AUDITED ANNUAL FINANCIAL STATEMENTS

December 31st 2018

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AUDITED ANNUAL FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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RELATÓRIO DO AUDITOR INDEPENDENTE

Aos Accionistas do

BANCO COMERCIAL E DE INVESTIMENTOS, S.A.

Relatório sobre a Auditoria das Demonstrações Financeiras Consolidadas e Individuais

Opinião

Auditámos as demonstrações financeiras consolidadas e individuais do Banco Comercial e de Investimentos, S.A. ("Banco ou BCI") e suas subsidiárias (colectivamente, o "Grupo"), que compreendem a Demonstração da posição financeira consolidada e individual em 31 de Dezembro de 2018, a demonstração do rendimento integral consolidada e individual, a Demonstração das alterações no capital próprio consolidada e individual e a Demonstração de fluxos de caixa consolidada e individual relativas ao ano findo naquela data, bem como as notas às demonstrações financeiras, incluindo um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras consolidadas e individuais anexas apresentam de forma apropriada, em todos os aspectos materiais, a posição financeira consolidada do Grupo e individual do Banco em 31 de Dezembro de 2018, o seu desempenho financeiro e fluxos de caixa consolidados e individuais, relativos ao ano findo naquela data, de acordo com as Normas Internacionais de Relato Financeiro (IFRS).

Bases para a Opinião

Realizámos a nossa auditoria 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* deste relatório. Somos independentes do Grupo 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.

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Matérias Relevantes de Auditoria

As matérias relevantes de auditoria são as que, no nosso julgamento profissional, tiveram maior importância na nossa auditoria das demonstrações financeiras consolidadas e individuais do período corrente. Essas matérias foram consideradas no contexto da nossa auditoria das demonstrações financeiras consolidadas e individuais como um todo, e na formação da nossa opinião, e não emitimos uma opinião separada a esse respeito.

Descrevemos de seguida as matérias relevantes de auditoria do ano corrente das demonstrações financeiras consolidadas e individuais:

1. Imparidade para o Crédito a Clientes

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
A conta do balanço Crédito a clientes inclui imparidade acumulada que ascende a 6.433.267 milhares de Meticais ("KMZN"), reconhecendo-se um impacto de 1.217.792 KMZN nos resultados do ano registados na linha de imparidade do crédito líquido de reversões. O valor bruto do crédito a clientes é de 71.807.970 KMZN, pelo que a imparidade acumulada representa cerca de 9% do valor do crédito. O detalhe da imparidade e as políticas contabilísticas, metodologias, conceitos e pressupostos utilizados são divulgados nas notas explicativas às demonstrações financeiras (Nota 2.2 e Nota 3.6) A imparidade para o crédito a clientes representa a melhor estimativa do Conselho de Administração do Banco da perda esperada da carteira de crédito a clientes com referência a 31 de Dezembro de 2018. Para o cálculo desta estimativa, o Conselho de Administração do Banco estabeleceu pressupostos, recorreu a modelos matemáticos para calcular parâmetros, interpretou conceitos e concebeu um modelo de cálculo da perda esperada. Para exposições relevantes, recorreu a julgamentos de especialistas na avaliação de risco de crédito do Banco.	Efectuámos a identificação e avaliação do risco de auditoria que conduziu à definição da abordagem de auditoria para responder ao risco de distorção material. Esta abordagem incluiu (i) uma resposta global com efeito na forma como a auditoria foi conduzida e (ii) uma resposta específica que se traduziu no desenho, e subsequente execução, de procedimentos adicionais que incluíram testes aos controlos e procedimentos substantivos, nomeadamente: ▸ Obtivemos o entendimento, avaliámos o desenho e testámos a eficácia operacional dos procedimentos de controlo interno existentes no processo de quantificação das perdas por imparidade para o crédito a clientes; ▸ Realizámos testes de revisão analítica sobre a evolução do saldo da imparidade para o crédito a clientes, comparando-o com o período homólogo e com as expectativas formadas, dos quais são de destacar o entendimento das variações ocorridas na carteira de crédito e alterações dos pressupostos e metodologias de imparidade; ▸ Seleccionámos uma amostra de clientes objecto de análise individual de imparidade, para avaliação dos pressupostos utilizados pelo Conselho de Administração na quantificação da imparidade. Esta análise

Adicionalmente, desde 1 de janeiro de 2018, por via da aplicação pela primeira vez da Norma Internacional de Relato Financeiro 9 - Instrumentos financeiros, a imparidade passou a reflectir a perda esperada (perda incorrida em 2017). Esta norma introduz dois conceitos novos: o "aumento significativo do risco de crédito" e "previsões de condições económicas futuras". Os impactos da transição estão divulgados nas notas explicativas às demonstrações financeiras (nota 2.2 e nota 3.6).

Para além da complexidade dos modelos descritos, a sua utilização requer o tratamento de um volume significativo de dados que nem sempre estão disponíveis nos sistemas centrais do Banco, como sejam a informação do risco de crédito no momento da concessão, a data e o valor do primeiro incumprimento, o valor das recuperações históricas dos créditos em incumprimento. Para ultrapassar limitações que possam existir em alguns dados, por vezes o Conselho de Administração recorre a expedientes práticos que aumentam os julgamentos aplicados.

A utilização de abordagens, modelos ou pressupostos alternativos podem ter um impacto material no valor da imparidade estimada.

Em face do grau de subjectividade e complexidade que a estimativa de imparidade envolve e a materialidade do seu valor, consideramos este tema como matéria relevante de auditoria.

incluiu: a inspecção da informação com os modelos de negócio e a situação económico-financeira dos devedores e dos relatórios de avaliação dos colaterais; inquirição dos especialistas do Banco para entender a estratégia de recuperação definida e os pressupostos usados;

- Com o apoio de especialistas em risco internos, avaliámos a razoabilidade dos parâmetros utilizados no cálculo da imparidade, destacando-se os seguintes procedimentos realizados: i) entendimento da metodologia formalizada e aprovada pelo Conselho de Administração e comparação com a efectivamente utilizada; ii) avaliação das alterações aos modelos para determinar parâmetros para reflectir a perda esperada; iii) análise das alterações realizadas durante o exercício de 2018 aos parâmetros de risco (PD, LGD e EAD); iv) numa base de amostragem, comparação dos dados utilizados no apuramento dos parâmetros de risco com informação de fonte; v) avaliação da consistência do cálculo dos parâmetros de risco ao longo do histórico analisado; vi) inquirições aos especialistas do Banco responsáveis pelos modelos e inspecção dos relatórios da auditoria interna e reguladores; e vii) inspecção dos relatórios com os resultados da avaliação operacional do modelo (*back-testing*);
- Obtivemos o entendimento e avaliámos o desenho do modelo de cálculo da perda esperada, testámos o cálculo, comparámos a informação usada no modelo, através das reconciliações preparadas pelo Banco, com a informação de fonte, avaliámos os pressupostos usados para suprir lacunas nos dados, comparámos os parâmetros usados com os resultados dos modelos de estimação, comparámos os resultados com os valores nas demonstrações financeiras;
- Análise das divulgações incluídas nas notas explicativas às demonstrações financeiras, tendo por base os requisitos das normas internacionais de relato financeiro e os registos contabilísticos.

2. Instrumentos financeiros mensurados ao justo valor e classificados no nível 2 da IFRS13

Descrição dos riscos de distorção material mais significativos	Síntese da nossa resposta aos riscos de distorção material mais significativos
Conforme descrito na nota 3.4 das notas às demonstrações financeiras consolidadas e individuais, a 31 de Dezembro de 2018, o Grupo detém um conjunto de instrumentos financeiros valorizados ao justo valor através do rendimento integral, no montante de 5.495.801 milhares de Meticais ("KMZN"), dos quais 5.235.987 KMZN são valorizados com recurso a técnicas de valorização com recurso a variáveis observáveis em mercado (Nível 2). A valorização dos investimentos é por inerência subjectiva, nos activos classificados como nível 2, dado que os referidos instrumentos financeiros são valorizados tendo por base modelos internos usados no Grupo ou através de cotações fornecidas por entidades externas que incluem parâmetros de mercado observáveis. A consideração desta matéria como relevante para a auditoria teve por base a sua materialidade nas demonstrações financeiras consolidadas e individuais e o facto do uso de diferentes técnicas de valorização e pressupostos poder originar diferentes estimativas de justo valor.	▸ Entendimento dos procedimentos de controlo interno existentes no processo de valorização dos instrumentos financeiros; ▸ Envolvimento de especialistas internos na avaliação da razoabilidade dos pressupostos utilizados nos modelos internos de valorização; ▸ Realização de testes de revisão analítica sobre o valor dos instrumentos financeiros, comparando-o com o período homólogo e com a expectativa formada, dos quais são de destacar o entendimento das variações ocorridas e alterações dos pressupostos e metodologias; ▸ Sobre os modelos internos utilizados destacamos os seguintes procedimentos realizados: i) entendimento da metodologia formalizada e aprovada pelo Conselho de Administração ii) para uma amostra, análise dos dados utilizados no modelo e iii) numa base de amostragem recálculo do justo valor; e ▸ Análise das divulgações incluídas nas demonstrações financeiras consolidadas e individuais nas notas 2.22 e 3.4, tendo por base os requisitos das normas internacionais de relato financeiro e os registos contabilísticos.

Outra Informação

O Conselho de Administração é responsável pela "Outra informação". A "Outra informação" compreende o Relatório anual da Administração conforme requerido no Código Comercial, mas não inclui as demonstrações financeiras e o relatório do auditor sobre as mesmas.

A nossa opinião sobre as demonstrações financeiras consolidadas e individuais não cobre a "Outra informação" e não expressamos 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 efetuado, concluirmos que existe uma distorção material nesta "Outra informação", exige-se que relatemos sobre esse facto. Não temos nada a relatar a este respeito.

Responsabilidade do Conselho de Administração pelas Demonstrações Financeiras Consolidadas e Individuais

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

Quando prepara demonstrações financeiras consolidadas e individuais, o Conselho de Administração 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 Conselho de Administração tenha a intenção de liquidar o Grupo ou o Banco ou cessar as operações, ou não tenha alternativa realista senão fazê-lo.

O Conselho de Administração é, também, responsável pela supervisão do processo de relato financeiro do Grupo e do Banco.

Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras Consolidadas e Individuais

Os nossos objectivos consistem em obter segurança razoável sobre se as demonstrações financeiras consolidadas e individuais como um todo estão isentas de distorção material, devido a fraude ou a erro, e em 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 as ISA detectará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores tomadas na base dessas demonstrações financeiras consolidadas e individuais.

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

- Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras consolidadas e individuais, 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 para uma distorção 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 apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Grupo e do Banco;
- Avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pelo Conselho de Administração;
- Concluímos sobre a apropriação do uso, pelo Conselho de Administração, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe uma incerteza material relacionada com acontecimentos ou condições que possam pôr em dúvida a capacidade do Grupo e do Banco em continuarem as suas operações. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras consolidadas e individuais 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, futuros acontecimentos ou condições podem provocar que o Grupo e/ou o Banco descontinuem as operações;

- Avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras consolidadas e individuais, incluindo as divulgações, e se estas representam as transacções e acontecimentos subjacentes de forma a atingir uma apresentação apropriada;
- Obtemos prova de auditoria suficiente e apropriada relativa à informação financeira das entidades ou actividades dentro do Grupo para expressar uma opinião sobre as demonstrações financeiras consolidadas. Somos responsáveis pela orientação, supervisão e desempenho da auditoria do Grupo e somos os responsáveis finais pela nossa opinião de auditoria.

Comunicámos ao Conselho de Administração, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as matérias relevantes de auditoria incluindo qualquer deficiência de controlo interno identificado durante a auditoria.

Adicionalmente, declarámos ao Conselho de Administração que cumprimos os requisitos éticos relevantes relativos à independência e comunicamos todos os relacionamentos e outras matérias que possam ser percepcionadas como ameaças à nossa independência e, quando aplicável, as respectivas salvaguardas.

Das matérias que comunicámos ao Conselho de Administração, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras consolidadas e individuais do período corrente e que são as matérias relevantes de auditoria. Descrevemos essas matérias no nosso relatório de auditoria, excepto quando a lei ou regulamento proibir a sua divulgação pública ou quando, em circunstâncias raras, determinamos que a matéria não deve ser divulgada no nosso relatório porque, fazendo-o, existem consequências adversas que se espera possam ser maiores que os benefícios do interesse público.

O sócio responsável pela auditoria de que resultou este relatório é o Eduardo Caldas.

ERNST & YOUNG, LDA.

Sociedade de Auditores Certificados

Representada Por:

Rua Belmiro Obadias Muianga n.º 179

EY

Caixa Postal ... Moçambique

Eduardo Jorge Creio Da Costa Caldas (Auditor Certificado Nº 33)

Maputo, 11 de Março de 2019

CONSOLIDATED AND INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	DEC-18	DEC-17	DEC-18	DEC-17
Interest income	3.27	18.532.434.242	19.763.303.250	18.571.068.100	19.946.936.678
Interest expense	3.27	(8.887.557.876)	(11.908.419.707)	(8.886.667.981)	(11.908.062.931)
Net interest margin		**9.644.876.366**	**7.854.883.543**	**9.684.400.119**	**8.038.873.747**
Net fees associated with amortised cost	3.28	186.693.340	151.591.811	186.693.340	151.591.811
Net interest income		**9.831.569.706**	**8.006.475.354**	**9.871.093.459**	**8.190.465.558**
Income from equity instruments		-	2.462.465	-	2.462.465
Fee and commission revenue	3.29	2.421.635.426	2.152.734.977	2.415.235.426	2.133.983.077
Fee and commission expense	3.29	(572.902.617)	(546.165.662)	(572.891.985)	(545.869.022)
Trading revenue	3.30	1.609.843.419	1.600.616.000	1.609.896.011	1.601.114.365
Other revenue	3.31	2.119.487.677	2.310.641.727	2.097.756.992	2.311.693.444
Other expense	3.31	(1.284.988.650)	(563.966.974)	(1.286.793.407)	(556.688.763)
Net interest		**14.124.644.961**	**12.962.797.887**	**14.134.296.496**	**13.137.161.124**
Staff costs	3.32	(3.782.465.084)	(3.589.917.657)	(3.778.509.454)	(3.593.217.157)
Other operating expenses	3.33	(2.484.436.796)	(2.434.655.815)	(2.526.901.690)	(2.475.489.853)
Loan impairment	3.6	(1.217.791.528)	(2.685.370.143)	(1.217.791.528)	(2.685.370.143)
Impairment of financial assets and other assets	3.4/ 3.13	(186.126.107)	143.260.482	(186.126.107)	144.691.557
Impairment of non-current assets held-for-sale	3.8	(6.888.000)	(50.000.000)	(6.888.000)	(50.000.000)
Depreciation for the period	3.9/ 3.10/ 3.11	(681.605.588)	(742.391.330)	(675.899.926)	(735.817.774)
Provisions (net)	3.23	(110.393.637)	(401.808.627)	(110.393.637)	(401.808.627)
Profit before tax		**5.654.938.221**	**3.201.914.797**	**5.631.786.154**	**3.340.149.127**
Tax bill:	3.34				
Current tax		(2.438.035)	-	-	-
Wilthołding tax		(1.605.780.399)	(774.194.079)	(1.605.780.399)	(774.194.079)
Tax correction related to previous years		-	(91.688.630)	-	(91.688.630)
Deferred tax		175.519	(2.521.049)	-	-
Net income		**4.046.895.306**	**2.333.511.039**	**4.026.005.755**	**2.474.266.418**
Consolidated income attributable to:					
Bank's shareholders		4.027.759.028	2.333.369.379	4.026.005.755	2.474.266.418
Non-controlling interests		19.136.278	141.660	-	-
Other income					
Items which may be later reclassified to profit and loss:					
Income from fair value of financial assts		6.096.009	2.464.232.621	6.096.009	2.464.232.621
Deferred tax		(1.676.404)	(722.772.124)	(1.676.404)	(722.772.124)
Items which cannot be later reclassified to profit and loss:					
Actuarial profit and loss		(30.828.480)	12.157.000	(30.828.480)	12.157.000
Comprehensive income	**3.26**	**4.020.486.431**	**4.087.128.536**	**3.999.596.880**	**4.227.883.915**
Earnings per share	**3.35**	**4,15**	**3,51**	**4,13**	**3,73**

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED AND INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	DEC-18	DEC-17	DEC-18	DEC-17
ASSETS					
Cash and balances with central banks	3.1	27.769.429.779	21.315.345.803	27.769.428.978	21.315.345.002
Cash balances with financial institutions	3.2	2.615.352.910	494.898.221	2.615.347.913	494.739.881
Deposits at financial institutions	3.3	18.059.488.568	21.480.750.493	18.059.488.568	21.480.750.493
Financial assets at amortized cost	3.4	19.248.988.151	-	19.248.988.151	-
Financial assets at fair value through comprehensive income	3.4	5.495.800.544	23.255.368.756	5.495.800.544	23.255.368.756
Financial assets held for trading	3.5	681.958	77.969.816	681.958	77.969.816
Loans and advances to customers	3.6	65.374.703.142	72.410.932.814	65.687.186.801	72.685.696.077
Interest in associates and joint ventures	3.7	-	2.999.400	460.059	460.059
Non-current assets held-for-sale	3.8	2.530.101.105	1.250.022.961	2.478.119.525	1.196.972.310
Investment property	3.9	116.489.834	92.108.897	116.489.834	92.108.897
Other tangible assets	3.10	6.988.457.711	6.403.280.924	6.501.417.425	6.372.904.147
Intangible assets	3.11	361.525.079	280.156.332	361.385.320	280.109.580
Current tax assets	3.12	433.921.576	433.921.576	433.183.140	433.183.140
Deferred tax assets	3.12	1.010.633.984	43.889.603	978.492.436	-
Other assets	3.13	3.802.535.498	7.014.762.412	3.895.009.280	6.978.170.387
TOTAL ASSETS		**153.808.109.838**	**154.556.408.008**	**153.641.479.931**	**154.663.778.545**
LIABILITIES					
Deposits from central banks	3.14	1.421.494.637	-	1.421.494.637	-
Deposits from financial institutions	3.15	1.614.314.183	1.561.437.175	1.614.314.183	1.561.437.229
Customer deposits	3.16	115.737.218.284	113.001.806.898	115.771.661.652	113.001.944.231
Consigned deposits	3.17	13.256.886.867	16.294.723.410	13.256.886.867	16.294.723.410
Subordinated loans	3.18	-	594.720.558	-	594.720.558
Debt securities	3.19	-	211.380.208	-	211.380.208
Current tax liabilities	3.20	-	71.267.941	-	71.267.941
Deferred tax liabilities	3.20	62.904.848	402.003.031	62.904.848	402.003.031
Pension fund liabilities	3.21	102.958.000	47.153.815	102.958.000	47.153.815
Other liabilities	3.22	4.364.539.086	6.456.799.145	4.203.674.546	6.453.320.728
Provisions	3.23	627.169.568	496.522.132	627.169.568	496.371.622
TOTAL LIABILITIES		**137.187.485.473**	**139.137.814.313**	**137.061.064.301**	**139.134.322.773**
Equity					
Share capital	3.24	10.000.000.000	6.808.799.060	10.000.000.000	6.808.799.060
Reserves and retained earnings	3.25	2.734.980.424	6.435.850.012	2.721.383.782	6.413.364.201
Treasury shares		(166.973.907)	(166.973.907)	(166.973.907)	(166.973.907)
Profit and loss for the period		4.046.895.306	2.333.511.039	4.026.005.755	2.474.266.418
Bank's shareholders		4.027.759.028	2.333.369.379	-	-
Non-controlling interests		19.136.278	141.660	-	-
Non-controlling interests		5.722.542	7.407.491	-	-
TOTAL EQUITY		**16.620.624.365**	**15.418.593.695**	**16.580.415.630**	**15.529.455.772**
TOTAL LIABILITIES AND EQUITY		**153.808.109.838**	**154.556.408.008**	**153.641.479.931**	**154.663.778.545**

The accompanying notes are an integral part of these financial statements..

STATEMENT OF CHANGES TO CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Values Expressed in Meticals

	Capital	Legal Reserve	Treasury shares	Other reserves and retained earnings	Fair value reserves	Actuarial profit and loss	Income for period	Non-controlling interests	Total
Balance at 1 January 2018	**6.808.799.060**	**1.722.175.595**	**(166.973.907)**	**3.580.200.009**	**1.059.826.176**	**73.648.232**	**2.333.369.379**	**7.549.151**	**15.418.593.695**
Transition Adjustments to IFRS 9	-	-	-	(2.050.231.297)	(898.405.725)	-	-	-	(2.948.637.022)
Comprehensive income for period									
Profit	-	-	-	-	-	-	4.027.759.028	19.136.278	4.046.895.306
Fair value reserves (financial assts)	-	-	-	-	4.419.605	-	-	-	4.419.605
Actuarial profit and loss	-	-	-	-	-	(30.828.480)	-	-	(30.828.480)
	-	**-**	**-**	**-**	**4.419.605**	**(30.828.480)**	**4.027.759.028**	**19.136.278**	**4.020.486.431**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-
Other transactions									
Increase in reserves through profit and loss	-	371.139.962	-	2.103.126.456	-	-	(2.333.369.379)	-	140.897.039
Increase in capital from ncorporation of reserves	3.191.200.940	-	-	(3.191.200.940)	-	-	-	-	-
Other transactions	-	-	-	(8.889.169)	-	-	-	(1.826.609)	(10.715.778)
	3.191.200.940	**371.139.962**	**-**	**(1.096.963.653)**	**-**	**-**	**(2.333.369.379)**	**(1.826.609)**	**130.181.261**
Balance at 31 December 2018	**10.000.000.000**	**2.093.315.557**	**(166.973.907)**	**433.005.059**	**165.840.056**	**42.819.752**	**4.027.759.028**	**24.858.820**	**16.620.624.365**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES TO CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Values Expressed in Meticals

	Capital	Legal Reserve	Treasury shares	Other reserves and retained earnings	Fair value reserves	Actuarial profit and loss	Income for period	Non-controlling interests	Total
Balance at 1 January 2017	**6.808.799.060**	**1.511.027.613**	**(166.973.907)**	**2.396.131.192**	**(681.634.320)**	**61.491.230**	**1.433.236.181**	**55.739.449**	**11.417.816.498**
Comprehensive income for period									
Profit	-	-	-	-	-	-	2.333.369.379	141.660	2.333.511.039
Fair value reserves (financial assts)	-	-	-	-	1.741.460.496	-	-	-	1.741.460.496
Actuarial profit and loss	-	-	-	-	-	12.157.002	-	-	12.157.002
	-	**-**	**-**	**-**	**1.741.460.496**	**12.157.002**	**2.333.369.379**	**141.660**	**4.087.128.537**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-	-
Other transactions									
Increase in reserves through profit and loss	-	211.147.982	-	1.065.913.584	-	-	(1.433.236.181)	-	(156.174.615)
Increase in capital from incorporation of reserves	-	-	-	-	-	-	-	-	-
Other transactions	-	-	-	118.155.232	-	-	-	(48.331.958)	69.823.274
	-	**211.147.982**	**-**	**1.184.068.816**	**-**	**-**	**(1.433.236.181)**	**(48.331.958)**	**(86.351.341)**
Balance at 31 December 2017	**6.808.799.060**	**1.722.175.595**	**(166.973.907)**	**3.580.200.009**	**1.059.826.176**	**73.648.232**	**2.333.369.379**	**7.549.151**	**15.418.593.695**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES TO INDIVIDUAL SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Values Expressed in Meticals

	Capital	Legal Reserve	Treasury shares	Other reserves and retained earnings	Fair value reserves	Actuarial profit and loss	Income for period	Total
Balance at 1 January 2018	**6.808.799.060**	**1.721.032.618**	**(166.973.907)**	**3.558.857.179**	**1.059.826.176**	**73.648.228**	**2.474.266.418**	**15.529.455.772**
Transition Adjustments to IFRS 9	-	-	-	(2.050.231.297)	(898.405.725)	-	-	(2.948.637.022)
Comprehensive income for period								
Profit	-	-	-	-	-	-	4.026.005.755	4.026.005.755
Fair value reserves (financial assts)	-	-	-	-	4.419.605	-	-	4.419.605
Actuarial profit and loss	-	-	-	-	-	(30.828.480)	-	(30.828.480)
	-	**-**	**-**	**-**	**4.419.605**	**(30.828.480)**	**4.026.005.755**	**3.999.596.880**
Dividends to shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	-	-	-	-	-	-	-	-
Other transactions								
Increase in reserves through profit and loss	-	371.139.962	-	2.103.126.456	-	-	(2.474.266.418)	-
Increase in capital from incorporation of reserves	3.191.200.940	-	-	(3.191.200.940)	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-
	3.191.200.940	**371.139.962**	**-**	**(1.088.074.484)**	**-**	**-**	**(2.474.266.418)**	**-**
Balance at 31 December 2018	**10.000.000.000**	**2.092.172.580**	**166.973.907)**	**420.551.398**	**165.840.056**	**42.819.748**	**4.026.005.755**	**16.580.415.630**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES TO INDIVIDUAL SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Values Expressed in Meticals

	Capital	Legal Reserve	Treasury shares	Other reserves and retained earnings	Fair value reserves	Actuarial profit and loss	Income for period	Total
Balance at 1 January 2017	**6.808.799.060**	**1.507.822.603**	**(166.973.907)**	**2.350.667.094**	**(681.634.320)**	**61.491.228**	**1.421.400.100**	**11.301.571.858**
Comprehensive income for period								
Profit	-	-	-	-	-	-	2.474.266.418	2.474.266.418
Fair value reserves (financial assts)	-	-	-	-	1.741.460.496	-	-	1.741.460.496
Actuarial profit and loss	-	-	-	-	-	12.157.000	-	12.157.000
	-	**-**	**-**	**-**	**1.741.460.496**	**12.157.000**	**2.474.266.418**	**4.227.883.914**
Dividends to shareholders	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Other transactions								
Increase in reserves through profit and loss	-	213.210.015	-	1.208.190.085	-	-	(1.421.400.100)	-
Increase in capital from incorporation of reserves	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-
	-	**213.210.015**	**-**	**1.208.190.085**	**-**	**-**	**(1.421.400.100)**	**-**
Balance at 31 December 2017	**6.808.799.060**	**1.721.032.618**	**(166.973.907)**	**3.558.857.179**	**1.059.826.176**	**73.648.228**	**2.474.266.418**	**15.529.455.772**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CONSOLIDATED AND INDIVIDUAL CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 31 DECEMBER 2017

