cost, fair value through other comprehensive income or fair value through profit or loss.

A financial asset is measured at amortised cost if it simultaneously meets the following conditions and is not designated at fair value through profit or loss:

- the asset is held within a business model whose purpose is to hold assets to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specific dates, to cash flows that are SPPI.

A debt instrument is measured at fair value through other comprehensive income only if it fulfils both of the following conditions and is not designated at fair value through profit or loss:

- he asset is held within a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and
- the contractual terms of the financial asset give rise, on specific dates, to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably choose to present subsequent changes in fair value in Other Comprehensive Income. This decision is made on an investment-by-investment basis.

All other financial assets that do not fall into the above classifications are measured at fair value through profit or loss.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or fair value through profit or loss if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

iii) Business valuation model

The Bank makes an assessment of the purpose of a business model in which an asset is held in the portfolio, considering that it best reflects the way the business is run and the information that is provided to management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of these policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a specific interest rate profile, matching the duration of financial assets with the duration of liabilities that are financing those assets or realising cash flows through the sale of assets;
- how the performance of the portfolio is assessed and reported to the Bank's management;
- the risks affecting the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how business managers are compensated (for example, whether remuneration is based on the fair value of assets managed or on contractual cash flows collected); and
- the frequency, volume and timing of sales in previous periods, the reasons for such sales and its expectations about future sales activity. However, information on sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realised.

The Bank's Retail and Corporate banking activities mainly include loans to customers which are held to collect contractual cash flows. In retail banking, loans include those for housing, overdrafts, consumer loans without a mortgage and credit card facilities. Sales of loans from these portfolios are non-existent

Debt securities are held by the Bank in a separate portfolio for cash-flow income throughout their maturity. The Bank considers that these securities are held within a business model whose objective is:

i) collect contractual cash flows until maturity - Treasury Bills fall into this classification;

ii) collect contractual cash flows and sell - Treasury bonds fall into this classification;

iii) collecting contractual cash flows through sale - shares held by the Bank with a third party fall into this classification;

Financial assets that are held or managed for trading and whose performance is assessed based on fair value are measured at fair value through profit or loss, considering that they are not held to collect contractual cash flows.

iv) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "capital" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the amount of capital outstanding over a given period of time and for other basic risks and costs of loans (e.g. liquidity risk and administrative costs), as well as the profit margin.

When assessing whether the contractual cash flows are SPPI (Solely payments of principal and interest), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could alter the term or value of the contractual cash flows in such a way that it does not fulfil this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- other funds;
- prepayment and extension conditions;
- terms that limit the Bank's claim to cash flows from specific assets (e.g. non-recourse loans); and
- funds that modify the consideration of the value of money over time (for example, periodic resetting of interest rates).

The Bank holds a portfolio of variable rate loans for which it has the option of proposing a review of the interest rate on periodic reset dates. These reset rights are limited to the market rate at the time of the review.

The Bank has determined that the contractual cash flows of these loans are SPPI (Solely payments of principal and interest), because the option can vary the interest rate considering that it is a form of remuneration for the time value of money, credit risk, other basic loan risks and costs associated with the amount of principal outstanding.

c) Reclassifications

After initial recognition, financial assets are not reclassified, except in the period after the Bank has changed its business model to financial asset management.

d) De-recognition

i) Financial assets

The Bank derecognises a financial asset when the contractual rights associated with the financial asset's cash flows expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the part of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that has been recognised in Other Comprehensive Income is recognised in Profit or Loss.

Any cumulative gain/loss recognised in Other Comprehensive Income in relation to equity investment securities designated at fair value through Other Comprehensive Income is not recognised in profit or loss on derecognition of those securities. Any interest in transferred financial assets that qualifies for derecognition created or retained by the Bank is recognised as a separate asset or liability.

The Bank carries out transactions whereby it transfers assets recognised in its statement of financial position, but retains all or substantially all of the risks and rewards of the transferred assets or part of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions.

When assets are sold to a third party with a competing total rate of return on the assets transferred, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions, considering that the Bank retains all or substantially all of the risks and rewards of ownership of such assets.

In Transactions in which the Bank does not retain or transfer substantially all the risks and rewards of ownership of a financial asset and retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the asset transferred.

An asset or liability is recognised for the service contract if the service fee is more than adequate (asset) or less than adequate (liability) for the performance of the service.

ii) Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are settled or cancelled, or when they expire.

e) Changes in financial assets and liabilities

i) Financial assets

If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, the contractual rights to the cash flows of the original financial asset are considered to have expired. In that case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs.

Any fees paid as part of the modification are accounted for as follows:

> costs that are considered in determining the fair value of the new asset and costs that represent the reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

> other costs are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulty, the objective of the modification is generally to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank intends to modify a financial asset in a way that would result in forgone cash flows, the Bank initially considers whether a portion of the asset should be written off before the modification takes place (see write-off policy below). This approach affects the outcome of the quantitative assessment and means that the derecognition criteria are generally not met in such cases.

If the modification of a financial asset measured at amortised cost or fair value through other comprehensive income does not result in derecognition of the financial asset, then the Bank initially recalculates the gross carrying amount of the financial asset using the asset's original effective interest rate and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is made due to the borrower's financial difficulties, the gain or cost is presented together with the impairment costs. In other cases, it is presented as interest income calculated using the effective interest rate method

ii) Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss. The consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating rate financial liabilities, the original effective interest rate used to calculate the gain or loss on the modification is adjusted to reflect current market conditions at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the financial liability modified by the recalculation of the effective interest rate on the instrument.

iii) Compensation

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Bank has a legal right to offset the amounts and intends to settle them on a net basis or realise the asset and settle the liability simultaneously.

Income and costs are presented net only when International Financial Reporting Standards (IFRS) allow it, or for income and costs arising from similar transactions of the Bank in its operating activity

f) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants on the principal measurement date or, in its absence, in the most favourable market to which the Bank has access on that date. The fair value of a liability reflects its risk of non-performance.

When an asset is available, the Bank measures the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered "active" if transactions for the asset or liability occur with sufficient frequency and volume to provide price information on an ongoing basis.

If there is no quoted price in an active market, the Bank uses valuation techniques that maximise the use of relevant observable data and minimise the use of unobservable data. The valuation technique chosen incorporates all the factors that market participants would take into account when establishing the price of a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. If the Bank determines that the fair value on initial recognition differs from the transaction price and the fair value is not evidenced by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, this difference is recognised in profit or loss on an appropriate basis over the life of the instrument, but not after the valuation is fully supported by observable market data or the transaction is closed.

If an asset or liability measured at fair value has a bid price and an ask price, then the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of net exposure to market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio adjustments - for example bid adjustments or credit risk adjustments that reflect measurement based on net exposure - are allocated to individual assets and liabilities based on the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (for example, a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be demanded.

The Bank recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

g) Impairment of financial instruments

The Bank recognises provisions for Expected Credit Losses on the following financial instruments that are not measured at Fair Value through Profit or Loss:

> Financial assets that are debt instruments;

> Leases receivable;

> Financial guarantee contracts issued; and

> Loan commitments issued.

The Bank measures loss provisions at an amount equal to the lifetime expected credit loss, for which they are measured as 12-month expected credit loss, as follows:

> debt investment guarantees that are determined to have a low credit risk at the reporting date; and

> other financial instruments (except leases receivable) on which the credit risk has not increased significantly since their initial recognition

Provisions for losses on leases receivable are always measured at an amount equal to the expected credit loss over the life of the lease.

The Bank considers a debt investment security to have a low credit risk when its credit rating is equivalent to the globally understood definition of "investment grade". The Bank does not apply the low credit risk exemption to any other financial instrument

The 12-month Expected Credit Loss is the portion of the Expected Credit Loss that results from default events on a financial instrument that are possible within 12 months of the reporting date. Financial instruments for which a 12-month Expected Credit Loss is recognised are referred to as "Stage 1 financial instruments". The financial instruments allocated to Phase 1 have not suffered a significant increase in credit risk since initial recognition and are not impaired.

Lifetime Expected Credit Loss is the Expected Credit Loss that results from all possible default events over the expected useful life of the financial instrument. Financial instruments for which an expected lifetime credit loss is recognised, but which are not credit impaired, are referred to as "Stage 2 financial instruments". Financial instruments allocated to Phase 2 are those that have suffered a significant increase in credit risk since initial recognition, but are impaired.

Financial instruments for which the lifetime Expected Credit Loss is recognised and which are impaired are designated "Stage 3 financial instruments"..

i) Measurement of Expected Credit Loss

Expected Credit Loss is a probability-weighted estimate of credit losses which are measured as follows:

> Financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows owed to the entity under the contract and the cash flows the Bank expects to receive);

> Financial assets with credit impairment at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

> Unrealised loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and

> Financial guarantee contracts: the payments expected to be repaid to the holder minus the amounts the Bank expects to recover.

The following rates are used to discount future cash flows:

> Other financial assets that do not result or originate from impairment of loans, financial assets and lease receivables: the original effective interest rate or an approximate rate;

> Undrawn loan commitments: the effective interest rate, or an approximation thereof, that would be applied to the financial asset resulting from the loan commitment;

> Financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the specific risks to cash flows; and

> Assets (Credit Impairments): effective interest rate adjusted for credit.

ii) Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced by a new one due to the borrower's financial difficulties, then an assessment is made as to whether the financial asset should be derecognised and the Expected Credit Loss is measured as follows:

> If the expected restructuring does not result in the derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in the calculation of the cash deficiencies of the existing asset.

> If the expected restructuring results in the derecognition of the existing asset, then the expected fair value of the new asset is recognised as the final cash flow of the existing financial asset at the time of its derecognition. This amount is included in the calculation of the cash shortfalls of the existing financial asset which are discounted from the expected date of derecognition to the reporting date, using the original effective interest rate of the existing financial asset.

iii) Impaired financial assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost, debt financial assets carried at fair value through other comprehensive income, and finance lease receivables are credit impaired (referred to as "Stage 3 financial assets").

A financial asset is "credit impaired" when one or more events that have a negative impact on the estimated future cash flows of the financial asset occur.

Evidence that a financial asset is credit impaired includes the following observable data:

> significant financial difficulty of the borrower or issuer;

> a breach of contract, such as an event of default or expiry;

> the restructuring of a loan or advance on terms that the Bank would not otherwise consider;

> the borrower is likely to file for bankruptcy or financial reorganisation; or

> the disappearance of an active market for a security due to financial difficulties.

A renegotiated loan resulting from the deterioration of the borrower's condition is normally considered impaired, unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a loan that is 90 days or more past due is considered to be credit impaired, even when the regulatory definition of default is different.

When assessing whether an investment in sovereign debt is impaired, the Bank considers the following factors:

> The assessment of market risk, as reflected in the yield on securities.

> Evaluations of the agencies' creditworthiness ratings.

> The country's ability to access the capital markets for new debt issues.

> The likelihood of the debt being restructured, resulting in losses to holders through voluntary or compulsory debt forgiveness.

> The international support mechanisms in place to provide the necessary support as a "lender of last resort" to that country, as well as the intention, reflected in public statements, of governments and agencies to use these mechanisms. This included an assessment of the depth of these mechanisms and, regardless of the political intention, whether there was the capacity to fulfil the required criteria.

iv) Presentation of the Provision for Expected Credit Loss in the Statement of Financial Position

Provisions for expected credit losses are shown in the statement of financial position as follows:

> Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: in general, as a provision;
- When a financial instrument includes a disbursed and undisbursed instalment of principal, the Bank cannot identify the Expected Credit Loss on the loan commitment component separately from those on the disbursed instalment: the Bank presents a combined loss provision for both components. The combined amount is presented as a deduction from the carrying amount of the disbursed tranche. Any excess of the loss provision over the gross amount of the disbursed tranche is presented as a provision; and
- Debt instruments measured at fair value through other comprehensive income: no provision for losses is recognised in the statement of financial position considering that the carrying amount of these assets is their fair value. The provision for losses is disclosed and recognised in the fair value reserve.

v) De-recognition

Loans and debt securities are derecognised (partially or fully) when there is no reasonable expectation of recovering all or part of a financial asset. This is generally the case when the Bank determines that the borrower has no assets or sources of income that could generate sufficient cash flows to pay the amounts subject to write-off. This assessment is carried out at the level of the individual asset.

Recoveries of amounts previously written off are included in “impairment losses on financial instruments” in the income statement and other comprehensive income.

Financial assets that are written off are subject to monitoring activities in order to comply with the Bank’s procedures for recovering amounts due.

vi) Financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract accounted for separately. The factors the Bank considers when making this assessment include:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by the laws and regulations governing the debt instrument contract;
- the guarantee is entered into at the same time as the contemplation of the debt instrument; and
- the guarantee is granted by the borrower’s parent company or another company within the borrower’s group.

If the guarantee is an integral element of the financial asset, then any premium payable related to the initial recognition of the financial asset is recognised as a transaction cost to acquire it. The Bank considers the effect of the guarantee when measuring the fair value of the debt instrument and when measuring the Expected Credit Loss.

If the Bank determines that the guarantee is not an integral element of the debt instrument, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure is neither in credit loss nor has suffered a significant increase in credit risk when the guarantee was acquired. Such assets are recognised under “other assets”. The Bank presents gains or losses on an offsetting right in profit or loss under “impairment losses on financial instruments”.

h) Recognition of revenue and expenses

Revenue is recognised when it is probable that future economic benefits will flow to the Bank and those benefits can be measured reliably. Revenue is recognised according to the following criteria per item.

i) Interest

Effective interest rate

Interest income and expenses are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future payments or receivables over the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments that are not acquired or originated credit-loss assets, the Bank estimates future cash flows considering all the contractual terms of the financial instrument, but not the Expected Credit Loss. For financial assets with an acquired or originated credit loss, a credit-adjusted effective interest rate is calculated using estimated future cash flows including the Expected Credit Loss.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

j) Amortised cost and gross carrying amount

The “amortised cost” of a financial asset or financial liability is the amount at which the financial asset or liability is measured on initial recognition less repayments of principal, plus or minus the accumulated amortisation using the effective interest rate method of any difference between that initial value and the value at maturity and, for financial assets, adjusted for any provision for Expected Credit Loss.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before the adjustment of any provision for Expected Credit Loss

k) Calculation of interest income and expenses

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of the periodic re-estimation of the cash flows of floating rate instruments to reflect Transactions in market interest rates.

However, for financial assets impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, the calculation of interest income reverts to the gross basis.

For financial assets impaired on initial recognition, interest income is calculated by applying the effective interest rate adjusted for credit to the asset’s amortised cost. The calculation of interest income does not revert to the gross basis even if the asset’s credit risk improves.

l) Presentation

Interest income calculated using the effective interest rate method presented in the income statement and other comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at fair value through other comprehensive income

Other interest income shown in the income statement and other comprehensive income includes interest income on finance leases.

The interest expense shown in the income statement and other comprehensive income includes financial liabilities measured at amortised cost and interest on lease liabilities.

Interest income and expense on other financial assets and liabilities at fair value through profit or loss are shown under net income from other financial instruments at fair value through profit or loss.

m) Fees

> Income from services and Fees
The Bank earns income from services and Feesthrough a diversified network of services it provides to its customers. Feescan be classified into two categories:

> Feesthat are charged for providing services over a certain period of time
They are earned as the services are provided and recognised in the income statement over the period in which the services are provided. These Feesinclude amounts charged for services such as issuing Bank Guarantees and Letters of Credit

> Feescharged for services rendered
Revenue from fees and Feesfrom contracts with customers is measured on the basis of the remuneration specified in a contract with a customer. The Bank recognises revenue when the service is provided.

Other fees and Feesmainly refer to transaction and service fees, which are recognised as expenses when the services are received

> Net income from financial operations

Net income from financial operations includes gains and losses from Transactions in foreign currency and conversion operations on monetary items denominated in foreign currency. The Bank also recognises fair value gains and losses.

n) NIRF 16 - Leases

At the start of a lease, the Bank assesses whether the contract is or contains a lease on the basis of the definition set out in IFRS 16, which states that "a contract is or contains a lease if it involves the right to control the use of an identified asset for a certain period in exchange for consideration". This policy is applied to contracts entered into (or updated) on or after 1 January 2019.

i) Bank from the Tenant's Perspective

At the start or update of a contract containing the lease component, the Bank allocates the contract consideration to each lease component on the basis of its relative autonomous price. However, for branch and office leases, the Bank has chosen not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial value of the lease liability adjusted for any lease payments made prior to the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove any improvements made to the branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the start date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not yet been made at the commencement date, discounted by the implicit lease interest rate or, if this rate cannot be readily determined, by the Bank's incremental borrowing rate. The Bank generally uses the incremental borrowing rate as the discount rate.

The Bank determines the incremental loan rate by analysing loans from various external sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

> Fixed payments, including fixed in-substance payments;

> Variable rental payments that depend on an index or rate, initially measured using the index or rate on the start date;

> Amounts expected to be paid under a residual value guarantee; and

> Exercise price of a call option that the Bank expects to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease, unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost, using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the Bank's estimate of the amount expected to be paid under the residual value guarantee, if the Bank changes its assessment of whether it will make a purchase, extension or termination of the purchase, or if there is a revision of the fixed in-substance lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Bank presents right-of-use assets under `tangible assets' in the statement of financial position and lease liabilities under `other liabilities' in the statement of financial position.

Short-term leases and leases of low-value asset

The Bank has chosen not to recognise right-of-use assets and finance lease liabilities for leases of low-value assets and short-term leases, including leases of communications and information technology equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii) Bank from the Landlord's Perspective

At the inception or revaluation of a contract containing a lease component, the Bank allocates the contract consideration to each lease component on the basis of their relative autonomous selling prices.

When the Bank acts as lessor, it determines at the start of the lease whether it is a finance or operating lease. To classify each lease, the Bank assesses whether or not all the risks and benefits inherent in ownership of the underlying asset are substantially transferred to Moza Banco. If this is the case, then the lease is a finance lease; otherwise, this lease is treated as an operating lease. As part of this assessment, the Bank considers certain indicators, such as whether the lease is intended for the majority of the asset's economic life.

o) Cash and cash equivalents

Cash and cash equivalents, as presented in the cash flow statement, comprise cash on hand, current accounts with the Central Bank and other credit institutions and highly liquid investments with maturities of up to three months from the date of acquisition, which are subject to an insignificant risk of changes in fair value and are used by the Bank to manage its short-term commitments, which are measured at amortised cost in the statement of financial position.

p) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale whenever it is expected that their value in the financial position will essentially be recovered through their sale and this is considered highly probable. For an asset (or disposal group) to be classified under this heading it must fulfil the following requirements:

1) The probability of a sale is high;
2) The asset is available for sale in its current state; and
3) The sale is expected to materialise within one year of the asset being classified under this heading. However, events or circumstances may extend the period for finalising the sale beyond one year.

The assets recorded under this heading are not amortised, but are valued at the lower of acquisition cost and fair value, less the cost to be incurred on sale. The fair value of these assets is determined on the basis of valuations carried out by specialised entities.

The Board of Directors undertakes to make every effort to ensure that it is sold within one year of its classification in this category.

q) Tangible assets

> **Property and equipment**
Property and equipment are measured at acquisition cost less accumulated depreciation and impairment losses.

Maintenance, repair and other costs associated with their use are recognised in profit or loss in the period in which they are incurred. Acquired software that is an integral part of the functionality of the related equipment is capitalised as part of that equipment.

(Amounts expressed in thousands of Meticais)

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (main components) of the asset. Any gain or loss on the disposal of an item of property and equipment is recognised in other operating gains in the Income Statement.

Subsequent expenses are recognised as tangible assets only if it is probable that the future economic benefits associated with the expenses will flow to the Bank.