	GROUP			BANK	
	NOTES	DC-18	DEC-17	DEC-18	DEC-17
Operating activities					
Interest, fees, currency trading and other income received		19.590.433.456	19.629.362.783	19.395.087.312	18.659.203.882
Interest, commissions and other expenses		(10.195.914.232)	(11.985.981.234)	(10.195.013.705)	(11.985.327.818)
Payments to staff and suppliers		(7.540.087.530)	(7.349.850.297)	(7.580.401.551)	(7.386.705.624)
Interest received and securities		3.608.313.155	5.836.625.181	3.608.313.155	5.836.625.181
Net cash flow from income and expenditure		**5.462.744.849**	**6.130.156.433**	**5.227.985.211**	**5.123.795.621**
Decreases (increases) in:					
Deposits with financial institutions		3.391.685.600	(10.008.258.261)	3.391.685.600	(10.008.258.261)
Loans and advances to customers		3.398.195.108	9.265.123.730	3.566.324.029	10.776.880.865
Securities portfolio		(2.189.415.930)	(7.654.132.331)	(2.218.072.886)	(7.654.132.331)
Other assests		(1.716.634.779)	875.413.398	(1.661.090.474)	865.080.529
Net cash flow from operating assests		**2.883.829.999**	**(7.521.853.464)**	**3.078.846.269**	**(6.020.429.198)**
Increases in:					
Deposits from central banks and other financial institutions		1.490.719.645	(5.814.735.012)	1.490.719.591	(5.814.734.958)
Customer resources		3.307.856.375	9.483.035.101	3.342.162.410	9.464.473.744
Other liabilities		(3.110.867.770)	(2.199.780.585)	(3.577.903.740)	(2.371.412.184)
Net cash flow from operating liabilities		**1.687.708.250**	**1.468.519.504**	**1.254.978.261**	**1.278.326.602**
Net cash flow from operating activities		10.034.283.098	76.822.473	9.561.809.741	381.693.025
Investing activities					
Acquisitions of tangible and intagible assets		(1.525.413.314)	(600.367.370)	(1.034.942.095)	(656.943.972)
Disposal of property received in kind		98.972.148	-	81.127.630	-
Disposal of tangible and intagible assets		-	411.505.883	-	190.840.630
Net cash flow from investing activities		**(1.426.441.166)**	**(188.861.487)**	**(953.814.465)**	**(466.103.342)**
Financing activities					
Capital increase		-	-	-	-
Distributed dividends		-	-	-	-
Net cash flow from financing activities		**-**	**-**	**-**	**-**
Increases in cash and equivalents		8.607.841.932	(112.039.014)	8.607.995.276	(84.410.317)
Cash and equivalents at start of period		21.692.797.101	21.804.836.115	21.692.637.959	21.777.048.277
Cash and equivalents at end of period		**30.300.639.033**	**21.692.797.101**	**30.300.633.235**	**21.692.637.959**

Reconciliation with balances set out in the balance sheet:

	GROUP			BANK	
	NOTES	DEC-18	DEC-17	DEC-18	DEC-17
Cash and equivalents		**30.300.639.033**	**21.692.797.101**	**30.300.633.235**	**21.692.637.959**
Cheques pending settlement on financial institutions abroad	3.2	61.167.224	53.920.398	61.167.224	53.920.398
Cheques pending settlement on financial institutions in Mozambique	3.2	22.976.432	63.526.526	22.976.432	63.526.526
Total		**30.384.782.689**	**21.810.244.025**	**30.300.633.235**	**21.810.084.883**
Cash and equivalents at central banks	3.1	27.769.429.779	21.315.345.803	27.769.428.978	21.315.345.002
Cash balances at financial institutions	3.2	2.615.352.910	494.898.221	2.615.347.913	494.739.881

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF ACCOUNTING POLICIES

1. INTRODUCTORY NOTE

Banco Comercial e de Investimentos, S.A. (hereinafter referred to as BCI or simply Bank) is a Limited Liability Company established on January 17, 1996, for an indefinite period. BCI's operational activity began on April 19, 1997. BCI has its headquarters in Maputo and is governed by its statutes and other legislation applicable to the sector.

BCI's main activity is the provision of banking services throughout the national territory. The subsidiaries IMOBCI and BPI Moçambique are engaged in real estate and consulting in the area of Investment Banking, respectively. The Bank and its subsidiaries are hereinafter referred to as the Group. The subsidiary BPI Moçambique has no activity and has transferred its operations to BCI.

2. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these interim financial statements were consistently applied throughout the years presented herein.

2.1 BASIS OF PRESENTATION

According to the Bank of Mozambique Notice No. 4 / GBM / 2007, of March 30, 2007, the financial statements for the year ended September 30, 2018 were prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS includes the standards issued by the International Accounting Standards ("IASB"). These financial statements were prepared under the assumption of continuing operations.

The financial statements were prepared based on the historical cost principle, modified by the application of fair value and amortized cost (held-to-maturity investments) for financial assets and liabilities.

The preparation of financial statements in accordance with IFRS requires the formulation of judgments, estimates and assumptions for the application of accounting policies, and the main estimates and uncertainties associated with the application of the accounting policies described in note 2.22.

The accompanying financial statements are expressed in Meticals, based on their accounting records and approved by the General Shareholders' Meeting.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those used in the previous year with the exception of those related to the introduction of IFRS 9 "Financial Instruments". The changes resulting from the introduction of IFRS 9, interpretations and improvements for the new revised IFRS had an impact on the Group's accounting policies, financial condition and financial performance. It is important to clarify that the changes resulting from the introduction of IFRS 15 " Revenue from Contracts with Customers " did not have any significant impacts.

I) NEW NORMS AND AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP

The Group adopted, with effect from January 1, 2018, the following standards, amendments and interpretations, issued by the IASB, with relevance to its activity:

IFRS 9 "FINANCIAL INSTRUMENTS"

In 2014, the IASB issued IFRS 9, "Financial Instruments", which aims to replace, in stages, IAS 39 "Financial Instruments: Recognition and Measurement". This standard introduces changes to the criteria for classification and measurement of financial assets, impairment recognition, hedge accounting and derecognition of financial instruments. The main effects and equity impacts resulting from its adoption are presented in more detail below.

The requirements of the standard were applied retrospectively and the necessary adjustments were made to the Consolidated Statement of Financial Position as of January 1st, 2018.

The key changes relate to the following:

a) Financial assets: Financial assets are classified at fair value through Comprehensive Income or Amortized Cost, except for debt instruments with specific criteria that will be measured at fair value in other comprehensive income, and financial assets not available for sale that can be measured at fair value through other comprehensive income.

b) Financial liabilities: Financial liability accounting has not changed significantly, except for derivatives designated at fair value through profit or loss. Gains and losses on derivatives resulting from changes in the Bank's credit risk are now reported in other comprehensive income rather than income.

c) Impairment: IFRS 9 introduces an expected credit loss model to measure the impairment of financial assets. Thus, a loss risk event for recognition of impairment of credit is no longer required. IFRS 9 introduces a revised impairment model, which establishes requirements for entities to recognize expected credit losses based on future information, replacing the current model of losses incurred only when there is objective evidence that a loss has already been incurred. In IFRS 9, the impairment model is applicable to all financial assets at amortized cost, income from lease transactions, fair value debt instruments through comprehensive income, loan commitments and financial contracts or guarantees. This contrasts with the impairment model under IAS 39, under which loan commitments and financial contracts or guarantees were not applicable(these were covered by IAS 37) and the model of available-for-sale assets, which was not fully in line with the IAS 39 impairment model for assets at amortized cost.

PHASES OF IMPLEMENTATION OF IFRS 9

The implementation of the Standard was divided into three different phases:

PHASE I: ANALYSIS AND DIAGNOSIS: STARTED AND COMPLETED IN 2017

- **Gap analysis**: With the support of external consultants, the Gap analysis, a quantitative impact study and an implementation plan of the Standard, was elaborated.
- **Workshops:** Training and capacity building activities were carried out, involving the Executive Committee and all the main bodies of the bank structure to present the normative framework of the Standard and its main concepts (business models, single payment of principal and interest ('SPPI'), new methodology of calculation of impairment (expected losses) and forward-looking).
- **Accounting Analysis and Changes to Disclosures:** prepared with the support of external consultants and the involvement of different internal structure bodies, based on the Group's corporate guidelines.

PHASE II: DESIGN AND DEVELOPMENT OF CALCULATION TOOLS: STARTED IN SEPTEMBER 2017 AND COMPLETED IN FEBRUARY 2018

- **Development of the New Impairment Calculation Model**: With the support of the external consultant, a new Impairment calculation model was developed, which, like the model in use for the calculation of impairments in IAS 39, allows the calculation, integrated in the same tool (through questionnaires and estimation of impairment rates based on the discounted cash flow method, considering going and gone credit recovery approaches) and Collective Impairments (based on risk parameters such as Credit Conversion Factor CCF), Probability of Default (PD), Loss Given Default (LGD) and Behavioral Maturity (BM)) to the different credits based on their segmentation and classification.
- **Training of User**s: Training was provided to analysts and supervisors, who are responsible for the management of customers subject to individual analysis, and risk managers and supervisors responsible for validating individual analyzes on the new tool for calculating impairment, contents and requirements of the standard.

PHASE III: IMPLEMENTATION AND FOLLOW-UP: STARTED IN FEBRUARY 2018

- **Parallel Run:** In order to analyze the consistency of the information and the assumptions of the new model, a parallel calculation period was defined between December 2017 and March 2018. This calculation aimed at, among other aspects, the analysing of the results and respective impacts by operation, Stages and segments of the portfolio, with a greater focus on the most significant differences. This analysis made it possible to ensure the adequacy of the assumptions and results of the model against the Bank's expectations about the risks of the Loan Portfolio.
- **Backtesting:** In order to test the main statistical parameters and carry out necessary calibrations to the calculation model to meet regulatory requirements, the Backtesting methodology for the Impairment Loss Calculation Model based on IFRS 9 was developed.

Based on this methodology, the risk parameters calculated based on historical behavioral data (Through-the-Cycle approach) are compared with the behavior observed in the last 12 months, thus verifying if they correctly estimate the recent behavior of the population (Point-in-Time).

The Backtesting exercise includes:

- Qualitative tools that analyze the quality of support databases;
- Quantitative tools to assess the calibration of risk parameters, as well as discriminant capacity and adequacy of risk factors to reality;
- Statistical tests that allow the definition of acceptance levels for potential discrepancies between observed values and estimated values for the risk parameters;
- Monitoring of results and their stability.

Whenever there are discrepancies between the observed values and the estimated values, for the risk parameters, above the defined level of acceptance, the Bank shall carry out the following actions:

- Identify and analyze the reasons for this;
- Apply solutions contemplated in the internal rules, with a view to reducing this discrepancy to a level included in the acceptance interval.

CLASSIFICATION AND MEASUREMENT

In accordance with IFRS 9 - "Financial instruments", financial assets can be classified into three categories using different measurement criteria (fair value through profit or loss, fair value through comprehensive income and amortized cost). The classification of assets depends on the business model under which the financial assets are managed and the characteristics of the contractual cash flows.

Financial assets are measured at fair value through comprehensive income if they are held according to the business model whose objective is achieved through the collection of contractual cash flows and sale and the contractual cash flows represent "only payments of principal and interest."

Equity investments are measured at fair value through other comprehensive income (impact on fair value reserve) or at fair value through profit or loss (impact on net income).

As of December 31st, 2017, the Bank had only "available-for-sale financial assets", with the implementation of IFRS 9 - "Financial instruments", the group classified the assets into two categories: "Financial assets at fair value through comprehensive income "and" Financial assets at amortized cost ".

IMPAIRMENT OF FINANCIAL ASSETS

The main changes arising from the implementation of IFRS 9 are related to the requirements for the calculation of impairment. IFRS 9, issued in July 2014 by the International Accounting Standards Board (IASB) replaces IAS 39, and establishes new rules for the classification and measurement of financial assets and liabilities. IFRS 9 defines a new methodology for the recognition of expected impairment losses (expected loss model) other than the incurred loss model of IAS 39. Although the concept of impairment in IFRS 9 remains the same as in IAS 39, there is a growing consensus regarding its alignment with the definition of Default used in the prudential framework. Thus, in addition to the adjustments to the Risk Factors (PD, LGD, and CCF) to the requirements of the standard for estimating expected credit losses, including the impacts of the macroeconomic scenarios, the classification of the Bank's portfolio in the different Stages was also adjusted based on the new corporate concept of Default (in line with EBA requirements) and objective Triggers (in accordance with corporate guidelines) observed based on available historical information.

Impairment calculation methodology

The requirements for the calculation of impairment of financial assets are based on expected 12-month (Stage 1) and Lifetime (Stages 2 and 3) losses to replace the IAS 39 incurred losses approach.

Financial Assets subject to impairment are classified in Stages according to their level of risk, namely:

- Stage 1: Financial Assets without significant increase in credit risk from the moment of initial recognition. The impairment for the loans classified in Stage 1 will reflect the expected losses resulting from defaults to occur in the 12 months from the reporting date.
- Stage 2: Financial Assets with a significant increase in credit risk since its initial recognition, but in which the loss has not yet materialized. Impairment for Stage 2 loans will reflect the expected loss of defaults over the residual life of the loan.
- Stage 3: Financial Assets with objective evidence of impairment as a result of events that resulted in losses. Impairment for Stage 3 loans will reflect the expected losses of credit risk over the expected residual.

Two approaches have been adopted to calculate expected impairment losses:

- Collective Analysis - Expected losses for non-significant exposures or significant exposures classified in Stage 1.

Collective impairment is the outcome of from a parametric approach to credit recoverability, supported by historical credit portfolio information, and is applied automatically to all operations. The Bank's Credit Impairment Model determines the risk profile of each operation, including it in the credit portfolio segments defined based on the historical evaluation of the portfolios and current and past behavior and the prospective vision of the operation.

In this sense, the impairment losses determined by the model seek to reflect:

a) an objective and probability-weighted amount determined by assessing a set of possible outcomes;

b) The time value of money; and

c) Reasonable and sustainable information that is available without undue cost or effort at the date of reporting on past events, current conditions (Point-in-Time) and forecasts of future economic conditions (Forward Looking).

For determination of impairment losses for collective analysis, the following Risk Factors are considered:

- o Default Probability (PD);
- o Loss Given Default (LGD);
- o Credit Conversion Factor; e
- o Behavioural Maturity (BM)

- **Individual Analysis** - Expected losses for significant exposures classified in Stage 2 or Stage 3.

Individual impairment is calculated in order to reflect in the Bank's accounts the expectation of recovering individually significant exposures. This analysis considers a set of customer risk dimensions (e.g. economic and financial situation) and the exposure itself (e.g. origin and priority of expected cash-flows for debt recovery) to inform the debt recoverability analysis. It is understood that the estimation of loss obtained through the individual analysis reflects expectations based on current and future conditions of the evolution of the exposure / customer and that, in this perspective, is more accurate when compared with the impairment determined through the collective analysis.

The Individual Analysis (AI) is the outcome of forms filled out by the analysts and reviewed by the supervisors. It is through filling out these forms that the client is assigned an impairment rating (comparable to Default Probability) and a recovery strategy. Impairment by AI intends to calculate expected loan losses, taking into account the Going Concern approachs, which presupposes the recovery of a loan using the cash flows generated by the company's activity, or Gone Concern, in which the only way to recover the loan is through the execution of the guarantees.

All loan transactions that are analyzed individually but for which the impairment is not recognized should be attributed to the Impairment that would have been subject to a collective analysis.

Assets individually valued and for which an impairment loss was recognized are excluded from the collective analysis.

CAPITAL AND INTEREST WRITE-OFFS

Periodically, the Bank discounts assets considered uncollectible through the utilization of impairment, after specific analysis by the bodies that are responsible for monitoring and recovering the credits and approval of the Executive Committee. Any recovery loans written off is reflected as a deduction from the balance of impairment losses reflected in the income statement, under the heading "Loan impairment net of reversals and recoveries".

In accordance with the policies in force at the Bank, interest on overdue loans without collateral is written off up to three months after the due date of the operation or the first installment in arrears. The unrecorded interest on the aforementioned loans is recognized only in the year in which they are collected.

The ECL calculation of each approach additionally considers an embedded Forward-Looking component by weighing different scenarios for the estimation of losses. The definition of the scenarios to be considered for the calculation of ECL and the probabilities of each occurrence are defined internally.

In a more conservative perspective and to ensure greater prudence in the estimation of impairment losses, the Bank defined as the minimum final impairment per transaction, the highest that results from the Individual analysis, when applicable, and the Collective analysis.

INFORMATION FORWARD-LOOKING

Given that impairment losses on credit risk are adjusted based on forward-looking information, there will be an increase in subjectivity in impairments calculated on the basis of the new IFRS 9, as the macroeconomic scenarios impact on a set of factors used in the calculation of Individual and Collective Impairment:

- Modeling of the risk factors of the calculation model;
- Calculation of Lifetime Expected Loss, through: (i) a set of scenarios; (ii) anticipation of impairment on the basis of future economic estimates; and (iii) discount of future cash flows over the expected life of the asset (which will have to be estimated);
- Individual Analysis should also be subject to forward-looking.

IMPAIRMENT OF FINANCIAL INSTRUMENTS

The Bank assesses, at each balance sheet date, the expected losses of a financial instrument or group of financial instruments. The purpose of the impairment requirement is to recognize the expected credit losses (ECL) over their duration for all financial instruments that have undergone significant credit risk increases since the initial recognition - assessed on an individual basis or collective - taking into account all reasonable and sustainable information, including prospective information. The impairment amount is the difference between the asset's balance sheet value and the present value of the estimated future cash flows, discounted to the original discount rate of the contract.

The financial instruments are mostly remunerated at variable interest rates associated with indexes relating to the period corresponding to the period of interest of each contract, which approximate the rates in force in the market for each type of financial instrument, so that their fair value is identical to the book value that is deducted from impairment.

IMPAIRMENT - HELD-TO-MATURITY INVESTMENTS

The BCI assesses individually whether there is evidence of impairment of financial assets held to maturity. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is determined by the difference between the carrying amount of the asset and the present value of the future cash flows of the asset.

IMPAIRMENT - FINANCIAL ASSETS

If there is evidence of expected loss of default or events that may result in losses on a financial asset, the accumulated loss (measured as the difference between the acquisition cost and the fair value, excluding impairment losses previously recognized in transferred from reserves and is recognized in the income statement. If, in a subsequent period, the fair value of the debt instruments classified as available for sale increases and this increase can be objectively associated with an event occurring after recognition of the impairment loss in the income statement, the impairment loss is annulled in results.

BUSINESS MODEL

The classification according to IFRS 9 for investments in debt instruments is carried out by Management taking into account its business model and the characteristics of the contractual cash flows.

A financial asset is measured at amortized cost ("CA") if the following criteria are met:

- The asset is held for the purpose of receiving contractual cash flows; and
- The contractual cash flows of assets represent only exclusive payments of principal and interest ("SPPI").

Financial assets included in this category are initially recognized at fair value and subsequently measured at amortized cost.

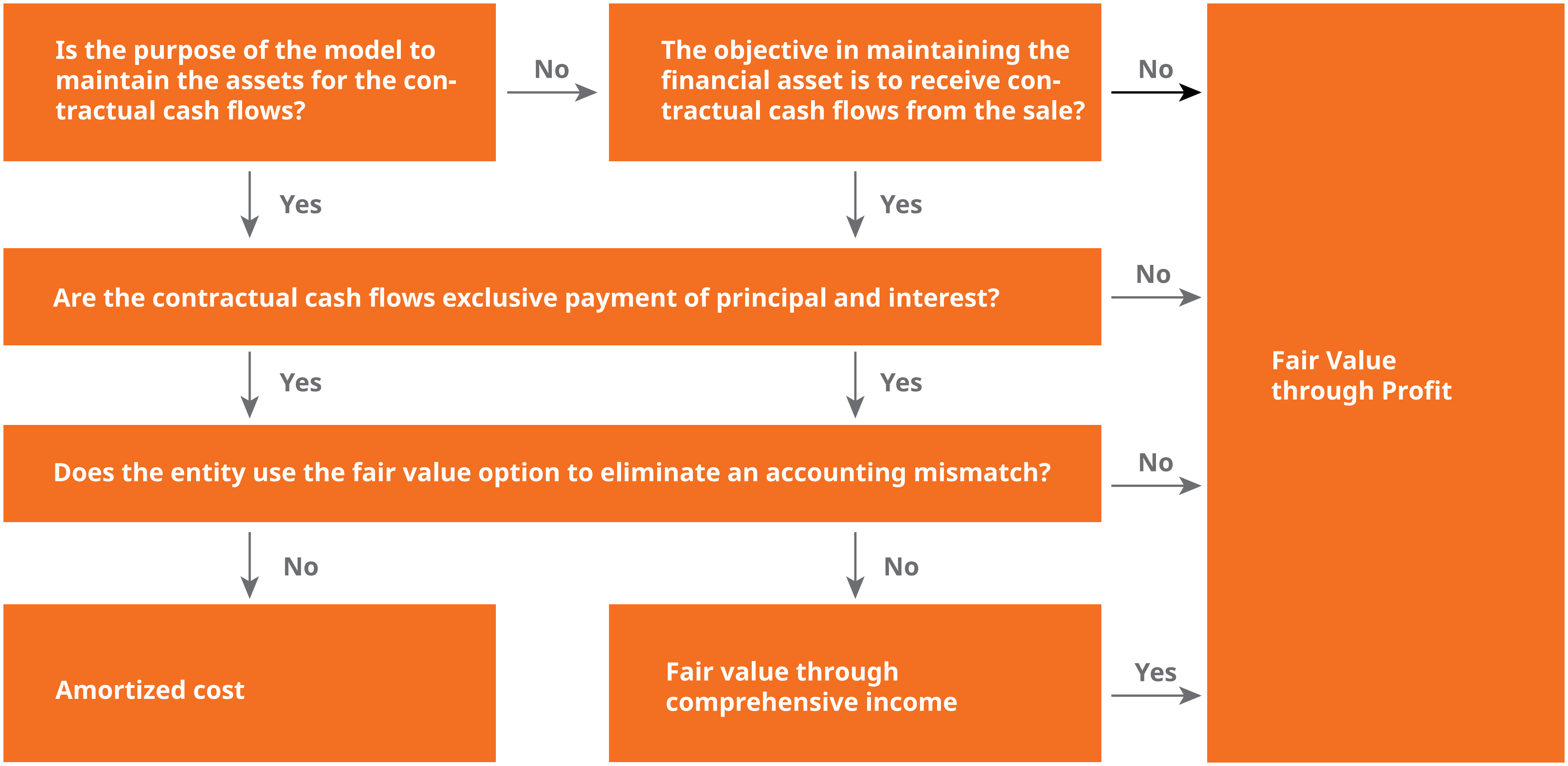
A financial asset is measured at fair value through comprehensive income ("JVRI") if the following criteria are met:

- Assets are held for the purpose of receiving contractual cash flows or for future sale; and
- The contractual cash flows of assets represent only exclusive payments of principal and interest ("SPPI").

Financial assets included in the JVRI category are initially recognized and subsequently measured at fair value. Changes in fair value are recognized in comprehensive income ("IR"), except for the recognition of impairment gains or losses, interest income and exchange gains and losses that are recognized in the net income.

The Fair Value through Profit category ("JVAR") is the residual category. Financial assets should be classified as JVAR if they do not meet the JVRI or CA criteria. Financial assets included in the JVAR category should be measured at fair value with all changes recognized in net income.

The following image represents the classification process applied by BCI:



I. **EVALUATION OF THE BUSINESS MODEL FOR FINANCIAL ASSETS THAT ARE DEBT INSTRUMENTS**

a. Objective: Keep to receive cash flows - Amortized Cost;

b. Objective: Keep to receive cash flows and sales - Fair Value through Integral Income;

c. Objective: Sale - Fair Value through Results

IFRS 9 requires that all financial assets be subsequently measured at amortized cost, fair value through comprehensive income or fair value through profit or loss, taking into account the business model for the management of financial assets and the characteristics of contractual cash flows.

The business model is determined taking into account the joint management of a particular asset portfolio, to achieve a particular business objective. It is not a tool for analyzing instruments at the individual level and therefore the level of aggregation should be taken into account.

a) Keep to receive business model (amortized cost)

If the purpose of the bank is to maintain the asset (or portfolio of assets) to receive the contractual cash flows, the asset (or portfolio) will be considered the "keep-to-receive" business model, subject to compliance with SPPI requirements.

BCI's business model is mostly the receipt of contractual cash flows for most of its financial assets. There is no BCI history of selling credit to customers so, upon first analysis, these assets should be considered in this category.

b) Business model "Keep to receive and sell"

The Bank may hold financial assets to achieve a specific objective, both for the receipt of contractual cash flows and for the sale of financial assets. In this case, the "keep to receive and sell" business model (also known as the JVRI business model) will be considered. The objective of this business model is achieved through the receipt of contractual cash flows and the sale of financial assets, unlike the amortized cost model where the purpose was only the receipt of contractual cash flows.

BCI does not have the practice or policy of selling individual shares or portions of the loan portfolio. This will be evaluated continuously to determine if there is a change in the business model at the amortized cost of BCI. As for debt instruments there is a small part of the portfolio for which the Bank intends to receive cash flows and sell the assets.

c) Fair Value Business Model

If a financial asset or group of financial assets is not held for one of the purposes referred to in the previous business models, then it must be classified in the residual Fair Value through Profit ("JVAR") category.

BCI has equity instruments related to residual interests in some companies, which upon first analysis, are classified in this category.

II. FINANCIAL ASSETS THAT ARE EQUITY INSTRUMENTS (EQUITY INSTRUMENTS)

Investments in equity instruments are always measured at fair value. Capital instruments are those that meet the definition of "equity" from the perspective of the issuer as defined in IAS 32. Capital instruments that are held for trading should be classified to the JVAR. For all other actions, Management has the possibility to make an irrevocable election at the initial recognition, instrument by instrument, to present the changes in fair value in Integrated Income instead of profit or loss. If this decision is made, all changes to fair value, excluding dividends that are a return on investment, will be included in the Comprehensive Income.

III. FINANCIAL LIABILITIES

The classification and measurement of financial liabilities in accordance with IFRS 9 was kept as in accordance with IAS 39. The amounts in full income relating to own credit are not recycled to income even when the liability is unknown and the amounts are realized. However, the new standard allows transfers within the assets.

THE BCI BUSINESS MODEL

The business model is evaluated through an analysis of the relevant business activities that BCI undertakes to carry out in order to achieve the objective set forth in the business model and is not determined by a single factor or activity. Management considered all the relevant evidence that was available at the time of the evaluation; such evidence includes, but is not limited to:

- Risks that affect the performance of the business model (and financial assets held), and in particular, how the risks are managed;
- How the performance of the business model (and the financial assets held) is evaluated and communicated to key management personnel of the Bank; and
- How the Bank's management is offset (which may include how assets are managed or the received contractual cash flow).

BCI's business model is to maintain most of the financial assets to receive contractual cash flows - Amortized Cost, with a small portion maintained fair value for the receipt of contractual cash flows and a sale by the Financial Markets Department – Fair Value Through Integrated Income.

FINANCIAL RISK MANAGEMENT

BCI's financial risk management, as described above, has a direct impact on risk management which affects the performance of each business model. As concluded, the management of credit risk, liquidity risk and interest rate risk shows that the credit portfolio and a large part of the debt instruments are maintained with the intention of receiving the contractual cash flows represented by the SPPIs.

HOW THE PERFORMANCE OF KEY PERSONNEL IS MEASURED

The performance evaluation of the management bodies revealed that only the Financial Markets Department is remunerated taking into account the fair value of the debt instruments, so the portfolio that is in its possession is maintained with the intention of receiving the contractual cash flows and a possible sale depending on the fair value of the security. The remaining areas of the Bank are remunerated taking into account the efficient management of financial asset portfolios in order to maximize returns through the receipt of contractual cash flows.

EVALUATING BUSINESS PERFORMANCE

The half-yearly financial report is applicable to all Bank assets by analysing return indicators through the amount of cash flows received and the changes in fair value for a small part of the debt instruments. The monthly credit portfolio report is applicable to loans to customers and analyses how credit risk management is carried out and the results obtained through the receipt of contractual cash flows.

ANALYSIS OF CONTRACTUAL CASH FLOWS (MODIFIED SPPIs)

Management assesses whether the contractual cash flows of the assets are exclusively payment of principal and interest ("SPPI condition"). This condition is necessary for the financial asset, or group of financial assets, to be classified at amortized cost or JVRI.

IFRS 9 states that instruments with contractual cash flows that make up the SPPI conditions in the amount of outstanding principal are consistent with a basic loan agreement. Management shall assess whether contractual cash flows are SPPI in the currency in which the financial asset is denominated. Contractual features that introduce risk exposure or volatility in contractual cash flows not related to a basic lending arrangement, such as exposure to changes in equity or commodities generate, contractual cash flows that do not meet SPPI conditions.

a) Only modified principal and interest payments

When evaluating a financial asset if the time value offset of the cash was changed, IFRS 9 requires an entity to compare the financial asset under assessment with the "benchmark" (ie the cash flows that would result if the compensation for the time value of money were not changed). If the difference between the cash flows of the reference instrument and the cash flows of the instrument under assessment are significantly different, the contractual cash flows are not considered as SPPI and the instrument is to be measured in the FVAR category.

b) Other factors to consider

i. IFRS 9 requires contingent events that affect the cash flows to be considered in the SPPI assessment. Management assessed the contractual cash flows that would arise, before and after the change in the contractual cash flows arising from the contingent event.

IFRS 9 includes additional considerations for financial assets that include a prepayment or extension option. Management determines whether contractual cash flows that may arise over the life of the instrument due to such contractual provisions satisfy the SPPI condition. Based on discussions with the management and the latest standard terms and conditions in the various customer contracts, there are options available to the customer that are activated if the customer goes into default on payment of the instalment. This may involve an option to extend the contractual repayment period or an adjustment to the initial contractual interest rate (which includes an element for increasing credit risk). The additional compensation that the bank will receive still results in the receipt of the SPPI, so the business model remains unchanged being the "Hold to receive" contractual cash flows.

A non-recourse provision is an agreement that allows the Bank to seek only the security assets (financial or non-financial) to recover its claim when the customer omits a secured obligation. If the customer does not pay and the specific assets do not satisfy the full claim, the bank has no legal recourse against the client's other assets. If there is a provision without recourse, the creditor must assess (ie "observe" the specific underlying assets or cash flows to determine whether the contractual cash flows of the financial asset are SPPI.) If the terms of the instrument give rise to other cash flows, or if they limit cash flows inconsistently with the SPPI criteria, the instrument will be fully included in the JVAR category.

Potential contractual cash flows were analysed taking into account the requirements of IFRS 9, specifically the SPPI as defined, and it was concluded that these terms and conditions are in line with the receipt of related capital, interest and administrative costs.

PRINCIPLES OF MEASUREMENT OF FAIR VALUE

Fair value is understood as the amount by which an asset can be transferred or a liability can be settled between independent parties, informed and interested in carrying out the transaction under normal market conditions.

Fair value is determined on the basis of prices of an active market or valuation methods when there is no active market. A market is considered active if transactions occur on a regular basis.

BCI ceases to recognize financial assets when:

- The contractual rights to the cash flows associated with the asset have expired;
- The Bank transferred the contractual rights to the cash flows arising from the asset as well as substantially all the risks and rewards of the asset or control of the asset but did not transfer all the associated risks and rewards.

At initial recognition, loans and receivables are recorded at their fair value, less any fees included in the effective rate plus any incremental costs directly attributable to the transaction.

Subsequently, these assets are valued at amortized cost, based on the effective interest rate method, and are subject to impairment tests. Interest is recognized on the basis of the effective rate method.

Gains and losses arising from changes in the fair value of financial assets through Comprehensive Income are recognized directly in equity, under fair value revaluation reserves, except in the case of impairment losses, or when the asset is sold, in which the gain or loss previously recognized is recorded directly in profit or loss.

The interest accrued on bonds and other fixed income securities and the differences between the acquisition cost and the nominal value (premium or discount) are recorded in the income statement according to the effective interest rate method.

EFFECTS ON THE CAPITAL OF THE TRANSITION TO IFRS 9 - "FINANCIAL INSTRUMENTS"

The transition adjustments to IFRS 9 - "Financial instruments", resulted in a decrease of MZN 2.948.637.021 (18.99%) in accounting equity, as shown in the following table:

	1-Jan-18
Equity before the adoption of IFRS 9	**15.529.455.772**
Impact on equity:	
Impairment model	
Impairment of credit	(3.001.676.839)
Impairment of securities	(12.539.373)
Impairment for guarantees and commitments assumed	-
	(3.014.216.212)
Classification and measurement	
Changes in measurement resulting from the reclassification of assets	(1.239.180.310)
	(1.239.180.310)
Gross Impact	(4.253.396.522)
Tax effect	1.304.759.501
Net effect of tax	(2.948.637.021)
Shareholders' equity after adoption of IFRS 9	**12.580.818.751**

FINANCIAL ASSETS CLASSIFIED IN ACCORDANCE WITH IAS 39

	Fair value	Reclassification to IFRS9	Total
Available -for-sale financial assets			
Treasury Bonds	6.332.337.451	-	6.332.337.451
Treaury bills	16.891.277.299	-	16.891.277.299
Equity instruments	176.710.363	-	176.710.363
Corporate bond issuances	72.349.549	-	72.349.549
Bonds issued by domestic financial institutions	27.413.768	-	27.413.768
	23.500.088.430	**-**	**23.500.088.430**
Impairment	**(244.719.674)**	**-**	**(244.719.674)**
Total	**23.255.368.756**	**-**	**23.255.368.756**

FINANCIAL ASSETS CLASSIFIED IN ACCORDANCE WITH IFRS 9

	Fair value	Reclassification to IFRS9	Total
Financial assets at amortized cost			
Treasury Bonds	4.792.600.510	-	4.792.600.510
Treaury bills	13.396.647.794	-1.570.459.953	11.826.187.841
Equity instruments	-	-	-
Corporate bond issuances	72.349.549	-	72.349.549
Bonds issued by domestic financial institutions	-	-	-
	18.261.597.853	**-1.570.459.953**	**16.691.137.900**
Impairment	**-28.656.956**	**-**	**-28.656.956**
Total	**18.232.940.897**	**-1.570.459.953**	**16.662.480.944**
Financial assets at fair value through comprehensive income			
Treasury Bonds	1.539.736.964	331.279.642	1.871.016.606
Treaury bills	3.494.629.483	-	3.494.629.483
Equity instruments	176.710.363	-	176.710.363
Corporate bond issuances	-	-	-
Bonds issued by domestic financial institutions	27.413.768	-	27.413.768
	5.238.490.578	**331.279.642**	**5.569.770.220**
Impairment	**-216.062.718**	**-**	**-216.062.718**
Total	**5.022.427.860**	**331.279.642**	**5.353.707.502**

(*) No tax effect

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the IASB issued IFRS 15 Revenues from Contracts with Customers, effective for periods beginning on or after 1st January 2018, with early adoption permitted. IFRS 15 sets out the principles for revenue recognition and will apply to all contracts with customers. However, interest income and commissions related to financial instruments and lease contracts will remain outside the scope of IFRS 15 and will be governed by other applicable standards (in this case, IFRS 9 and IFRS 16 Leases). In accordance with IFRS 15, revenues should be recognized to the extent that the goods and services are transferred, in the size or proportion in which the assignor anticipates the ownership of the goods and services. The standard will also specify a comprehensive set of disclosure requirements related to the nature, extent and timing, as well as any revenue uncertainty and corresponding cash flows with customers. IFRS 15 introduces a methodology for measuring Revenue based on five (5) steps, namely:

Step 1: Identify a contract individually - the relationships between the Bank and the clients are established by contracts, mostly physical contracts, and it is clear to both parties what are the duties and obligations of each one, what is the payment term and if Receive cash flows from the service provided.

Step 2: Separate contractual obligations - The Bank identifies at the date of signature of the contract with the clients all the services that are promised in the contract and shows in the light of the standard if those goods or services promised in the contract actually represent separate performance obligations to do.

Step 3: Determine transaction price - The transaction price is the amount of the consideration that the Bank expects to receive by transferring the goods or services promised to a customer, excluding any amounts charged on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. The nature, timing and value of the consideration promised by the customer affects the estimate of the transaction price. The Bank considers the terms of the contract and its usual business practices to determine the price of the transaction. Most of the services provided by the Bank are of such a nature that the recognition of the revenue coincides with the moment of the transfer of the service to the client. The prices are fixed and are determined in advance and known by both parties.

Step 4: Allocate the price of the transaction - After identifying the performance obligations of the contract and determining the price of the transaction, the transaction price is then allocated to the performance obligations, based, as a rule, on the individual retail price. The determination of the prices at the Bank level is made for each service rendered individually due to the clarity with respect to each performance obligation that is provided.

Step 5: Recognize revenue per contract - According to IFRS 15, the entities can only recognize revenue when it satisfies an identified performance obligation by transferring goods or service promised to a customer. A good or service is generally considered transferred when the customer obtains its control that is in accordance with IFRS 15 the ability to direct the use and obtain substantially all the remaining benefits from the asset and also prevent others from doing so. Under IFRS 15, the transfer of control to a customer represents the transfer of rights relating to the good or service. The ability of the client to receive the benefits of the good or service is represented by its right to substantially all cash inflows, or reduction of cash outflows generated by goods or services. At the time of transfer of control, the customer is the sole possessor of the right to use the good or service during its remaining economic life or to consume the good or service in its own operations. The Bank recognizes revenue from contracts effectively when transfer of control of the services provided by customers takes place. Since some contracts that the Bank has with clients cross over several periods, revenues are recognized throughout the term of the contract for the provision of the service in question.

For the analysis of the impact, the Bank went through each of the steps above in order to measure those that are applicable, and verified that the implementation of IFRS 15 has zero impact for the Bank.

INTERPRETATION OF IFRIC 22 - TRANSACTIONS IN FOREIGN CURRENCY AND FURTHERANCE OF CONSIDERATION

This interpretation clarifies that in determining the spot exchange rate to be used in the initial recognition of an asset, expense or income (or part) associated with the derecognition of non-monetary assets or liabilities related to an advance of consideration, the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or liability related to an advance of the consideration.

NIC 40 - TRANSFERS OF INVESTMENT PROPERTY (CHANGES)

The changes clarify when an entity must transfer properties, including properties under construction or development to or from investment property. The changes indicate that a change in use occurs when the property responds or fails to respond to the definition of investment property and there is evidence of change of use. A mere change in the Board of Directors' intentions for the use of a property provides no evidence of a change in use.

II. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IRFS 16 - LEASES

In January 2016, the IASB issued the IRFS - 16 "Leases" which establishes the principles applicable to the recognition, measurement, presentation and disclosure of leases. IFRS - 16 replaces IAS 17 - Leases and related interpretive standards (IFRIC 4 - Determine whether an Agreement Contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Evaluation of the Substance of Transactions involving the legal form of a Location). The rule determines whether a contract constitutes or contains a lease if it bears the right to control the use of an identified asset for a certain period of time in exchange for a fee.

IFRS 16 determines that a contract is or contains lease if it guarantees the right to use an identifiable asset for a period of time in exchange for rent payments. The changes introduced by the standard affect only the lessee who ceases to classify the leases as operational or financial, and the leasing contracts are treated in the same way.

The significant changes brought by the standard are limited to the following aspects:

a) Non-current assets - other than the treatment under IAS 17 where operating lease contracts were not recorded in the balance sheet, and only leasing contracts were recorded, with the implementation of IFRS 16 there will be an increase in non-current assets, recognition of the right to use the assets identified in all lease contracts;

b) Non-current liabilities - there will be an increase in this heading arising from the registration of lease liabilities, which is actually the lessee's duty to pay rent, in IAS 17 only financial leases had this treatment;

c) Financial expenses - the lease liability generates a financial expense, so this item will suffer an increase, the effect of which will be greater in the first years, a scenario that only occurred for financial leases in IAS 17;

d) Depreciation - there will be an increase in this heading due to the recording of the lease asset that is amortizable.

e) Economic and financial indicators - All indicators that are calculated based on Non Current Assets, Total Assets, Non Current Liabilities and Total Liabilities will be affected. Same for the indicators calculated by Operating Result and EBITDA.

PHASES OF IMPLEMENTATION OF IFRS 16

IFRS 16 takes effect on January 1st, 2019, however, the preparation process for its implementation began in 2018 and has taken place in the following phases:

Phase 1: Analysis - The process of analysing the impacts of the implementation of the Standard was started and concluded in 2018 and consisted in effectively studying the standard, interpretation and elaboration of documents for sharing and consultation.

Phase 2: Training - Training was given to the Accounting team, where participants were trained in the interpretation and accounting treatment proposed by IFRS 16.

Phase 3: Presentation of the impacts and the work plan for accounting adjustment - initially, all the contracts currently in the Bank were identified and reclassified under IFRS 16. The amount to be recorded under the headings of lease assets and liabilities and amortizations was determined. The financial expenses were determined based on the amortized cost model

Phase 4: Implementation and follow-up - This is the phase the Bank is currently in. It is in the process of updating the procedures of the areas that in their activities deal with leases, and evaluation of possible changes to be introduced in the software currently used to register the Bank's rents, associated costs and tangible assets of the bank.

The table below presents the summary of the impact of the implementation of IFRS 16 on the Bank's financial statements:

		Impact
Consolidated Statement of Financial Position	Liabilities	Increase in non-current assets as a result of new lease registrations by the registration of rights to use the assets. Increase in Current and Non-Current Liabilities by the Rental Liabilities registration and subsequent payments; Increase in accumulated depreciation due to the amortization of the right to use the assets.
	Assets	
Consolidated Statement of Comprehensive Income	Amortization	Operating expenses will now include depreciation of the right to use the asset and the costs of rent payments will no longer be recorded; The financial expenses include the interest on the lease liability; The interest financial expenses will be higher in the first years of the contract, which implies a higher financial cost with the leasing.
	Interest	
Financial and economic indicators	Limitations on fixed assets	Increase in EBITDA since the amount paid in rents is no longer recorded in costs and is recorded in the balance sheet, the operating result will also change, thus all indicators that are calculated based on Non Current Assets, Total Assets , Non-Current Liabilities and Total Liabilities Operating Results and EBITDA will be affected.
	Capital Adequacy	
	Leverage Ratio	
	Cost of Structure	
	Return on Assets (ROA)	
	Return on Shareholders' Equity (ROE)	
	Net Assets Ratio	

CLASSIFICATION AND MEASUREMENT

a) Ranking

Under IFRS 16 leases are no longer classified as operational or financial from the lessee's perspective. There is an option to classify as lease or not the contracts of low value or with term up to 1 year. The Bank chose to classify as leasing only the contracts with a term greater than 1 year and excluded from the classification the leases of ATMs because they are of low value. The term used in all analysis is the number of rents to be paid from the entry into force of the standard until the end of each contract.

b) Measurement

Lease assets should initially be measured at the cost that includes: the initial measurement of the lease liability, plus payment or deduction of incentives made on or before the date of entry into force, plus initial direct costs and estimated costs to disassemble, remove or rehabilitate the asset at the end. Subsequently the asset should be measured at cost less any accumulated depreciation and accumulated impairment or should be applied to IAS 36 Impairment of Assets to determine whether the asset under right of use is impaired and to account for any identified impairment loss or Other models of measurement. The Bank's lease assets will be recorded at cost.

The Lease liability should be measured at the present value of the lease payments. These payments must be updated at the rate implicit in the contract if applicable or still using the discount rate which is the rate that the lessee would incur when applying for a loan to acquire the asset in the same market under the same conditions (term, asset quality, guarantees). Subsequently, the liability should be measured at amortized cost using the effective interest method.

The discount rate that was used for the purpose of determining the impact of IFRS 16 is the Prime Lending Rate of the market plus a standardized Spread as published by the Bank of Mozambique.

2.3 CONSOLIDATION

(a) Subsidiary companies (IFRS10)

BCI holds, directly and indirectly, financial interests in subsidiary companies. Subsidiaries or subsidiaries are those entities in which the Bank has control or the power to manage the company's financial and operating policies. In the Bank's individual financial statements, subsidiary and associated companies are valued at historical cost.

Transactions between group companies and intercompany group balances and revenues and expenses are eliminated. Profits and losses resulting from transactions between group companies that are recognized in assets are also eliminated. The accounting policies of associates are changed, when necessary, to ensure consistency with group policies.

When the group ceases to have control of a subsidiary, the book value of the stake is revalued at fair value at the date of disposal and recognized in profit or loss.

The subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date control ceases.

(b) Changes in interests in subsidiaries without change of control

Transactions with minority shareholders that do not result in loss of control are accounted for as capital transactions, ie as transactions with owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant interest acquired from the book value of the associate's net assets is recorded in equity. Gains or losses on disposals of non-controlling stake are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control of a subsidiary, the book value of the stake is revalued at fair value at the date of disposal. The book value is recognized in profit or loss.

(d) Associates

Associated companies are those entities in which Bank exercises, directly or indirectly, significant influence over its management and financial policy, but does not control the company. As a general rule, it is assumed that there is significant influence when the shareholding is more than 20% and less than 50%. In BCI's individual financial statements, subsidiaries and associated companies are valued at historical cost and the dividends of affiliated and associated companies are recognized in BCI's individual results at the date they are allocated or received. In the event of objective evidence of impairment, the impairment loss is recognized in the income statement. Furthermore the associated companies are presented by the integral method.

2.4 TRANSACTIONS IN FOREIGN CURRENCY (IAS 21)

The items included in the financial statements are measured and presented in Meticais, the functional and presentation currency of the Bank.

Transactions in foreign currency are initially converted into Meticais at the exchange rate prevailing at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are converted into Meticais at the average daily rate published by the Bank of Mozambique and exchange differences are recognized in the statement of comprehensive income for the period to which they relate. On December 31, 2018 and December 31, 2017, the following exchange rates were applied:

Currency	31-12-2018	31-12-2017
USD	61,47	59,02
EUR	70,25	70,70
ZAR	4,28	4,79

Non-monetary foreign currency assets valued at historical cost are converted at the exchange rate prevailing on the date the transaction occurred. Non-monetary assets in foreign currency valued at fair value are converted at the exchange rate prevailing on the fair value date.

2.5 FINANCIAL LIABILITIES (IAS 32 AND IFRS 9)

The classification of financial instruments in the initial recognition depends on the respective objectives and characteristics.

Financial liabilities are recognized in the bank balance sheet at the contractual date, at their respective fair value plus directly attributable transaction costs, except for liabilities at fair value through profit or loss in which transaction costs are recognized immediately in profit or loss.

I. Deposits and other resources

After initial recognition, deposits and other financial resources of customers and credit institutions are valued at amortized cost, based on the effective interest rate method.

A financial liability is no longer recognized when its obligation is satisfied, canceled or expires. When the liability is replaced by another from the same borrower under substantially different conditions, or when the conditions of an existing liability are substantially modified, such modification or exchange is treated as the recognition of a new liability, and consequently gives rise to the derecognition of the original liability, the difference between the respective amounts being recognized in the results of the period.

Financial liabilities are only cleared and their net value presented in the balance sheet when BCI is entitled to offset them and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

2.6 NON-CURRENT ASSETS HELD FOR SALE (IFRS 5).

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

- The probability of the sale occurring is high;
- The asset is available for immediate sale in its current state;
- There should be an expectation that the sale will take place within one year after the classification of the asset under this heading, except in situations where the delay in the sale of the asset is caused by events or circumstances beyond the control of the entity and if there is evidence sufficient that the entity remains committed to its plan to sell the asset, the following are exceptions:
    a) At the date that an entity commits itself to a plan to sell a non-current asset (or disposal group) it reasonably expects that others (not a buyer) will impose conditions on the transfer of the asset (or disposal group) that will extend the period required to complete the sale; and: i. actions necessary to respond to those conditions cannot be initiated until after a firm purchase commitment is obtained; and ii. a firm purchase commitment is highly probable within one year;
    b) An entity obtains a firm purchase commitment and, as a result, a buyer or others unexpectedly impose conditions on the transfer of a non-current asset (or disposal group) previously classified as held for sale that will extend the period required to complete the sale; and i. timely actions necessary to respond to the conditions have been taken; and ii. a favourable resolution of the delaying factors is expected;
    c) During the initial one year period, circumstances arise that were previously considered unlikely and, as a result, a non-current asset (or disposal group) previously classified as held for sale is not sold by the end of that period; and i. during the initial one year period the entity took action necessary to respond to the change in circumstances; ii. the non-current asset (or disposal group) is being actively marketed at a price that is reasonable, given the changed in circumstance; and iii. the non-current asset (or disposal group) remains available for immediate sale and the sale is highly probable.

If any of these exemptions apply, the asset may remain classified in this rubric for a period of more than one year.

Assets recorded under this caption are not amortized and are valued at the lower of cost and fair value less costs to be incurred in the sale. The fair value of these assets is determined on the basis of valuations performed by specialized entities. If the amount recorded in the balance sheet is less than the fair value less costs to sell, impairment losses are recorded in the appropriate line item.

Real estate and other acquired assets obtained through the recovery of overdue loans are recorded at the foreclosure price and the value of the debt is settled when the respective legal proceedings are concluded against the amount of the loan.

2.7 TANGIBLE ASSETS (IAS 16)

The tangible assets used by the bank in the course of its business are recorded at cost less accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only if it is probable that future economic benefits will accrue to the bank. Maintenance and repair expenses and other expenses associated with their use are recognized in the results of the period in which they were incurred. Depreciation of tangible assets is calculated on a systematic basis over the estimated useful life of the asset, which corresponds to the period in which the asset is expected to be available for use:

	Years of useful life
Properties	50
Works in leased buildings	50
Equipment	4 a 14

The Bank regularly analyses the adequacy of estimated useful lives of its tangible assets. Changes in the expected useful life of the assets are recorded through the change in the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

Expenditure on outside buildings is depreciated over a period compatible with that of its expected utility or lease.

Periodically, an analysis is carried out to identify evidence of impairment in tangible assets. Whenever the net book value of the tangible assets exceeds their recoverable value, an impairment loss is recognized as a result of the results for the year. The Bank reverses impairment losses in the period's results if there is a subsequent increase in the recoverable value of the asset.

An item of the tangible asset is no longer recognized when it is disposed of or when no future economic benefits arising from its use or disposal are expected. Any gain or loss arising from derecognition of the asset (calculated as the difference between the income from the sale and the carrying amount of the asset) is recognized in profit or loss for the period.

2.8 LEASES (IFRS 17)

The method for determining whether an agreement contains a lease is based on the substance of the agreement and requires an assessment as to whether compliance with the agreement is dependent on the use of a particular good and grants the use of that good.

THE BANK AS LESSEE

Leasing, through which substantially all the risks and rewards of ownership of an asset are transferred substantially to the Bank, is capitalized at the initial time of the contract, at the lowest of the fair value of the asset and the present value of the minimum location. The asset is included in Tangible assets and the corresponding liability to the lessor is recorded under Other liabilities.