Depreciation is calculated using the straight-line method, based on the estimated useful life of the assets, as well as their residual value. The residual values of the assets, as well as the useful lives of the assets and the amortisation criteria are adjusted, if necessary, at the reporting date. The estimated useful lives for tangible assets are as follows:

	2023	2022
Property	50	25
Work on rented buildings	10	10
Equipment	10	10
Right of use asset	10	10
Others	4 _ 5	4 _5

The Bank regularly analyses the adequacy of the estimated useful life of its tangible assets. Changes in the estimated useful life of assets are recognised by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

During the 2023 financial year, the Bank revised the useful life of its own properties from the previous 25 years to 50 years.

> Investment properties

Investment property is initially measured at cost and depreciated on a straight-line basis and the estimated useful life for assets classified as investment property is 50 years. Any gain or loss on the disposal of investment properties (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss.

When the use of a property changes so that it is reclassified as a tangible asset, the net value of the asset on the reclassification date becomes its cost for subsequent accounting.

r) Intangible Assets

Intangible assets, which include the value of software (licences) acquired by the Bank, are recorded at amortised cost less accumulated amortisation and less any impairment losses.

Costs of internally developed software are recognised as an asset when the Bank can demonstrate that the product is technically and commercially viable, its ability and intention to generate future economic benefits, and the costs to complete the development can be reliably measured. The capitalisation of internally developed software costs includes all costs directly attributable to the development of the software, and are amortised over its useful life. Internally developed software is measured at capitalised cost less accumulated amortisation and less impairment losses.

Amortisation is recognised in the income statement on a straight-line basis over the useful life of the software, from the date it is available for use. The estimated useful life of the software is between 3 and 5 years.

s) Income tax

Income tax comprises current and deferred taxes. Taxes are recognised in profit or loss, except for the part relating to business combinations or items recognised directly in equity or other income.

The Bank determines the interest and penalties arising from the assessment of tax and any differences arising, including uncertain tax treatment that does not meet the definition of income tax, are accounted for in accordance with IAS 37.

i) Current taxes

Current tax comprises tax payable or receivable on taxable profit or loss for the year and any adjustments to tax payable or receivable from previous years.

Current tax assets and liabilities are estimated based on the amount expected to be paid to or recovered from the tax authorities. The statutory tax rate used to calculate the amount is that in force at the reporting date.

Current tax is calculated on the basis of the taxable profit for the year, which differs from the accounting result due to adjustments to the tax base resulting from expenses or income that are not relevant for tax purposes, or which will only be taken into account in other accounting periods.

Current tax assets and liabilities can be offset if certain conditions are met.

ii) Deferred taxes

Deferred taxes are recognised on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their corresponding accounting base.

The carrying amount of the deferred tax asset is reviewed at the closing date of each financial year and reduced to the extent that it is no longer probable that taxable profits will be sufficient to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are revalued at the reporting date and are recognised to the extent that it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets or liabilities can be offset if certain conditions are met.

t) Employee benefits

i) Short-term benefits

Short-term benefits include salaries, accrued holiday pay, variable pay, bonuses and other non-monetary benefits, such as healthcare contributions.

Obligations to pay short-term employee benefits are measured on an undiscounted basis and are accounted for as a cost when the respective service is rendered.

A liability is recognised for the amount that will have to be paid in the short term, under cash bonus plans or accrued leave, if the Bank has a present legal or constructive obligation to pay that amount, as a result of the employee's past service, and the obligation can be estimated reliably.

ii) Termination benefits

OTermination benefits are recognised as an expense when the Bank commits itself, with no realistic possibility of withdrawal, to a formal detailed plan to terminate the employee's contract before their normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary resignation. If the benefits are not expected to be fully settled within 12 months of the reporting date, then they are discounted.

u) Provisions

A provision is recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of funds will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured based on the present value of the costs expected to be incurred to settle the obligation using a pre-tax rate that reflects the current valuation.

v) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Bank's sources of debt financing.

When the Bank sells a financial asset and simultaneously enters into an agreement to repurchase it (or a similar asset) at a fixed price on a future date (sale and repurchase agreement) the consideration received is accounted for as a deposit and the underlying asset continues to be recognised in the Bank's financial statements.

The Bank classifies equity instruments as financial liabilities or equity instruments, according to the substance of the contractual terms of the instruments. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value less direct incremental transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, except when the Bank designates liabilities at fair value through profit or loss (FVTPL).

When the Bank designates a financial liability at fair value through profit or loss (FVTPL), the amount of the change in the fair value of the liability that is attributable to changes in its credit risk is presented in other comprehensive income (OCI) as a liability credit reserve.

On initial recognition of the financial liability, the Bank assesses whether presenting the amount of the change in the fair value of the liability that is attributable to credit risk in other comprehensive income (OCI) would create or enlarge an accounting mismatch in profit or loss. This assessment is made using a regression analysis to compare:

- the expected changes in the fair value of the liability related to changes in credit risk; with
- the impact on profit or loss of expected changes in the fair value of instruments whose characteristics are economically related to the characteristics of the liability

The amounts shown in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the accumulated amount recorded in the liability credit reserve is transferred to retained earnings.

w) Financial guarantees and loan commitments

"Financial guarantees" are contracts that require the Bank to make specific payments to reimburse the holder for losses incurred due to the failure of a specific debtor to make payment when required in accordance with the terms of the debt instrument. Loan commitments" are firm commitments to grant credit with pre-established terms and conditions.

Financial guarantees issued or loan commitments at a below-market interest rate are initially measured at fair value. Subsequently, they are measured by the provision for the highest loss determined in accordance with IFRS 9 and the amount initially recognised minus the cumulative amount of the result recognised in accordance with the principles of IFRS 15.

Liabilities arising from financial guarantees and loan commitments are included in provisions.

x) Share capital and reserves

i. Other equity instruments

The Bank classifies instruments issued as financial liabilities or equity instruments, according to the nature of the contractual terms of the instruments.

ii. Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of equity instruments.

4. Accounting standards issued but not implemented.

A number of new regulations became effective on 1 January 2023, but they had no material impact on the Bank's financial statements.

a) IFRS 7 Financial instruments - amendment on supplier financing arrangements (Effective date: 1 January 2024);

b) NIRF 16 Leases - Lease liability on a sale or leaseback (effective date: 1 January 2024);

c) Classification of liabilities into current and non-current - amendments to IAS 1 (effective date: 1 January 2024);

d) Classification of long-term debt affected by Covenants-amendments to IAS 1 (effective date: 1 January 2024);

e) Effects of changes in exchange rates, IAS 21 (effective date: 1 January 2025).

5. Risk management, objectives and policies

The risk management function at Moza Banco is an extremely important activity, supported by a governance model that aims to both comply with the best practices in this area, as established in the Risk Management Guidelines, and guarantee the solidity and effectiveness of the processes for Identifying, Measuring, Controlling and Monitoring the financial and non-financial risks to which Moza Banco is, or may be, exposed, namely:

a. Credit risk;
b. Liquidity risk;
c. Interest Rate Risk;
d. Exchange Rate Risk;
e. Operational Risk;
f. Strategic Risk;
g. Reputational risk;
h. Compliance risk;
i.Information Technology (IT) risk;
j. Concentration Risk
k. Cyber Security Risk;
l. Data Risk;
m. Property Risk;
n. Legal risk.

Risk management is carried out across the board and coordinated by a dedicated structure, the Risk Management Department, which reports to a member of Moza Banco's Executive Committee.

In terms of risk management, Moza Banco takes into account the applicable regulatory framework issued by Central Bank of Mozambique (Supervisory Body of the Mozambican Banking System), as well as best banking practices (European Bank Authority or Banco de Portugal), as well as internationally accepted risk standards, such as the COSO Integrated Corporate Risk Management Framework and the ISO 31000 Risk Management Principles, as methodological references for Moza Banco's Risk Management Policy.

Moza Banco's Risk Management Conceptual Framework
Moza Banco's conceptual risk management framework includes the scope of the risks, the processes, systems, policies and procedures necessary for risk management, as well as the duties and responsibilities of the different Bank bodies involved in risk management. Moza Banco considers that the conceptual risk management framework implemented is appropriate to its size and complexity and is sufficiently comprehensive to identify the main risks to which it is exposed, with the necessary flexibility to accommodate any changes aimed at improving the Bank's activities.

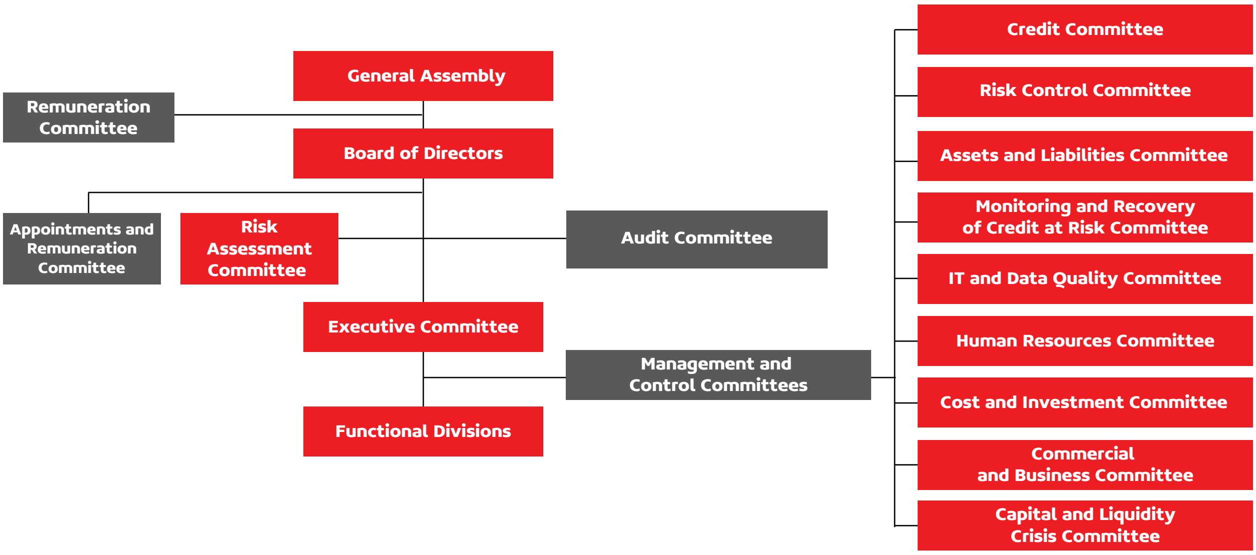
It is in this context that Moza Banco's Board of Directors is responsible for the level of risks assumed by the Bank, approves the overall business strategies as well as the Bank's risk-taking and risk-management policies, providing clear guidance on risk exposure levels through the Bank's Risk Appetite Statement (RAS). In addition, the risk management policies and procedures, as well as the limits for controlling the Bank's exposure to the risks inherent in its activity, are designed to be consistent with the complexity and size of the Bank's business, objectives, targets and financial strength.

The Bank reviews and updates its risk management policies every year to reflect changes in the market, products and best practices in the banking sector in which it operates.

Moza Banco's Risk Management Governance Mode
Within the scope of risk control and management, Moza Banco has adopted a governance model that establishes the necessary balance for the Board of Directors to exercise its supervision effectively, by regularly monitoring overall risk levels. In addition, this model ensures compliance with the Law on Credit Institutions and Financial Companies (Law 20/20 of 31 December), in terms of governance, specifically in terms of mandatory committees, taking into account the size of Moza Banco. The monitoring and reporting process ensures that the Bank's risk levels are aligned with the objectives, the financial resources available and the approved strategic plan for the development and growth of the Bank's activity.

To this end, the Bank has defined a Risk Management Governance Model that incorporates two concepts: (i) the concept of "Committees" for the bodies that emanate from the General Meeting and the Board of Directors and (ii) the concept of "Committees" for the bodies that emanate from the Executive Committee, as shown in the organisational chart below. In addition, this model incorporates the concept of the 3 lines of defence, with the First Line of Defence being filled by the Commercial Network, the Operations Department and the Information Systems and Technologies Department, the Second Line by the Risk Management and Compliance Departments and the Third Line of Defence by the Audit Department.

The organisational chart below describes the Governance Model in force at Moza Banco, followed by the main functions/competences of the relevant bodies in this model, which are described in the management report.



Economic Capital

In accordance with the applicable regulations, Moza Banco carries out the ICAAP (Internal Capital Adequacy Assessment Process) by applying internal methodologies to calculate capital requirements to cover the risks of pillars I and II of the Basel II Accord. The main objective of the ICAAP exercise is to compare the economic capital requirements with the financial resources available, gauging the Bank's capacity to absorb the risks to which it is exposed, while also making it possible to identify activities and/or business lines that generate greater value.

The *ICAAP* process incorporates a number of preliminary activities, namely:

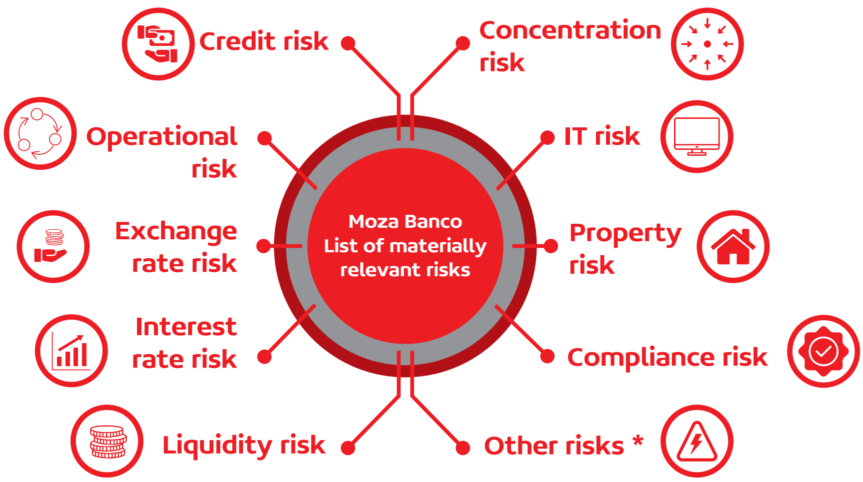
i. The definition of the ICAAP Governance Model, adjusted to the size and reality of Moza Banco;

ii. Defining the taxonomy of the risks inherent in the Bank's activity;

iii. Definition of a base and adverse scenario, the latter characterised by a significant deterioration in some macroeconomic indicators (Inflation, Interest Rates, Devaluation of the Metical, GDP, among others). Although the adverse scenario is hypothetical, it is created in order to assess the Bank's solidity and resilience in an unfavourable economic environment;

iv. The definition of specific methodologies for determining the materiality of risks.

Without prejudice to future changes, below are the risks considered materially relevant for the purposes of the ICAAP (Pillar I - Basel II & Pillar II) and for which capital requirements must be quantified to guarantee their coverage:



* Accommodates the other material risks considered in the Bank's risk taxonomy and not quantified using a specific methodology for calculating the respective capital requirements.

The qualitative analysis of Moza Banco's risk management is presented as follows:

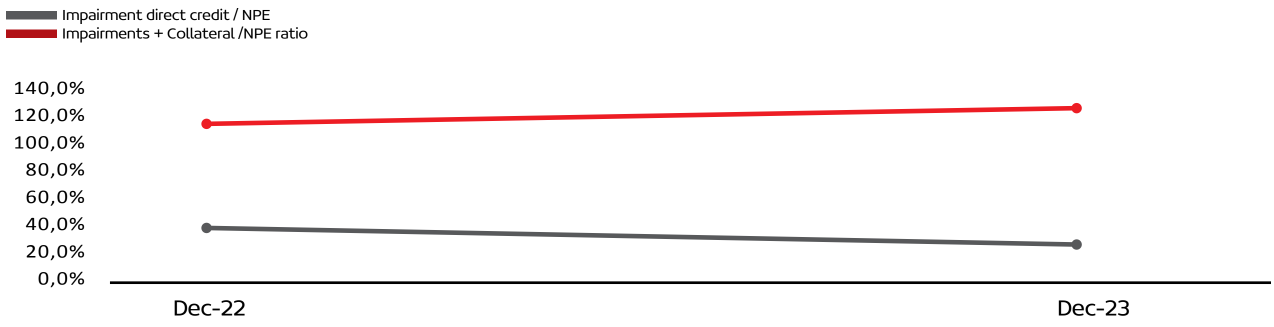
(Amounts expressed in thousands of Meticais)

5.1. Credit risk

Credit risk is the possibility of negative impacts on the Bank's economic and financial structure as a result of the inability of counterparties or respective guarantors to honour previously agreed payment commitments. The risk is associated with exposures to counterparties on loans, issuers of securities and other actual or potential commitments that place the institution in a situation of dependence.

Main Credit Risk Indicators

The table below shows the annual evolution of the main credit risk indicators and the coverage of credit exposure between December 2022 and 2023:



Maximum exposure to credit risk by class of financial assets

For financial assets recognised in the statement of financial position, the exposure to credit risk is equal to the carrying amount. For guarantees, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the guarantee were forfeited. For credit commitments and other related commitments that are irrevocable during the life cycle of the respective facilities, the maximum exposure to credit risk is the value of the undrawn facility.

The table below shows the maximum exposure as at 31 December 2023 in relation to credit risk in the financial position and off-balance sheet financial instruments, without taking into account the value of the guarantees held. The Bank only holds collateral for loans to customers (loans and advances to customers, guarantees provided and letters of credit), which are essentially mortgages on real estate, financial pledges, guarantees provided by the State (on demand and term) and equipment pledges:

Exposure to credit risk relating to balance sheet items

	2023	2022
Cash and deposits at the Central Bank	15 550 870	3 469 028
Loans and advances to credit institutions	377 410	480 809
Investments in credit institutions	2 457 392	6 591 707
Financial assets	12 593 053	9 779 840
Loans and advances to customers	21 934 189	21 753 640
Other assets	1 782 696	820 715
	54 695 610	42 895 739
Exposure to credit risk relating to off-balance sheet items		
Guarantees	7 516 527	6 017 657
National currency	5 493 216	4 353 031
Foreign currency	2 023 311	1 664 626
Letters of credit	321 529	416 039
	7 838 056	6 433 696
	62 533 666	49 329 435

Credit quality

The table below shows the quality of the Bank's loan portfolio from the point of view of the stages the operations/customers are at, taking into account the rules adopted by the Bank for classifying them under IFRS9:

2023	Stage 1	Stage 2	Stage 3	Total
Cash and deposits at the Central Bank	15 550 870	-	-	15 550 870
Loans and advances to credit institutions	377 410	-	-	377 410
Investments in credit institutions	2 457 392	-	-	2 457 392
Financial assets	12 593 053	-	-	12 593 053
Loans and advances to customers	9 881 997	2 655 894	9 396 298	21 934 189
Other assets	1 782 696	-	-	1 782 696
	42 643 418	2 655 894	9 396 298	54 695 610

(Amounts expressed in thousands of Meticais)

2022	Stage 1	Stage 2	Stage 3	Total
Cash and deposits at the Central Bank	3 469 028	-	-	3 469 028
Loans and advances to credit institutions	480 809	-	-	480 809
Investments in credit institutions	6 591 707	-	-	6 591 707
Financial assets	9 779 840	-	-	9 779 840
Loans and advances to customers	9 376 597	2 198 260	10 178 783	21 753 640
Other assets	1 132 133	-	-	820 715
	30 830 114	2 198 260	10 178 783	42 895 739

With regard to loans and advances to customers, the Bank's credit quality is presented as follows:

	2023	2022
Stage 1	9 881 997	9 376 597
Stage 2	2 655 894	2 198 260
Stage 3	9 396 298	10 178 783
	21 934 189	21 753 640

Overdue loans include the total exposure of customers with overdue instalments as well as the amounts of instalments falling due.