Tangible Assets acquired through leasing operations are depreciated over the term of the lease or its useful life, whichever is shorter. Leases related to leasing contracts are broken down according to the respective financial plan, progressively reducing the liability for the portion corresponding to the amortization of capital. Interest is recognized in the income statement for the period.

Payments associated with operating leases are not recognized in the balance sheet. Payments from an operating lease are recognized as an expense on a straight-line basis over the lease term and recorded in operating expenses.

THE BANK AS LESSOR

Leases in which the Bank does not transfer substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. The Bank investment properties are under these conditions and generate income from rentals.

Assets under financial leasing are recorded in the balance sheet as "Loans and advances to customers" and repayments are made through the capital repayments included in the financial plan of the contracts. The interest included in the income is recognized in the income statement for the period.

2.9 INTANGIBLE ASSETS (IAS 38)

The Bank records as intangible assets the costs of acquiring, developing or preparing software for its own use. In cases where the requirements set out in IAS 38 are met, direct internal costs incurred in the development of IT applications are capitalized as intangible assets.

Intangible assets are recorded at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a systematic basis over the estimated useful life of the assets, which is usually 5 years. The amortization period and depreciation method of Intangible Assets with a definite useful life are reviewed at the end of each period and changes in expected useful life are recorded as changes in estimates.

Computer software maintenance expenses are accounted for as expenses in the year in which they are incurred.

2.10 Impairment of non-financial assets (IAS 36)

The Bank assesses, at the time of each reporting, or more frequently if there are changes that indicate that a certain asset may be impaired, if there are indications that a non-financial asset may be impaired. If such an indication exists, the Bank estimates its recoverable amount and, if it is lower than the carrying amount, the asset is impaired and reduced to its recoverable amount.

At each balance sheet date, the Bank reassesses whether there is any indication that an impairment loss previously recognized may no longer exist or have decreased. If such an indication exists, the Bank estimates the recoverable amount of the asset and reverses impairment losses previously recognized only if there have been changes in the estimates used to estimate the recoverable amount since the recognition of the loss.

2.11 CASH AND BALANCES

For the purposes of the statement of cash flows, cash and cash equivalents comprise amounts recorded in the balance sheet with a maturity of less than three months from the date of the balance sheet, which include cash and balances with financial institutions.

2.12 TAXES ON PROFIT (IAS 12)

CURRENT TAX

The current tax, asset or liability, is estimated based on the expected value to be recovered or payable to the tax authorities. The legal tax rate used to calculate the amount is the one that is in force at the balance sheet date.

Current tax is calculated on the basis of 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 that will only be considered in other accounting periods.

DEFERRED TAX

Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods that results from temporary differences between the value of an asset or a liability in the balance sheet and its tax base. Reportable tax losses as well as tax benefits also give rise to deferred tax assets.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which deferred tax assets can be deducted.

Deferred taxes were calculated based on the tax rates enacted for the period in which the respective asset or liability is expected to be realized.

Income taxes (current or deferred) are reflected in profit or loss, except where the transactions that gave rise to them have been reflected in other own funds items. In these situations, the corresponding tax is also reflected by a counterpart of own funds, without affecting the result for the year.

2.13 PROVISIONS AND CONTINGENT LIABILITIES (IAS 37)

The Bank sets up provisions when it has a present obligation (legal or constructive), resulting from past events, for which future expenditure of financial resources is probable and can be determined reliably. The amount of the provision corresponds to the best estimate of the amount to be disbursed to settle the liability at the balance sheet date.

2.14 GUARANTEES (IFRS 9)

In the course of its activity, BCI grants guarantees, letters of credit and guarantees. Such guarantees are recorded in off-balance sheet accounts and disclosed as contingent liabilities.

2.15 STAFF BENEFITS (IAS 19)

The liability for retirement pensions related to the staff of the former Banco de Fomento was incorporated into the Bank´s liabilities under the deed of merger dated December 4, 2003.

The defunct Banco de Fomento subscribed to the Collective Labor Agreement (ACT) of December 30, 1997, which applies to the banking sector, on the basis of which its locally hired employees and their families are entitled to cash benefits for retirement, disability and survival.

These benefits are calculated based on the time of service of the employees and their respective remuneration at the retirement date and are updated based on the salary tables attached to the ACT which are reviewed annually.

However, since workers are enrolled in the National Institute of Social Security, The Bank responsibilities are to pay for complements of the respective reforms.

The value of past service liabilities is determined annually by specialized actuaries using the projected unit credit method and actuarial assumptions considered adequate (Read Note 3.19).

Gains and losses arising from differences between the actuarial and financial assumptions used and the amounts actually verified as well as those resulting from changes in actuarial assumptions are recognized in equity under the caption "Actuarial gains and losses".

The Bank does not have an asset plan in accordance with IAS 19. As such, the liability is recognized directly in liabilities and fully assumed in the Bank's assets. At the date of transition, BCI adopted the exception under IFRS 1 not to recalculate deferred actuarial gains and losses since the beginning of the plans.

2.16 OWN SHARES (IAS 32)

The Bank's own shares are deducted from shareholders' equity and no gain or loss realized at the time of sale is recognized in the financial statements. The remuneration received is directly recognized in Shareholders' equity.

2.17 DIVIDENDS ON ORDINARY SHARES (IAS 10)

Dividends on ordinary shares are recognized as liabilities and deducted from equity when they are declared and are no longer available to the Bank's. Dividends for the year approved after the balance sheet date are disclosed as an event after the balance sheet date.

2.18 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the income attributable to BCI shareholders by the weighted average number of ordinary shares issued, excluding the average number of ordinary shares purchased by the Bank and held as treasury stock.

2.19 INVESTMENT PROPERTIES

The Bank considers as investment properties those land and buildings that are held to obtain income, and / or for capital appreciation, and not for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business. Investment properties are initially measured at cost and transaction costs are included in the initial measurement. After initial recognition, the Bank values the investment properties according to the cost model following the same accounting policy as for the tangible assets as described in item 2. 7 above.

2.20 MAIN ESTIMATES AND INTERPRETATIONS ASSOCIATED WITH THE APPLICATION OF ACCOUNTING POLICIES

IFRS establishes a set of accounting policies that require the Board of Directors to make judgments and estimates. The estimates and associated assumptions are based on historical experience and other factors considered reasonable under the circumstances and are the basis for judgments on the values of the assets and liabilities whose appreciation is not evident from other sources. The main accounting estimates used by the bank are analyzed as follows:

Impairment of loans and receivables

Impairment losses on loans and accounts receivable are determined in accordance with the methodology defined in note 3.38 a. Credit risk. Accordingly, the determination of the impairment of individually analysed assets results from a specific valuation carried out by the Bank based on the knowledge of the reality of the clients and the guarantees associated with the operations in.

The determination of impairment by collective analysis is made on the basis of historical parameters determined for typologies of comparable operations, taking into account estimates of default and recovery.

The Bank considers that the impairment determined on the basis of this methodology allows an adequate reflection of the risk associated with its credit portfolio, taking into account the rules defined by IFRS 9.

Fair value of financial instruments

When the fair value of the financial assets and liabilities recognized in the balance sheet can not be determined on the basis of the quotation in an active market, the determination is made through the use of valuation techniques that include the use of mathematical models. The inputs used in these models are based on information available in the market, however, where this is not practicable, judgments are made in determining the fair values of the financial instruments.

The Bank measures the fair value using the following fair value hierarchy that reflects the importance of the inputs used in the measurement:

- Level 1: Market price quoted (unadjusted) in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable data, either directly (ie as prices) or indirectly (ie derived from prices). This category includes instruments valued using market prices quoted in active markets for similar instruments, prices quoted for identical or similar instruments in markets considered less active and other valuation techniques in which all inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and non-observable inputs have a significant effect on the valuation of the instrument. This category includes instruments which are valued on the basis of prices of similar instruments whenever there is a need for significant unobservable adjustments or assumptions to reflect differences between instruments.

The fair value of financial assets and liabilities that are traded in the asset markets are based on quoted market prices or reseller price quotes. For the other financial instruments, the Bank determines the market values using valuation techniques.

Valuation techniques include net present value, 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, treasury bills and exchange rates. The purpose of valuation techniques is to determine the fair value reflecting the price of the financial instrument at the reporting date, ie what would have been determined by market participants acting on a commercial basis.

As of 31/12/2018, financial instruments measured at fair value through the fair value hierarchy are as follows:

	Level 1	Level 2	Level 3
Bonds and other securities			
Treasury bills	-	4.274.675.743	-
Treasury bonds	259.813.205	784.641.234	-
Other securities	-	176.670.363	-
	259.813.205	**5.235.987.338**	**-**

As of 31/12/2017, financial instruments measured at fair value through the fair value hierarchy were presented as follows:

	Nível 1	Nível 2	Nível 3
Bonds and other securities			
Treasury bills	-	16.891.277.277	-
Treasury bonds	1.052.991.146	5.063.283.660	-
Other securities	-	247.816.724	-
	1.052.991.146	**22.202.377.661**	

The decrease resulted from the reclassification of the debt instruments (Treasury Bills and Bonds), which were classified at amortized cost, within the framework of the implementation of IFRS 9 - "Financial Instrument" and the current policy of investment in securities in the bank.

STAFF BENEFITS

As shown in Note 3.21, The bank post-employment benefits liabilities to its employees are determined annually based on actuarial valuations carried out by independent experts. These actuarial valuations incorporate financial and actuarial assumptions relating to mortality, disability, salary increases and pensions, among others. The assumptions adopted correspond to the best estimate of the bank and its actuaries regarding the future behavior of the variables. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

TAXES ON PROFITS

Taxes on profits (current and deferred) are determined by the bank based on 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 recorded are the result of the banks best understanding of the proper framework of its operations, which may be questioned by the Tax Authorities.

3. OTHER NOTES TO THE CONSOLIDATED AND INDIVIDUAL ACCOUNTS

3.1 CASH AND BALANCES WITH CENTRAL BANKSS

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Cash	6.364.844.939	6.336.441.264	6.364.844.138	6.336.440.463
Balances with the Bank of Mozambique	21.404.584.840	14.978.904.539	21.404.584.840	14.978.904.539
	27.769.429.779	**21.315.345.803**	**27.769.428.978**	**21.315.345.002**

Balances with Bank of Mozambique include deposits made to meet the requirements for the constitution of mandatory reserves. As at 31st December the Bank of Mozambique Notice No. 12 / GBM / 2017, determined the maintenance of balances in national currency with the Central Bank corresponding to a coefficient of 14%, and in foreign currency of 27%, of the average balance of resident deposits, deposits of non-residents and deposits of the State. No interest is paid on these balances.

3.2 CASH BALANCES WITH FINANCIAL

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Corrent deposits and other claims				
Financial institutions in Mozambique	4.997	158.340	-	-
Financial institutions abroad	2.531.204.257	377.292.957	2.531.204.257	377.292.957
	2.531.209.254	**377.451.297**	**2.531.204.257**	**377.292.957**
Cheques pending settlement				
Financial institutions in Mozambique	22.976.432	63.526.526	22.976.432	63.526.526
Financial institutions abroad	61.167.224	53.920.398	61.167.224	53.920.398
	84.143.656	**117.446.924**	**84.143.656**	**117.446.924**
	2.615.352.910	**494.898.221**	**2.615.347.913**	**494.739.881**

3.3 DEPOSITS AT FINANCIAL INSTITUTIONS

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Deposits at financial institutions in Mozambique				
Interbank money market	13.500.000.593	13.500.001.132	13.500.000.593	13.500.001.132
Short term loans	1.411.790.621	52.823.596	1.411.790.621	52.823.596
Medium and long term loans	-	18.412.789	-	18.412.789
Deposits	-	-	-	-
Interest receivable	5.298.219	51.522.566	5.298.219	51.522.566
	14.917.089.433	**13.622.760.083**	**14.917.089.433**	**13.622.760.083**
Deposits at financial institutions abroad				
Very short term investments	860.580.000	4.271.360.404	860.580.000	4.271.360.404
Deposits	2.280.524.646	3.568.680.271	2.280.524.646	3.568.680.271
Interest receivable	4.631.054	17.949.735	4.631.054	17.949.735
	3.145.735.699	**7.857.990.410**	**3.145.735.699**	**7.857.990.410**
Impairment	(3.336.564)	-	(3.336.564)	-
	18.059.488.568	**21.480.750.493**	**18.059.488.568**	**21.480.750.493**

At the balance sheet date, the maturity profile of deposits at financial institutions was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Up to 1 month	16.788.933.873	16.308.790.620	16.788.933.873	16.308.790.620
Between 1 and 3 months	745.005.020	718.030.372	745.005.020	718.030.372
Between 3 months and 1 year	513.952.719	4.340.073.677	513.952.719	4.340.073.677
Between 1 and 3 years	226.097	8.676.492	226.097	8.676.492
More than 3 years	14.707.423	105.179.332	14.707.423	105.179.332
	18.062.825.132	**21.480.750.493**	**18.062.825.132**	**21.480.750.493**
Impairment	(3.336.564)	-	(3.336.564)	-
	18.059.488.568	**21.480.750.493**	**18.059.488.568**	**21.480.750.493**

3.4 FINANCIAL ASSETS AT AMORTIZED COST / FAIR VALUE THROUGH COMPREHENSIVE INCOME

As a result of the implementation of IFRS 9, on January 1, 2018, the Bank reclassified its portfolio of available-for-sale financial assets (IAS 39) to two new groups:

- Financial assets at amortized cost; and
- Financial assets at fair value through comprehensive income.

FINANCIAL ASSETS AT AMORTIZED COST

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Debt instruments				
Issued by domestic entities				
Treasury Bonds	5.095.149.094	-	5.095.149.094	-
Treaury Bills	14.118.463.748	-	14.118.463.748	-
Issued by foreign entities				
FAST FERRY bonds	76.571.638	-	76.571.638	-
	19.290.184.480	**-**	**19.290.184.480**	**-**
Impairment	**(41.196.329)**	**-**	**(41.196.329)**	**-**
	19.248.988.151	**-**	**19.248.988.151**	**-**

FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Debt instruments				
Issued by domestic entities				
Treasury Bonds	784.641.234	5.063.283.587	784.641.234	5.063.283.587
Treasury Bills	4.274.675.743	16.891.277.299	4.274.675.743	16.891.277.299
Private issues	-	27.413.768	-	27.413.768
Issued by foreign entities				
FAST FERRY bonds	-	72.349.549	-	72.349.549
	5.059.316.977	**22.054.324.203**	**5.059.316.977**	**22.054.324.203**
Debt instruments				
Issued by domestic entities				
Sovereign bonds	356.376.236	1.269.053.864	356.376.236	1.269.053.864
	356.376.236	**1.269.053.864**	**356.376.236**	**1.269.053.864**
Equity instruments				
Other instruments	176.670.363	176.710.363	176.670.363	176.710.363
	176.670.363	**176.710.363**	**176.670.363**	**176.710.363**
Impairment	**(96.563.032)**	**(244.719.674)**	**(96.563.032)**	**(244.719.674)**
	5.495.800.544	**23.255.368.756**	**5.495.800.544**	**23.255.368.756**

The changes in impairment was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Balance at 1 January	244.719.674	565.755.675	244.719.674	565.755.675
Transition Adjustments to IFRS 9	12.539.374	-	12.539.374	-
Reversals	(160.577.096)	(321.036.001)	(160.577.096)	(321.036.001)
Use	(195.971.230)	-	(195.971.230)	-
Impairment increase	237.048.638	-	237.048.638	-
	137.759.361	**244.719.674**	**137.759.361**	**244.719.674**

In terms of residual maturity, the Financial Assets are distributed as follows:

FINANCIAL ASSETS AT AMORTIZED COST

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Maturity – 1 month	2.189.665.624	-	2.189.665.624	-
Maturity > 1 month < 6 months	6.281.175.521	-	6.281.175.521	-
Maturity > 9 months < 12 months	7.033.954.028	-	7.033.954.028	-
Maturity > 12 months	3.785.389.308	-	3.785.389.308	-
	19.290.184.480	**-**	**19.290.184.480**	**-**
Impairment	**(41.196.329)**	**-**	**(41.196.329)**	**-**
	19.248.988.151	**-**	**19.248.988.151**	**-**

FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Maturity – 1 month	-	594.141.032	-	594.141.032
Maturity > 1 month < 6 months	794.572.987	9.128.027.900	794.572.987	9.128.027.900
Maturity > 9 months < 12 months	3.667.155.408	9.012.347.199	3.667.155.408	9.012.347.199
Maturity > 12 months	1.130.635.181	4.765.572.301	1.130.635.181	4.765.572.301
	5.592.363.576	**23.500.088.430**	**5.592.363.576**	**23.500.088.430**
Impairment	**(96.563.032)**	**(244.719.674)**	**(96.563.032)**	**(244.719.674)**
	5.495.800.544	**23.255.368.756**	**5.495.800.544**	**23.255.368.756**

3.5 FINANCIAL ASSETS HELD FOR TRADING

The financial assets held for trading account records the monthly revaluation of derivatives (Swaps and Fowards), the detail of which is as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Derivatives	681.958	77.969.816	681.958	77.969.816
	681.958	**77.969.816**	**681.958**	**77.969.816**

3.6 LOANS AND ADVANCES TO CUSTOMERS

This caption is made up as follows:

	BANK					
	DEC-18			DEC-17		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Lons and advances to residents						
Companies						
Loans	23.842.912.693	20.094.030.933	43.936.943.626	22.092.709.717	26.079.207.740	48.171.917.457
Pledged current account loans	2.928.441.634	2.736.458.247	5.664.899.881	2.725.121.576	820.005.806	3.545.127.382
Leases - equipment	486.261.270	-	486.261.270	648.883.425	30.184.668	679.068.093
Leases - property	1.346.450.212	-	1.346.450.212	1.572.166.197	30.581.762	1.602.747.959
Credit cards	117.907.916	-	117.907.916	103.988.756	-	103.988.756
Discounted bills and promissory notes	129.958.771	-	129.958.771	145.463.344	41.314.000	186.777.344
Bank overdrafts	965.750.761	471.937.055	1.437.687.816	317.418.875	1.504.930.604	1.822.349.479
	29.817.683.257	**23.302.426.235**	**53.120.109.492**	**27.605.751.890**	**28.506.224.580**	**56.111.976.470**
Individual customers						
Housing	2.058.599.301	228.507.882	2.287.107.183	2.177.830.808	248.658.970	2.426.489.778
Consumption	7.030.448.189	66.651.289	7.097.099.478	6.860.452.254	108.104.512	6.968.556.766
Other loans	1.732.503.085	388.165	1.732.891.250	1.399.410.403	102.959.554	1.502.369.957
	10.821.550.574	**295.547.336**	**11.117.097.911**	**10.437.693.465**	**459.723.036**	**10.897.416.501**
Lons and advances to non-residents						
Companies	-	-	-	-	-	-
Individual customers	-	-	-	-	-	-
	-	-	-	-	-	-
	40.639.233.831	**23.597.973.571**	**64.237.207.403**	**38.043.445.355**	**28.965.947.616**	**67.009.392.971**
Interest receivable, net of deferred income	1.327.957.427	190.650.279	1.518.607.706	1.495.769.747	431.725.361	1.927.495.108
			65.755.815.109			**68.936.888.079**
Commissions associated with amortised cost (net)	(108.402.525)	(32.620.443)	(141.022.968)	(130.436.166)	(41.725.805)	(172.161.971)
Overdue loans and interest	4.436.848.582	2.068.813.287	6.505.661.869	5.286.554.036	1.807.369.699	7.093.923.736
Loans impaiment			(6.433.267.208)			(3.172.953.767)
			65.687.186.801			**72.685.696.077**

In consolidated terms, loans and advances to customers are as follows:

	GROUP					
	DEC-18			DEC-17		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Lons and advances to residents						
Companies						
Loans	23.842.912.693	20.094.030.933	43.936.943.626	22.092.709.717	26.079.207.741	48.171.917.458
Pledged current account loans	2.619.446.620	2.736.458.247	5.355.904.867	2.450.358.312	820.005.806	3.270.364.118
Leases - equipment	486.261.270	-	486.261.270	648.883.425	30.184.668	679.068.093
Leases - property	1.346.450.212	-	1.346.450.212	1.572.166.197	30.581.762	1.602.747.959
Credit cards	117.907.916	-	117.907.916	103.988.756	-	103.988.756
Discounted bills and promissory notes	129.958.771	-	129.958.771	145.463.344	41.314.000	186.777.344
Bank overdrafts	965.750.761	471.937.055	1.437.687.816	317.418.875	1.504.930.604	1.822.349.479
	29.508.688.243	**23.302.426.235**	**52.811.114.478**	**27.330.988.626**	**28.506.224.581**	**55.837.213.207**
Individual customers						
Housing	2.058.599.301	228.507.882	2.287.107.183	2.177.830.808	248.658.970	2.426.489.778
Consumption	7.030.448.189	66.651.289	7.097.099.478	6.860.452.254	108.104.512	6.968.556.766
Other loans	1.732.503.085	388.165	1.732.891.250	1.399.410.403	102.959.554	1.502.369.957
	10.821.550.574	**295.547.336**	**11.117.097.911**	**10.437.693.465**	**459.723.036**	**10.897.416.501**
Lons and advances to non-residents						
Companies	-	-	-	-	-	-
Individual customers	-	-	-	-	-	-
	-	-	-	-	-	-
	40.330.238.817	**23.597.973.571**	**63.928.212.389**	**37.768.682.091**	**28.965.947.617**	**66.734.629.708**
Interest receivable, net of deferred income	1.324.468.782	190.650.279	1.515.119.061	1.495.769.747	431.725.361	1.927.495.108
			65.443.331.450			**68.662.124.816**
Commissions assocciated with amortised cost (net)	(108.402.525)	(32.620.443)	(141.022.968)	(130.436.166)	(41.725.805)	(172.161.971)
Overdue loans and interest	4.436.848.582	2.068.813.287	6.505.661.869	5.286.554.036	1.807.369.699	7.093.923.736
Loan impaiment			(6.433.267.208)			(3.172.953.767)
			65.374.703.142			**72.410.932.814**

At 31 December 2018 and 31 December 2017, the sectorial distribution of the Bank's loans portfolio was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
AAgriculture and fisheries	2.415.173.318	2.765.141.921	2.415.173.318	2.765.141.921
Industry	1.478.611.973	1.637.578.265	1.478.611.973	1.637.578.265
Energy	6.601.264.659	7.246.853.296	6.601.264.659	7.246.853.296
Construction	14.711.288.807	18.324.731.579	14.711.288.807	18.324.731.579
Hotels and tourism	1.785.280.918	1.893.714.983	1.785.280.918	1.893.714.983
Commerce and services	12.847.622.593	12.407.726.301	12.847.622.593	12.407.726.301
Transport	6.181.569.051	5.573.692.440	6.181.569.051	5.573.692.440
Non-monetary financial institutions	329.818.455	298.179.856	329.818.455	298.179.856
Individual customers	13.707.216.247	13.079.091.743	13.707.216.247	13.079.091.743
Other	10.376.028.236	10.601.843.060	10.685.023.250	10.876.606.322
	70.433.874.258	**73.828.553.444**	**70.742.869.272**	**74.103.316.706**
Interest receivable, net of deferred income	1.515.119.061	1.927.495.108	1.518.607.706	1.927.495.108
Commissions assocciated with amortised cost (net)	(141.022.968)	(172.161.971)	(141.022.968)	(172.161.971)
Loan impaiment	(6.433.267.208)	(3.172.953.767)	(6.433.267.208)	(3.172.953.767)
	65.374.703.142	**72.410.932.814**	**65.687.186.801**	**72.685.696.077**

At 31 December 2018 and 31 December 2017, the residual maturity of outstanding loans, including accrued interest, was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Up to three months	4.721.143.118	4.154.852.378	4.721.143.118	4.154.852.378
More than three months and loss than a year	3.041.483.871	3.478.592.878	3.353.967.530	3.753.356.142
More than a year and loss than five years	34.969.699.965	33.838.884.179	34.969.699.965	33.838.884.177
More than five years	22.711.004.496	27.189.795.382	22.711.004.496	27.189.795.382
	65.443.331.450	**68.662.124.816**	**65.755.815.109**	**68.936.888.079**

In the same period, the seniority of overdue loans and past due interest had the following structure:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Up to three months	2.609.740.474	2.132.339.027	2.609.740.474	2.132.339.027
From three to six months	491.142.394	799.288.214	491.142.394	799.288.214
From six months to one year	559.973.160	3.469.879.250	559.973.160	3.469.879.250
From one to three years	2.841.020.936	692.222.713	2.841.020.936	692.222.713
More than three years	3.784.904	194.532	3.784.904	194.532
	6.505.661.869	**7.093.923.736**	**6.505.661.869**	**7.093.923.736**

The loan impairment showed the following evolution:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Balance at 1 January	3.172.953.767	2.010.135.257	3.172.953.767	2.010.135.257
Transition adjustments to IFRS 9	3.001.676.839	-	3.001.676.839	-
Usage	(959.154.925)	(1.522.551.633)	(959.154.925)	(1.522.551.633)
Net increase of impaiment for period	1.217.791.528	2.685.370.143	1.217.791.528	2.685.370.143
Balance at 31 December	**6.433.267.208**	**3.172.953.767**	**6.433.267.208**	**3.172.953.767**
Of which				
Specific impaiment	1.597.057.087	1.819.863.242	1.597.057.087	1.819.863.242
Portfolio impaiment	4.836.210.121	1.353.090.525	4.836.210.121	1.353.090.525
	6.433.267.208	**3.172.953.767**	**6.433.267.208**	**3.172.953.767**

The loans impairment of the above table includes the impairment of deposits with financial institutios (Note 3.3)

3.7 INTEREST IN ASSOCIATES AND JOINT VENTURES

As of December 31, 2018 and December 31, 2017, the financial information of the subsidiaries present the following information:

	GROUP					BANK			
	DEC-18			DEC-17		DEC-18		DEC-17	
	Type	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)
Subsidiaries									
BPI MOÇAMBIQUE	Subsidiary	100,00%	59	0,00%	59	100,00%	59	0,00%	59
IMOBCI, Lda	Subsidiary	10,00%	460.000	10,00%	460.000	10,00%	460.000	10,00%	460.000
IMOCIMENTOS	Subsidiary	0,00%	-	99,98%	2.999.400				-
			460.059		**3.459.459**		**460.059**		**460.059**
Impairment			-		-		-		-
Consolidation adjustments			(460.059)		(460.059)		-		-
			-		**2.999.400**		**460.059**		**460.059**

Although the Bank's stake in IMOBCI is 10%, the Bank has control of this entity, including its management and financial policy, which requires, in accordance with IFRS 10, to consolidate this entity by the integral method and to consider it as a subsidiary.