Expected credit loss

The following table shows Transactions of credit impairments over the year:

2023	Stage 1	Stage 2	Stage 3	Total
Balance at 01 January 2023	**121 069**	**105 033**	**2 762 720**	**2 988 822**
Transfer to Stage 1	18 508	(9 525)	(8 983)	-
Transfer to Stage 2	(4 049)	33 537	(29 488)	-
Transfer to Stage 3	(165)	(4 975)	1 756 533	1 751 393
Reinforcements	16 480	51 773	547 433	615 686
New entries	49 842	27 541	76 528	153 911
Reductions	(81 316)	(96 540)	(1725 927)	(1903 783)
Write-offs	-	-	(1 758 104)	(1 758 104)
Balance as at 31 December 2023	**120 369**	**106 844**	**1 620 712**	**1 847 925**

2022	Stage 1	Stage 2	Stage 3	Total
Balance at 01 January 2022	**292 439**	**376 306**	**1 986 750**	**2 655 495**
Transfer to Stage 1	-	27 268	186 590	213 858
Transfer to Stage 2	(39 876)	-	434 617	394 741
Transfer to Stage 3	(21 264)	(281 095)	-	(302 359)
Reinforcements	16 010	3 441	724 225	743 676
New entries	150 800	-	-	150 800
Reductions	(277 040)	(20 887)	(74 101)	(372 028)
Write-offs	-	-	(495 361)	(495 361)
Balance as at 31 December 2022	**121 069**	**105 033**	**2 762 720**	**2 988 822**

The following table shows Transactions of impairments on loan commitments and financial guarantee contracts over the year:

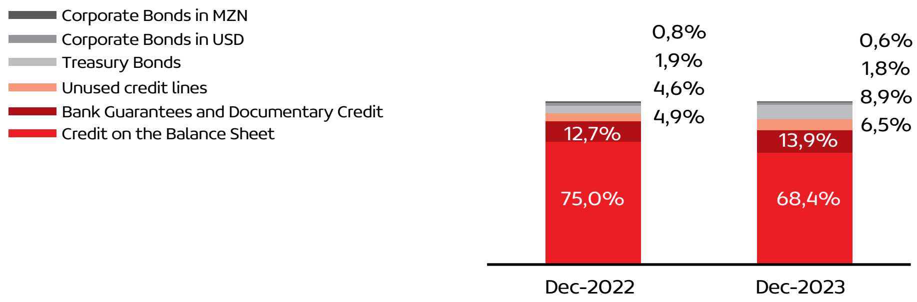
Loan commitments and financial guarantee contracts

	2023	2022
Initial Balance	112 176	66 744
Reinforcement	250 921	106 386
Reversal	(157 438)	(60 954)
Final balance	205 659	112 176

(Amounts expressed in thousands of Meticais)

Distribution of Exposures Subject to Impairment

Moza Banco's credit exposures subject to the calculation of impairment losses are distributed as shown in the chart below, in accordance with the internally approved strategies for dealing with each of the items that make up the Bank's credit portfolio:



Collateral and other credit guarantees

Guarantees or collateral are intended to ensure that, in the event of non-payment of the credit by the borrowers, credit institutions are still able to obtain reimbursement (total or partial) of the credit granted, through the execution or appropriation of the collateral or guarantee, with the aim of subsequently transforming it into liquidity, through alienation, sale or any other applicable options.

The list below describes the types of collateral accepted and eligible to cover credit risk:

- Pledge of Deposits (DP Collateral and Surety Bond) at Moza Banco;
- Pledge of shares;
- Guarantees provided by the State in favour of Moza Banco;
- Guarantees provided by other credit institutions;
- Mortgages on property (housing, industrial and/or commercial property);
- Mortgages on movable property;
- Equipment pledge;

The analysis of credit exposure in relation to collateral and other credit guarantees in favour of the Bank is shown in the following table:

2023	Maximum exposure to credit risk	Deposits	Letters of credit/bank guarantees	Mortgages	State guarantee	Net guarantees	Net exposure
Cash and cash equivalents at the Central Bank	15 550 870	-	-	-	-	-	15 550 870
Cash equivalents at credit institutions	377 410	-	-	-	-	-	377 410
Investments in credit institutions	2 457 392	-	-	-	-	-	2 457 392
Financial assets	12 593 053	-	-	-	-	-	12 593 053
Loans and advances to customers	-	-	-	-	-	-	
Large companies	8 691 322	72 600	660	1 873 680	2 841 134	4 788 074	3 903 248
Small businesses	7 700 415	260 419	-	5 574 368	-	5 834 788	1 865 627
Private individuals	7 134 771	202 437	-	1 229 881	-	1 432 318	5 702 453
Others	255 606	9 839	-	-	-	9 839,00	245 767
Other assets	1 782 696	-	-	-	-	-	1 782 696
	56 543 535	**545 295**	**660**	**8 677 929**	**2 841 134**	**12 065 019**	**44 478 516**

2022	Maximum exposure to credit risk	Deposits	Letters of credit/bank guarantees	Mortgages	State guarantee	Net guarantees	Net exposure
Cash and cash equivalents at the Central Bank	3 469 028	-	-	-	-	-	3 469 028
Cash equivalents at credit institutions	480 809	-	-	-	-	-	480 809
Investments in credit institutions	6 591 707	-	-	-	-	-	6 591 707
Financial assets	9 779 840	-	-	-	-	-	9 779 840
Loans and advances to customers	-	-	-	-	-	-	
Large companies	8 372 389	72 022	660 000	2 179 465	2 579 436	5 490 923	2 881 466
Small businesses	8 115 196	167 116	153 095	5 922 701	-	6 242 912	1 872 284
Private individuals	4 972 838	1 851 315	124	1 040 270	-	2 891 709	2 081 129
Others	293 217	-	-	-	-	-	293 217
Other assets	820 715	-	-	-	-	-	820 715
	42 895 739	**2 090 453**	**813 219**	**9 142 436**	**2 579 436**	**14 625 544**	**28 270 195**

(Amounts expressed in thousands of Meticais)

The table below shows the carrying amounts and value of identifiable guarantees (mainly mortgages on real estate) in favour of the Bank to cover the credit risk inherent in the loans and advances portfolio. For each loan, the value of the mortgaged property is limited to the nominal value against which it is held:

	2023			2022		
	Carrying amount	Property mortgages	TD guarantee	Carrying amount	Property mortgages	TD guarantee
Stage 01 and 02	12 765 106	3 928 298	537 688	11 800 971	4 071 202	1 971 670
Stage 03	11 017 008	4 791 191	7 607	12 941 491	5 071 234	118 784
	23 782 114	8 719 489	545 295	24 742 462	9 142 436	2 090 454

Assets obtained by taking possession of guarantees

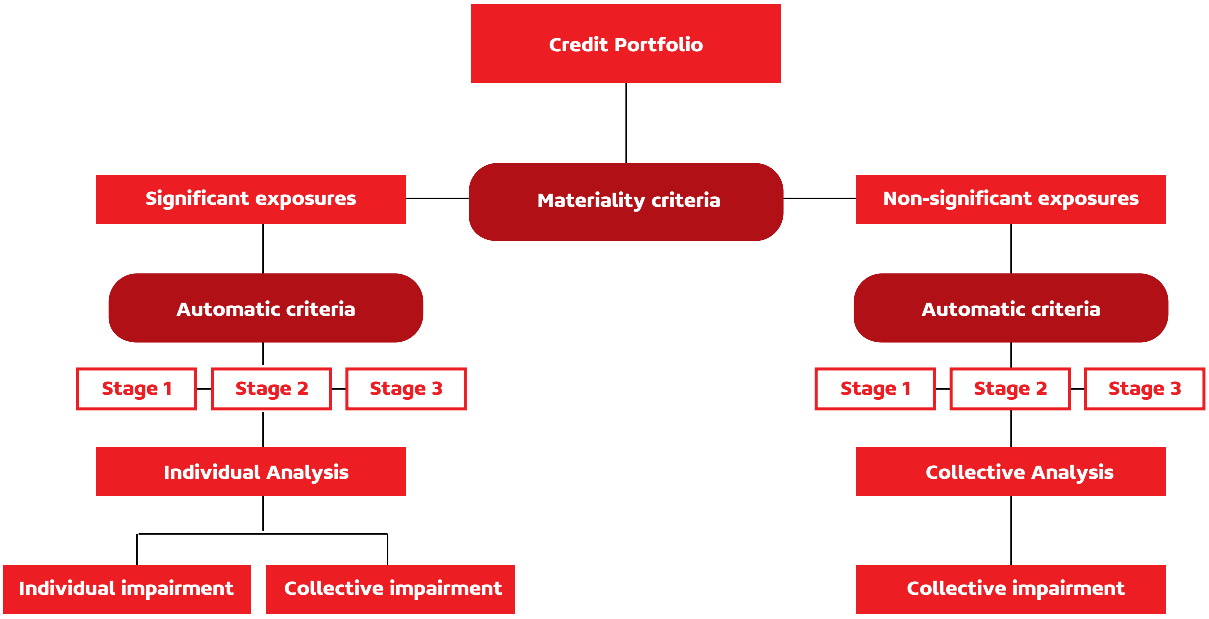
The details of the financial and non-financial assets obtained by Moza Banco during 2023 by taking possession of collateral held as guarantees on loans and advances are shown below:

	2023	2022
Property	995 911	1 089 837
	995 911	**1 089 837**

Credit Portfolio Impairment Calculation

During 2022, the Bank implemented a new impairment loss calculation model to include the individual analysis process for the Bank's significant customers, and also to improve the collective analysis component in order to align the Bank's impairment model with good banking practices.

The diagram below summarises the expected loss model implemented at Moza Banco, where it is possible to check whether the materiality criterion for determining an objective impairment loss exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant..



In the individual impairment analysis, the expected loss is determined on the basis of an individual assessment of the customer, while in the collective impairment analysis the expected loss is determined taking into account groups of customers with similar credit risk characteristics.

The expected loss model implemented makes it possible to measure ECL (Expected Credit Loss) not only according to the classification of assets by Stage, but also by segment, guarantee coverage and materiality, as shown below:

> **Stage 1** - all financial assets in which there has been no significant increase in credit risk since their initial recognition (unless they are acquired or originated with objective evidence of loss);

> **Stage 2** - all financial assets that present a significant increase in credit risk;

> **Stage 3** - all financial assets with objective evidence of impairment (default).

Significant increase in credit risk (Stage 2)

In accordance with IFRS 9, in order to determine whether the risk of default of a financial instrument has increased significantly since its initial recognition, Moza Banco assesses the existence of additional information available as to its relevance, namely qualitative elements and/or quantitative analyses, based on the Bank's historical experience and/or with recourse to specific one-off assessments.

The aim of carrying out regular assessments is precisely to identify the occurrence of events that could represent a significant increase in credit risk for credit exposures, by comparing:

> The probability of default (PD) during the remaining useful life of the financial asset on the reporting date; and

> The probability of default over the remaining useful life of the financial asset, for the same period estimated at the time of initial recognition of the exposure.

Objective Evidence of Impairment (Stage 3)

At each reporting date, Moza Banco assesses whether there is objective evidence that the assets, not held at fair value through profit or loss, are impaired.

The concept of Stage 3 is aligned with the definition of default, and to this extent for the impairment model implemented a customer is considered to be in default when it has at least one active default trigger or is still within the defined quarantine period.

For credit default triggers and/or litigation triggers, customers are quarantined once they no longer meet the trigger entry criteria and are less than 30 days overdue.

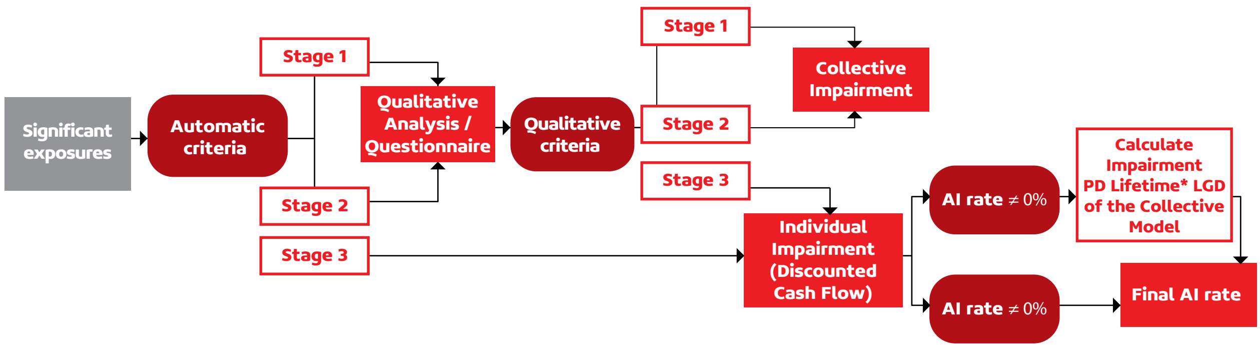
For loans and advances of held-to-maturity assets, the amount of the impairment loss is measured as the difference between the carrying amount and the present value of future cash flows, discounted at the asset's original effective interest rate.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from the execution of the collateral, less the costs of maintaining and selling the collateral.

Individual analysis

In order to carry out the individual impairment assessment, the materiality criteria must be met. However, Moza Banco considers in this process a combination of the selection stage, the customer's exposure and possible contamination from other customers in the same economic group, which fulfil the minimum materiality criteria.

The activity of the individual analysis can be summarised in the diagram below:



According to the classification by stage, exposures in stages 1 and 2 that fulfil the materiality criteria for individual analysis are subjected to a qualitative analysis questionnaire where, based on the answers and respective weights, a stage classification will result that will override the initial stage.

After completing the qualitative analysis questionnaires, customers classified as stage 1 and 2 will be referred to Collective Analysis.

For customers initially classified as stage 3, or classified as stage 3 via the criteria in the qualitative analysis questionnaire, analysts must (i) complete a "customer situation questionnaire" to support the selection of the recovery scenario classifying the customer as "going concern" or "gone concern" and (ii) calculate the individual impairment charge, which must be based on a discounted cash flow methodology based on recovery scenarios (going concern or gone concern) as described below:

- Going concern approach - considers business continuity, where it is assumed that the debtor has the capacity to continue generating sufficient financial flows to service the debt
- Gone concern approach - considers that credit recovery is possible exclusively through the use of foreclosure/associated collateral, since the debtor has difficulties generating cash to service the debt.

It should also be noted that the recovery approaches make it possible to consider prospective scenarios (base scenarios, optimistic scenarios and pessimistic scenarios) and their respective weights, taking into account the estimated probability of each scenario occurring.

Based on the recovery scenarios considered, the amount of impairment should be determined as the weighted average of the discounted cash flows of each scenario.

Collective analysis

For non-significant exposures, the expected loss (ECL) for financial assets results from the difference between the contractually stipulated cash flows and the cash flows the entity expects to receive, discounted to the reference date, considering risk parameters such as: Probability of Default (PD), Loss Given Default (LGD) and Behavioural Maturity (BM).

The Probabilities of Default (PDs) are grouped on the basis of homogeneous populations, which result from the combination of the client segment and the Risk Bucket, and the PD curves are estimated on the basis of historical behaviour and the projection of macroeconomic variables.

LGDs are calculated on the basis of a combination of the type of customer, type of credit product and age of default, with estimates based on the history of effective recovery rates after customers have entered default.

For products without a defined maturity, Moza Banco calculates behavioural maturities in order to identify the period in which the institution is exposed to credit risk and the expected repayment percentage for each period.

In addition, the risk factors in the Impairment Model are updated annually on the basis of forward-looking information, as recommended by good banking practice.

(Amounts expressed in thousands of Meticais)

Incorporation of forward-looking information

IFRS 9 requires the consideration of reasonable and documented projections of future events and economic conditions at the reporting date of the financial statements when calculating expected credit impairment losses. This forward-looking macroeconomic information allows the Bank's credit impairment to be adjusted according to the economic moment the Bank is going through and the different possible trends, which should result in weights applied to the scenarios evaluated.

The scenario probability weightings applied in measuring the expected credit loss (ECL) are as follows:

	2023			2022		
	Base	**Pessimistic**	**Optimistic**	**Base**	**Alternative**	**Challenging**
Probability of scenarios	70%	20%	10%	51%	25%	24%

Impairment of Securities Portfolio

The methodology for calculating the impairment of the securities portfolio generally follows the methodology used in the process of calculating the impairment of the loan portfolio, although with some specificities. The exposure value for the securities portfolio is the amount on the balance sheet or, for securities recorded at FVOCI, the value they would have if they were recorded at amortised cost.

Thus, the calculation of impairment (i) for treasury bills, a rate of 0% is considered, (ii) for corporate bonds, the risk factors of the collective model applicable to Large Companies are considered, (iii) for treasury bonds in national currency, the PD of the rating immediately above/better than the country rating (Rating B) is considered, and Moody's LGD for the country rating, and in this case, impairment is only calculated for securities with a residual maturity of more than one year, (iv) for foreign currency securities, Moody's PD and LGD for the country rating are taken into account.

Write-offs

Loans and debt securities are written off (partially or totally) when there is no expectation of recovering a financial asset in its entirety. This is generally the case when Moza Banco considers that the borrower does not have assets or sources of income that could generate sufficient cash flow to settle the outstanding amounts, subjecting them to write-off or write-down.

Any amounts recovered from operations previously written off are recognised in the income statement, with a positive effect (reversal).

Financial assets subject to write-off are recovered via debt confession and are subject to specific enforcement/recovery activities.

The analysis of impaired loans and advances to customers is as follows:

2023	Carrying amount	Credit impairment	Net value
Retail	5 167 392	781 434	4 385 958
Construction	1 092 032	170 125	921 907
Energy	183	175	8
Tourism	435 114	27 632	407 482
Manufacturing industry	1 737 078	35 565	1 701 513
Private individuals	7 134 771	288 257	6 846 514
Services	3 994 626	483 773	3 510 853
Transport and Communications	3 628 655	36 476	3 592 179
Agriculture and Fisheries	207 188	14 204	192 984
Others	385 075	10 284	374 791
	23 782 114	**1 847 925**	**21 934 189**

2022	Carrying amount	Credit impairment	Net value
Retail	5 349 504	872 914	4 476 590
Construction	1 782 970	521 393	1 261 577
Energy	226 684	5 724	220 960
Tourism	483 252	54 671	428 581
Manufacturing industry	2 472 836	341 623	2 131 213
Private individuals	5 363 210	385 682	4 977 528
Services	3 873 058	412 643	3 460 415
Transport and Communications	3 869 689	269 235	3 600 454
Agriculture and Fisheries	445 544	85 616	359 928
Others	875 715	39 321	836 394
	24 742 462	**2 988 822**	**21 753 640**

(Amounts expressed in thousands of Meticais)

Concentration of Credit Risk

Credit concentration risk corresponds to the probability of negative impacts on results or capital arising from the concentration of exposures to individual clients, economic groups, aggregates of clients operating in the same economic sector or geographical region, or from concentration in the same activity or commodity, or in the guarantees accepted by the institution.