In February 2018, IMOBCI sold its stake in IMOCIMENTOS, which means that this entity is no longer part of the consolidation perimeter of the BCI Group

3.8 NON-CURRENT ASSETS HELD FOR SALE

This item includes real estate that was obtained by loans recovery, with the exception of those that do not meet the conditions set out in IFRS 5 and which, under these circumstances, are recognized under Other assets. On December 31, 2018 and December 31, 2017, it was presented as follows:

	GROUP	BANK
Cost		
1 January 2018	**1.250.022.961**	**1.196.972.310**
Acquisitions	1.480.047.206	1.480.047.206
Disposals and write-offs/downs	(90.088.979)	(89.019.908)
Reclassifications	(102.992.083)	(102.992.083)
Impairment	(6.888.000)	(6.888.000)
31 December 2018	**2.530.101.105**	**2.478.119.525**
Net amount		
1 January 2018	**1.250.022.961**	**1.196.972.310**
31 December 2018	**2.530.101.105**	**2.478.119.525**
Cost		
1 January 2017	**715.314.988**	**715.314.988**
Acquisitions	929.665.287	876.614.636
Disposals and write-offs/downs	(346.657.362)	(346.657.362)
Reclassifications	1.700.048	1.700.048
Impairment	(50.000.000)	(50.000.000)
31 December 2017	**1.250.022.961**	**1.196.972.310**
Net amount		
1 January 2017	**715.314.988**	**715.314.988**
31 December 2017	**1.250.022.961**	**1.196.972.310**

The movement in impairment was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Balance at 1 January	50.000.000	-	50.000.000	-
Reinforcement	6.888.000	50.000.000	6.888.000	50.000.000
Annulments	-	-	-	-
Usage	-	-	-	-
	56.888.000	**50.000.000**	**56.888.000**	**50.000.000**

3.9 INVESTMENT PROPERTY

Investment property showed the following evolution, relative to gross values and depreciation, for the years ended December 31, 2018 and December 31, 2017

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Gross amount				
Start of Period	109.217.160	109.217.160	109.217.160	109.217.160
Acquisitions	-	-	-	-
Disposals and write-offs/downs	(109.217.160)	-	(109.217.160)	-
Reclassifications	118.867.178	-	118.867.178	-
	118.867.178	**109.217.160**	**118.867.178**	**109.217.160**
Accumulated depreciation				
Start of Period	17.108.263	14.923.920	17.108.263	14.923.920
Depreciation for period	3.356.102	2.184.343	3.356.102	2.184.343
Adjustments	(19.110.578)	-	(19.110.578)	-
Reclassifications	1.023.557	-	1.023.557	-
	2.377.344	**17.108.263**	**2.377.344**	**17.108.263**
Book value	**116.489.834**	**92.108.897**	**116.489.834**	**92.108.897**

* Income from these properties is recorded under Other Operating Income (Note 3.29).

3.10 OTHER TANGIBLE ASSETS

As at 31 December 2018 and 31 December 2017 this item had the following breakdown:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Property for own use	5.731.425.123	5.398.282.644	5.532.589.108	5.346.008.383
Equipment				
Fumiture and material	553.592.633	389.703.034	548.757.824	389.240.648
Machines and tools	9.668.677	113.485.930	9.668.677	111.817.754
IT equiment	1.572.949.764	1.475.705.013	1.570.304.072	1.475.614.993
Interior installations	1.076.443.322	892.474.958	1.076.443.322	892.474.958
Vehicles	326.305.801	314.269.204	317.859.822	314.269.204
Security equipment	352.138.630	333.947.900	352.138.630	333.947.900
Other equipments	268.149.580	252.053.361	268.149.580	249.559.048
Other tangible assets	12.342.180	9.710.526	12.342.180	9.710.526
Assets in progress	636.735.562	187.099.617	319.528.712	187.099.617
	10.539.751.272	**9.366.732.187**	**10.007.781.927**	**9.309.743.031**
Accumulated depreciation	(3.551.293.561)	(2.963.451.263)	(3.506.364.502)	(2.936.838.884)
	6.988.457.711	**6.403.280.924**	**6.501.417.425**	**6.372.904.147**

The movements in other tangible assets of the Group during the years under review were as follows:

	Property for own use	Equipment	Other tangible assets	Assets in progress	Total
Cost					
1 January 2018	**5.378.970.226**	**3.771.639.395**	**9.710.526**	**206.412.040**	**9.366.732.187**
Acquisitions	219.102.393	46.010.168	374.315	1.095.380.293	1.360.867.169
Disposals and write-offs/downs	(39.900.489)	(42.990.059)	-	-	(82.890.549)
Revaluations	-	-	-	-	-
Reclassifications	(252.578.834)	(53.276.517)	-	200.897.817	(104.957.534)
Transfers	417.730.994	426.653.829	2.257.339	(846.642.163)	-
31 December 2018	**5.723.324.290**	**4.148.036.817**	**12.342.180**	**656.047.986**	**10.539.751.272**
Accumulated Depreciation					
1 January 2018	**657.042.403**	**2.306.408.859**	**-**	**-**	**2.963.451.262**
Depreciation for period	120.626.741	473.465.632	-	-	594.092.373
Disposals and write-offs/downs	(1.454.649)	(42.762.207)	-	-	(44.216.856)
Revaluations	-	-	-	-	-
Reclassifications	1.170.472	21.468.076	-	-	22.638.548
Transfers	15.328.235	-	-	-	15.328.235
31 December 2018	**792.713.202**	**2.758.580.361**	**-**	**-**	**3.551.293.563**
Net amount					
1 January 2018	**4.721.927.823**	**1.465.230.535**	**9.710.526**	**206.412.040**	**6.403.280.924**
31 December 2018	**4.930.611.088**	**1.389.456.456**	**12.342.180**	**656.047.986**	**6.988.457.711**
Cost					
1 January 2017	**5.547.557.337**	**3.213.772.169**	**9.470.539**	**491.201.315**	**9.262.001.360**
Acquisitions	113.922.819	36.131.041	-	325.555.590	475.609.450
Disposals and write-offs/downs	(120.568.444)	(254.038.113)	-	-	(374.606.557)
Revaluations	-	-	-	-	-
Reclassifications	(60.598.405)	(28.946.150)	(44.009)	93.316.498	3.727.934
Transfers	(101.343.081)	804.720.448	283.996	(703.661.363)	-
31 December 2017	**5.378.970.226**	**3.771.639.395**	**9.710.526**	**206.412.040**	**9.366.732.187**
Accumulated Depreciation					
1 January 2017	**559.350.694**	**1.939.738.380**	**-**	**-**	**2.499.089.074**
Depreciation for period	117.492.440	466.687.566	-	-	584.180.006
Disposals and write-offs/downs	(11.597.167)	(22.106.927)	-	-	(33.704.094)
Revaluations	-	-	-	-	-
Reclassifications	(8.203.564)	(77.910.160)	-	-	(86.113.724)
Transfers	-	-	-	-	-
31 December 2017	**657.042.403**	**2.306.408.859**	**-**	**-**	**2.963.451.262**
Net amount					
1 January 2017	**4.991.505.138**	**1.423.002.610**	**9.470.539**	**491.201.315**	**6.915.179.602**
31 December 2017	**4.721.927.823**	**1.465.230.535**	**9.710.526**	**206.412.040**	**6.403.280.924**

The movement in other tangible assets of the Bank during the years under analysis was as follows:

	Property for own use	Equipment	Other tangible assets	Assets in progress	Total
Cost					
1 January 2018	**5.346.008.383**	**3.766.924.505**	**9.710.526**	**187.099.617**	**9.309.743.031**
Acquisitions	43.484.536	46.010.168	374.315	778.173.442	868.042.462
Disposals and write-offs/downs	(22.055.971)	(42.990.059)	-	-	(65.046.031)
Revaluations	-	-	-	-	-
Reclassifications	(252.578.834)	(53.276.519)	-	200.897.817	(104.957.536)
Transfers	417.730.994	426.653.831	2.257.339	(846.642.164)	-
31 December 2018	**5.532.589.108**	**4.143.321.927**	**12.342.180**	**319.528.712**	**10.007.781.927**
Accumulated Depreciation					
1 January 2018	**633.850.906**	**2.302.987.978**	**-**	**-**	**2.936.838.884**
Depreciation for period	116.475.718	473.247.080	-	-	589.722.798
Disposals and write-offs/downs	(73.520)	(42.762.207)	-	-	(42.835.727)
Revaluations	-	-	-	-	-
Reclassifications	1.170.472	21.468.074	-	-	22.638.546
Transfers	-	-	-	-	-
31 December 2018	**751.423.576**	**2.754.940.926**	**-**	**-**	**3.506.364.502**
Net amount					
1 January 2018	**4.712.157.477**	**1.463.936.527**	**9.710.526**	**187.099.617**	**6.372.904.147**
31 December 2018	**4.781.165.532**	**1.388.381.001**	**12.342.180**	**319.528.712**	**6.501.417.425**
Cost					
1 January 2017	**5.433.521.628**	**2.992.526.924**	**9.470.539**	**471.888.888**	**8.907.407.979**
Acquisitions	173.397.477	33.232.986	-	325.555.591	532.186.054
Disposals and write-offs/downs	(98.969.237)	(37.507.764)	-	-	(136.477.001)
Revaluations	-	-	-	-	-
Reclassifications	(60.598.405)	(26.048.089)	(44.009)	93.316.502	6.625.999
Transfers	(101.343.080)	804.720.448	283.996	(703.661.364)	-
31 December 2017	**5.346.008.383**	**3.766.924.505**	**9.710.526**	**187.099.617**	**9.309.743.031**
Accumulated Depreciation					
1 January 2017	**533.506.672**	**1.788.133.727**	**-**	**-**	**2.321.640.399**
Depreciation for period	116.846.470	465.902.514	-	-	582.748.984
Disposals and write-offs/downs	(11.597.167)	(22.106.927)	-	-	(33.704.094)
Revaluations	-	-	-	-	-
Reclassifications	(4.905.069)	71.058.664	-	-	66.153.595
Transfers	-	-	-	-	-
31 December 2017	**633.850.906**	**2.302.987.978**	**-**	**-**	**2.936.838.884**
Net amount					
1 January 2017	**4.900.014.956**	**1.204.393.197**	**9.470.539**	**471.888.888**	**6.585.767.580**
31 December 2017	**4.712.157.477**	**1.463.936.527**	**9.710.526**	**187.099.617**	**6.372.904.147**

3.11 INTANGIBLE ASSETS

This item presented the following breakdown on 31 December 2018 and 31 December 2017:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Automatic data processing system	517.312.935	399.904.771	516.620.272	399.858.019
Other intangible assets	418.120.003	356.644.058	418.120.003	356.590.935
Intangible assets in progress	**75.392.688**	**81.058.390**	**75.392.688**	**81.058.390**
	1.010.825.626	837.607.219	1.010.132.963	837.507.344
Depreciation	(649.300.547)	(557.450.887)	648.747.643)	(557.397.764)
	361.525.079	**280.156.332**	**361.385.320**	**280.109.580**

The movement in the Group's intangible assets during the years under review was as follows:

	Automatic data processing system	Other intangible assets	Intangible assets In progress	Total
Cost				
1 January 2018	**399.904.771**	**356.644.058**	**81.058.390**	**837.607.219**
Acquisitions	86.641.789	418.127	72.554.230	159.614.146
Disposals and write-offs/downs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	5.698.502	7.905.759	13.604.261
Transfers	30.766.375	55.359.316	(86.125.691)	-
31 December 2018	**517.312.935**	**418.120.003**	**75.392.688**	**1.010.825.626**
Accumulated Depreciation				
1 January 2018	**364.029.998**	**193.420.890**	**-**	**557.450.888**
Depreciation for period	22.052.184	60.790.422	-	82.842.607
Reclassifications	2.447.709	6.559.343	-	9.007.052
Disposals and write-offs/downs	-	-	-	-
31 December 2018	**388.529.892**	**260.770.655**	**-**	**649.300.547**
	128.783.043	**157.349.348**	**75.392.688**	**361.525.079**
Cost				
1 January 2017	513.427.819	267.973.600	94.060.248	875.461.667
Acquisitions	1.525.583	-	123.232.336	124.757.919
Disposals and write-offs/downs	(130.645.371)	-	-	(130.645.371)
Revaluations	-	-	-	-
Reclassifications	7.871.620	-	(39.838.618)	(31.966.998)
Transfers	7.725.118	88.670.458	(96.395.576)	-
31 December 2017	**399.904.771**	**356.644.058**	**81.058.390**	**837.607.219**
Accumulated Depreciation				
1 January 2017	**333.870.029**	**138.226.982**	**-**	**472.097.011**
Depreciation for period	28.307.881	50.913.637	-	79.221.518
Reclassifications	1.852.088	4.280.270	-	6.132.358
Disposals and write-offs/downs	-	-	-	-
31 December 2017	**364.029.998**	**193.420.890**	**-**	**557.450.887**
	35.874.773	**163.223.168**	**81.058.390**	**280.156.332**

The movement in the Bank's intangible assets during the years under review was as follows:

	Automatic data processing system	Other intangible assets	Intangible assets In progress	Total
Cost				
1 January 2018	**399.858.019**	**356.590.935**	**81.058.390**	**837.507.344**
Acquisitions	85.995.877	418.127	72.554.230	158.968.234
Disposals and write-offs/downs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	5.751.625	7.905.760	13.657.385
Transfers	30.766.376	55.359.316	(86.125.692)	-
31 December 2018	**516.620.272**	**418.120.003**	**75.392.688**	**1.010.132.963**
Accumulated Depreciation				
1 January 2018	**364.029.998**	**193.367.766**	**-**	**557.397.764**
Depreciation for period	22.030.604	60.790.422	-	82.821.027
Reclassifications	1.969.510	6.559.342	-	8.528.852
Disposals and write-offs/downs	-	-	-	-
31 December 2018	**388.030.112**	**260.717.531**	**-**	**648.747.643**
	128.590.159	**157.402.472**	**75.392.688**	**361.385.320**
Cost				
1 January 2017	**382.735.698**	**267.920.477**	**94.060.248**	**744.716.422**
Acquisitions	1.525.583	-	123.232.336	124.757.919
Disposals and write-offs/downs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	7.871.620	-	(39.838.618)	(31.966.998)
Transfers	7.725.118	88.670.458	(96.395.576)	-
31 December 2017	**399.858.019**	**356.590.935**	**81.058.390**	**837.507.344**
Accumulated Depreciation				
1 January 2017	**333.870.029**	**138.173.859**	**-**	**472.043.888**
Depreciation for period	28.307.881	50.913.637	-	79.221.518
Reclassifications	1.852.088	4.280.270	-	6.132.358
Disposals and write-offs/downs	-	-	-	-
31 December 2017	**364.029.998**	**193.367.766**	**-**	**557.397.764**
	35.828.021	**163.223.169**	**81.058.390**	**280.109.580**

In the years under review, Intangible Assets in progress mainly relate to expenses incurred in the development of IT applications and development projects that had not yet started operating on these dates.

3.12 TAX ASSETS

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Current tax assets				
Corporate tax rebate	433.921.576	433.921.576	433.183.140	433.183.140
Deferred tax assets				
Temporary differences	1.010.633.984	43.889.603	978.492.436	-
	1.444.555.560	**477.811.179**	**1.411.675.576**	**433.183.140**

3.13 OTHER ASSETS

The caption "Other assets" has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Debtors and other assets				
Debtors-Group companies	52.130.726	3.303.955	156.223.173	3.303.955
Other resident debtors	522.376.930	626.889.664	512.010.775	591.216.348
Non-resident debtors	143.968.759	920.000	143.048.759	-
	718.476.415	**631.113.619**	**811.282.707**	**594.520.303**
Income receivable				
Other income receivable	92.938.781	5.721.237	92.938.781	5.721.237
	92.938.781	**5.721.237**	**92.938.781**	**5.721.237**
Deferred expenditure				
Rents	62.837.791	23.815.395	62.537.791	24.495.149
Insurance	906.191	940.782	906.191	940.782
Other deferred expenditure	119.013.324	113.853.879	119.013.324	113.845.669
	182.757.306	**138.610.056**	**182.457.306**	**139.281.600**
Other offset accounts				
Foreign Exchange operations	1.526.021.764	4.983.115.834	1.526.021.764	4.983.115.834
Clearing accounts	895.378.833	999.987.482	895.378.833	999.987.482
Other internal accounts	663.086.332	537.123.813	661.957.532	535.357.270
	3.084.486.929	**6.520.227.129**	**3.083.358.129**	**6.518.460.586**
Impairment	**(276.123.933)**	**(280.909.629)**	**(275.027.643)**	**(279.813.339)**
	3.802.535.498	**7.014.762.412**	**3.895.009.280**	**6.978.170.387**

The changes in impairment was as follows

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Balance at 1 January	280.909.629	132.278.039	279.813.339	132.278.039
Impairment increase	292.710.133	164.330.485	292.710.133	163.234.195
Reversals	(183.055.570)	-	(183.055.570)	-
Reclassifications	(114.050.132)	-	(114.050.132)	-
Use	(390.127)	(15.698.895)	(390.127)	(15.698.895)
	276.123.933	**280.909.629**	**275.027.643**	**279.813.339**

3.14 DEPOSITS FROM CENTRAL BANKS

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Term deposits	1.421.494.637	-	1.421.494.637	-
Interest payable	-	-	-	-
	1.421.494.637	**-**	**1.421.494.637**	**-**

Nesta rubrica estão registadas as tomadas com o Banco de Moçambique, no âmbito do sindicato de importação de combustíveis.

3.15 DEPOSITS FROM FINANCIAL INSTITUTIONS

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Deposits from financial institutions in Mozambique				
Deposits	210.098.387	165.597.901	210.098.387	165.597.954
Loans	-	-	-	-
Other resources	-	3.296.103	-	3.296.103
Interest payable	2.489.174	7.557.364	2.489.174	7.557.364
	212.587.561	**176.451.368**	**212.587.561**	**176.451.421**
Deposits from financial institutions abroad				
Deposits	522.543.280	454.374.944	522.543.280	454.374.945
Loans	274.073.171	713.535.334	274.073.171	186.500.000
Other resources	590.648.939	186.500.000	590.648.939	713.535.334
Interest payable	14.461.232	30.575.529	14.461.232	30.575.529
	1.401.726.622	**1.384.985.807**	**1.401.726.622**	**1.384.985.808**
	1.614.314.183	**1.561.437.175**	**1.614.314.183**	**1.561.437.229**

3.16 CUSTOMER DEPOSITS

The Group has the following composition for this item:

	GROUP					
	DEC-18			DEC-17		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Current deposits	55.197.856.165	16.626.733.510	71.824.589.675	53.310.991.848	15.942.131.365	69.253.123.213
Deposits requiring advance notice of withdrawal	44.278.424	45.789.088	90.067.512	45.176.084	74.937.059	120.113.143
Term deposits	32.874.040.817	10.017.775.668	42.891.816.485	31.387.261.294	10.848.601.950	42.235.863.244
Other deposits	191.726.803	-	191.726.803	168.860.399	-	168.860.399
Cheques and other payables	152.719.574	(44.199)	152.675.375	97.343.117	(1.319.998)	96.023.118
	88.460.621.783	**26.690.254.067**	**115.150.875.850**	**85.009.632.742**	**26.864.350.376**	**111.873.983.117**
Interest payable	506.142.083	80.200.351	586.342.434	1.042.653.652	85.170.129	1.127.823.781
	88.966.763.866	**26.770.454.418**	**115.737.218.284**	**86.052.286.394**	**26.949.520.505**	**113.001.806.898**

The Bank has the following composition for this item:

	BANK					
	DEC-18			DEC-17		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Current deposits	55.232.299.533	16.626.733.510	71.859.033.043	53.310.991.848	15.942.268.697	69.253.260.545
Deposits requiring advance notice of withdrawal	44.278.424	45.789.088	90.067.512	45.176.084	74.937.059	120.113.143
Term deposits	32.874.040.817	10.017.775.668	42.891.816.485	31.387.261.294	10.848.601.950	42.235.863.244
Other deposits	191.726.803	-	191.726.803	168.860.399	-	168.860.399
Cheques and other payables	152.719.574	(44.199)	152.675.375	97.343.117	(1.319.998)	96.023.119
	88.495.065.151	**26.690.254.067**	**115.185.319.218**	**85.009.632.742**	**26.864.487.708**	**111.874.120.450**
Interest payable	506.142.083	80.200.351	586.342.434	1.042.653.652	85.170.129	1.127.823.781
	89.001.207.234	**26.770.454.418**	**115.771.661.652**	**86.052.286.394**	**26.949.657.837**	**113.001.944.231**

The residual maturity of forward transactions, including deposits redeemable at notice, was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Up to 1 month	15.936.587.495	13.677.319.265	15.936.587.495	13.677.319.265
Between 1 and 3 months	16.655.747.006	13.915.338.931	16.655.747.006	13.915.338.931
Between 3 months and 1 year	9.949.691.511	14.404.590.173	9.949.691.511	14.404.590.173
Between 1 and 3 years	216.578.279	187.731.536	216.578.279	187.731.536
More than 3 years	223.279.706	170.996.483	223.279.706	170.996.483
	42.981.883.997	**42.355.976.387**	**42.981.883.997**	**42.355.976.387**

3.17 CONSIGNED DEPOSITS

This item had the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
USAID	12.631.089	12.631.089	12.631.089	12.631.089
ANE/fundo de Estradas (Road Fund)	12.680.273.321	16.164.565.742	12.680.273.321	16.164.565.742
Other	496.354.333	31.315.571	496.354.333	31.315.571
	13.189.258.742	**16.208.512.402**	**13.189.258.742**	**16.208.512.402**
Interest payable	67.628.125	86.211.008	67.628.125	86.211.008
	13.256.886.867	**16.294.723.410**	**13.256.886.867**	**16.294.723.410**

The resources provided by USAID are funds under management of the entities of the Government of Mozambique (MIC and MINAG), intended to support agriculture and cashew agro - processing enterprises. The funds allocated to ANE / Fundo de Estradas refer to funds for financing the development of infrastructure under the management of the National Road Administration. These were obtained from CGD, and disbursements were made directly by CGD to pay the invoices of the contractors who carried out the works. BCI is a mere intermediary, with the function of guaranteeing the operational management in Mozambique, thus having no credit risk in this operation.

3.18 SUBORDINATED LOANS

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Subordinated loans				
Caixa Geral de Depositos	-	374.453.684	-	374.453.684
Banco BPI, SA	-	220.266.874	-	220.266.874
	-	**594.720.558**	**-**	**594.720.558**

On June 30, 2018, the bank made the repayment of the principal and interest of the loans granted by the shareholders (CGD and BPI).

3.19 DEBT SECURITIES

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Debt securities				
BCI 2009 bonds	-	200.000.000	-	200.000.000
	-	200.000.000	-	200.000.000
Interest payable	-	11.380.208	-	11.380.208
	-	**211.380.208**	**-**	**211.380.208**

In October 2018 the Bank made the final payment of principal and on it's debt securities.

3.20 TAX LIABILITIES

This caption is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Tax liabilities				
Corporate tax payable	-	-	-	-
Tax correction related to previous years	-	71.267.941	-	71.267.941
Temporary differences	62.904.848	402.003.031	62.904.848	402.003.031
	62.904.848	**473.270.972**	**62.904.848**	**473.270.972**

The amount of deferred tax for temporary differences arises from the application of the corporate tax on the fair value revaluation reserve of the financial assets portfolio.

3.21 LIABILITIES WITH THE PENSION FUND

Under the Collective Labor Agreement (ACT) in force in the banking sector, which had been subscribed by the defunct Banco de Fomento, locally hired employees and their families are entitled to cash benefits for old age, invalidity and survivors' pensions . The table below shows the number of participants covered by this retirement pension plan.

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Participants				
Current employees	68	70	68	73
Retirees	4	3	4	3
	72	**73**	**72**	**76**

In accordance with the accounting policy adopted by the Bank, the liability for employee retirement pensions based on the calculation of the actuarial value of the projected benefits is analyzed as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Liabilities for past services	84.552.000	39.309.000	84.552.000	39.309.000
Liabilities to retirees	18.406.000	7.844.815	18.406.000	7.844.815
Liabilities to pensioners	-	-	-	-
Liabilities for total services	102.958.000	47.153.815	102.958.000	47.153.815
Cost for period	**11.803.000**	**12.884.226**	**11.803.000**	**12.884.226**

The basic assumptions used in calculating the actuarial value of liabilities are in accordance with the requirements set forth in IAS 19 and are analyzed as follows:

	DEC-18	DEC-17
Wages growth rate	5,00%	5,00%
Pensions growth rate	3,00%	3,00%
Discount rate	15,00%	21,00%
Mortality table	TV – 73/77	TV – 73/77
Standard retirement age		
Men	60	60
Women	55	55

The Bank's workers covered by the pension plan will be awarded a pension supplement which is calculated on the basis of the application of the Banking Sector ACT benefit scheme, minus the benefits they may receive from the National Social Security Institute.

Past service liabilities are calculated in accordance with IAS 19. As mentioned in Note 2.17, the pension fund does not have an asset plan in accordance with IAS 19 and therefore, all liability calculated is fully basis of the Bank's Assets.

A defined benefit plan is a pension plan that defines an amount of the pension benefit that an employee will be entitled to receive at the time of retirement, depending on one or more factors such as age, years of service and salary.

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Liabilities at 01 January	47.274.000	47.988.000	47.274.000	47.988.000
Current servicing cost	1.676.000	1.403.815	1.676.000	1.403.815
Interest cost	10.127.000	11.346.000	10.127.000	11.346.000
Actuarial profit and loss on liabilities	(2.990.000)	(20.481.000)	(2.990.000)	(20.481.000)
Pension paid by the Fund	(1.455.000)	(1.427.000)	(1.455.000)	(1.427.000)
Change in discount rate	48.326.000	8.324.000	48.326.000	8.324.000
Liabilities at 31 December	**102.958.000**	**47.153.815**	**102.958.000**	**47.153.815**

3.22 OTHER LIABILITIES

The item Other liabilities is made up as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Creditors				
Suppliers	372.356.341	217.071.273	372.356.341	216.449.792
Other creditors	40.887.465	22.945.164	40.887.465	23.079.964
Retained tax	211.715.486	268.241.073	211.120.276	268.166.243
	624.959.292	**508.257.510**	**624.364.082**	**507.695.999**
Costs payable				
Staff cots	162.046.261	132.522.883	161.765.811	132.313.837
Rents	23.522.887	-	24.032.041	-
Other costs payable	760.968.980	273.627.807	600.470.946	271.219.949
	946.538.128	**406.150.690**	**786.268.798**	**403.533.786**
Deferred revenue				
Other deferred revenue	188.081.385	197.007.874	188.081.385	196.707.874
	188.081.385	**197.007.874**	**188.081.385**	**196.707.874**
Other offset accounts				
Foreign exchange operations	1.531.513.599	4.992.384.996	1.531.513.599	4.992.384.996
Clearing accounts	483.681.083	-	483.681.083	-
Other internal accounts	589.765.599	352.998.075	589.765.599	352.998.073
	2.604.960.281	**5.345.383.071**	**2.604.960.281**	**5.345.383.069**
	4.364.539.086	**6.456.799.145**	**4.203.674.546**	**6.453.320.728**

Other creditors includes mainly:

(i) Other creditors: the amount related to operations with third parties awaiting settlement is recorded under this item;

(ii) Personnel expenses: the holiday allowance payable in the following year is basically recorded;

(iii) Other charges payable: payables related to services provided by several suppliers are recorded under this item; and

(iv) Other settlement accounts: swap transactions are recorded under this heading and the balances relating to the internal accounts.

3.23 PROVISIONS

The movement in provisions during the years under review was as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Provisions for guarantees and commitments				
At 1 January	9.893.970	28.800.819	9.893.970	28.800.819
Increase	41.100.858	12.918.090	41.100.858	12.918.090
Reversals	(27.229.289)	(31.824.939)	(27.229.289)	(31.824.939)
Use	-	-	-	-
Adjustments	29.166.179	-	29.166.179	-
	52.931.718	**9.893.970**	**52.931.718**	**9.893.970**
Provisions for qualified operations				
At 1 January	21.286.938	20.856.680	21.286.938	20.856.680
Increase	1.421.218	430.258	1.421.218	430.258
Reversals	(1.016.630)	-	(1.016.630)	-
Use	(8.761.871)	-	(8.761.871)	-
	12.929.655	**21.286.938**	**12.929.655**	**21.286.938**
Other provisions				
At 1 January	465.341.224	266.349.420	465.190.714	266.349.420
Increase	103.005.481	510.435.729	103.005.481	510.285.219
Reversals	(6.888.000)	(90.000.000)	(6.888.000)	(90.000.000)
Use	(150.510)	(221.443.925)	-	(221.443.925)
	561.308.195	**465.341.224**	**561.308.195**	**465.190.714**
	627.169.568	**496.522.132**	**627.169.568**	**496.371.622**

3.24 SHARE CAPITAL

The current shareholder structure of BCI - Banco Comercial e de Investimentos, S.A., is broken down as follows:

	DEC-18			DEC-17		
	Number of shares	%	Amount	Number of shares	%	Amount
Shareholder						
PARBANCA, SGPS, S.A.	347.248.753	51,00%	5.100.000.000	347.248.753	51,00%	3.472.487.530
BPI	242.891.618	35,67%	3.567.319.520	242.891.618	35,67%	2.428.916.180
Caixa Geral de Depósitos, S.A.	71.543.434	10,51%	1.050.749.670	71.543.434	10,51%	715.434.340
BCI (Treasury shares)	16.697.391	2,45%	245.232.540	16.697.391	2,45%	166.973.910
Other	3.669.827	0,37%	36.698.270	2.498.710	0,37%	24.987.100
	682.051.023	**100%**	**10.000.000.000**	**680.879.906**	**100%**	**6.808.799.060**

The BCI accounts are consolidated by the Caixa Geral de Depósitos group, SA.

The capital stock was increased by incorporation of reserves, rising from 6.8 to 10 billion meticais, in November 2018.

3.25 RESERVES AND RETAINED EARNINGS

The movements in the Group during the periods under analysis were as follows:

		Legal reserve	Fair value reserves	Other reserves and retained earnings	Actuarial profit and loss	Total
Balance at 1 de January 2017		**1.511.027.613**	**(681.634.320)**	**2.396.131.192**	**61.491.230**	**3.287.015.715**
Retained earnings from 2016		211.147.982	-	1.065.913.585	-	1.277.061.567
Other transactions	-	1.741.460.496	118.155.232	12.157.002	1.871.772.730	
Balance at 31 December 2017		**1.722.175.595**	**1.059.826.176**	**3.580.200.009**	**73.648.232**	**6.435.850.012**
Balance at 1 de January 2018		1.722.175.595	1.059.826.176	3.580.200.009	73.648.232	6.435.850.012
Transition Adjustments to IFRS 9		-	(898.405.725)	(2.050.231.297)	-	(2.948.637.022)
Retained earnings from 2017		371.139.962	-	1.950.447.500	-	2.321.587.462
Increase in capital from incorporation of reserves		-	-	(3.191.200.940)	-	(3.191.200.940)
Other transactions		-	4.419.605	143.789.787	(30.828.480)	117.380.912
Balance at 31 December 2018		**2.093.315.557**	**165.840.056**	**433.005.059**	**42.819.752**	**2.734.980.424**

The movements in the Bank during the periods under analysis were as follows:

	Legal reserve	Fair value reserves	Other reserves and retained earnings	Actuarial profit and loss	Total
Balance at 1 de January 2017	**1.507.822.603**	**(681.634.320)**	**2.350.667.094**	**61.491.228**	**3.238.346.605**
Retained earnings from 2016	213.210.015	-	1.208.190.085	-	1.421.400.100
Other transactions	-	1.741.460.496	-	12.157.000	1.753.617.496
Balance at 31 December 2017	**1.721.032.618**	**1.059.826.176**	**3.558.857.179**	**73.648.228**	**6.413.364.201**
Balance at 1 de January 2018	1.721.032.618	1.059.826.176	3.558.857.179	73.648.228	6.413.364.201
Transition Adjustments to IFRS 9	-	(898.405.725)	(2.050.231.297)	-	(2.948.637.022)
Retained earnings from 2017	371.139.962	-	2.103.126.456	-	2.474.266.418
Increase in capital from incorporation of reserves	-	-	(3.191.200.940)	-	(3.191.200.940)
Other transactions	-	4.419.605	-	(30.828.480)	(26.408.875)
Balance at 31 December 2018	**2.092.172.580**	**165.840.056**	**420.551.398**	**42.819.748**	**2.721.383.782**

3.26 STATEMENT OF COMPREHENSIVE INCOME

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Profit for period	**4.046.895.306**	**2.333.511.039**	**4.026.005.755**	**2.474.266.418**
Items which may be later reclassified to profit and loss:				
Fair value reserve (financial assets)	6.096.009	2.464.232.621	6.096.009	2.464.232.621
Deferred tax	(1.676.404)	(722.772.124)	(1.676.404)	(722.772.124)
	4.419.605	**1.741.460.497**	**4.419.605**	**1.741.460.497**
Items which cannot be later reclassified to profit and loss:				
Actuarial profit and loss	(30.828.480)	12.157.000	(30.828.480)	12.157.000
	(30.828.480)	**12.157.000**	**(30.828.480)**	**12.157.000**
Comprehensive income	**4.020.486.431**	**4.087.128.536**	**3.999.596.880**	**4.227.883.915**

3.27 NET INTEREST MARGIN

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Interest and similar revenue				
Interest on Cash balances	1.043.239	1.203.901	1.043.239	1.058.663
Interest on deposits with financial institutions	2.502.715.591	1.513.319.682	2.502.715.591	1.513.319.682
Interest on loans and advances to customers	12.016.795.206	13.713.466.391	12.055.429.064	13.897.451.036
Interest on financial assets	4.011.880.206	4.535.107.296	4.011.880.206	4.535.107.297
Other interest and similar revenue	-	205.980	-	-
	18.532.434.242	**19.763.303.250**	**18.571.068.100**	**19.946.936.678**
Interest and similar expense				
Interest on deposits from central banks	-	9.104.816	-	9.104.816
Interest on deposits with financial institutions	75.048.157	93.370.741	75.048.157	93.370.741
Interest on customer deposits	7.774.455.172	10.592.683.251	7.774.455.172	10.592.802.510
Interest on consigned resources	925.298.878	1.035.280.258	925.298.878	1.035.280.258
Interest on financial liabilities	16.056.465	14.864.777	16.056.465	14.864.777
Other interest and similar expense	96.699.204	163.115.864	95.809.309	162.639.829
	8.887.557.876	**11.908.419.707**	**8.886.667.981**	**11.908.062.931**
	9.644.876.366	**7.854.883.543**	**9.684.400.119**	**8.038.873.747**

3.28 NET FEES ASSOCIATED WITH AMORTIZED COST

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Commissions received associated with amortised cost				
Loans and advances to customers	187.336.197	152.234.668	187.336.197	152.234.668
Other operations	-	-	-	-
	187.336.197	**152.234.668**	**187.336.197**	**152.234.668**
Commissions paid associated with amortised cost				
Loans and advances to customers	-	-	-	-
Other operations	642.857	642.857	642.857	642.857
	642.857	**642.857**	**642.857**	**642.857**
	186.693.340	**151.591.811**	**186.693.340**	**151.591.811**

3.29 FEES AND COMMISSIONS REVENUE

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Income from charges and commissions				
Guarantees issued	277.566.542	198.856.482	277.566.542	198.856.482
Services provided	398.748.980	282.426.031	392.348.980	263.203.298
Operations on behalf of third parties	17.230.883	8.429.860	17.230.883	8.429.860
Electronic banking	1.343.193.025	1.271.574.773	1.343.193.025	1.271.574.773
Commissions from investment banking	117.421.624	196.637.413	117.421.624	196.637.413
Commissions on withdrawals	36.720.900	58.389.395	36.720.900	58.389.395
Other commissions income	230.753.472	136.421.023	230.753.472	136.891.856
	2.421.635.426	**2.152.734.977**	**2.415.235.426**	**2.133.983.077**
Expenditure on charges and commissions				
Services provided by third parties	27.414.670	28.390.304	27.412.125	28.388.965
Electronic banking	405.475.559	366.762.075	405.475.559	366.762.075
Commissions of correspondent banks	56.721.750	63.501.692	56.721.750	63.501.692
Commmissions of fuel import syndicate	15.840.420	50.695.028	15.840.420	50.695.028
Other commissions expenses	67.450.218	36.816.563	67.442.131	36.521.262
	572.902.617	**546.165.662**	**572.891.985**	**545.869.022**
	1.848.732.809	**1.606.569.315**	**1.842.343.441**	**1.588.114.055**

3.30 TRADING REVENUE

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Income on financial operations				
Foreign exchange operations	220.644.604.875	278.423.538.270	220.644.604.810	278.423.538.270
Other operations	285.327.544	383.129.653	285.296.637	383.129.653
	220.929.932.419	**278.806.667.923**	**220.929.901.447**	**278.806.667.923**
Losses on financial operations				
Foreign exchange operations	219.297.759.071	277.199.107.189	219.297.759.071	277.137.554.397
Other operations	22.329.929	6.944.734	22.246.365	67.999.161
	219.320.089.000	**277.206.051.923**	**219.320.005.436**	**277.205.553.558**
Net results from financial operations	**1.609.843.419**	**1.600.616.000**	**1.609.896.011**	**1.601.114.365**

3.31 OTHER OPERATING REVENUE

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Other operating revenue				
Office supplies	230.500.475	225.205.478	230.500.475	225.205.478
Issue of statements and cheques	10.633.340	11.563.341	10.633.340	11.563.341
Chequebooks/saving passbooks	119.261.840	113.338.659	119.261.840	113.338.659
Provision of miscellaneous services	6.211.390	429.902	6.211.390	429.902
Reimbursement of expenses	116.848.151	108.469.062	116.848.151	108.469.062
Recovery of credit and written-off interest	936.113.673	1.548.805.560	936.113.673	1.548.805.560
Other operating revenue	699.918.808	309.665.450	678.188.123	303.881.442
	2.119.487.677	**2.317.477.452**	**2.097.756.992**	**2.311.693.444**
Other operating expense				
Subscriptions and donations	6.041.737	5.006.486	6.041.737	5.006.486
Taxes and charges	6.490.395	13.050.578	6.440.885	5.772.367
Losses on other tangible assets	928.187	6.689	928.187	6.689
Account closures	343.061.070	109.002.626	343.061.070	109.002.626
Other operating expenditure	928.467.261	443.736.320	930.321.528	436.900.595
	1.284.988.650	**570.802.699**	**1.286.793.407**	**556.688.763**
	834.499.027	**1.746.674.753**	**810.963.585**	**1.755.004.681**

3.32 PERSONNEL EXPENSES

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Remuneration paid to Board of Directors and audit bodies	199.574.788	230.546.846	196.916.469	210.398.138
Remuneration paid to employees	3.110.425.748	2.935.510.791	3.109.856.349	2.914.092.988
Mandatory social costs	144.972.287	136.609.939	144.836.884	135.441.722
Optional social costs	213.707.333	200.171.844	213.168.814	200.171.844
Pension liabilities	11.803.000	12.884.226	11.803.000	12.884.226
Other employee costs	101.981.928	74.194.011	101.927.938	120.228.239
	3.782.465.084	**3.589.917.657**	**3.778.509.454**	**3.593.217.157**

During the periods under review, the Remuneration item includes the following costs related to remuneration attributed to the members of the Bank's Board of Directors:

- MZN 130.502.966 (2017: MZN 138.882.715) monthly remuneration; and
- MZN 66.413.503 (2017: MZN 71.515.423) relating to Other Remuneration.

The value of the Bank's contribution to social security amounts to MZN 133.986.508 (2017: MZN 112.789.508).

Pension liabilities represent a burden on the Bank and reinforce the responsibilities for past services.

EFFECTIVE STAFF

In 2018 and 2017, the number of staff, on average and at the end of the period, were as follows:

	DEC-18		DEC-17	
	Average for period	End of period	Average for period	End of period
Quadros superiores	107	107	107	105
Outros quadros	1340	1360	1286	1295
Administrativos	1409	1371	1491	1467
Outros colaboradores	55	52	59	58
	2911	**2890**	**2943**	**2925**

3.33 OTHER OPERATING EXPENSES

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
External supplies				
Water, energy and fuel	166.869.746	124.095.476	166.862.294	124.090.708
Consumables	117.399.148	132.117.528	117.396.151	132.117.528
Other external supplies	31.344.178	25.738.103	31.344.178	20.498.795
	315.613.072	**281.951.107**	**315.602.623**	**276.707.031**
External services				
IT	188.007.835	194.718.165	187.972.697	194.588.167
Travel, accommodation and expense account items	55.890.023	51.698.503	55.889.823	51.241.440
Advertising and publishing	162.169.991	175.833.576	162.169.991	175.833.576
Conservation and repair	354.988.034	343.550.450	354.275.511	342.767.289
Consultancy services	115.466.729	108.358.461	112.928.236	107.694.492
Cleaning services	51.616.357	54.428.271	51.557.868	54.428.271
Rents and leases	291.504.575	305.310.594	337.954.390	354.804.279
Communications and postage expenses	526.887.929	493.184.316	526.760.915	493.184.316
Security and surveillance	93.860.233	125.755.148	93.852.024	125.755.148
Fund transfers	128.550.183	125.322.663	128.550.183	125.322.663
Training	35.661.819	30.509.334	35.661.819	30.455.479
Insurance	26.032.889	25.802.246	25.969.891	25.802.246
Recruitment	2.345.845	1.234.185	2.345.845	1.234.185
Database	43.538.562	27.624.653	43.538.562	27.624.653
Other external services	92.302.720	89.374.143	91.871.312	88.046.618
	2.168.823.724	**2.152.704.708**	**2.211.299.067**	**2.198.782.822**
	2.484.436.796	**2.434.655.815**	**2.526.901.690**	**2.475.489.853**

The external auditors have not provided the bank with any service that could lead to situations of conflict of interest or impairment in the quality of audit work, particularly in areas related to financial information technology, internal audit, appraisals, defense, recruitment, among others.

3.34 TAXES ON PROFITS

Although the bank recorded taxable profit in 2018, it was absorbed in full by the fiscal loss reported in 2017.

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Income before tax	**5.654.938.221**	**3.201.914.797**	**5.631.786.154**	**3.340.149.127**
Adjustments to Taxable Income:				
Impact of depreciations not fiscally accepted (+)	27.482.978	27.482.978	27.482.978	27.482.978
Impact of provisions or impairment losses not fiscally accepted (+)	104.426.699	510.715.477	104.426.699	510.715.477
Impact of expenses and costs not fiscally accepted (+)	1.422.419.444	699.335.595	1.422.419.444	699.335.595
Impact of Treasury Bills and Bonds interest received and money market transactions (-)	(6.513.121.178)	(5.900.251.718)	(6.513.121.178)	(5.900.251.718)
Current tax	2.438.035	-	-	-
Deferred tax	(175.519)	2.521.049	-	-
Tax loss	**-**	**(1.458.281.822)**	**-**	**(1.322.568.541)**
Taxable profit	**698.408.680**	**-**	**672.994.097**	**-**
Tax losses:				
* of year n-1	(1.458.281.822)	-	(1.322.568.541)	-

3.35 EARNINGS PER SHARE

This item has the following composition:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Net income	4.046.895.306	2.333.511.039	4.026.005.755	2.474.266.418
Average number of shares	975.476.746	664.182.515	975.476.746	664.182.515
Earnings per share	**4,15**	**3,51**	**4,13**	**3,73**
Number of treasury shares	24.523.254	16.697.391	24.523.254	16.697.391
Average number of shares	975.476.746	664.182.515	975.476.746	664.182.515
Total number of shares	**1.000.000.000**	**680.879.906**	**1.000.000.000**	**680.879.906**

3.36 COMMITMENTS AND CONTINGENT LIABILITIES

CONTINGENT LIABILITIES

In order to meet the needs of the clients, the bank has several commitments and contingent liabilities. Although the associated obligations may not be recognized in the balance sheet, they have an inherent credit risk and therefore constitute a part of the risk to which the Bank is exposed.

The overall contingent liabilities of the Group and the Bank are as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Contingent liabilities				
Financial guarantees	6.980.696.209	9.910.726.852	6.980.696.209	9.910.726.852
Documentary credit	1.654.138.725	3.718.789.501	1.654.138.725	3.718.789.501
	8.634.834.934	**13.629.516.353**	**8.634.834.934**	**13.629.516.353**

The documentary credits and guarantees oblige the Bank to make payments by the clients, to face a specific situation, usually related to the import or export of goods. Documentary guarantees and credits, by nature, are exposed to similar credit risk.

3.37 RELATED PARTS

In accordance with IAS 24, related entities are those in which the Bank exercises, directly or indirectly, a significant influence over its management and financial policy (Associates and Subsidiaries) and those that have significant influence over the management of the Bank (Key Personnel : Members of the Board of Directors and General Managers).

Several banking transactions, deposits, guarantees and other transactions with related entities occur on a commercial basis in the normal course of business. Transactions carried out during the year with related parties and their balances at 31 December 2018 are as follows:

	Shareholders	Associates	Key employees	Total
Asset				
Cash balances at financial institutions (i)	301.738.860	309.514.385	-	611.253.245
Deposits at financial institutions (ii)	860.634.504	-	-	860.634.504
Loan (ii)	-	312.483.659	220.323.454	532.807.113
Other debtors	142.986.441	271.603.856	-	414.590.297
Other	1.486.024.388	-	-	1.486.024.388
	2.791.384.193	**893.601.899**	**220.323.454**	**3.905.309.546**
Liabilities				
Deposits from financial institutions (iv)	516.902.839	-	-	516.902.839
Consigned resources (v)	12.747.901.446	-	-	12.747.901.446
Deposits	-	34.455.840	525.612.392	560.068.232
Other creditors	1.109.725.195	230.000	-	1.109.955.195
Other	-	-	-	-
Subordinated loans (vi)	-	-	-	-
	14.374.529.479	**34.685.840**	**525.612.392**	**14.934.827.711**
Income				
Interest	26.951.305	39.185.279	113.323.774	179.460.358
Commissions and expenses	-	31.044	718.930	749.974
	26.951.305	**39.216.323**	**114.042.704**	**180.210.332**
Costs				
Interest	85.474.309	692.894	91.325.056	177.492.259
Commissions and expenses	262.573	48.304.083	3.439.380	52.006.036
	85.736.881	**48.996.977**	**94.764.435**	**229.498.294**
Off-balance sheet				
Guarantees received	255.470.402	350.000.000	1.277.182.041	1.882.652.443
Guarantees issued	67.265.000	-	9.699.804	76.964.804
Commitments to third parties	-	-	24.096.240	24.096.240
	322.735.402	**350.000.000**	**1.310.978.085**	**1.983.713.487**

The Loans granted to the key personnel of the bank are in accordance with the conditions approved for all the employees, in terms of time and rates. The rates are indexed to the Prime Rate of the system and are subsidized according to the term and purpose of the loan.

(i) The amounts of lending cash and cash equivalents in other financial institutions correspond to demand deposits with CGD Group, in the amount of 300,510,643.13 MZN, in several currencies (equivalent to USD 4,888,736.67), and cash deposits order with BPI in the amount of 1,228,217.00 MZN (equivalent to USD 19,980.75).

(ii) The amount of investments in financial institutions corresponds to the following operations:

a. Short-term loan in the Interbank Money Market at the following financial institutions:

- CGD Group: MZN 860,580,000.00 (equivalent to USD 14,000,000.00);

(iii) The loan granted to associates corresponds to the current account credit to IMOBCI in the amount of MZN 308,995,014.02.

(iv) The funds of financial institutions relate to the deposits of the shareholders in the bank, coming from Caixa Geral de Depósitos, in the total amount of MZN 516,902,838.98, of which MZN 513,000,000.00 refer to the CGD term deposit.

(v) The value of the resources earmarked relates to the line of financing granted to the ANE Road Fund.