The concentration of the Bank's credit risk by industry net of expected credit losses is analysed as follows:

2023	Cash and cash equivalents at the Central Bank	Cash equivalents at credit institutions	Investments in credit institutions	Financial Assets	Loans and advances to customers	Other assets	Total
Government	-	-	-	12 332 212	240 368	-	12 572 580
Insurance	-	-	-	32 783	19	-	32 802
Finance	15 550 870	377 410	2 457 392	115 282	370 557	-	18 871 511
Retail	-	-	-	-	4 385 959	-	4 385 959
Construction	-	-	-	-	921 907	-	921 907
Energy	-	-	-	-	8	-	8
Tourism	-	-	-	-	407 483	-	407 483
Manufacturing industry	-	-	-	-	1 701 513	-	1 701 513
Private individuals	-	-	-	-	6 846 513	-	6 846 513
Services	-	-	-	-	3 270 486	-	3 270 486
Transport and communications	-	-	-	112 776	3 592 179	-	3 704 955
Agriculture and fishing	-	-	-	-	192 984	-	192 984
Others	-	-	-	-	4 213	1 782 696	1 786 909
	15 550 870	**377 410**	**2 457 392**	**12 593 053**	**21 934 189**	**1 782 696**	**54 695 610**

2022	Cash and cash equivalents at the Central Bank	Cash equivalents at credit institutions	Investments in credit institutions	Financial Assets	Loans and advances to customers	Other assets	Total
Government	-	-	-	9 464 693	275 121	-	9 739 814
Insurance	-	-	-	37 156	22	-	37 178
Finance	3 469 028	480 809	6 591 707	114 076	502 119	-	11 157 739
Retail	-	-	-	-	4 476 590	-	4 476 590
Construction	-	-	-	-	1 261 577	-	1 261 577
Energy	-	-	-	-	220 960	-	220 960
Tourism	-	-	-	-	428 582	-	428 582
Manufacturing industry	-	-	-	-	2 131 213	-	2 131 213
Private individuals	-	-	-	-	4 977 529	-	4 977 529
Services	-	-	-	-	3 185 294	-	3 185 294
Transport and communications	-	-	-	163 915	3 600 454	-	3 764 369
Agriculture and fishing	-	-	-	-	359 927	-	359 927
Others	-	-	-	-	334 252	820 715	1 154 967
	3 469 028	**480 809**	**6 591 707**	**9 779 840**	**21 753 640**	**820 715**	**42 895 739**

5.2. Liquidity risk

Liquidity risk is the likelihood of an institution facing difficulties in honouring its obligations as they fall due, in transforming its assets into cash, or in ensuring the refinancing of assets held on its balance sheet without incurring significant costs or losses (funding liquidity risk). When the market conditions in which the institution operates do not allow it to dispose of certain assets at market prices, but only below them, this is known as market liquidity risk.

The liquidity management and control process is carried out internally, in line with the metrics and limits defined by the Bank, which involve monitoring early warning indicators, measurement and evaluation instruments on a daily and monthly basis. This process is complemented by annual liquidity stress tests triggered by the Risk Management Department.

During 2023, the Mozambican Financial System (SFM) was faced with an increase in the mandatory reserve coefficients for liabilities in national and foreign currency (from 10% to 28% and then to 39% on 31 May and from 10.5% to 28.5% and then to 39.5%, respectively), with direct and severe impacts on the Bank's liquidity indicators and profitability. Meanwhile, this increase in RO rates was the monetary control instrument adopted by the Central Bank of Mozambique to absorb excess liquidity in the market in order to control inflation levels.

In order to fulfil the Regulator's requirements and monitor the evolution of the indicators, immediate extraordinary measures were taken to reposition Moza Banco's liquidity ratios.

(Amounts expressed in thousands of Meticais)

Undiscounted contractual maturities of liabilities

The table below summarises the maturity profile of the Bank's financial liabilities as at 31 December based on undiscounted contractual cash flows:

2023	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Over 3 years old	Total
Cash and cash equivalents at the Central Bank	15 550 870	-	-	-	-	-	15 550 870
Cash equivalents at credit institutions	377 410	-	-	-	-	-	377 410
Investments in credit institutions	2 172 965	284 427	-	-	-	-	2 457 392
Financial assets	1 893 310	2 444 991	2 094 239	2 138 500	826 358	3 195 655	12 593 053
Loans and advances to customers	4 377 403	616 049	917 053	1 849 397	2 718 836	11 455 451	21 934 189
Other assets	1 782 696	-	-	-	-		1 782 696
Total undiscounted assets	**26 154 654**	**3 345 467**	**3 011 292**	**3 987 897**	**3 545 194**	**14 651 106**	**54 695 610**
Financial liabilities							
Deposits from credit institutions	1 568 698	-	-	-	-	-	1 568 698
Deposits and current accounts	24 660 681	5 626 841	6 703 146	3 992 560	174	82	40 983 484
Earmarked deposits	-	-	-	340 753	404 255	-	745 008
Bond loans	-	-	-	-	2 364 083	-	2 364 083
Other liabilities	2 985 949	-	-	-	-	-	2 985 949
Total undiscounted liabilities	**29 215 328**	**5 626 841**	**6 703 146**	**4 333 313**	**2 768 512**	**82**	**48 647 222**
Liquidity gap	**(3 060 674)**	**(2 281 374)**	**(3 691 854)**	**(345 416)**	**776 682**	**14 651 024**	**6 048 388**
Comulative liquidity gap	**(3 060 674)**	**(5 342 048)**	**(9 033 902)**	**(9 379 318)**	**(8 602 636)**	**6 048 388**	

2022	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Between 1 and 3 years	Over 3 years old	Total
Cash and cash equivalents at the Central Bank	3 469 028	-	-	-	-	-	3 469 028
Cash equivalents at credit institutions	480 809	-	-	-	-	-	480 809
Investments in credit institutions	6 263 477	160 849	6 545,00	160 835,00	-	-	6 591 706
Financial assets	1 292 458	3 123 389	2 021 948	1 241 387	468 012	1 632 646	9 779 840
Loans and advances to customers	4 723 772	602 996	1 447 457	1 168 712	2 512 385	11 298 318	21 753 640
Other assets	1 132 134	-	-	-	-	-	1 132 134
Total undiscounted assets	**17 361 678**	**3 887 234**	**3 475 950**	**2 570 934**	**2 980 397**	**12 930 964**	**43 207 157**
Financial liabilities							
Deposits from credit institutions	113 708	-	-	-	-	-	113 708
Deposits and current accounts	20 847 077	5 697 198	6 436 274	2 416 026	2	837	35 397 414
Earmarked deposits	-	-	-	-	262 572	315 087	577 659
Bond loans	-	-	-	-	-	-	
Other liabilities	2 794 533	-	-	-	-	-	2 794 533
Total undiscounted liabilities	**23 755 318**	**5 697 198**	**6 436 274**	**2 416 026**	**262 574**	**315 924**	**38 883 314**
Liquidity gap	(6 393 640)	(1 809 964)	(2 960 324)	154 908	2 717 823	12 615 040	4 323 843
Comulative liquidity gap	(6 393 640)	(8 203 604)	(11 163 928)	(11 009 020)	(8 291 197)	4 323 843	

For liabilities with maturities of one year and more than one year, they are expected to be recovered or settled more than 12 months after the date of the Statement of Financial Position.

(Amounts expressed in thousands of Meticais)

5.3. Market risk

Market risk can be defined as the potential loss resulting from changes in the fair value of future cash flows from financial instruments, due to fluctuations in the asset's market variables or even exogenous factors that may influence market prices. Examples of such risk factors are risks related to changes in exchange rates, interest rates, bond and share prices, commodities, among others.

5.3.1 Interest rate risk

Interest rate risk is the possibility of negative impacts on results or capital due to adverse Transactions in interest rates, due to maturity mismatches or interest rate reset periods, the lack of perfect correlation between the rates of asset and liability Transactions in the different instruments, or the existence of options embedded in financial instruments on the balance sheet or off-balance sheet items.

The Bank controls its exposure by calculating the effects of fluctuations in market interest rates on the risk of its financial position and cash flows. Net interest margins may increase or decrease as a result of such fluctuations and may generate losses in the event of unforeseen movements.

Financial instruments with interest rate risk comprise balances of investments in other credit institutions, financial assets, loans and advances to customers, customer deposits and current accounts and funds from other credit institutions and lease liabilities.

The following table shows the Bank's interest rate sensitive financial instruments by maturity:

2023	Up to 1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 months and 1 year	Over 1 year	No interest rate risk	Total
Financial assets							
Cash and cash equivalents at the Central Bank	-	-	-	-	-	15 550 870	15 550 870
Cash equivalents at credit institutions	-	-	-	-	-	377 410	377 410
Investments in credit institutions	2 172 965	284 427	-	-	-	-	2 457 392
Financial assets	1 893 310	2 444 991	2 094 239	2 138 500	3 976 173	45 840	12 593 053
Loans and advances to customers	17 311 681	941 619	149 012	800 146	-	2 731 731	21 934 189
Other assets	-	-	-	-	-	1 782 696	1 782 696
Total	**21 377 956**	**3 671 037**	**2 243 251**	**2 938 646**	**3 976 173**	**20 488 547**	**54 695 610**
Financial liabilities							
Deposits from credit institutions	-	-	-	-	-	1 568 698	1 568 698
Deposits and current accounts	10 944 174	5 299 344	6 481 096	2 985 875	172	15 272 823	40 983 484
Earmarked deposits	-	-	-	-	-	745 008	745 008
Bond loans	-	-	-	-	2 364 083	-	2 364 083
Other liabilities	-	-	-	-	-	2 985 949	2 985 949
Total	**10 944 174**	**5 299 344**	**6 481 096**	**2 985 875**	**2 364 255**	**20 572 478**	**48 647 222**
Interest rate sensitivity in the financial position	**10 433 782**	**(1 628 307)**	**(4 237 845)**	**(47 229)**	**1 611 918**	**(83 931)**	**6 048 388**

(Amounts expressed in thousands of Meticais)

2022	**Up to 1 month**	**Between 1 and 3 months**	**Between 3 and 6 months**	**Between 6 months and 1 year**	**Over 1 year**	**No interest rate risk**	**Total**
Financial assets							
Cash and cash equivalents at the Central Bank	-	-	-	-	-	3 469 028	3 469 028
Cash equivalents at credit institutions	-	-	-	-	-	480 809	480 809
Investments in credit institutions	6 263 478	160 849	6 545	160 835	-	-	6 591 707
Financial assets	1 292 458	3 123 389	2 021 948	1 241 387	2 050 847	49 811	9 779 840
Loans and advances to customers	13 418 842	2 245 074	2 628 026	131 073	-	3 330 624	21 753 639
Other assets	-	-	-	-	-	1 132 134	1 132 134
Total	**20 974 778**	**5 529 312**	**4 656 519**	**1 533 295**	**2 050 847**	**8 462 406**	**43 207 157**
Financial liabilities							
Deposits from credit institutions	8 700	-	-	-	-	105 008	113 708
Deposits and current accounts	10 515 017	5 383 901	6 205 305	1 589 993	761	11 702 437	35 397 414
Earmarked deposits	-	-	-	-	-	577 659	577 659
Bond loans	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	2 794 533	2 794 533
Total	**10 523 717**	**5 383 901**	**6 205 305**	**1 589 993**	**761**	**15 179 637**	**38 883 314**
Interest rate sensitivity in the financial position	**10 451 061**	**145 411**	**(1 548 786)**	**(56 698)**	**2 050 086**	**(6 717 231)**	**4 323 843**

The sensitivity analysis in the table below is an integral part of the stress tests for Interest Rate Risk, and the Bank must, at each moment of its activity and depending on market conditions, change the risk factors to be considered in these stress tests, as well as defining the magnitude of the shocks to be considered, in the light of the instructions issued in Circular 05/SCO/2013 of the Central Bank of Mozambique of 31 December:

	Increase/decrease in basis points	**Impact on Interest Margin**	**Impact on Equity**
2023	+200 pb	77 001	(2 573)
	-200 pb	(77 001)	2 573
2022	+200 pb	97 003	(157 335)
	-200 pb	(97 003)	157 335

5.3.2 Exchange rate risk

Exchange rate risk consists of the possibility of negative impacts on results or capital due to adverse Transactions in exchange rates, caused by changes in the price of instruments corresponding to open positions in foreign currency or by changes in the Institution's competitive position due to significant variations in exchange rates. This risk includes settlement risk, which arises when a counterparty is unable to fulfil the terms of the contract within the agreed timeframe.

Foreign exchange positions are monitored on a daily basis to ensure that they are kept within regulatory and/or internally defined limits.

To measure foreign exchange risk, the Bank collects accounting data on foreign exchange Transactions in order to calculate its level of exposure to risk in the event of changes in market exchange rates, reporting this information to ALCO, the Risk Control Committee and the Risk Assessment Committee.

(Amounts expressed in thousands of Meticais)

The following table summarises the Bank's exposure to exchange rate risk as at 31 December:

2023	**MZN**	**USD**	**ZAR**	**EUR**	**Others**	**Total**
Financial assets						
Cash and cash equivalents at the Central Bank	13 634 726	1 889 984	3 249	22 908	3	15 550 870
Cash equivalents at credit institutions	591	349 675	5 534	16 370	5 240	377 410
Investments in credit institutions	-	2 363 881	8 745	62 788	21 978	2 457 392
Financial assets	12 039 112	553 941	-	-	-	12 593 053
Loans and advances to customers	20 827 485	1 106 704	-	-	-	21 934 189
Other assets	1 724 694	22 611	19 628	15 763	-	1 782 696
Total	**48 226 608**	**6 286 796**	**37 156**	**117 829**	**27 221**	**54 695 610**
Financial liabilities						
Deposits from credit institutions	1 568 761	-63	-	-	-	1 568 698
Deposits and current accounts	35 324 897	5 503 205	14 727	100 174	40 481	40 983 484
Earmarked deposits	407 624	337 384	-	-	-	745 008
Bond loans	2 364 083	-	-	-	-	2 364 083
Other liabilities	1 927 073	1 026 044	19 395	13 437	-	2 985 949
Total	**41 592 438**	**6 866 570**	**34 122**	**113 611**	**40 481**	**48 647 222**
Net exposure	**6 634 170**	**(579 774)**	**3 034**	**4 218**	**(13 260)**	**6 048 388**

2022	**MZN**	**USD**	**ZAR**	**EUR**	**Others**	**Total**
Financial assets						
Cash and cash equivalents at the Central Bank	3 276 302	150 546	12 464	29 721	-5	3 469 028
Cash equivalents at credit institutions	172 086	212 771	20 475	71 396	4 081	480 809
Investments in credit institutions	3 514 119	3 022 814	28 187	6 562	20 025	6 591 707
Financial assets	9 288 642	491 198	-	-	-	9 779 840
Loans and advances to customers	20 746 304	1 007 336	-	-	-	21 753 640
Other assets	1 034 680	22 601	15 107	59 745	1	1 132 134
Total	**38 032 133**	**4 907 266**	**76 233**	**167 424**	**24 102**	**43 207 158**
Financial liabilities						
Deposits from credit institutions	113 771	-63	-	-		113 708
Deposits and current accounts	30 615 541	4 588 706	29 124	102 994	61 049	35 397 414
Earmarked deposits	447 439	130 220	-	-	-	577 659
Bond loans	-	-	-	-	-	-
Other liabilities	2 317 038	386 219	27 460	63 816	-	2 794 533
Total	**33 493 789**	**5 105 082**	**56 584**	**166 810**	**61 049**	**38 883 314**
Net exposure	**4 538 344**	**(197 816)**	**19 649**	**614**	**(36 947)**	**4 323 844**

The table below shows the sensitivity to possible changes in the USD exchange rate, keeping the other variables constant. The impact on the income statement (before tax) is the same as on equity:

	Increase/decrease in basis points	**Impact on results before tax**	**Impact on equity**
2023	+5%	(84 757)	(84 757)
	-5%	84 768	84 768
2022	+5%	(87 666)	(87 666)
	-5%	70 607	70 607

The effects per currency on results, as well as on equity, are determined independently, which means that there is no economic offset between them.

5.4. Operational risk

Operational risk is defined as the likelihood of negative impacts on results or capital arising from errors and/or failures in analysing, processing or settling transactions, internal or external fraud, the business being affected due to the use of outsourced resources, insufficient or inadequate human resources and the possible inoperability of support infrastructures.

It should be noted that mitigating operational risk is an activity that is tackled and exercised by all levels of the Bank, given that it cuts across all processes, products, activities and systems and is inherently present in all of the Bank's structural units. As such, its management is supported by a specific governance model, monitored through key risk indicators and defined risk appetite levels.

As mitigation measures, the Bank remains committed to implementing robust and comprehensive internal controls, complementing this with awareness-raising and training activities aimed at disseminating an ethically responsible risk culture in which risk managers/focal points have the ability to identify and analyse improvements to be implemented, as well as recording and managing events that have occurred in order to strengthen the internal control environment.

In order to monitor the evolution of this risk, there are defined procedures for recording and reporting operational events, regardless of whether or not there are associated financial losses.

Meanwhile, the assessment of the internal control environment implemented is carried out through an annual risk and control self-assessment exercise (RCSA) at the level of the Bank's critical processes, the results, gaps and mitigation actions of which are assessed and approved by Senior Management, which is committed to improving and strengthening the internal control environment.

In 2023, the Bank carried out the RCSA exercise for critical processes, based on mapping the activities, risks and associated controls of these processes. This exercise was carried out by means of Risk and Control Assessment Questionnaires (Self Assessment), with the aim of ascertaining the Bank's level of exposure to the various risks, taking into account the controls implemented (Residual Risk). This exercise gives the overall severity of the risk (probability and impact) for each process, which enables the Bank's overall risk matrix to be drawn up.

At Moza Banco the mitigation of Operational Risk and the strengthening of the Internal Control System, in line with the Strategic Plan, is carried out through the implementation of Action Plans identified by possible internal control deficiencies or arising from the Self-Assessment of Deficiencies Exercise.

The Bank strives to mitigate risks with a higher level of exposure or which exceed the defined risk appetite level, through a strong governance structure and the implementation of a set of internal controls, which include an adequate segregation of duties, access controls, authorisations and reconciliation and hierarchical review processes, staff training and continuous assessment processes, in addition to the IT controls implemented. In addition, a business continuity plan is in place to guarantee the ability to continue operating, limiting losses and/or negative impacts in the event of a serious business interruption.

Operational risk management is carried out at all levels of the institution, as it is a risk that cuts across the entire structure of the Bank. All the Bank's Organic Units are called upon to actively collaborate with the Risk Management Department in carrying out risk identification, analysis, monitoring and control activities.

The Board of Directors is responsible for approving internal policies containing procedures to be adopted in the various processes, which are reviewed periodically, as well as ensuring the conditions for an adequate internal control environment, adjusted to the size, complexity and risk appetite of the Bank.

5.5. Capital management and solvency risk

The Bank actively manages its capital to cover the risks inherent in its business. The adequacy of the Bank's capital is monitored using, among other measures, the ratios established by the Central Bank of Mozambique.

The main objectives of capital management at Moza Banco are as follows:

- Comply with the capital requirements imposed by the Central Bank of Mozambique;
- Maintaining a strong and healthy capital ratio, capable of supporting the growth of the business as well as the execution of the Strategic Plan; and
- To present a policy of continuity, capable of providing the maximum return to shareholders.

Capital adequacy and the utilisation of regulatory capital are regularly monitored by the Bank's Board of Directors, which assesses the methodologies implemented and compliance with the regulations issued by the Central Bank of Mozambique. The required information is submitted monthly to the Central Bank of Mozambique, which requires each Bank to comply with a minimum capital solvency ratio of 12 per cent.

The Bank's regulatory capital is controlled by the Risk Management Department and is divided into two tiers:

- Tier 1 capital: share capital (net of any book value of own shares), retained earnings and reserves; and
- Tier 2 capital: subordinated debt, generic provisions and unrealised fair value gains on available-for-sale financial assets.

The risk weighting of assets is measured using a hierarchy of thirteen risks, categorised according to nature and reflecting an estimate of the credit, market and other risks associated with each asset or counterparty, taking into account eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet items, with some adjustments to reflect the more contingent nature of a potential loss..

(Amounts expressed in thousands of Meticais)

The table below summarises the calculation of Moza Banco's solvency ratio for the year ending 31 December 2022 and 2023, calculated on the basis of that recommended by the Central Bank of Mozambique, which is higher than the minimum required and proves the Bank's financial strength.

	2023	**2022**
Tier I Capital		
Share capital	7 020 750	5 896 250
Eligible reserves and retained earnings	2 691 707	4 619 438
Intangible assets	(317 468)	(224 572)
Credit impairments according to the BoM notice (*)	(3 085 138)	(4 001 499)
Fair value reserve	(3 475)	(175 835)
Tier I Capital	6 306 376	6 113 782
Total amount of the participation if it exceeds 10% of the share capital of the participated entity		
Tier I Capital - adjusted	6 306 376	6 113 782
Additional own funds		
Subordinated bond loans	-	-
Others	3 401	1 432
Total amount of the participation if it exceeds 10% of the share capital of the participated entity		
Additional own funds	3 401	1 432
Other elements to deduct	(760 561)	(748 048)
Original and additional own funds	5 549 216	5 367 166
Risk-weighted assets		
On the financial position	22 660 351	19 230 513
Outside the financial position	4 549 908	3 760 122
Operational and market risk	640 885	780 291
Total weighted assets	27 851 144	23 770 926
Prudential ratios		
CORE TIER 1 CAPITAL	34,86%	43,50%
TIER 1 CAPITAL	22,64%	25,71%
OVERALL RATIO	19,92%	22,58%
Required solvency ratio	12,00%	12,00%

(*) means the difference between the calculation of loan impairment based on the BoM notice and

6. Net interest margin

The net interest margin is as follows:

	2023	**2022**
Interest and similar income		
Interest on loans and advances to customers	4 201 075	3 776 273
Interest on cash and deposits with credit institutions	160 385	487 988
Interest on financial assets at amortised cost	1 207 387	891 343
Interest on financial assets at fair value through other comprehensive income	448 322	215 108
	6 017 169	5 370 712
Interest and similar expenses		
Interest on customer funds	2 391 556	1 914 320
Interest on subordinated liabilities	113 670	14 603
Interest on funds from the Central Bank and credit institutions	404 574	134
Rental interest	188 079	181 112
	3 097 879	2 110 169
	2 919 290	**3 260 543**

(Amounts expressed in thousands of Meticais)

7. Services and net fees

This item is presented as follows:

	2023	2022
Income from services and fees		
For guarantees given	162 736	164 233
For banking services performed	314 531	315 242
Other income from services and fees	400 931	318 775
	878 198	798 250
Service charges and commissions		
For guarantees received	4 458	18 157
For banking services provided by third parties	25 832	13 581
VISA and Mastercard	148 777	109 477
Other fees and commissions	124 114	83 397
	303 181	224 612
	575 017	**573 638**

Type of service	Nature and timing of performance obligations, including significant payment deadlines	Recognition of revenue in accordance with NIRF 15
Retail and corporate banking services	The Bank provides retail and corporate banking services, including account management, lending in the form of overdrafts, foreign currency transactions, credit cards and service fees. Fees for ongoing account management are charged monthly to the client's account. The Bank sets the fees separately each year for retail and corporate banking clients. Fees applied to interbank commission-based transactions, foreign currency transactions and overdrafts are charged to the customer's account when the transaction takes place. Service fees are charged monthly and are based on fixed rates reviewed annually by the Bank.	Revenue from account services and service fees is recognised over time as the services are provided. Revenue related to transactions is recognised when the transaction occurs.
Investment banking services	The Bank's investment banking segment provides various finance-related services, including loan administration and branch services, syndicated loan administration, execution of transactions with exchange customers and securities underwriting. Fees for ongoing services are charged annually at the end of each financial year to the client's account. However, if a client terminates the contract before 31 December, a fee will be charged for services performed up to that point. Transaction-based fees for administering a syndicated loan, executing transactions and underwriting securities are charged when the transaction takes place.	Revenue from administrative branch services is recognised over time as the services are provided. The amounts to be collected from customers on 31 December are recognised as accounts receivable from customers. Revenue related to transactions is recognised when the transaction occurs.

8. Net financial operations

Net financial operations are as follows:

	2023	2022
Gains on financial operations		
Gains on foreign exchange transactions	2 852 060	3 388 737
Other gains on financial operations	167 094	141 027
	3 019 154	3 529 764
Losses on financial operations		
Losses on foreign exchange transactions	2 628 560	3 215 126
Other losses on financial operations	961	28 774
	2 629 521	3 243 900
Net financial operations	389 633	285 864

(Amounts expressed in thousands of Meticais)

9. Impairment for the year

	Nota	2023	2022
Loans and advances to customers	21	1 133 148	828 680
Non-current assets held for sale	23	19 083	-
Other assets	22	-	(39 018)
Financial assets	20	20 174	(15 761)
		1 172 405	**773 901**

10. Staff costs

Staff costs are as follows:

	2023	2022
Salaries and wages	2 018 109	1 712 585
Mandatory social charges	66 725	60 695
	2 084 834	**1 773 280**

Employees

On 31 December, the number of permanent employees was as follows:

	2023	2022
Central Services	526	527
Commercial Area	417	434
	943	**961**

11. Other operating costs

This item is presented as follows:

	2023	2022
Communications	117 789	115 292
Professional fees	299 421	278 500
Consumables	43 322	37 743
Maintenance and related services	295 732	280 136
Marketing expenses	25 670	28 225
Rents and leases	21 439	23 769
Water, energy and fuels	86 849	83 507
Travel and representation expenses	22 341	20 381
Training costs	8 201	8 712
Reversal of income from previous years	135 192	74 839
Donations and contributions	19 091	9 337
Insurance	17 338	16 890
Fees	23 686	21 271
Others	68 114	159 602
	1 184 185	1 158 204

12. Other operating gains

This item is presented as follows:

	2023	2022
Services provided	55 630	35 364
Other earnings	1 576 659	389 739
	1 632 289	**425 103**

During the 2023 financial year, Other operating gains showed a significant increase of 1.207 billion meticais compared to the previous year, largely explained by the recovery of credit from an operation that was reorganised in the 2021 financial year, duly disclosed in the respective Annual Report.

(Amounts expressed in thousands of Meticais)

13. Provisions for the year

Provisions are as follows:

	2023	**2022**
Provisions for guarantees and commitments	93 622	45 442
Processes for processing accounts	130 621	-
Legal provisions	(1 996)	21 760
POS transaction provisions	2 386	-
Miscellaneous provisions	9 053	-
	233 686	**67 202**

During the 2023 financial year, provisions totalling MZN 233,686 thousand Meticais were reinforced, of which MZN 130,621 thousand Meticais refers to the risk of loss related to processing accounts.

14. Deferred tax assets and liabilities

Income taxes (current and deferred) are determined by the Bank on the basis of the rules defined by the tax framework. However, in some situations, tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In these cases, the amounts recognised are the result of the Bank's best understanding of the appropriate framework for its operations, which may be questioned by the tax authorities.

The Tax Authorities have the right to review the Bank's tax position for a period of five (5) years, which may result in possible corrections to the taxable income due to different interpretations and/or non-compliance with tax legislation, particularly with regard to IRPS (Personal Income Tax), IRPC (Corporate Income Tax) and VAT (Value Added Tax).

The Bank has been making tax losses which, under the Income Tax Code, give rise to a right of deduction from future positive tax results up to a maximum of 5 years. In the light of International Accounting Standard 12, these losses give rise to the right to recognise Deferred Tax Assets against profits for the year, which can be used to meet the Bank's future tax obligations in the event of profits.

The Bank's business plan demonstrates the achievement of positive results in subsequent years, however, management has opted to partially recognise in the 2023 financial statements the right to recover them over the next five years by recording the deferred tax asset.

Management also believes that it has complied with all the tax obligations to which the Bank is subject.

The tax heading is as follows:

	2023	**2022**
Deferred tax assets on results	95 000	151 267
Deferred tax assets on fair value reserve	1 635	-
	96 635	**151 267**

Transactions in the Bank's deferred taxes are as follows:

	01.01.2023	**Income statement**		**Equity**		**31.12.2023**
		Expenses	**Income**	**Increase**	**Decrease**	
Deferred tax assets						
Tax losses	95 000	-	-	-	-	95 000
Deferred tax assets on fair value reserve	56 267	-	-	-	(54 632)	1 635
	151 267	-	-	-	(54 632)	96 635
Deferred tax liabilities						
Tangible assets	8 839	-	-	-	-	8 839
	8 839	-	-	-	-	8 839
		-			(54 632)	

	01.01.2022	**Income statement**		**Equity**		**31.12.2022**
		Expenses	**Income**	**Increase**	**Decrease**	
Deferred tax assets						
Tax losses	95 000	-	-	56 267	-	151 267
	95 000	-	-	56 267	-	151 267
Deferred tax liabilities						
Tangible assets	8 839	-	-	-	-	8 839
	8 839	-	-	-	-	8 839
		-			56 267	

15. Income tax

	2023	2022
IRPC - Interest on Treasury Bills	235 803	183 440
IRPC - Interest on Treasury Bonds	85 834	43 857
IRPC - Interest on Liquidity Swaps	3 193	8 580
	324 830	**235 877**

The IRPC figure refers to the definitive withholding tax on interest from investments in Treasury Bills, Treasury Bonds and other investments in the Interbank Money Market and the positive variation is due to the increase in the volume of investments during the 2023 financial year.

The reconciliation of the effective tax rate for 31 December 2023 is as follows:

	2023	2022
Profit before tax	**426 685**	**183 440**
Tax corrections		
Reintegrations and amortisations not accepted	27 921	27 147
Non-deductible provisions or impairment losses	37 228	27 247
Donations not foreseen	34 918	(228)
Others not accepted for tax purposes	305 661	222 874
Reinstatement of tax provisions	(63 328)	-
Interest on BT, OT and liquidity swaps	(1 820 095)	(1 594 439)
Tax losses	**(1 051 010)**	**(1 015 535)**
Current tax (32%)		
Tax loss carried forward	**(1 051 010)**	**(1 015 535)**
Withholding tax on BT interest, OT and liquidity swaps	**324 830**	**235 877**

The Bank has chosen not to recognise a deferred tax on the losses carried forward, however, in accordance with tax legislation, the tax loss can be used during 5 subsequent financial years. Below is a breakdown of the utilisation of tax losses over the years.

(In thousands of meticais)

Description	2019	2020	2021	2022	2023
Tax loss for the period	1 264 906	736 178	2 191 816	1 015 535	1 051 010
Maturity dates of tax losses	2024	2025	2026	2027	2028

16. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the Bank's ordinary shareholders of 101,855 thousand Meticais (2022: Profit: 90,138 thousand Meticais), and the weighted average number of ordinary shares issued up to 31 December 2023 which is 1,385,408 (2022: 1,179,250), calculated as follows:

Profit attributable to ordinary shareholders	2023	2022
Net profit	101 855	90 138
Weighted average number of ordinary shares	1 385 408	1 179 250
Earnings per share		
Basic	0,07	0,08
Diluted	0,07	0,08

17. Cash and Central Bank availability

Cash and deposits at the Central Bank are as follows:

	2023	2022
Cash	718 671	894 065
Deposits at the Central Bank	788 656	414 933
Compulsory reserves	14 043 543	2 160 030
	15 550 870	**3 469 028**

(Amounts expressed in thousands of Meticais)

18. Availability on CI

Loans and advances to credit institutions are as follows:

	2023	2022
Loans and advances to domestic banks	776	191 387
Funds available in foreign banks	376 634	289 422
	377 410	**480 809**

19. IC applications

Investments in credit institutions are as follows:

	2023	2022
Central Bank Applications	-	3 503 702
Loans and advances to other credit institutions	2 457 392	3 088 005
	2 457 392	**6 591 707**

Investments in credit institutions by maturity are as follows

	2023	2022
Up to 3 months	2 457 392	6 424 327
3 months to 1 year	-	167 380
	2 457 392	**6 591 707**

20. Financial assets

This item is presented as follows:

	2023			2022		
	Amortised cost	Through other comprehensive income	Through profit or loss	Amortised cost	Through other comprehensive income	Through profit or loss
Treasury Bills	8 571 040	-	-	7 521 104		-
Treasury Bonds	-	3 207 231	-	-	1 452 391	-
Corporate Bonds						
Visabeira 2020-2026	-	112 776	-	-	163 915	-
BAYPORT 2020-2025	-	43 574	-	-	44 033	-
BAYPORT 2021-2025	-	59 053	-	-	57 388	-
MOZ BOND	-	553 941	-	-	491 198	-
Shares						
Emose 2013	-	-	32 783	-		37 156
SIMO	-	-	12 655	-		12 655
	8 571 040	**3 976 575**	**45 438**	**7 521 104**	**2 208 925**	**49 811**
Total			**12 593 053**			**9 779 840**

In terms of residual maturity on 31 December 2023, the Treasury Bill portfolio is as follows:

	2023	2022
1 month maturity	1 893 310	1 292 458
Maturity over 1 month < 6 months	4 539 230	4 987 259
Maturity over 6 months < 12 months	2 138 500	1 241 387
	8 571 040	**7 521 104**

In terms of residual maturity on 31 December 2023, the Treasury Bond portfolio is as follows:

	2023	2022
Maturity over 1 month < 6 months	-	158 077
Maturity over 12 months	3 207 231	1 294 314
	3 207 231	**1 452 391**

(Amounts expressed in thousands of Meticais)

On 31 December 2023, the Treasury Bond portfolio was as follows:

	2023	2022
Treasury Bonds		
Treasury Bonds 2020-2nd series	-	158 077
Treasury Bonds 2021-3rd Series	94 620	95 790
Treasury Bonds 2021-3rd Series	115 647	117 076
Treasury Bonds 2021 - 4th Series	104 122	104 462
Treasury Bonds 2021-5th Series	132 949	131 213
Treasury Bonds 2021-8th series	163 617	156 971
Treasury Bonds 2021-11th series	109 672	-
Treasury Bonds 2022-11th series	784 541	701 594
Treasury Bonds 2023 - 2nd series	30 357	-
Treasury Bonds 2023 - 2nd series (*)	282 399	-
Treasury Bonds 2023 - 3rd series	1 004	-
Treasury Bonds 2023 - 4th series	6 476	-
Treasury Bonds 2023 - 9th series	1 381 827	-
	3 207 231	1 465 183

(*) - Reopening

Transactions in financial assets on 31 December 2023 are as follows:

	2023	2022
Opening balance	9 779 840	6 744 716
Acquisitions	14 516 219	2 769 986
Interest accrual	958 387	265 138
Disposals/reimbursement	(16 683 406)	-
Final balance	**8 571 040**	**9 779 840**

Transactions in impairments of financial assets on 31 December 2023 are as follows:

	2023	2022
Opening balance	43 440	128 044
Reinforcement	20 474	170 519
Reversal	(300)	(158 947)
Regularisation	(9)	(96 176)
Final balance	**63 605**	**43 440**

On 31 December 2023, impairments for the year increased by 20,174 thousand Meticais (2022: increase of 11,572 thousand Meticais), as a result of the depreciation in the price of securities, especially Mozbond Bonds (2022: 85.25%; 2022: 76.5%).

20.1 Treasury bonds

Treasury Bonds 2021 - 3rd series
These Treasury Bonds have a maturity of four years and were issued on 23 March 2021 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 14.00% for the first two coupons and the remaining six coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 1.25%. The net value on 31st December 2023 was 210,267 thousand Meticais.

Treasury Bonds 2021 - 4th series
These Treasury Bonds have a maturity of five years and were issued on 20 April 2021 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 14.00% for the first two coupons and the remaining eight coupons at the average rate weighted by the maturity and the amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 1.0%. The net value on 31st December 2023 was 104,122 thousand Meticais.

Treasury Bonds 2021 - 5th series
These Treasury Bonds have a maturity of five years and were issued on 08 June 2021 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 14.25 per cent for the first two coupons and the remaining eight coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 0.75 per cent. The net value on 31 December 2023 was 132,949 thousand Meticais.

Treasury Bonds 2021 - 8th series
These Treasury Bonds have a maturity of four years and were issued on 21 September 2021 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 14.00% for the first two coupons and the remaining six coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 0.75%. The net value on 31st December 2023 was 163,617 thousand Meticais.

Treasury Bonds 2021 - 11th series
These Treasury Bonds have a maturity of ten years and were issued on 30 December 2021 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 2.5625% for the first coupon only and the remaining nineteen coupons at the 12-month average inflation rate for Maputo, plus a percentage margin of 0.50%. The net value on 31 December 2023 was 109,672 thousand Meticais.

Treasury Bonds 2022 - 11th series
These Treasury Bonds have a maturity of five years and were issued on 28 December 2022 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 17.50% for the first four coupons and the remaining six coupons at the average rate weighted by the maturity and the amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 1.00%. The net value on 31st December 2023 was 784,541 thousand Meticais.

Treasury Bonds 2023 - 2nd series
These Treasury Bonds have a maturity of five years and were issued on 08 March 2023 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 19.00% for the first four coupons and the remaining six coupons at the average rate weighted by the maturity and the amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 0.75%. The net value on 31st December 2023 was 312,757 thousand Meticais.

Treasury Bonds 2023 - 3rd series
These Treasury Bonds have a maturity of five years and were issued on 12 April 2023 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 19.00% for the first four coupons and the remaining six coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 0.75%. The net value on 31st December 2023 was 1,004 thousand Meticais.

Treasury Bonds 2023 - 4th series
These Treasury Bonds have a maturity of five years and were issued on 10 May 2023 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 19.00% for the first four coupons and the remaining six coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with maturities of more than 63 days, plus a percentage margin of 0.75%. The net value on 31st December 2023 was 6,476 thousand Meticais.

Treasury Bonds 2023 - 9th series
These Treasury Bonds have a maturity of six years and were issued on 10 October 2023 with a nominal value of 100 Meticais each. The coupons are paid on a six-monthly basis at an annual interest rate of 18.00% for the first four coupons and the remaining eight coupons at the average rate weighted by the maturity and amounts of the last six issues of Treasury Bills with terms of 364 days, plus a percentage margin of 2.00% with repayment of the principal in four equal annual instalments from 2026 onwards. The net value on 31 December 2023 was 1,381 million Meticais.

20.2 Corporate obligations

Visabeira 2020 - 2026
These bonds have a maturity of six years and were issued by Visabeira Moçambique on 23 March 2020, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 250,000,000 Meticais, with Moza Banco being the only full and firm borrower of the loan, holding all of it in its own portfolio. This bond loan is subject to a grace period of twelve months, and interest is paid quarterly at a variable annual rate indexed to the PRSF - 2.00% (spread) for the remaining period of the loan. The net value on 31st December 2023 was 112,776 thousand Meticais.

Bayport 2020 - 2025 - 2nd series
These bonds have a maturity of five years and were issued by Bayport Financial Services Moçambique on 27th March 2020, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 511,000,000 Meticais and Moza Banco acquired 40,199,400 Meticais for its own portfolio. The coupons are paid every six months at an annual interest rate of 18.00% on the first coupon and the remaining coupons at a variable rate indexed to the weighted average of the last six issues of treasury bills with maturities of over 360 days + 6.00% (spread). The net value on 31st December 2023 was 43,574 thousand Meticais.

Bayport 2021 - 2025 - 3rd series
These bonds have a maturity of four years and were issued by Bayport Financial Services Moçambique on 27th July 2021, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 483,000,000 Meticais and Moza Banco acquired 52,035,000.00 Meticais for its own portfolio. The coupons are paid every six months at an annual interest rate of 18.00% on the first coupon and the remaining coupons at a variable rate indexed to the weighted average of the last six issues of treasury bills with maturities of over 360 days + 4.50% (spread). The net value on 31st December 2023 was 59,053 thousand Meticais.

Moz Bond 2019 - 2031
These bonds have a maturity of twelve years and new bonds were issued on 30 October 2019, with a nominal value of USD 1,000 per bond. This loan bears interest at a fixed annual rate of 5 per cent, with coupons paid every six months. The liability for this loan is fully covered by a guarantee issued by the Ministry of Finance of the Republic of Mozambique.

20.3 Shares and other variable-yield securities

Mozambican Insurance Company (EMOSE)
The number of shares held in EMOSE (2,185,500) represents 0.74 per cent of the share capital and each share has a nominal value of 1 Metical and represents the same voting rights in relation to the rest of the share capital.