At 31 December 2017, the total amount of assets, liabilities, expenses and off-balance sheet income and liabilities relating to transactions with related entities and key management members was as follows:

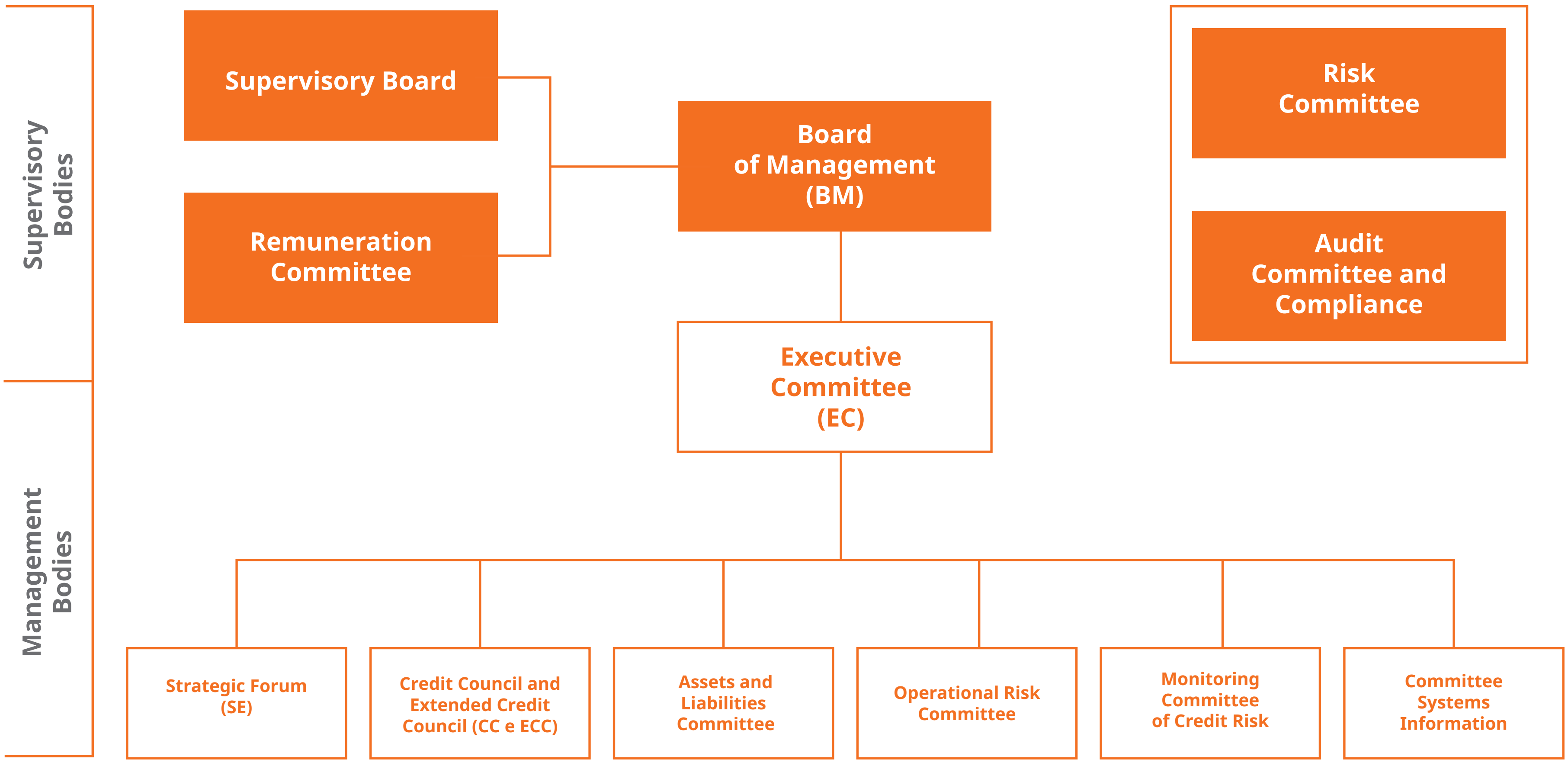
	Shareholders	Associates	Key employees	Total
Asset				
Cash balances at financial institutions (i)	288.106.088	25.204.762	-	313.310.850
Deposits at financial institutions (ii)	9.048.751.583	-	-	9.048.751.583
Loan (ii)	-	251.170.675	302.753.603	553.924.278
Other debtors	-	126.083.417	-	126.083.417
	9.336.857.671	**402.458.854**	**302.753.603**	**10.042.070.128**
Liabilities				
Deposits from financial institutions (iv)	491.859.967	-	-	491.859.967
Consigned resources (v)	16.164.565.742	-	-	16.164.565.742
Deposits	1.838.942	266.192.396	519.447.078	787.478.416
Other creditors	-	-	-	-
Other	-	-	-	-
Subordinated loans (vi)	707.000.000	-	-	707.000.000
	17.365.264.651	**266.192.396**	**519.447.078**	**18.150.904.125**
Income				
Interest	168.474.197	-	105.318.659	273.792.856
Commissions and expenses	-	-	-	-
	168.474.197	**-**	**105.318.659**	**273.792.856**
Costs				
Interest	233.905.541	-	17.019.980	250.925.521
Commissions and expenses	-	-	2.525.024	2.525.024
	233.905.541	**-**	**19.545.004**	**253.450.545**
Off-balance sheet				
Guarantees received	198.371.660	905.673.832	1.552.278.194	2.656.323.686
Guarantees issued	185.409.075	-	10.128.377	195.537.452
Commitments to third parties	-	-	-	-
	383.780.735	**905.673.832**	**1.562.406.571**	**2.851.861.138**

3.38 RISK MANAGEMENT

The Bank's risk management is based on constant identification and analysis of the Bank's exposure to different risks (credit, market, liquidity, interest rate, exchange rate, operational, among others) and is the responsibility of the Board of Directors. The Director to whom the Risk Management Department is accountable does not have direct responsibility for business departments.

The management and current control of the different risks to which the bank is exposed, by their nature and specificity, are made in a decentralized manner, by bodies having specific functions and / or responsibilities for the purpose, within their functional perimeter, centrally coordinated by the Board of Directors and the Executive Committee, directly or through specialised committees, safeguarding the principle of segregation of functions that prevent or mitigate potential conflicts of interest.

The following committees and forums have been set up and are in operation to better separate the supervisory and management functions, as recommended by good practices: (i) Supervision: the Audit and Compliance Committee and the Risk Committee , both directly subordinate to the Board of Directors; and (ii) Management: The Strategic Forum (FE), the Credit Council (CC) and the Extended Credit Council (CAC), the Assets and Liabilities Committee (ALCO), the IT Steering Committee , the Operational Risk Committee (CRO) and the Credit Risk Monitoring Committee (CARC), subordinate to the Executive Committee.



a. The Credit risk

Credit risk is the possibility of negative impacts on results and / or capital due to the inability of a counterparty to meet its financial commitments to the Bank. The Bank manages and controls Credit Risk through limits for individual and / or group counterparties, and monitors exposure in relation to these limits.

Given the nature of banking activity, credit risk is of particular importance, given its materiality, despite its interconnection with the other remaining risks.

The specific analysis of credit operations follows the principles and procedures established in the General Credit Regulations to establish the risk profile, essentially through the evaluation of the following indicators:

- Incidents and defaults, liens or debts to the Treasury and social security;
- Limits of exposure to credit risk, current indebtedness capacity and evaluation of the estimated debt repayment capacity. In the case of individuals, the credit limit and the assessment of the estimated debt repayment capacity is based on the calculation of the effort rate or the estimation of the savings value of the clients or guarantors;
- Value, robustness and liquidity of the real and / or personal guarantees to cover the credit and the consequent mitigation of the associated risk in case of default.

Three essential levels of competence are defined for the approval of credit operations, depending on whether it is originated or is delegated.

The aim is to decentralize credit approval decisions to ensure greater speed and efficiency of the credit analysis and lending process,while being mindful of the risk.

The level of credit approval competence is determined by:

- The Customer / Group Accumulated Limit;
- Verification of exclusion conditions of the Delegation of Competencies (ie, existence of Credit Inhibitors; Operations involving PEPs; Operations to Individuals with negative scoring; Correlated credit; Credit for settlement of liabilities in other financial institutions; Proposals with negative risk opinion; Proposals involving direct relatives of the employees of the bank; Client Proposals that have not accepted the General Conditions of Account Opening).

A posteriori, the Bank maintains constant monitoring of the performance of the portfolio (by geographic area, sector of activity, credit segment, counterparty, currency and maturity) and the results and yields achieved in relation to the risks assumed.

Problematic loans, the degree of their coverage by impairment / provisions, the evolution of write-offs and recoveries are also regularly analyzed.

During the year, the search for the continuous improvement of internal processes and procedures, and the best practices and tools for the identification, evaluation, management and control of Credit Risk, remained one of the main objectives to increase the quality of the loan portfolio and consequently reduce the probability of default.

In addition, in the scope of Credit Risk Management and Control and Compliance with Prudential / Regulatory Ratios and Limits, a continuous monitoring of the evolution of the portfolio is carried out, with a particular focus on the analysis of Loan Concentration (customer / group, product, maturity),Loan Correlation (Group and subsidiary companies and employees) and Large Risks loans (Loans to Customers / groups with exposure equal to or greater than 10% of the value of the Bank's own funds).

RISKS RELATING TO LOANS

The Bank places Credits by Signature at the disposal of its Customers (bank guarantees and documentary credits) that represent an obligation of the Bank vis-à-vis the beneficiaries. These products expose the Bank to risks similar to disbursement loans granted, which are also mitigated through similar processes.

MAXIMUM EXPOSURE TO CREDIT RISK WITHOUT TAKING INTO ACCOUNT ANY COLLATERAL

The table below shows the maximum exposure to Credit Risk by product and sector of activity. The maximum exposure is presented in gross values not taking into account the possible effects of any collateral.

The maximum exposure per financial asset in 2018 and 2017 is as follows:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Cash and cash balances at central banks	27.769.429.779	21.315.345.803	27.769.428.978	21.315.345.002
Cash balances at credit institutions	2.615.352.910	494.898.221	2.615.347.913	494.739.881
Financial assets at amortized cost	19.248.988.151	16.662.480.944	19.248.988.151	16.662.480.944
Financial assets at fair value through comprehensive income	5.495.800.544	5.353.707.502	5.495.800.544	5.353.707.502
Loans and advances to banks	18.059.488.568	21.480.750.493	18.059.488.568	21.480.750.493
Loans and advances to customers retail banking				
Mortgage loans	2.409.803.653	2.672.910.712	2.409.803.653	2.672.910.712
Instalment sales and leases	9.287.430.752	8.613.838.817	9.287.430.752	8.613.838.817
Loans - cards	416.771.703	405.362.349	416.771.703	405.362.349
Other loans and advances	13.393.354.526	14.237.243.868	13.393.354.526	14.237.243.868
Loans and advances to customers - coporate and investment banking				
Loans to major enterprises	44.926.513.623	49.654.530.833	45.235.508.637	49.929.294.097
Exposures to credit risk on off-balance sheet items:				
- Letters of creit and Financial guarantees	1.214.904.439	9.910.726.852	1.214.904.439	9.910.726.852
- Financial guarantees	6.797.718.744	3.718.789.501	6.797.718.744	3.718.789.501
	151.635.557.392	**154.520.585.895**	**151.944.546.608**	**154.795.190.018**

The table above represents the Group's and the Bank's worst exposure scenario in terms of credit risk as of September 30, 2018 and December 31, 2017. For the assets presented in the balance sheet, the above disclosure is made based on the gross accounting value.

As shown above, 30% of the total maximum exposure is obtained from loans to large companies (2017: 32%) and 12% represent loans and advances to banks (2017: 14%).

Management is confident in its ability to continue to control and sustain minimum exposure levels in terms of credit risk arising from its loan and financial investment portfolio based on the following:

- Mortgage loans and financial leases are backed by strong value guarantees.
- Large companies have managers that monitor performance, customer business evolution and other factors that allow us to identify signs of potential defaults.

98% of the total financial assets were issued by the Government and the Central Bank of Mozambique, including instruments issued and / or guaranteed by the Treasury, with the remainder being issued by: Emose, Fast Ferry.

GUARANTEES AND / OR COLLATERALS

The type and value of collateral required depends on the credit risk assessment of the counterparty, the main ones being the following:

WARRANTY DESCRIPTION	VALUE OF WARRANTY
Guarantee and / or guarantee of the partners / shareholders and / or third parties	16.465.546.926
Comfort letter from parent companies	3.985.348.819
State Guarantees	36.927.238.540
Guarantees provided by other credit institutions	1.699.269.157
Mortgages on own housing	12.388.719.196
Mortgages on industrial and / or commercial real estate	24.010.315.376
Pledge of deposits with BCI and / or together with financial shareholders (CGD / BPI)	5.522.063.654
Securities pledge	2.703.292.240
Total	**103.701.793.909**

CREDIT QUALITY BY ASSET CLASS

Loans and advances with maturities of less than 90 days are not considered to have their recoverable value reduced unless there is information to the contrary. For 2018, the value was MZN 2,609,740,474 (2017: MZN 2,132,339,027).

The table below represents the credit quality by Group class of assets.

	Amount due without impairment individual	Amount overdue with no individual impairment	Amount overdue with no individual impairment	Amount due and overdue with no individual impairment	Total of loans	Loan guarantees (net)	Total impairment	Loans net of impairment
Loans and advances to banks	-	-	-	-	-	-	-	
Loans and advances to customers	61.640.285.235	6.070.919.356	67.711.204.592	3.340.659.693	71.051.864.285	32.693.562.580	6.253.548.203	64.798.316.082
Retail banking	19.943.069.636	3.907.679.395	23.850.749.031	1.656.611.603	25.507.360.634	1.970.607.790	3.132.481.141	22.374.879.493
Mortgage loans	2.291.010.030	106.903.263	2.397.913.293	11.890.360	2.409.803.653	188.054.213	130.333.238	2.279.470.415
Installment sales and leases	7.098.193.318	2.163.088.980	9.261.282.298	26.148.454	9.287.430.752	613.353.942	918.972.565	8.368.458.187
Loans - cards	386.153.000	29.611.797	415.764.797	1.006.906	416.771.703	-	29.555.679	387.216.024
Other loans and advances	10.167.713.288	1.608.075.355	11.775.788.643	1.617.565.883	13.393.354.526	1.169.199.636	2.053.619.658	11.339.734.868
Coporate and investment banking	41.697.215.599	2.163.239.961	43.860.455.561	1.684.048.090	45.544.503.651	30.722.954.789	3.121.067.062	42.423.436.589
Loans to major enterprises	41.697.215.599	2.163.239.961	43.860.455.561	1.684.048.090	45.544.503.651	30.722.954.789	3.121.067.062	42.423.436.589
31 December 2018	**61.640.285.235**	**6.070.919.356**	**67.711.204.592**	**3.340.659.693**	**71.051.864.285**	**32.693.562.580**	**6.253.548.203**	**64.798.316.082**
31 December 2017	**49.902.267.072**	**3.264.855.620**	**53.167.122.692**	**20.661.430.750**	**73.828.553.442**	**42.249.620.245**	**3.172.953.767**	**70.655.599.675**

The table below represents the credit quality by bank class of assets.

	Amount due without impairment individual	Amount overdue with no individual impairment	Amount overdue with no individual impairment	Amount due and overdue with no individual impairment	Total of loans	Loan guarantees (net)	Total impairment	Loans net of impairment
Loans and advances to banks	-	-	-	-	-	-	-	-
Loans and advances to customers	61.331.290.221	6.070.919.356	67.402.209.578	3.340.659.693	70.742.869.271	32.693.562.580	6.253.548.203	64.489.321.068
Retail banking	19.943.069.636	3.907.679.395	23.850.749.031	1.656.611.603	25.507.360.634	1.970.607.790	3.132.481.141	22.374.879.493
Mortgage loans	2.291.010.030	106.903.263	2.397.913.293	11.890.360	2.409.803.653	188.054.213	130.333.238	2.279.470.415
Installment sales and leases	7.098.193.318	2.163.088.980	9.261.282.298	26.148.454	9.287.430.752	613.353.942	918.972.565	8.368.458.187
Loans - cards	386.153.000	29.611.797	415.764.797	1.006.906	416.771.703	-	29.555.679	387.216.024
Other loans and advances	10.167.713.288	1.608.075.355	11.775.788.643	1.617.565.883	13.393.354.526	1.169.199.636	2.053.619.658	11.339.734.868
Coporate and investment banking	41.388.220.585	2.163.239.961	43.551.460.547	1.684.048.090	45.235.508.637	30.722.954.789	3.121.067.062	42.114.441.575
Loans to major enterprises	41.388.220.585	2.163.239.961	43.551.460.547	1.684.048.090	45.235.508.637	30.722.954.789	3.121.067.062	42.114.441.575
31 December 2018	**61.331.290.221**	**6.070.919.356**	**67.402.209.578**	**3.340.659.693**	**70.742.869.271**	**32.693.562.580**	**6.253.548.203**	**64.489.321.068**
31 December 2017	**50.177.030.336**	**3.264.855.620**	**53.441.885.956**	**20.661.430.750**	**74.103.316.706**	**42.249.620.245**	**3.172.953.767**	**70.930.362.939**

DECOMPOSITION OF OVERDUE LOANS

As of December 31, 2018, overdue loans and interest were broken down as follows by class of default:

	Up to three months	From three months to six months	From six months to one year	From one year to three years	More than to three years	Total
Overdue loan						
Gross amount	2.609.740.474	491.142.394	559.973.160	2.841.020.936	3.784.904	6.505.661.869
Impairment	640.013.969	243.438.597	350.235.954	1.579.626.223	3.784.904	2.817.099.646
	1.969.726.505	**247.703.798**	**209.737.206**	**1.261.394.713**	**-**	**3.688.562.223**

Does not include provisions for doubtful loans and for the risk of the country.

At 31 December 2017, overdue credit and interest was broken down by class of default:

	Up to three months	From three months to six months	From six months to one year	From one year to three years	More than to three years	Total
Overdue loan						
Gross amount	2.132.339.027	799.288.214	3.469.879.250	692.222.713	194.532	7.093.923.736
Impairment	286.374.745	246.169.399	797.864.856	473.098.577	194.532	1.803.702.109
	1.845.964.282	**553.118.815**	**2.672.014.394**	**219.124.136**	**-**	**5.290.221.627**

SENIORITY OF OVERDUE LOANS NOT IMPAIRED

The seniority of loans due at 31 December 2018, but not impaired, is summarized as follows:

Product	Up to three months	From three months to six months	From six months to one year	More than to one year	Total
Overdraft	8.728.969	-	-	-	8.728.969
Investment	409.645	146.093	-	-	555.738
Consumption and housing	10.908.083	-	3.346.043	-	14.254.126
Other	414.968	-	-	-	414.968
	20.461.665	**146.093**	**3.346.043**	**-**	**23.953.802**

The seniority of loans outstanding at 31 December 2017, but not impaired, is summarized as follows:

Product	Up to three months	From three months to six months	From six months to one year	More than to one year	Total
Overdraft	39.048.209	858	8.197.595	3.427.985	50.674.647
Investment	214.600	-	-	-	214.600
Consumption and housing	5.327.093	1.681.313	5.621.644	7.061.691	19.691.741
Other	88.432	-	-	-	88.432
	44.678.334	**1.682.171**	**13.819.239**	**0.489.676**	**70.669.420**

IMPAIRMENT

BCI has maintained a continuous process of qualitative and quantitative evaluation of its loan portfolio, in order to identify whether or not there is clear and objective evidence of impairment.

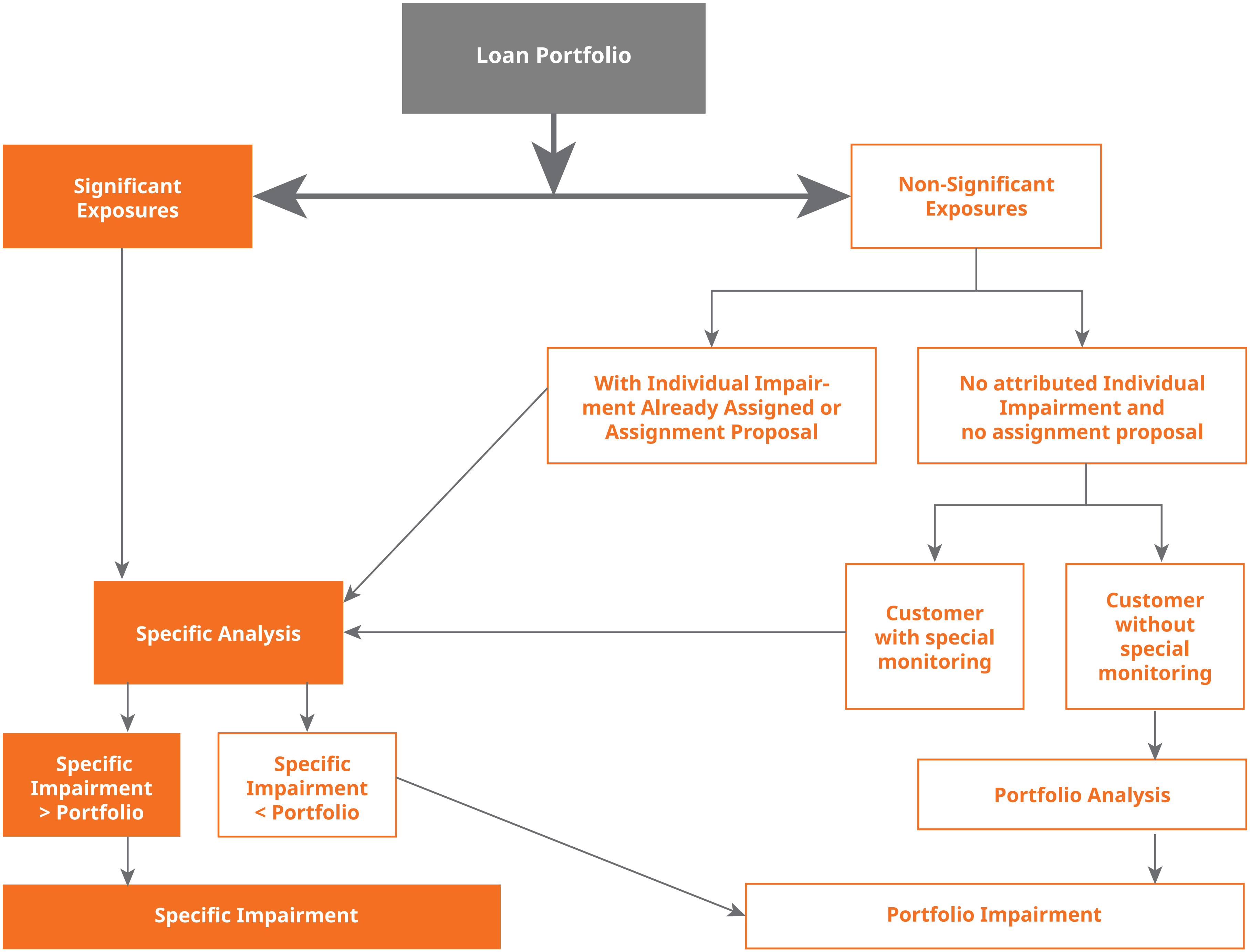
As a principle, a loan will be impaired whenever one or more loss events occur and have an impact on its future full recovery, and the impairment amount corresponds to the difference between the balance sheet value and the present value of expected future cash flows.

In the context of the implementation of International Financial Reporting Standards (IFRS), the Bank calculates on a monthly bases the impairment value for the loan portfolio and the Bank's current model is based on a calculation methodology based on the specific and portfolio impairment analysis of loan portfolio.

Also with regard to impairment, the levels of coverage of loan impairment, customers with higher levels of default and default rates by product, segment, sector, currency and region are monitored to take corrective measures and / or preventive measures to mitigate and / or eliminate the risks of associated potential future losses.

IMPAIRMENT ASSESSMENT

The impairment of loans and advances to customers is associated with loss events that have an impact on their full recovery, such as overdue and unpaid installments, difficulties in the cash flows of counterparties, reduction of collateral valuation, or terms of the contract. The Bank assesses impairment in two areas: specific and portfolio.


Loan Portfolio
Significant Exposures
Non-Significant Exposures
With Individual Impairment Already Assigned or Assignment Proposal
No attributed Individual Impairment and no assignment proposal
Specific Analysis
Customer with special monitoring
Customer without special monitoring
Specific Impairment > Portfolio
Specific Impairment < Portfolio
Portfolio Analysis
Specific Impairment
Portfolio Impairment

SPECIFIC ANALYSIS

The Bank determines the appropriate specific impairment for each loan with significant exposure on an individual basis by assessing various factors, such as the counterparty's historical financial performance, its future business plan, the ability to improve its economic performance after economic difficulty, the existence of other sources of financial support and the realizable value of guarantees / collateral received.

A customer or transaction is subject to an specific review when it meets certain assumptions approved by the management that relate to the exposure amount and the number of days in arrears. Each specific analysis results from the qualitative and quantitative completion of a questionnaire by the analyst who accompanies the client and is subsequently reviewed by the supervisor (head for the respective Commercial Area) and validated by the Credit Analysis Department (DAC) and approved by the Executive Committee.

It is through these questionnaires that the client is assigned an impairment rating (comparable to Default Probability) and a recovery strategy. Impairment by AI intends to calculate the expected credit losses, taking into account the Going Concern approaches for customers classified in Stage 1, or Gone Concern for clients classified in level 2 and 3 (Stage 2 and 3). Thus according to the client's situation and the responses attributed by the analyst, the impairment classification will result in one of the three levels below:

- Current loan (level 1) - The client does not show a significant deterioration of the risk level in relation to the initial situation or presents a good classification in relation to the level of credit risk;
- Impairment credit (level 2) - The credit showed a significant deterioration of the risk level and no longer presented a good credit risk classification;
- Loan in default (level 3) - The transfer to the third stage occurs when there is a loss event and there is sufficient evidence that the loan will default.

After impairment classification there are three types of recovery strategies available:

a) Standard strategy

This macro strategy encompasses two possible strategies: (i) timely recovery of capital and interest; and (ii) Recovery of principal and interest overdue

b) Restructuring Strategy

Assuming that the client does not comply with its current payment plan, the possibility of restructuring the loan is evaluated, and there are two recovery strategies in this category: (i) change to current loans; and (ii) new loan / debt consolidation.

c) Enforcement Strategy or Cash Recovery

When there are significant doubts and uncertainties surrounding a client's repayment capacity, and a recovery strategy cannot be defined, it is considered that the client will eventually become impaired, representing a situation where full debt repayment will not be possible.

In this scenario, it is necessary to estimate the value and recovery periods that do not result from the for closere from the execution, the time to recover / sell the guarantee, the assessment of the guarantee, the forced discount of the sale value of the guarantee and the costs incurred in the sale of the guarantee.

The judgment of the analyst influences the value of the impairment which may be higher or lower depending on the recovery strategy and the estimation of future cash-flows. Individual analysis sheets have an annual validity for exposures classified in Level 1 and quarterly for exposures classified in Levels 2 and 3 (Stage 2 and 3), however an extraordinary update maybe made there are events of loss or changes in the client's surroundings that so determine.

PORTFOLIO ANALYSIS

The Bank performs the portfolio impairment assessment for all claims that do not individually have significant exposure, as well as for significant exposures for which there is no evidence of specific impairment.

The valuation is carried out by the breakdown of loans into homogeneous risk segments. The classification of loan impairment depends on the number of days in arrears and the impairment indicators. Impairment classifications are used to calculate risk factors: Probabilities of Default (PD), Loss Given Default (LGD); Credit Conversion Factor (CCF) and Behavioral Maturity (BM). All loans must have an impairment classification associated with the number of days in arrears and a loan can be considered in default (level 3), impairment (level 2) or current (level 1).

The restructured loans are classified in level 2, however, it may occur that a credit has a number of days in arrears that would put it under a given impairment classification but due to exceptional circumstances it is classified in its worst position. This is the purpose of the triggers / impairment indicators, to enable the most appropriate impairment classification to the loan in question considering other characteristics beyond the number of days overdue. The impairment classification attributed on each reference date will be the maximum of the classification attributed through the number of days in arrears and the classification attributed through the impairment indicator.

PROBABILITY OF DEFAULT

Probability of Default (PD) is the probability that a loan will default within a given time horizon (or at any given point in time) based on the loan status at the time of analysis. This "state" will be reflected in the loan impairment classification. According to the methodology developed for calculation of Impairment, the probability of default associated to an operation is estimated following two different approaches: estimation of Lifetime PD considering the useful life of the operation and estimation of the PD at 12 months. Both PD estimates represent the probability that the credit operation will be in default until the maturity of the operation or the period of time considered for calculation. PD Lifetime, estimated over the course of maturity, is only applicable to operations where there is a significant deterioration of the associated credit risk (and considered in Stage 2), while the 12-month PD is applied to operations identified in Stage 1.