Mozambican Interbank Company (SIMO)
SIMO's balance relates to the value of the shares held by the Bank in Sociedade Interbancária de Moçambique, a financial institution majority owned by Central Bank of Mozambique and with a stake held by commercial banks. SIMO's mission as a financial organisation is to provide its members with access to banking services, namely through its own ATM and POS infrastructures.

(Amounts expressed in thousands of Meticais)

21. Loans and advances to customers

Loans and advances to customers are as follows:

	2023	2022
Companies	16 434 341	22 041 049
Private individuals	6 979 247	2 502 835
	23 413 588	24 543 884
Specialised interest and commissions	368 526	198 578
	23 782 114	24 742 462
Expected credit losses	(1 847 925)	(2 988 822)
	21 934 189	**21 753 640**

Loans and advances by segment are analysed as follows:

	2023	2022
Corporate	5 692 655	5 584 368
Retail - Companies	7 700 415	10 032 895
Private	411 788	391 088
Institutional	15 237	19 093
Public Institution	3 239 036	3 749 011
Retail -Individual	6 722 983	4 966 007
	23 782 114	**24 742 462**
Expected credit losses	(1 847 925)	(2 988 822)
	21 934 189	**21 753 640**

Risk concentration by industry is analysed as follows:

	2023	2022
Government	240 368	275 121
Retail	4 385 959	4 476 590
Construction	921 907	1 261 577
Manufacturing industry	1 701 513	2 131 213
Private individuals	6 846 513	4 977 529
Services	3 270 486	3 185 294
Transport and communications	3 592 179	3 600 454
Others	975 264	1 845 862
	21 934 189	**21 753 640**

Gross loans and advances by currency are analysed as follows:

	2023	2022
National currency	22 557 929	23 688 953
Foreign currency	1 224 185	1 053 509
	23 782 114	**24 742 462**

Loans and advances by stage are analysed as follows:

	2023	2022
Stage 1	9 881 997	9 376 597
Stage 2	2 655 894	2 198 260
Stage 3	9 396 298	10 178 783
	21 934 189	**21 753 640**

The maturity of gross loans and advances is as follows:

	2023	2022
Up to 3 months	4 290 739	4 418 040
From 3 months to 1 year	2 631 576	2 769 749
From 1 year to 5 years	8 979 790	9 610 229
More than 5 years	7 880 009	7 944 444
	23 782 114	**24 742 462**

(Amounts expressed in thousands of Meticais)

Credit impairment

Transactions in impairment losses during the year is as follows:

2023	Stage 1	Stage 2	Stage 3	Value
Opening Balance	121 069	105 033	2 762 720	2 988 822
Reinforcement	66 323	79 314	1 133 476	1 279 113
Reversal	(67 023)	(77 503)	(1 439)	(145 965)
Transfer	-	-	(515 940)	(515 940)
Utilisation	-	-	(1 758 105)	(1 758 105)
	120 369	**106 844**	**1 620 712**	**1 847 925**

The utilisation of loan impairment in the 2023 financial year results from the write-off of impaired loans constituted at 100% of the loan exposure in line with article 11 of Notice 16/GBM/2023.

2022	Stage 1	Stage 2	Stage 3	Value
Opening Balance	292 439	376 306	1 986 750	2 655 495
Reinforcement	73 656	86 748	1 474 936	1 635 340
Reversal	(245 026)	(358 021)	(203 604)	(806 651)
Transfer	-	-	(495 362)	(495 362)
Utilisation	121 069	105 033	2 762 720	2 988 822
	121 069	**105 033**	**2 762 720**	**2 988 822**

22. Other assets

Other assets are as follows:

	2023	2022
Other receivables	1 082 112	563 371
Accruals and deferrals	425 408	257 344
Inventories	19 180	21 272
Recoverable assets*	261 053	295 203
	1 787 753	**1 137 190**
Impairment of other assets	(5 057)	(5 057)
	1 782 696	**1 132 133**

The significant variation in other assets is explained by a series of advances made during 2023, which will be repaid during the 2024 financial year.

The breakdown of "Recoverable assets" is as follows:

	2023	2022
Condominio Maresias	99 161	98 800
Sunera Cimentos	97 929	97 929
Ka da Terra Supermercados	-	67 134
Construtora da Bairrada	8 100	-
Mulahuze Pro- Gelo, Limitada	5 900	-
Mauricio Niquice	8 915	-
Millenium 2010	5 765	-
Others	35 283	31 340
	261 053	**295 203**

(Amounts expressed in thousands of Meticais)

23. Non-current assets held for sale

Transactions in non-current assets held for sale is as follows:

	2023	2022
Foreclosed properties	995 911	1 089 837
Impairments	(264 064)	(301 545)
	731 847	**788 292**

Transactions in non-current assets held for sale during the year was as follows:

	2023	2022
Opening balance	1 089 837	1 205 001
Increases	67 134	36 152
Decreases	(161 060)	(151 316)
Sub-Total	995 911	1 089 837
	1 787 753	**1 137 190**
Impairments	(264 064)	(301 545)
Final balance	**731 847**	**788 292**

Transaction in impairment losses during the year is as follows:

	2023	2022
Opening Balance	(301 545)	(367 895)
Reinforcement	(19 083)	-
Reversal	-	66 350
Regularisation	56 564	-
Final balance	**(264 064)**	**(301 545)**

The impairment for the year for non-current assets held for sale totalled 19,083 thousand Meticais due to the reinforcement of the impairment of some properties. Also in the 2023 financial year, the Bank utilised impairment to the value of 56,564 thousand Meticais in the process of selling property.

24. Investment Property

Transactions in this item is as follows:

Cost	Amount
01 January 2022	372 902
Write-down	(107 951)
31 December 2022	264 951
	-
31 December 2023	**264 951**

Amortisation	
01 January 2022	**20 966**
Increase	13 056
Write-down	(6 776)
31 December 2022	**27 246**
Increase	5 426
31 December 2023	**32 672**

Carrying amount	
01 January 2022	**351 936**
31 December 2022	**237 705**
31 December 2023	**232 279**

On 31 December 2023, the fair value of Investment Properties was 232,279 thousand Meticais.

(Amounts expressed in thousands of Meticais)

25. Tangible Assets

Transactions in tangible assets is as follows:

Cost	Leased buildings	Equipment	Investments in progress	Right of use asset	Others	Total
01 January 2022	**1 095 504**	**1 373 812**	**550 572**	**2 366 793**	**2 597**	**5 389 278**
Increase	-	22 840	225 733	174 606	-	423 179
Write-down	-	(10 278)	-	-	-	(10 278)
Transfers	-	65 813	(321 343)	-	-	(255 530)
31 December 2022	**1 095 504**	**1 452 187**	**454 962**	**2 541 399**	**2 597**	**5 546 649**
Increase	-	48 760	81 985	74 795	-	205 540
Write-down	-	(10 098)	-	-	-	(10 098)
Transfers	43 053	52 815	(95 868)	-	-	-
31 December 2023	**1 138 557**	**1 543 664**	**441 079**	**2 616 194**	**2 597**	**5 742 091**
Amortisation						
01 January 2022	**773 473**	**1 169 271**	**20**	**739 967**	**-**	**2 682 731**
Increase	79 691	102 232	-	229 562	-	411 485
Write-down	-	(9 755)	-	-	-	(9 755)
Regularisations	-	(3)	-	-	-	(3)
31 December 2022	**853 164**	**1 261 745**	**20**	**969 529**		**3 084 458**
Increase	56 144	84 496	-	235 923	-	376 563
Write-down	-	(9 591)	-	-	-	(9 591)
Regularisations	(370)	-	-	-	-	-370,00
31 December 2023	**908 938**	**1 336 650**	**20**	**1 205 452**		**3 451 060**
	909 308	**1 336 633**	**20**	**1 205 452**		**3 451 413**
Carrying amount						
01 January 2022	**322 031**	**204 541**	**550 552**	**1 626 826**	**2 597**	**2 706 547**
31 December 2022	**242 340**	**190 442**	**454 942**	**1 571 870**	**2 597**	**2 462 191**
31 December 2023	**229 619**	**207 014**	**441 059**	**1 410 742**	**2 597**	**2 291 031**

26. Intangible Assets

Transactions in intangible assets is as follows:

Cost	Software	Investments in progress	Total
01 January 2022	**849 372**	**137 706**	**987 078**
Increase	24 069	71 005	95 074
Transfer	7 762	(7 762)	
31 December 2022	**881 203**	**200 949**	**1 082 152**
Increase	21 707	103 635	125 342
Transfer	94 097	(94 097)	-
Regularisation	49 873	(49 873)	-
31 December 2023	**1 046 880**	**160 614**	**1 207 494**
Amortisation			
01 January 2022	**835 575**	**-**	**835 575**
Increase	22 005	-	22 005
31 December 2022	**857 580**	**-**	**857 580**
Increase	32 446	-	32 446
31 December 2023	**890 026**	**-**	**890 026**
Carrying amount			
01 January 2022	**13 797**	**137 706**	**151 503**
31 December 2022	**23 623**	**200 949**	**224 572**
31 December 2023	**156 854**	**160 614**	**317 468**

27. Current taxes

Current tax assets are as follows:

	2023	2022
Payment on account of IRPC	38 365	38 265
IRPC withholding tax	568 576	566 916
	606 941	**605 181**

(Amounts expressed in thousands of Meticais)

28. Credit institution deposits

Deposits from Credit Institutions including Central Bank of Mozambique are as follows:

	2023	2022
Current accounts	1 492 267	112 179
Term deposits	76 431	1 529
	1 568 698	**113 708**

The maturity of Credit Institution Deposits including the Central Bank of Mozambique is as follows:

	2023	2022
Up to 3 months	1 499 112	112 451
From 3 months to 1 year	69 586	1 257
	1 568 698	**113 708**

29. Deposits and current accounts

Deposits and current accounts are as follows:

	2023	2022
Current accounts	20 656 428	15 924 899
Term deposits	20 327 056	19 472 515
	40 983 484	**35 397 414**

The maturity of deposits and current accounts is as follows:

	2023	2022
Demand	20 656 428	15 883 777
Up to 3 months	16 357 787	17 060 838
From 3 months to 1 year	3 969 269	2 452 799
	40 983 484	**35 397 414**

30. Earmarked deposits

The deposits earmarked are as follows:

	2023	2022
i) Ministry of Industry (PRSP)	1 708	1 708
ii) FSA - Kuwait Fund	240 332	329 774
iii) IFAD	343 913	130 220
iv) Agrarian Development Fund	110 000	110 000
v) FNDS	10 063	170
Interest	38 992	5 787
	745 008	**577 659**

i) An agreement was signed with the Ministry of Industry and Trade for access to funds granted by the Italian government in the form of a guarantee fund (PRSP - Private Sector Recovery Programme) to support private sector activities directly affected by natural disasters that occurred in 2000/2001. The fund was made available on 31st March 2015, for the amount of 120 million Meticais, for a period of 5 years, and the operations covered have a fixed rate of 10.00% per year;

ii) In July 2020, a Financial Technical Partnership Protocol on the Promotion and Financing of Integrated Rural Development Projects in Mozambique was signed between the National Fund for Sustainable Development (FNDS) and Moza Banco. The aim of this agreement is for the Bank to manage a line of financing for the SUSTENTA programme, comprising a grant component worth 272,002 thousand Meticais and a credit component worth MZN 901,214 thousand Meticais;

iii) On 30 May 2012, the Bank initialled an agreement with the government of the Republic of Mozambique and the Kuwait Fund for Arab Economic Development, under which it takes over the management of a fund to finance agriculture and micro-businesses producing food and related services, with no defined repayment deadline.

iv) In April 2022, a Fund Management Agreement was signed between Moza Banco and the Rural Enterprise Financing Project (REFP). These funds are part of the financing that the Government of Mozambique received from the International Fund for Agricultural Development (IFAD) to fund the implementation activities of the Rural Enterprise Financing Project (REFP), Component 1 (credit line and subsidy line). The value of this component is approximately USD 30 million and will be in force until the maturity of the disbursements made.

v) In April 2022, a Fund Management Contract was signed between Moza Banco and the Agrarian Development and Rural Extension Fund - FAR, Manica Provincial Delegation, with the aim of establishing a partnership to guarantee the strengthening of Value Chains with the participation of Men, Women and Youth through Subsidies in the Provinces of Manica and Sofala. The initial value of the fund is MZN 204,480 thousand Meticais, earmarked exclusively for the Grants Component and with a contract valid until 31 December 2026.

vi) In July 2023, a fund management contract was signed between Moza Banco and the Fundo de Fomento Agrário e Extensão Rural, FP (FAR, FP) with the aim of establishing a partnership to guarantee the strengthening of the Cereal, Fruit and Vegetable Value Chains in Maputo, Gaza and Inhambane Provinces. The initial value of the fund is MZN 80,000 thousand and it expires on 31 December 2028.

(Amounts expressed in thousands of Meticais)

The according to the elements affecting monetary and non-monetary cash flow are as follows:

	2023	2022
Opening balance	577 659	354 281
Monetary changes	128 357	217 591
Non-monetary changes	38 992	5 787
Final balance	**745 008**	**577 659**

31. Provisions

This item is presented as follows:

	2023	2022
Provisions for guarantees and commitments	205 659	112 176
Other provisions	235 496	106 948
	441 155	**219 124**

Transactions in provisions for guarantees and commitments during the year is as follows:

Description	2023	2022
Off-balance sheet exposures		
Opening Balance	112 176	66 744
Reinforcement	250 921	106 386
Reversal	(157 299)	(60 954)
Regularisation	(139)	-
	205 659	**112 176**

Provisions for the year for guarantees and commitments totalled 93,622 thousand Meticais, as a result of a reinforcement of 250,921 thousand Meticais and a reversal of 157,299 thousand Meticais.

Transactions in legal provisions and compensation processes is as follows:

Description		2023	2022
Compensation processes			
Opening Balance		65 000	65 000
Reinforcement		130 621	-
	Sub-total	**195 621**	**65 000**
Court cases			
Opening Balance		41 630	19 870
Reinforcement		10 790	33 415
Reversal		(3 733)	(11 655)
Regularisation		(11 516)	-
	Sub-total	**37 171**	**41 630**
Other provisions			
Opening Balance		318	308
Reinforcement		2 386	10
	Sub-total	**2 704**	**318**
	TOTAL	**235 496**	**106 948**

During the 2023 financial year, the Bank increased its provision by 140,382 thousand Meticais, with an emphasis on compensation due to the increase in uncertainties and the Bank's prudent stance in relation to outstanding balances to be settled. It is expected that all outstanding balances will be regularised in 2024.

(Amounts expressed in thousands of Meticais)

32. Other liabilities

Right-of-use liabilities, according to the elements that affect the monetary and non-monetary cash flow, are presented as follows:

	2023	2022
Accounts payable	765 784	623 981
Accrued expenses	329 399	17 5 722
Deferred income	40 285	39 480
Liabilities on right of use	1 850 481	1 955 350
	2 985 949	**2 794 533**

This item is presented as follows:

	2023	2022
Opening balance	1 955 350	1 956 791
Monetary changes	(293 611)	(183 474)
Non-monetary changes	188 742	182 033
Final balance	1 850 481	1 955 350
	2 985 949	**2 794 533**

33. Bond loans

Bond loans are as follows:

	2023	2022
Moza Banco 2023 bond loan	2 312 180	-
Interest	51 903	-
	2 364 083	**-**

The maturity of loans and bonds is as follows:

	2023	2022
From 1 year to 3 years	1 338 284	-
From 3 years to 5 years	1 025 799	-
	2 364 083	**-**

Moza Banco Bonds 2023-2025 - 1st series

The bond loan has a maturity of 2 years, with Moza Banco having issued 8,675,000 (eight million, six hundred and seventy-five thousand) bonds and financial settlement having taken place on 16 August 2023, with a nominal value of 100 (one hundred) Meticais each bond, with repayment of the principal on maturity. Interest is paid on a quarterly basis at a fixed rate of 18.75 per cent for the first two (2) coupons and a variable rate indexed to the average of treasury bills with maturities of more than 90 days plus a spread of 1 per cent for the remaining 6 coupons. The net value on 31st December 2023 was 928,044 thousand Meticais.

Moza Banco Bonds 2023-2025 - 2nd series

The bond loan has a maturity of 2 years, with Moza Banco having issued 4,502,000 (four million, five hundred and two thousand) bonds and financial settlement having taken place on 27th September 2023, with a nominal value of 100 (one hundred) Meticais each bond, with repayment of the capital on maturity. Interest is paid on a quarterly basis at a fixed rate of 18.75 per cent for the first two (2) coupons and a variable rate indexed to the average of treasury bills with maturities of more than 90 days plus a spread of 1 per cent for the remaining 6 coupons. The net value on 31st December 2023 was 472,007 thousand Meticais.

Moza Banco Bonds 2023-2026 - 3rd series

The bond loan has a maturity of 3 years, with Moza Banco having issued 8,297,800 (eight million, two hundred and ninety-seven thousand and eight hundred) bonds and financial settlement taking place on 30 October 2023, with a nominal value of 100 (one hundred) Meticais each bond, with repayment of the capital on maturity. Interest is paid on a quarterly basis at a fixed rate of 20.00% for the first two (2) coupons and a variable rate indexed to the average of treasury bills with maturities of more than 90 days plus a spread of 2% for the remaining 10 coupons. The net value on 31st December 2023 was 857,439 thousand Meticais.

Moza Banco Bonds 2023-2026 - 4th series

The bond loan has a maturity of 3 years, with Moza Banco having issued 1,647,000 (one million, six hundred and forty-seven thousand) bonds and financial settlement having taken place on 20 November 2023, with a nominal value of 100 (one hundred) Meticais each, with repayment of the principal on maturity. Interest is paid on a quarterly basis at a fixed rate of 20.00% for the first two (2) coupons and a variable rate indexed to the average of treasury bills with maturities of more than 90 days plus a spread of 2% for the remaining 10 coupons. The net value on 31st December 2023 was 168,360 thousand Meticais.

(Amounts expressed in thousands of Meticais)

Bond loans, according to the elements that affect monetary and non-monetary cash flow, are as follows:

	2023	2022
Opening balance	-	-
Monetary changes	2 312 180	(487 674)
Non-monetary changes	51 903	-
Final balance	**2 364 083**	**(487 674)**

34. Taxes payable

Taxes payable are as follows:

	2023	2022
VAT	1 390	1 834
IRPS	34 171	30 124
IRPC	14 781	35 870
Stamp Duty	13 417	28 871
	63 759	**96 699**

The amount of tax payable was netted during the month of January 2024.

35. Share Capital

As at 31 December 2023, Moza Banco's share capital is fully subscribed and paid up, as follows:

	2023	2022
Share capital	7 020 750	5 896 250
	7 020 750	**5 896 250**

By resolution of the Annual General Meeting (Minute No. 02/AGE/2022), during the 2023 financial year, the Bank issued 224,900 shares with a nominal value of 5,000 (five thousand) meticais, equivalent to 1,124,510 thousand meticais, which were fully paid up by the shareholders, and the share capital was distributed as shown in the table below.

Distribution of share capital by shareholder.

2023	Number of shares	Nominal value	Share Capital	% Share Capital
Kuhanha	927 822	5	4 639 110	66,08%
Arise	431 296	5	2 156 480	30,72%
Moçambique Capitais	45 029	5	225 145	3,21%
Dr.António Matos	3	5	15	0,00%
	1 404 150		**7 020 750**	**100%**

2022	Number of shares	Nominal value	Share Capital	% Share Capital
Kuhanha	742 691	5	3 713 455	62,98%
Arise	351 390	5	1 756 950	29,80%
Moçambique Capitais, S.A	43 435	5	217 175	3,68%
Novo Banco	41 732	5	208 660	3,54%
Dr.António Matos	2	5		0,00%
	1 179 250		**5 896 240**	**100%**

36. Reserves

The reserves are as follows:

Cost	2023	2022
Legal reserves	4 688 884	4 661 843
Reserves for the revaluation of financial assets	(3 476)	(119 568)
Share premium	1 993 740	1 993 740
Retained earnings	(3 990 917)	(4 054 014)
	2 688 231	**2 482 001**

(Amounts expressed in thousands of Meticais)

37. Classification of the Bank's financial instruments

The Bank's financial instruments are classified as follows:

2023	Financial assets through profit or loss	Financial assets through other comprehensive income	Amortised cost	Total
Assets				
Cash and deposits at the Central Bank	-	-	15 550 870	15 550 870
Loans and advances to credit institutions	-	-	377 410	377 410
Investments in credit institutions	-	-	2 457 392	2 457 392
Financial assets	45 438	3 976 575	8 571 040	12 593 053
Loans and advances to customers	-	-	21 934 189	21 934 189
Other assets	-	-	1 782 696	1 782 696
	45 438	**3 976 575**	**50 673 597**	**54 695 610**
Liabilities				
Deposits from credit institutions	-	-	1 568 698	1 568 698
Deposits and current accounts	-	-	40 983 484	40 983 484
Earmarked deposits	-	-	745 008	745 008
Other liabilities	-	-	2 985 949	2 985 949
Bond loans	-	-	2 364 083	2 364 083
	-	**-**	**48 647 222**	**48 647 222**

2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Amortised cost	Total
Assets				
Cash and deposits at the Central Bank	-	-	3 469 028	3 469 028
Loans and advances to credit institutions	-	-	480 809	480 809
Investments in credit institutions	-	-	6 591 707	6 591 707
Financial assets	49 811	2 208 925	7 521 104	9 779 840
Loans and advances to customers	-	-	21 753 640	21 753 640
Other assets	-	-	1 132 133	1 132 133
	49 811	**2 208 925**	**40 948 421**	**43 207 157**
	At fair value through profit and loss	**Other financial liabilities**	**Non-financial liabilities**	**Total**
Liabilities				
Deposits from credit institutions	-	-	113 708	113 708
Deposits and current accounts	-	-	35 397 414	35 397 414
Earmarked deposits	-	-	577 659	577 659
Other liabilities	-	-	2 794 533	2 794 533
	-	**-**	**38 883 314**	**38 883 314**

37.1 Fair value of financial instruments

When the fair value of financial assets and liabilities recognised in the Financial Statements cannot be calculated based on active market prices, the fair value is determined using various valuation techniques, which include the use of the discounted cash flow method. The base data for these models is calculated based on the information available from the markets, however, whenever this is not feasible, it is necessary to resort to some extent to weightings to determine fair value.

Changes in assumptions about the following factors may affect the fair value recognised in the Financial Statements:

Level 1 - Quoted market price (unadjusted) on an active market for an identical instrument;

Level 2 - Valuation techniques based on observable data, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using prices in quoted markets or in active markets for similar instruments; quoted prices for identical or similar instruments in markets considered less active, or other valuation techniques in which all elements are directly or indirectly observable from market data;

Level 3 - Valuation techniques using unobservable market inputs. This category includes financial instruments in which the valuation technique includes inputs not based on unobservable data and the unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued on the basis of similar quoted yields, whenever there is a need for significant unobservable adjustments or assumptions to reflect the differences between the instruments.

(Amounts expressed in thousands of Meticais)

The fair value of financial assets and liabilities that are traded on active markets are based on quoted market prices or dealer price quotations. For all financial instruments, the Bank determines market values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models and other valuation models. Assumptions and inputs used in risk assessment techniques include free and benchmark interest rates, credit spreads and other premiums used to estimate discount rates, bond prices, treasury bills and exchange rates. The aim of valuation techniques is to arrive at a determination of fair value that reflects the price of the financial instrument on the reporting date, which would have been determined by market participants acting on a commercial basis.

Fair value hierarchy of financial instruments

The Bank measures financial instruments at fair value on the statement of financial position date. Fair value assumes that the asset or liability is traded between market participants in an orderly transaction to sell the asset or transfer the liability at the measurement date under prevailing market conditions. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place:

i) on the principal market for that asset or liability; or
ii)If there is no main market, the most favourable market for that asset or liability.

The main or most advantageous market must be accessible to the Bank.

The fair value of the asset or liability is measured using the assumptions that the market participants used to carry out the transaction, assuming that the participants are acting in their best economic interests.

The fair value measurement of a non-financial asset takes into account the ability of a market participant to generate economic benefits by using the asset to its full and best use or by selling it to another market participant who will use it to its full or best use.

The Bank uses valuation techniques considered to be the most appropriate according to the circumstances and for which there is sufficient data to measure fair value, maximising the use of relevant information available based on observable variables and minimising the use of unobservable variables.

All assets and liabilities whose fair value is measured or disclosed in the financial statements are recognised in accordance with the fair value hierarchy described below, based on the lowest level of inputs for measuring fair value:

> **Level 1** - Quoted prices (unadjusted) of assets or liabilities in active markets to which the entity has access at the measurement date;

> **Level 2** - Fair value determined on the basis of market inputs not included in Level 1, but which are observable in the market for the asset or liability, either directly or indirectly;

> **Level 3** - The fair value of assets and liabilities is determined based on inputs that are not based on observable market information.

For assets and liabilities that are recognised recurrently in the Financial Statements, the Bank determines whether transfers have occurred between levels of the hierarchy by reassessing the categorisation (based on the lowest input level for measuring fair value).

The fair value of quoted securities is based on price quotations on the statement of financial position date only when there is an active market. The fair value of unlisted instruments, loans from banks and other financial liabilities is estimated by discounting future cash flows using rates currently available for debts in similar conditions, the credit risk and remaining term.

The following table shows the analysis of the fair value of financial instruments according to the fair value hierarchy for the Bank:

2023	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at the Central Bank	-	15 550 870	-	15 550 870
Loans and advances to credit institutions	-	377 410	-	377 410
Investments in credit institutions	-	2 457 392	-	2 457 392
Financial assets	4 009 358	8 583 695	-	12 593 053
Loans and advances to customers	-	21 934 189	-	21 934 189
Other assets	-	1 782 696	-	1 782 696
	4 009 358	**50 686 252**	**-**	**54 695 610**
Liabilities				
Deposits from credit institutions	-	1 568 698	-	1 568 698
Deposits and current accounts	-	40 983 484	-	40 983 484
Earmarked deposits	-	745 008	-	745 008
Other liabilities	-	2 985 949	-	2 985 949
Bond loans	-	2 364 083	-	2 364 083
	-	**48 647 222**	**-**	**48 647 222**

(Amounts expressed in thousands of Meticais)

2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Cash and deposits at the Central Bank	-	3 469 028	-	3 469 028
Loans and advances to credit institutions	-	480 809	-	480 809
Investments in credit institutions	-	6 591 707	-	6 591 707
Financial assets	2 246 081	7 533 759	-	9 779 840
Loans and advances to customers	-	21 753 640	-	21 753 640
Other assets	-	1 132 133	-	1 132 133
	2 246 081	**40 961 076**	**-**	**43 207 157**
Liabilities				
Deposits from credit institutions	-	113 708	-	113 708
Deposits and current accounts	-	35 397 414	-	35 397 414
Earmarked deposits	-	577 659	-	577 659
Other liabilities	-	2 794 533	-	2 794 533
Bond loans	-	96 699	-	96 699
	-	**38 980 013**	**-**	**38 980 013**

The following table shows, by class, the comparison of the fair value with the carrying amounts of the Bank's financial instruments that are not measured at fair value in the Financial Statements:

	2023		**2022**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and deposits at the Central Bank	15 550 870	15 550 870	3 469 028	3 469 028
Loans and advances to credit institutions	377 410	377 410	480 809	480 809
Investments in credit institutions	2 457 392	2 457 392	6 591 707	6 591 707
Financial assets held for trading	12 593 053	12 593 053	9 779 840	9 779 840
Loans and advances to customers	21 934 189	21 934 189	21 753 640	21 753 640
Other assets	1 782 696	1 782 696	1 132 133	1 132 133
	54 695 610	**54 695 610**	**43 207 157**	**43 207 157**
Financial liabilities				
Deposits from credit institutions	1 568 698	1 568 698	113 708	113 708
Deposits and current accounts	40 983 484	40 983 484	35 397 414	35 397 414
Earmarked deposits	745 008	745 008	577 659	577 659
Bond loans	2 364 083	2 364 083	96 699	96 699
Other liabilities	2 985 949	2 985 949	2 794 533	2 794 533
	48 647 222	**48 647 222**	**38 980 013**	**38 980 013**
	6 048 388	**6 048 388**	**4 227 144**	**4 227 144**

Management believes that Cash and Deposits at the Central Bank and Deposits at Credit Institutions are close to fair value, due to the short maturity of these instruments.

The fair value of financial assets and liabilities is included in the amount at the date of their transaction between interested parties, without there being a settlement requirement.

The following methods and assumptions were used in determining the fair value estimate:

> The fair value of financial assets is obtained on the basis of the active market, as well as through the use of present value, based on observable market variables.

> The Bank has derivative financial instruments, such as swaps.

> The fair value of financial instruments measured at amortised cost, such as investments in credit institutions, loans and advances to customers, funds from credit institutions, deposits and current accounts and bond loans are obtained by calculating discounted cash flows.

(Amounts expressed in thousands of Meticais)

38. Related Parties

Balances with related parties are as follows:

		Investments in credit institutions	Loans and advances to customers	Deposits from credit institutions	Deposits and current accounts
Shareholders					
Kuhanha	2023	-	311	-	968 200
	2022	-	-	-	2 020 195
Arise. B.V	2023	-	-	-	175
	2022	-	-	-	176
Moçambique Capitais	2023	-	11	-	371
	2022	-	10	-	52 857
Almeida Matos	2023	-	53	-	10 404
	2022	-	95	-	4 966

The balances with the Management Body staff are as follows:

		Loans and advances to customers	Deposits and current accounts	Interest paid	Interest earned
Shareholders					
Management body	2023	54 059	33 418	16 652	5 118
	2022	49 073	6 357	49	3 769

Benefits to the Management Body

During the 2023 financial year, the Management Body's salaries totalled 170,848 thousand Meticais

Transactions with related parties are as follows:

		Operating leases	Interest paid	Interest earned
Shareholders				
Kuhanha	2023		197 779	2
	2022		250 272	
Moçambique Capitais	2023	6 008	2 483	5
	2022	6 070	4 792	1
Almeida Matos	2023		466	
	2022			

39. Contingencies and commitments

Contingencies

	2023	2022
Guarantees	7 516 527	6 017 657
National currency	5 493 216	4 353 031
Foreign currency	2 023 311	1 664 626
Letters of credit	321 529	416 039
	7 838 056	**6 433 696**

40. Subsequent events

The Bank has no evidence of significant events occurring after 31 December 2023 that affect the understanding of the elements that make up the financial statements.

41. Assumption of continuity

During the year ended 31st December 2023, the Bank recorded a net profit of 101 million Meticais (2022: Profit of 90 million Meticais). This solid performance is the result of a combination of several factors, most notably improved efficiency in cost management, resulting in growth of at least 2% compared to 2022, coupled with consolidation of the credit recovery strategy.

In 2023, the Bank launched a transformation and technological innovation initiative with the aim of strengthening operational efficiency, improving the customer experience and maintaining competitiveness in the financial sector. Even so, the Bank's shareholders increased the share capital by 1,124,500 thousand Meticais, thus reinforcing confidence in the Bank's continuity.

Annex to Circular no. 3/SHC/2007 - MODEL III
Balance Sheet - Individual Accounts (Assets)

Items		31 December 2023			
		Value before provisions, impairment and amortisation	Provisions, impairment and amortisation	Net Value	31 December 2022
	Assets				
10 + 3300	Cash and deposits at central banks	15 550 867		15 550 867	3 469 018
11 + 3301	Loans and advances to other credit institutions	377 409		377 409	480 810
153 (1) + 158 (1) + 16	Financial assets held for trading	8 816 255		8 816 255	7 820 422
153 (1) + 158 (1) + 17	Other financial assets at fair value through profit or loss	0		0	0
154 + 158 (1) + 18 + 34888 (1) - 53888 (1)	Available-for-sale financial assets	3 652 850	0	3 652 850	1 907 795
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300	Investments in credit institutions	2 457 391	0	2 457 391	6 591 392
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018	Customer loans	23 827 447	1 847 925	21 979 522	21 812 688
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303	Held-to-maturity investments	0	0	0	0
155 + 158 (1) + 159 (1) + 20 + 3306 + 3310 (1) + 3408 (1) - 354 - 3523 - 5210 (1) - 5308 (1)	Assets with repurchase agreements	0		0	0
21	Hedging derivatives	0		0	0
25 - 3580	Non-current assets held for sale	995 911	264 064	731 847	788 294
26 - 3581 (1) - 360 (1)	Investment property	264 952	32 673	232 279	237 705
27 - 3581 (1) - 360 (1)	Other tangible assets	5 742 091	3 451 059	2 291 032	2 462 190
29 - 3583 - 361	Intangible assets	1 207 495	890 026	317 468	224 572
24 - 357	Investments in subsidiaries, associates and joint ventures	12 655	0	12 655	12 655
300	Current tax assets	606 940		606 940	605 181
301	Deferred tax assets	96 635		96 635	151 267
12 + 157 + 158 (1) + 159(1) + 31 + 32 + 3302 + 3308 + 3310 (1) + 338 + 3408 (1) + 348 (1) - 3584 - 3525 + 50 (1) (2) - 5210 (1) - 5304 - 5308 (1) + 54 (1) (3)	Other Assets	2 590 897	71 161	2 519 737	2 205 899
	Total assets	66 199 796	6 556 908	59 642 888	48 769 885

(1) Applicable part of the balance of these items.
(2) Item 50 should be entered on the assets side if it has a debit balance and on the liabilities side if it has a credit balance.
(3) The debit balances of items 542 and 548 are entered on the assets side and the credit balances on the liabilities side.

Annex to Circular no. 3/SHC/2007 - MODEL III (LIABILITIES AND EQUITY)
Balance Sheet - Individual Accounts

Items		31 December 2023	31 December 2022
	Liabilities		
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Central bank deposits	-	-
43 (1)	Financial liabilities held for trading	-	-
43 (1)	Other financial liabilities at fair value through profit or loss		
39 - 3311 (1) - 3411 + 5201 + 5211 (1) + 5318 (1)	Deposits from other credit institutions	1 568 861	114 193
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer funds and other loans	40 983 318	35 434 108
42 - 3311 (1) - 3414 + 5204 + 5211 (1) + 5312	Liabilities represented by securities	-	-
44	Hedging derivatives	-	-
45	Non-current liabilities held for sale and discontinued operations	-	-
47	Provisions	441 155	219 123
490	Current tax liabilities	-	-
491	Deferred tax liabilities	8 839	8 839
481 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Instruments representing capital	-	-
480 + 488 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Other subordinated liabilities	2 344 184	-
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)	Other liabilities	4 485 688	4 525 234
	Total Liabilities	**49 832 045**	**40 301 498**
	Capital		
55	Capital	7 020 750	5 896 250
602	Premiums	1 993 740	1 993 740
57	Other capital instruments	-	-
- 56	(Own shares)	-	-
58 + 59	Revaluation reserves	-3 475	-119 568
60 - 602 + 61	Other reserves and retained earnings	697 967	607 829
64	Profit for the year	101 855	90 136
- 63	(Advance dividends)		
	Total Capital	**9 810 837**	**8 468 388**
	Total Liabilities + Capital	**59 642 882**	**48 769 885**

Annex to Circular no. 3/SHC/2007 - MODEL IV
Income Statement - Individual Accounts

Items		31 December 2023	31 December 2022
79 + 80	Interest and similar income	6 017 168	5 370 712
66 + 67	Interest and similar fees	3 098 005	2 113 983
	Financial margin	**2 919 162**	**3 256 729**
82	Income from equity instruments	0	0
81	Income from services and fees	665 407	586 047
68	Service charges and fees	303 057	238 357
- 692 - 693 - 695 (1) - 696 (1) - 698 - 69900 - 69910 + 832 + 833 + 835 (1) + 836 (1) + 838 + 83900 + 83910	Income from assets and liabilities at fair value through profit or loss	3 905	27 189
- 694 + 834	Income from available-for-sale financial assets	883	-
- 690 + 830	Income from exchange rate revaluation	223 500	173 611
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)	Income from the sale of other assets	42 962	23 148
- 695 (1) - 696 (1) - 69901 - 69911 - 75 - 720 - 721 - 725 (1) - 726 (1) - 728 + 835 (1) + 836 (1) + 83901 + 83911 + 840 + 843 (1) + 844 (1) + 848	Other operating income	1 400 616	226 148
	Banking income	**4 953 379**	**4 054 516**
70	Personnel costs	2 084 834	1 773 282
71	General administrative expenses	946 166	903 449
77	Amortisation for the year	414 434	446 546
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888	Provisions net of replacements and cancellations	140 064	21 760
760 + 7610 + 7618 + 7620 + 76210 + 76211 + 7623 + 7624 + 7625 + 7630 + 7631 + 765 + 766 - 870 - 8720 - 8710 - 8718 - 87210 - 87211 - 8723 - 8724 - 8726 - 8730 - 8731 - 875 - 876	Impairment of other financial assets net of reversals and recoveries	1 246 943	858 361
768 + 769 (1) - 877 - 878	Impairment of other assets net of reversals and recoveries	19 083	(39 018)
	Profit before tax	**101 855**	**90 136**
	Taxes		
65	Current	0	0
74 - 86	Deferred	0	0
640	**Profit after tax**	**101 855**	**90 136**
- 72600 - 7280 + 8480 + 84400	Of which Net profit after tax from discontinued operations	(11 853)	(4 275)

(1) Applicable portion of the balance of these items.

Declaração de responsabilidade dos Administradores

Os Administradores são responsáveis pela preparação e apresentação adequada das Demonstrações Financeiras do Moza Banco, S.A, que compreendem a demonstração da posição financeira em 31 de Dezembro de 2023, a demonstração de resultados, a demonstração do resultado integral, a demonstração de alterações no capital próprio e demonstração de fluxos de caixa do exercício findo naquela data, assim como as notas às Demonstrações Financeiras, as quais incluem um sumário das principais políticas contabilísticas e outras notas explicativas, de acordo com as Normas Internacionais de Relato Financeiro.

Os Administradores são igualmente responsáveis pelo sistema de controlo interno relevante para a preparação e apresentação apropriada destas Demonstrações Financeiras que estão livres de distorções materiais devidas, quer a fraude, quer a erros, e por manter registos contabilísticos adequados e um sistema eficaz de gestão de risco.

Os Administradores procederam a uma avaliação da capacidade do Banco continuar a operar com a devida observância do pressuposto de continuidade, não tendo encontrado motivos para não acreditar que o Banco continuará a operar segundo esse pressuposto no futuro próximo.

O auditor é responsável por reportar se as Demonstrações Financeiras estão adequadamente apresentadas em conformidade com as Normas Internacionais de Relato Financeiro.

Aprovação das Demonstrações Financeiras

As Demonstrações Financeiras, conforme mencionado no primeiro parágrafo, foram aprovadas pelo Conselho de Administração em 15 de Março de 2024 e vão assinadas em seu nome, por:

Administrador do Conselho de Administração

Presidente do Conselho de Administração

Rua dos Desportistas, Edifício JAT 5.3 nº 921 - Cidade de Maputo - Moçambique
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MOZA BANCO

CONSELHO FISCAL

RELATÓRIO E PARECER SOBRE O RELATÓRIO E CONTAS DO EXERCÍCIO FINDO EM 31 DE DEZEMBRO DE 2023

Exmos. Senhores Accionistas do Moza Banco, S.A.,

Nos termos da lei e das disposições estatutárias, e em conformidade com o mandato que lhe foi conferido em Assembleia Geral a 28 de Abril de 2023, o Conselho Fiscal do Moza Banco, S.A. (doravante designado "Moza Banco"), acompanhou a actividade do Banco, verificou a exactidão dos documentos de prestação de contas e o cumprimento das normas legais e contabilísticas aplicáveis à actividade do Moza Banco.

Nos termos da Lei, apresenta-se o relatório relativo à acção fiscalizadora efectuada pelo Conselho Fiscal no decurso do ano de 2023, bem como o parecer sobre as Demonstrações Financeiras, o Relatório de Gestão e a Proposta de Aplicação de Resultados apresentada pelo Conselho de Administração do Moza Banco.

Relatório

No âmbito da acção de fiscalização o Conselho Fiscal do Moza Banco acompanhou, com a periodicidade e extensão adequadas, a actividade do Banco, tendo efectuado as verificações julgadas convenientes, em conformidade com o disposto no Código Comercial, nomeadamente no que respeita a escrituração dos livros, registos contabilísticos e documentação de suporte, tendo obtido sempre, quer do Conselho de Administração, como da Comissão Executiva e bem assim dos serviços do Banco, os esclarecimentos solicitados.

Durante o ano de 2023, o Conselho Fiscal participou com um membro permanente nas reuniões das Comissões de Risco e *Compliance* e da Comissão de Auditoria.

No que respeita ao resultado líquido do exercício, o mesmo apresenta um valor positivo no montante de 101,855 Milhões de Meticais, tendo o resultado integral apresentado um valor igualmente positivo no montante de 98,380 Milhões de Meticais e os Capitais Próprios do Banco apresentam um valor de 9.810,836 Milhões de Meticais.

No que respeita aos indicadores prudenciais do Moza Banco, os Fundos Próprios Regulamentares, calculados de acordo com as regras do Banco de Moçambique, ascendem a 5.588 Milhões de Meticais (2022: 5.367 Milhões de Meticais) o que resulta num rácio de 22,72% (2022: 25,72 %), o rácio de liquidez apresenta um valor de 38,86% (2022: 47,41%) e o rácio de Solvabilidade um valor de 19,97% (2022: 22,58%).

O Conselho Fiscal reuniu, no decurso dos trabalhos de auditoria, com o Auditor Independente do Banco, a Mazars, tendo obtido os esclarecimentos necessários sobre o planeamento, execução e conclusões dos trabalhos efectuados, tendo sido apreciado o Relatório do Auditor Independente, datado de 15 de Março de 2024, relativo às Demonstrações Financeiras do Moza Banco referentes ao exercício de 2023, o qual apresenta uma opinião não modificada, e com o qual concordamos.

Foi examinado o Relatório de Gestão referente ao exercício de 2023, tendo sido concluído que o mesmo permite uma fácil e clara compreensão da situação económica, da evolução dos negócios e da rentabilidade obtida no exercício.

No que concerne a proposta de aplicação de resultados apresentada pelo Conselho de Administração, a qual contempla a transferência para a rubrica de Reservas Legais o montante de 30 556 574 MZN (trinta milhões quinhentos e cinquenta e seis mil quinhentos e setenta e quatro Meticais) e para a rubrica de Resultados Transitados o montante de 71 298 673 (setenta e um milhões duzentos e noventa e oito mil seiscentos e setenta e três Meticais) foi verificada a conformidade com os requisitos legais e regulamentares aplicáveis, com especial atenção ao disposto no artigo 89, n.ºs 1 a 3 do Código Comercial e no artigo 82, n.º 1 da Lei das Instituições de Crédito e Sociedades Financeiras.

Parecer

Face ao exposto, e não tendo tomado conhecimento de qualquer violação dos Estatutos, da Lei e dos Regulamentos emanados pelo Banco de Moçambique, enquanto entidade reguladora, o Conselho Fiscal é do parecer que a Assembleia Geral proceda nos termos seguintes:

- Aprove as contas referentes ao exercício de 2023;
- Aprove o Relatório de Gestão do Conselho de Administração;

- Aprove a proposta de aplicação de resultados apresentada pelo Conselho de Administração.

Como nota final, o Conselho Fiscal expressa, ao Conselho de Administração, à Comissão Executiva e aos trabalhadores do Moza Banco em geral, o seu profundo agradecimento pela colaboração prestada no exercício da sua acção de fiscalização.

Maputo, 15 de Março de 2024

O Conselho Fiscal

Irene Maurício – Presidente do CF

Anastácia C. Cuna – Vice-Presidente do CF

Nuno Domingues – Vogal

Isaltina Nhabinde – Suplente

mazars

RELATÓRIO DO AUDITOR INDEPENDENTE

Aos Accionistas do

Moza Banco, S.A.

Relato sobre a Auditoria das Demonstrações Financeiras

Opinião

Auditámos as demonstrações financeiras anexas do **Moza Banco, S.A.** (de ora adiante também designado de "Banco" ou "Moza Banco") constantes das páginas 11 a 99, que compreendem a Demonstração da posição financeira em 31 de Dezembro de 2023, a Demonstração de resultados, a Demonstração do resultado integral, a Demonstração das alterações no capital próprio e a Demonstração de fluxos de caixa relativas ao ano findo naquela data, e as notas às demonstrações financeiras, incluindo informações materiais sobre as políticas contabilísticas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspectos materiais, a posição financeira do Banco em 31 de Dezembro de 2023, o seu desempenho financeiro e os fluxos de caixa relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS).

Bases para a opinião

A nossa auditoria foi efectuada de acordo com as Normas Internacionais de Auditoria (ISA). As nossas responsabilidades nos termos dessas normas estão descritas na secção *Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras* abaixo. Somos independentes do Banco de acordo com os requisitos do Código de Ética do IESBA (*International Ethics Standards Board for Accountants*) e com os requisitos éticos relevantes para a Auditoria de demonstrações financeiras em Moçambique, e cumprimos as restantes responsabilidades éticas previstas nesses requisitos.

Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Matérias relevantes de auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na Auditoria das demonstrações financeiras do ano corrente. Essas matérias foram consideradas no contexto da Auditoria das demonstrações financeiras como um todo, e na formação da opinião, e não emitimos uma opinião separada sobre essas matérias. Descrevemos de seguida as matérias relevantes de auditoria do ano corrente:

Edifício Maryah, Bairro Central, Rua 1.233, Nº 81, 5º Andar
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Moçambique

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mazars

Perdas por imparidade da carteira de crédito concedido a clientes	
Descrição da matéria relevante de auditoria	Abordagem e resposta de auditoria
Conforme divulgado na Nota 1.3 das notas anexas às demonstrações financeiras ("Uso de estimativas e julgamentos") e na Nota 3 das notas anexas às demonstrações financeiras ("Sumário das principais políticas contabilísticas"), as perdas por imparidade da carteira de crédito concedidos a clientes, registadas nas demonstrações financeiras, representam a melhor estimativa do Órgão de Gestão estão quanto às perdas implícitas na sua carteira de crédito. Estas imparidades são determinadas através da análise individual para créditos com determinadas especificidades e através de análise colectiva para os restantes créditos que não sejam objecto de análise individual. Nos créditos concedidos a grandes clientes, o valor das imparidades é maioritariamente calculado de forma individual. As imparidades individuais, exigem um juízo de valor do Órgão de Gestão no apuramento da melhor estimativa dos fluxos de caixa futuros relacionados com esses créditos. As imparidades calculadas com base na análise colectiva são determinadas considerando dados, pressupostos e estimativas, sujeitos a juízos de valor formados pelo Órgão de Gestão. Considerando a materialidade e natureza subjectiva das imparidades da carteira de crédito concedido a clientes, esta matéria foi considerada como relevante no âmbito da nossa Auditoria.	Por forma a darmos resposta aos riscos identificados, entre os procedimentos de Auditoria realizados, destacamos os seguintes: • Avaliação e teste à concepção e eficácia operacional dos controlos instituídos no processo de quantificação das imparidades sobre a carteira de crédito do Banco. Estes controlos incluem aqueles relacionados com a identificação dos créditos em imparidade, os níveis de tolerância e os registos contabilísticos efectuados relativamente à imparidade quantificada da carteira de crédito a clientes; • Realização de testes substantivos ao modelo de imparidade do Banco, numa base de amostragem, com vista à revisão crítica do modelo instituído. Estes procedimentos de Auditoria incluíram a avaliação dos critérios e metodologia adoptados na determinação dos parâmetros de risco e da imparidade colectiva, recorrendo à extracção das informações utilizadas no modelo (*inputs*), reexecução dos cálculos e revisão da análise de sensibilidade efectuada pelo Banco, relativamente aos pressupostos críticos subjacentes. Esta revisão teve também como objectivo garantir o alinhamento do modelo instituído

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com os requisitos da Norma Internacional de Relato Financeiro n.º 9 (IFRS 9);

- Para as imparidades apuradas de forma individual, foram efectuados testes aos controlos implementados pelo Banco sobre a identificação atempada de créditos potencialmente em imparidade e para uma amostra de créditos concedidos a clientes, analisadas as fichas individuais preparadas pelo Banco, analisando criticamente os pressupostos assumidos e analisando se o evento de perda (ponto de reconhecimento da imparidade) foi identificado em momento apropriado, analisando as projecções de *cash-flow* estimadas e utilizadas no cálculo das imparidades respectivas, analisando as respectivas garantias consideradas no cálculo da "*LGD*"; e
- Avaliação sobre a adequação das divulgações constantes nas notas anexas às demonstrações financeiras do Banco, relacionadas com esta matéria.

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Activos por impostos diferidos	
Descrição da matéria relevante de auditoria	Abordagem e resposta de auditoria
Conforme divulgado na Nota 1.3 das notas anexas às demonstrações financeiras ("Uso de estimativas e julgamentos") e na Nota 3 das notas anexas às demonstrações financeiras ("Sumário das principais políticas contabilísticas"), o reconhecimento dos Activos por impostos diferidos compreende a formação de juízos de valor por parte do Órgão de Gestão, nomeadamente quanto (i) à geração de lucros tributáveis, em montantes e momentos adequados à reversão futura das diferenças temporárias tributadas, existentes, e (ii) às estratégias de planeamento fiscal adoptadas. Atendendo à materialidade dos Activos por impostos diferidos reconhecidos pelo Banco, juntamente com as incertezas que a sua realização comporta - geração de lucros tributáveis em montantes e momentos adequados, assim como eventuais alterações futuras na legislação fiscal, esta matéria foi considerada como relevante na nossa Auditoria.	Por forma a darmos resposta aos riscos identificados, entre os procedimentos de Auditoria realizados destacamos os seguintes: • Avaliação crítica dos pressupostos utilizados na projecção dos lucros tributáveis futuros do Banco, constantes no seu plano de negócios para os próximos anos; • Revisão da base de apuramento dos impostos diferidos que originou a existência de diferenças temporárias; • Revisão da correspondente taxa de imposto utilizada para efeitos de apuramento dos impostos diferidos, tendo em consideração a legislação em vigor e a taxa efectiva que tem vindo a ser verificada no Banco; e • Avaliação sobre a adequação das divulgações constantes nas notas anexas às demonstrações financeiras do Banco, relacionadas com esta matéria.

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Activos não correntes detidos para venda	
Descrição da matéria relevante de auditoria	Abordagem e resposta de auditoria
Conforme divulgado na Nota 1.3 das notas anexas às demonstrações financeiras ("Uso de estimativas e julgamentos") e na Nota 3 das notas anexas às demonstrações financeiras ("Sumário das principais políticas contabilísticas"), os Activos não correntes são classificados como detidos para venda quando existe a intenção de alienar os referidos activos e estes estão disponíveis para venda imediata e a sua venda é muito provável. A mensuração subsequente destes activos é efectuada ao menor entre o valor contabilístico e o correspondente justo valor, líquido de custos de venda. O justo valor é baseado no valor de mercado, sendo este determinado com base no preço expectável de venda obtido através de avaliações periódicas, realizadas por peritos independentes. As avaliações envolvem um elevado nível de julgamento, envolvendo diferentes pressupostos e metodologias. Assim, a valorização dos activos não correntes detidos para venda foram considerados uma matéria relevante de Auditoria, dada a materialidade dos montantes envolvidos e o grau de julgamento subjacente ao método de avaliação adoptado, da qual poderão resultar variações nos montantes registados nas demonstrações financeiras do Banco.	Por forma a darmos resposta aos riscos identificados, entre os procedimentos de Auditoria realizados destacamos os seguintes: • Avaliação e teste ao desenho e implementação dos controlos instituídos no processo de quantificação das imparidades sobre a carteira de activos não correntes detidos para venda do Banco; • Verificação do correcto registo contabilístico decorrente das avaliações de imóveis, face aos montantes apresentados nas últimas avaliações obtidas; • Análise crítica aos relatórios de avaliação elaborados por peritos avaliadores independentes, contratados pelo Banco, desafiando os pressupostos significativos e aferindo sobre a sua razoabilidade, tendo por base as condições de mercado; • Avaliação sobre a adequação das divulgações efectuadas nas notas anexas às demonstrações financeiras do Banco, considerando o referencial contabilístico aplicável (IFRS).

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Activos financeiros	
Descrição da matéria relevante de auditoria	Abordagem e resposta de auditoria
Conforme divulgado na Nota 1.3 das notas anexas às demonstrações financeiras ("Uso de estimativas e julgamentos") e na Nota 3 das notas anexas às demonstrações financeiras ("Sumário das principais políticas contabilísticas"), as metodologias de valorização dos instrumentos financeiros requerem, por vezes, a utilização de pressupostos e julgamentos na determinação do seu justo valor. Os instrumentos financeiros apresentados na Demonstração da posição financeira como "Activos financeiros", no montante global de 12.593.053 milhares de Meticais, representam aproximadamente 21% do total do Activo do Banco, em 31 de Dezembro de 2023. Desta forma, esta matéria foi considerada uma matéria relevante de Auditoria face à materialidade dos montantes envolvidos e ao grau de julgamento subjacente à selecção da base de mensuração para cada natureza de investimentos, da qual poderão resultar variações nos montantes registados nas demonstrações financeiras.	• Identificação, compreensão e avaliação dos controlos-chave implementados no Banco, relativamente à mensuração dos instrumentos financeiros; • Verificação dos preços provenientes de fontes externas para as posições detidas pelo Banco e sua comparação com os preços utilizados, analisando quaisquer diferenças significativas; • Para posições menos líquidas, revisão, em base de amostragem, dos modelos e principais pressupostos (quando aplicável) e dos suportes adequados para a valorização adoptada pelo Banco; e • Por fim, avaliação se as divulgações efectuadas pelo Banco, nas notas anexas às demonstrações financeiras, relativamente aos Activos Financeiros, estão em conformidade com o requerido pelo normativo contabilístico em vigor.

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Continuidade das Operações	
Descrição da matéria relevante de auditoria	Abordagem e resposta de auditoria
No âmbito da reestruturação do capital social do Banco e que obrigou à intervenção do Estado Moçambicano e conforme divulgado na Nota 41 das notas anexas às demonstrações financeiras ("Pressuposto da continuidade"), o Banco encontra-se a implementar um Plano Estratégico que lhe permita assegurar a continuidade das suas operações. Nesse sentido, existe a possibilidade do Plano implementado não estar adequadamente preparado, tendo em consideração o quadro limitativo do panorama macroeconómico e do contexto actual menos favorável, e consequentemente, não permitir a geração de resultados suficientes e necessários para garantir a continuidade das suas operações num futuro previsível, o que motivou que esta matéria fosse considerada uma matéria relevante na nossa Auditoria.	• Discussão e indagação com o Órgão de Gestão sobre a avaliação efectuada pelo mesmo, quanto ao pressuposto da continuidade utilizado na preparação das demonstrações financeiras; • Revisão e avaliação do Plano de Recuperação do Banco; • Obtenção e análise de documentação de suporte adicional, nomeadamente o último Plano de negócios aprovado, por forma a concluir se o uso do pressuposto da continuidade das operações é apropriado; e • Por fim, avaliação se as divulgações efectuadas pelo Banco, nas notas anexas às demonstrações financeiras, relativamente a este assunto, estão em conformidade com o requerido pelo normativo contabilístico em vigor.

Outra informação

O Órgão de Gestão é responsável pela outra informação. A outra informação compreende a informação incluída no documento intitulado "Relatório de Gestão 2023". A outra informação não inclui as demonstrações financeiras nem o relatório do auditor sobre as mesmas.

A nossa opinião sobre as demonstrações financeiras não abrange a outra informação e não expressamos uma opinião de Auditoria nem qualquer tipo de garantia de fiabilidade sobre essa outra informação.

No âmbito da auditoria das demonstrações financeiras, a nossa responsabilidade é fazer uma leitura da outra informação e, em consequência, considerar se essa outra informação é materialmente inconsistente com as demonstrações financeiras, com o conhecimento que obtivemos durante a auditoria ou se aparenta estar materialmente distorcida. Se, com base no trabalho efectuado, concluirmos que existe uma distorção material nesta outra informação, exige-se que relatemos sobre esse facto. Não temos nada a relatar a este respeito.

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Responsabilidades do Órgão de Gestão e do Órgão de Fiscalização pelas Demonstrações Financeiras

O Órgão de Gestão é responsável pela preparação e apresentação apropriadas das demonstrações financeiras de acordo com as Normas Internacionais de Relato Financeiro (IFRS), e pelo controlo interno que ele determine ser necessário para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou a erro.

Quando prepara demonstrações financeiras, o Órgão de Gestão é responsável por avaliar a capacidade de se manter em continuidade, divulgando, quando aplicável, as matérias relativas à continuidade e usando o pressuposto da continuidade a menos que o Órgão de Gestão tenha a intenção de liquidar o Banco ou cessar as operações, ou não tenha alternativa realista senão fazê-lo.

O Órgão de Fiscalização é responsável pela supervisão do processo de relato financeiro do Banco.

Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras

A nossa responsabilidade consiste em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorções materiais devido a fraude ou a erro, e emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com a ISA detectará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou em erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas com base nessas demonstrações financeiras.

Como parte de uma auditoria de acordo com a ISA, fazemos julgamentos profissionais e mantemos cepticismo profissional durante a auditoria e, também:

- Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detectar uma distorção material devido a fraude é maior do que o risco de não detectar uma distorção material devido a erro, dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno.

- Obtemos uma compreensão do controlo interno relevante para a auditoria com o objectivo de conceber procedimentos de auditoria que sejam apropriadas nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Banco.

- Avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pelo Órgão de Gestão.

- Concluímos sobre a apropriação do uso, pelo Órgão de Gestão, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe qualquer incerteza material relacionada com acontecimentos ou condições que possam suscitar dúvidas significativas sobre a capacidade do Banco para dar continuidade às suas actividades. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório de Auditoria para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, acontecimentos ou condições futuras podem levar a que o Banco descontinue as suas actividades.

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- Avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transacções e os acontecimentos subjacentes de forma a atingir uma apresentação apropriada.

- Comunicamos com os encarregados da governação, incluindo o Órgão de Fiscalização, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as conclusões significativas da auditoria, incluindo qualquer deficiência significativa de controlo interno identificada durante a auditoria.

- Das matérias que comunicamos aos encarregados da governação, incluindo o Órgão de Fiscalização, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras do ano corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório, excepto quando a lei ou regulamento proibir a sua divulgação pública;

- Declaramos ao Órgão de Fiscalização que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos-lhe todos os relacionamentos e outras matérias que possam ser percepcionadas como ameaças à nossa independência e, quando aplicável, quais as medidas tomadas para eliminar as ameaças ou quais as salvaguardas aplicadas.

MAZARS SCAC, LDA.

Sociedade de Auditores Certificados: 16/SCA/OCAM/2016

Representada por:

mazars
Lic. N.º 17/SCA/OCAM/2016

Dipak Lalgi

Auditor Certificado: 17/CA/OCAM/2012

Maputo, 15 de Março de 2024