The PD curves are calculated based on the historical information of the Bank's credit operations (7.5 years) considering a 12-month emergency period.

The behavior of credits in the past and the Observed Default Rates (ODRs) are aspects used to estimate the future performance of operations with similar characteristics or of the same risk segment.

Currently, the Bank has defined the following segments:

- IF, SP, G and Institutional;
- Large and medium-sized enterprises;
- Small business;
- Consumption;
- Housing;
- Credit cards;
- Bank overdraft;
- Other loans;
- Import documentary credit and guarantees issued to large and medium sized enterprises;
- Import documentary credit and guarantees issued to large financial institutions, public sector institutions, group companies and institutions.

The characteristics of the contracts are configured by the Bank and serve as parameters to segment the loan portfolio. Using statistical methods, the Bank calculates the PD curves for each segment and level of impairment.

Loss Given default

A Loss Given default (LGD), or loss as a default, represents the percentage of the amount of a loan that the Bank expects to lose when that credit defaults. LGD is dependent on the number of years for which the borrower of the operation is in default, the existence of collateral of the operation, the value of the collateral, the value of the legal right over these collaterals, the probability of execution of the collateral and the costs borne in recovery processes.

All loans with at least one non-compliance observed within the selected historical period are used for the statistical calculation of LGD. In the case of LGDs the object of the statistical study is not the loan itself but each default state, which means that each "new" entry in the default state is considered as a new observation. Thus, the observations taken into account for the calculation of LGDs will be the number of entries and re-entered into default for each loan of the entire portfolio.

The methodology for calculating LGDs is based on the identification of recovery strategies after non-compliance. For each of the recovery strategies and for each segment an LGD will be calculated, based on the following parameters:

- Probability of the strategy – represents the probability that a loan that is in default meets a certain recovery profile. For the calculation of the probability historical non-observance data (7.5 years) weighted by exposure in case of default;
- Strategy loss - represents the expected loss for a specific strategy. For the calculation of the probability historical recovery data are used (7.5 years) weighted by the exposure in case of default.

In addition, the current methodology of LGD can be divided into two types of LGD:

- LGD cash - corresponds to LGD based on the probabilities of loss observed for this segment, since losses are calculated on the basis of the difference between the amount outstanding each month after the default date;
- LGD collateral - LGD calculated based on the calculation of the future amount that is expected to be recovered through the collateral, updated to the current moment.

Credit Conversion Factor

The Credit Conversion Factor (CCF), represents the percentage of off-balance sheet exposure that can be converted into equity exposures up to default. The methodology developed by the Bank is applied to operations with revolving loan utilization limits, such as Credit Cards, Discoveries and Pledged Current Accounts. For Bank Guarantees and Documentary Credits the regulatory CCFs are used.

BEHAVIOURAL MATURITY

Behavioural Maturity (BM) is used to identify the period of time during which the institution is exposed to credit risk. This parameter is typically calculated for operations where the transaction's due date is not defined (e.g. Revolving Loans). Thus, the defined methodology assumes that behavioral maturity is estimated for the following types of credit: Discoveries, Pledged Current Accounts and Credit Cards.

Risk factors are updated annually based on historical information.

The impairment according to the model can be seen below:

	GROUP		BANK	
	DEC-18	DEC-17	DEC-18	DEC-17
Individual impairment	1.612.415.941	1.762.504.612	1.612.415.941	1.762.504.612
IBNR	-	64.471.476	-	64.471.476
Portfolio impairment	4.877.119.549	1.355.871.649	4.877.119.549	1.355.871.649
	6.489.535.490	**3.182.847.737**	**6.489.535.490**	**3.182.847.737**

The loan impairment of the above table includes the impairment of deposits with financial institutions (Note 3.3) and excludes impairment of off-balance sheet

SENSITIVITY ANALYSIS

In order to promote the reliability of the estimates obtained in the calculation of portfolio impairment, the following sensitivity analysis were made:

Portfolio analysis:

- Relative increase in PD curves of 500 basis points;
- Relative increase in LGD curves of 500 basis points.

	Approved Scenario	Scenario increase PD	Scenario increase LGD
Consolidated impairment	6.306.479.920	6.326.861.221	6.382.761.461
Impacts	-	20.381.301	76.281.540
Toal impact		**96.662.842**	

There is a loan impairment in the following classes of loans and advances to the Bank:

	Mortgage loans	Installment sales and leases	Cards loans	Other loans and advances	Loans to major enterprises	Total
Overdue credit						
Opening balance	82.911.211	526.070.194	21.093.890	234.616.298	939.010.514	1.803.702.109
Closures of impaired accounts	-	-	-	-	972.460.910	972.460.910
Net impairment for period	(16.237.620)	(17.079.098)	(7.648.886)	(14.204.932)	95.752.667	40.582.130
31 December 2018	**66.673.592**	**508.991.096**	**13.445.004**	**220.411.366**	**2.007.224.091**	**2.816.745.149**
Outstanding loans						
Opening balance	61.716.140	310.331.567	4.128.686	107.830.092	885.245.173	1.369.251.659
Net impairment for period	1.943.507	99.649.902	11.990.370	58.018.002	1.895.949.615	2.067.551.395
31 December 2017	**63.659.647**	**409.981.469**	**16.119.055**	**165.848.095**	**2.781.194.788**	**3.436.803.054**
	130.333.238	**918.972.565**	**29.564.059**	**386.259.461**	**4.788.418.879**	**6.253.548.203**

b. Liquidity risk

Liquidity Risk is the possibility that an institution faces difficulties in fulfilling its obligations (especially short-term ones) as they mature or to ensure the refinancing of the assets held in its balance sheet without incurring significant costs or losses. Risk mitigation is based on the management of assets based on their liquidity and the recurrent control of future cash flows and their liquidity.

The management and control of liquidity risk is based on the analysis of the residual maturities of the different assets and liabilities of the balance sheet in order to show the difference between the cash inflow and outflow volumes and as their respective liquidity gaps.

The management policy and strategy related to liquidity risk is defined by the Board of Directors and monitored by the Assets and Liabilities Committee (ALCO), and is implemented by the Financial Markets Department (DMF) and controlled by the Risk Management Department.

DMF maintains a diversified portfolio of assets, which can be easily settled in the event of an unplanned cash flow requirement. The Bank also has deposits with the Bank of Mozambique, under the terms of the legislation in force, and lines available with the Group's banks, in order to face a possible liquidity shortage.

Liquidity risk analysis are performed in ALCO on a monthly basis, current accounts are broken down by maturity profiles according to a replication key, which was defined after a study of the historical stability of the balances - international practices point to this type of treatment in order to reflect the nature and structure of the balance sheet in the management of gaps.

At December 31, 2018, the Bank had approximately MZN 13,500 million invested in Reverse Repo overnight with Banco de Moçambique, thus holding a surplus and very comfortable liquidity position.

The Central Bank intervenes in the market daily, with Repo and Reverse Repo, according to the needs of the market. Since the end of 2016, the market has been in surplus in liquidity, thus the BdM has acted through Reverse Repo. Repo's are made based on the public debt securities (Treasury Bills and Bonds) held by the bank.

In addition, the Bank may access the BdM's Liquidity Lending Permanent Facility (FPC), available for liquidity borrowing from BdM. This facility has no limit, and funds are made available up to the discounted value of the eligible securities portfolio. BCI currently holds MZN 25,034 million of the securities available to access this facility.

Regarding the management of the excess liquidity position, the Bank has made overnight Reverse Repos, since the BdM has not issued Reverse Repos for other maturities, as well as placements in the Interbank Money Market with other Financial Institutions

Summary of the balance sheet items of the Group by maturity dates, at 31 December 2018 and 31 December 2017:

31 December 2018	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	More than 3 years	Book value
Cash and cash balances at central banks	31.718.093.881	-	-	-	-	31.718.093.881
Cash balances at financial institutions	2.714.516.403	-	-	-	-	2.714.516.403
Deposits with financial institutions	20.854.406.635	741.839.212	513.952.719	-	-	22.110.198.566
Securities	2.198.597.000	927.631.900	17.621.791.204	4.286.139.100	348.870.020	25.383.029.224
Financial assets held for trading	681.958	-	-	-	-	681.958
Derivatives	573.227.900	2.262.237.828	2.966.733.365	146.161.403	257.586.504	6.205.947.000
Loans and advances to customers	8.612.088.996	2.033.874.513	13.815.858.694	24.095.935.356	22.854.350.880	71.412.108.439
Total Assets	**66.671.612.773**	**5.965.583.453**	**34.918.335.982**	**28.528.235.859**	**23.460.807.404**	**159.544.575.471**
Deposits from central banks	615.141.231	294.114.985	512.238.423	-	-	1.421.494.639
Resources of credit institutions	75.319.009	650.034.929	96.133.117	978.220	184.249.179	1.006.714.454
Customer deposits	19.295.027.493	21.238.455.131	22.805.388.298	20.979.062.037	29.607.140.737	113.925.073.696
Consigned resources	-	32.085.731	3.719.192.428	7.277.956.201	1.811.467.617	12.840.701.977
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total liabilities	**19.985.487.733**	**22.214.690.776**	**27.132.952.266**	**28.257.996.458**	**31.602.857.533**	**129.193.984.766**
Liquidity gap in MZN	**46.686.125.040**	**(16.249.107.323)**	**7.785.383.716**	**270.239.401**	**(8.142.050.129)**	**30.350.590.705**
Accumulated liquidity gap	**46.686.125.040**	**30.437.017.717**	**38.222.401.433**	**38.492.640.834**	**30.350.590.705**	**-**
31 December 2017						
Total Assets	**34.425.130.970**	**6.551.390.677**	**32.352.135.886**	**28.271.202.349**	**41.212.849.282**	**154.556.408.007**
Total liabilities	**17.206.886.519**	**18.943.568.651**	**30.412.034.097**	**27.344.031.452**	**35.673.698.896**	**139.137.814.314**
Liquidity gap in MZN	**17.218.244.451**	**(12.392.177.974)**	**1.940.101.789**	**927.170.898**	**5.539.150.386**	**15.418.593.694**
Accumulated liquidity gap	**17.218.244.451**	**4.826.066.477**	**6.766.168.265**	**7.693.339.163**	**13.232.489.549**	

Summary of the balance sheet items of the Bank by maturity dates, at 31 December 2018 and 31 December 2017:

31 December 2018	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	More than 3 years	Book value
Cash and cash balances at central banks	31.718.093.080	-	-	-	-	31.718.093.080
Cash balances at financial institutions	2.680.073.035	-	-	-	-	2.680.073.035
Deposits with financial institutions	20.854.406.635	741.839.212	513.952.719	-	-	22.110.198.566
Securities	2.198.597.000	927.631.900	17.621.791.204	4.286.139.100	348.870.020	25.383.029.224
Financial assets held for trading	681.958	-	-	-	-	681.958
Derivatives	573.227.900	2.262.237.828	2.966.733.365	146.161.403	257.586.504	6.205.947.000
Loans and advances to customers	8.924.572.655	2.033.874.513	13.815.858.694	24.095.935.356	22.854.350.880	71.724.592.098
Total Assets	**66.949.652.263**	**5.965.583.453**	**34.918.335.982**	**28.528.235.859**	**23.460.807.404**	**159.822.614.961**
Deposits from central banks	615.141.231	294.114.985	512.238.423	-	-	1.421.494.639
Resources of credit institutions	75.319.009	650.034.929	96.133.117	978.220	184.249.179	1.006.714.454
Customer deposits	19.329.470.861	21.238.455.131	22.805.388.298	20.979.062.037	29.607.140.737	113.959.517.064
Consigned resources	-	32.085.731	3.719.192.428	7.277.956.201	1.811.467.617	12.840.701.977
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total liabilities	**20.019.931.101**	**22.214.690.776**	**27.132.952.266**	**28.257.996.458**	**31.602.857.533**	**129.228.428.134**
Liquidity gap in MZN	**46.929.721.162**	**(16.249.107.323)**	**7.785.383.716**	**270.239.401**	**(8.142.050.129)**	**30.594.186.827**
Accumulated liquidity gap	**46.929.721.162**	**30.680.613.839**	**38.465.997.555**	**38.736.236.956**	**30.594.186.827**	**-**
31 December 2017						
Total Assets	**34.425.130.970**	**6.551.390.677**	**32.352.135.886**	**28.271.202.349**	**41.212.849.282**	**142.812.709.163**
Total liabilities	**17.206.886.519**	**18.943.568.651**	**30.412.034.097**	**27.344.031.452**	**35.673.698.896**	**129.580.219.614**
Liquidity gap in MZN	**17.218.244.451**	**(12.392.177.974)**	**1.940.101.789**	**927.170.898**	**5.539.150.386**	**13.232.489.549**
Accumulated liquidity gap	**17.218.244.451**	**4.826.066.477**	**6.766.168.265**	**7.693.339.163**	**13.232.489.549**	

c. Interest rate risk

Interest rate risk is the possibility of negative impacts on results or capital due to adverse movements in interest rates, due to maturity lags or maturity periods, the absence of a perfect correlation between the rates of active and passive operations in the different instruments, or the existence of options embedded in financial instruments of the balance sheet or off-balance sheet items. This risk occurs whenever, in the course of its business activity, the Bank contracts transactions with future financial flows sensitive to any changes in the interest rate.

The management and control of interest rate risk are based on the analysis of the repricing dates of the different sensitive assets and liabilities of the balance sheet in order to show the difference between the cash inflow and outflow volumes , as well as the respective interest rate.

The policy and management strategy related to interest rate risk are defined by the Board of Directors and monitored by the Assets and Liabilities Committee (ALCO), and are implemented by the Financial Markets Department (DMF) and controlled by the Risk Management Department (DGR).

Summary of the Group's balance sheet items sensitive to changes in the interest rate at 31 December 2018 and 31 December 2017:

31 December 2018	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	More than 3 years	Not sensitive to interest rate	Book value
Cash and cash balances at central banks	-	-	-	-	-	31.718.093.881	31.718.093.881
Cash balances at financial institutions	2.713.801.571	-	-	-	-	714.832	2.714.516.403
Deposits with financial institutions	20.854.406.635	741.839.212	513.952.719	-	-	-	22.110.198.566
Securities	2.198.597.000	2.772.583.300	19.810.564.604	252.414.300	348.870.020	-	25.383.029.224
Financial assets held for trading	-	-	-	-	-	681.958	681.958
Derivatives	573.227.900	2.262.237.828	2.966.733.365	146.161.403	257.586.504	-	6.205.947.000
Loans and advances to customers	39.208.097.314	4.162.476.523	15.167.083.852	4.728.632.404	6.404.544.033	-	69.670.834.126
Total Assets	**65.548.130.420**	**9.939.136.863**	**38.458.334.540**	**5.127.208.107**	**7.011.000.557**	**31.719.490.671**	**157.803.301.158**
Deposits from central banks	615.141.231	294.114.985	512.238.423	-	-	-	1.421.494.639
Resources of credit institutions	75.319.009	731.183.379	15.023.576	1.115.320	184.073.170	-	1.006.714.454
Customer deposits	19.395.384.883	21.251.950.146	22.935.202.434	20.955.825.506	29.386.710.727	-	113.925.073.696
Consigned resources	-	160.428.656	12.680.273.321	-	-	-	12.840.701.977
Subordinated loans	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Total liabilities	**20.085.845.123**	**22.437.677.166**	**36.142.737.754**	**20.956.940.826**	**29.570.783.897**	**-**	**129.193.984.766**
Interest rate gap	**45.462.285.297**	**(12.498.540.303)**	**2.315.596.786**	**(15.829.732.719)**	**(22.559.783.340)**	**31.719.490.671**	**28.609.316.392**
Accumulated interest rate gap	**45.462.285.297**	**32.963.744.994**	**35.279.341.780**	**19.449.609.061**	**(3.110.174.279)**	**28.609.316.392**	-
31 December 2017							
Total Assets	**55.410.505.271**	**8.832.151.236**	**41.631.585.675**	**3.353.873.574**	**7.758.465.954**	**25.826.127.453**	**142.812.709.163**
Total liabilities	**14.906.206.960**	**15.867.616.789**	**34.135.301.107**	**6.631.118.815**	**21.564.148.298**	**36.475.827.645**	**129.580.219.614**
Interest rate gap	**40.504.298.311**	**(7.035.465.553)**	**7.496.284.568**	**(3.277.245.241)**	**(13.805.682.344)**	**(10.649.700.192)**	**13.232.489.549**
Accumulated interest rate gap	**40.504.298.311**	**33.468.832.758**	**40.965.117.326**	**37.687.872.085**	**23.882.189.741**	**13.232.489.549**	**-**

Summary of the balance sheet items of the Bank sensitive to changes in the interest rate at 31 December 2018 and 31 December 2017:

31 December 2018	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 3 years	More than 3 years	Not sensitive to interest rate	Book value
Cash and cash balances at central banks	-	-	-	-	-	31.718.093.080	31.718.093.080
Cash balances at financial institutions	2.679.358.203	-	-	-	-	714.832	2.680.073.035
Deposits with financial institutions	20.854.406.635	741.839.212	513.952.719	-	-	-	22.110.198.566
Securities	2.198.597.000	2.772.583.300	19.810.564.604	252.414.300	348.870.020	-	25.383.029.224
Financial assets held for trading	-	-	-	-	-	681.958	681.958
Derivatives	573.227.900	2.262.237.828	2.966.733.365	146.161.403	257.586.504	-	6.205.947.000
Loans and advances to customers	39.520.580.973	4.162.476.523	15.167.083.852	4.728.632.404	6.404.544.033	-	69.983.317.785
Total Assets	**65.826.170.711**	**9.939.136.863**	**38.458.334.540**	**5.127.208.107**	**7.011.000.557**	**31.719.489.870**	**158.081.340.648**
Deposits from central banks	615.141.231	294.114.985	512.238.423	-	-	-	1.421.494.639
Resources of credit institutions	75.319.009	731.183.379	15.023.576	1.115.320	184.073.170	-	1.006.714.454
Customer deposits	19.429.828.251	21.251.950.146	22.935.202.434	20.955.825.506	29.386.710.727	-	113.959.517.064
Consigned resources	-	160.428.656	12.680.273.321	-	-	-	12.840.701.977
Subordinated loans	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Total liabilities	**20.120.288.491**	**22.437.677.166**	**36.142.737.754**	**20.956.940.826**	**29.570.783.897**	**-**	**129.228.428.134**
Interest rate gap	**45.705.882.220**	**(12.498.540.303)**	**2.315.596.786**	**(15.829.732.719)**	**(22.559.783.340)**	**31.719.489.870**	**28.852.912.514**
Accumulated interest rate gap	**45.705.882.220**	**33.207.341.917**	**35.522.938.703**	**19.693.205.984**	**(2.866.577.356)**	**28.852.912.514**	**-**
31 December 2017							
Total Assets	**55.410.505.271**	**8.832.151.236**	**41.631.585.675**	**3.353.873.574**	**7.758.465.954**	**25.826.127.453**	**142.812.709.163**
Total liabilities	**14.906.206.960**	**15.867.616.789**	**34.135.301.107**	**6.631.118.815**	**21.564.148.298**	**36.475.827.645**	**129.580.219.614**
Interest rate gap	**40.504.298.311**	**(7.035.465.553)**	**7.496.284.568**	**(3.277.245.241)**	**(13.805.682.344)**	**(10.649.700.192)**	**13.232.489.549**
Accumulated interest rate gap	**40.504.298.311**	**33.468.832.758**	**40.965.117.326**	**37.687.872.085**	**23.882.189.741**	**13.232.489.549**	**-**

d. Foreign Exchange Risk

Foreign Exchange Risk is the possibility of negative impacts on results or capital due to adverse movements in exchange rates, due to the existence of gaps between the value of the assets and liabilities held in a particular currency.

The policy and management strategy related to foreign exchange risk is defined by the Board of Directors, accompanied by the Assets and Liabilities Committee (ALCO), implemented by the Financial Markets Department (DMF) and controlled by the Risk Management Department (DGR).

Currency positions are controlled, daily, based on the internal limits defined by the ALCO, and the ratios and prudential limits set by the Bank of Mozambique.

DMF proceeds daily to close out the open positions denominated in EUR and ZAR, holding positions open only in USD, according to the authorized limit. These positions are controlled daily by both the BCI Risk Management Department and the CGD Risk Management Department. The latter calculates daily VaR and VM according to the following methodology:

VaR (Value-at-Risk): estimate of the maximum loss for a given period of detention and a given level of confidence, assuming normal market behavior. The methodology used is historical simulation (future events are fully explained by past events). The parameters of the model are: period of detention: n days (n = 10); - confidence level: 99% (n = 10);

e. Interest Rate and Foreign Exchange Risks:

With regard to interest rate and foreign exchange risks, BCI uses internal models to monitor and these risks, namely:

(i) Interest rate:

a. Gap analysis (interest rate differential), with the gaps consisting of residual repricing maturity of the outstanding contracts;

b. Analysis of sensitivity to interest rate risk in the banking book. The assessment of the interest rate risk for portfolio operations is carried out through sensitivity analysis, residual repricing periods, changes in interest rate curves.

(ii) Foreign exchange risk:

a. Net Foreign Exchange Position per Currency - computed daily at the level of the computer system by the Accounting Department and validated by the Risk Management Department and the Financial Markets Department;

b. Sensitivity Indicator - calculated by simulating the potential impact on the Bank's results, of hypothetical changes in the valuation exchange rates (calculated for variations of 1%, 3% and 5%);

c. As mentioned above, CGD's Risk Management Department calculates VaR (Value at Risk) daily.

At 31 December 2018 and 31 December 2017, the Group's exposure to foreign exchange risk is as follows:

Values Expressed in Meticals

31 December 2018	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	8.950.950.088	138.753.318	512.758.935	-	22.027.747.281	31.630.209.622
Cash balances at financial institutions	2.277.987.216	195.174.339	37.600.238	73.726.754	30.859.365	2.615.347.913
Deposits with financial institutions	1.905.163.802	9.720.844	1.226.220.000	-	14.921.720.486	18.062.825.132
Securities	356.376.179	76.571.637	-	-	24.324.380.252	24.757.328.069
Loans and advances to customers	12.432.306.875	12.840.712.071	393.767.912	-	40.069.333.861	65.736.120.719
Other assests	229.048.309	265.431.781	7.795.991	11.200.653	12.570.133.410	13.083.610.144
Total Assets	**26.151.832.469**	**13.526.363.991**	**2.178.143.076**	**84.927.407**	**113.944.174.655**	**155.885.441.599**
Deposits from central banks	1.421.494.639	-	-	-	-	1.421.494.639
Resources of credit institutions	484.480.546	125.008	133.669.343	-	993.784.535	1.612.059.433
Customer deposits	23.431.895.844	1.191.646.274	1.995.828.036	70.883.660	89.046.964.469	115.737.218.284
Consigned resources	219.975.715	12.806.254.234	4.519.367	39.050	158.470.376	13.189.258.741
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Other liabilities	125.281.334	68.356.180	37.186.966	7.770.742	7.234.540.055	7.473.135.277
Total liabilities	**25.683.128.078**	**14.066.381.696**	**2.171.203.713**	**78.693.452**	**97.433.759.435**	**139.433.166.373**
Total own funds	**-**	**-**	**-**	**-**	**16.620.624.365**	**16.620.624.365**
Total liabilities and own funds	**25.683.128.078**	**14.066.381.696**	**2.171.203.713**	**78.693.452**	**114.054.383.800**	**156.053.790.738**
Currency spread	**468.704.392**	**(540.017.706)**	**6.939.364**	**6.233.955**	**(110.209.144)**	**(168.349.140)**

31 December 2017	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	4.444.535.764	176.563.807	1.580.191.288	-	15.114.054.945	21.315.345.804
Cash balances at financial institutions	117.182.026	239.082.729	4.587.098	70.361.503	63.684.866	494.898.222
Deposits with financial institutions	7.396.907.175	-	461.083.235	-	13.622.760.083	21.480.750.493
Securities	1.052.991.146	43.692.593	-	-	22.158.685.018	23.255.368.757
Loans and advances to customers	14.161.071.797	16.612.228.337	17.180	-	41.637.615.497	72.410.932.811
Other assests	-	-	-	-	7.014.762.412	7.014.762.412
Total Assets	**27.172.687.908**	**17.071.567.466**	**2.045.878.801**	**70.361.503**	**99.611.562.821**	**145.972.058.499**
Deposits from central banks	-	-	-	-	-	-
Resources of credit institutions	607.832.673	37.338.568	104.980.360	-	811.285.680	1.561.437.281
Customer deposits	23.981.550.470	989.746.393	1.836.360.632	-	86.193.481.773	113.001.139.268
Consigned resources	-	16.171.155.043	-	-	123.568.367	16.294.723.410
Subordinated loans	594.720.557	-	-	-	-	594.720.557
Debt securities	-	-	-	-	211.380.208	211.380.208
Other liabilities	-	-	-	-	6.456.799.148	6.456.799.148
Total liabilities	**25.184.103.700**	**17.198.240.004**	**1.941.340.992**	**-**	**93.796.515.176**	**138.120.199.872**
Total own funds	**-**	**-**	**-**	**-**	**15.418.593.695**	**15.418.593.695**
Total liabilities and own funds	**25.184.103.700**	**17.198.240.004**	**1.941.340.992**	**-**	**109.215.108.871**	**153.538.793.567**
Currency spread	**1.988.584.208**	**(126.672.538)**	**104.537.809**	**70.361.503**	**5.815.047.645**	**7.851.858.627**

At 31 December 2018 and 31 December 2017, the Bank exposure to foreign exchange risk is as follows:

Values Expressed in Meticals

31 December 2018	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	8.950.950.088	138.753.318	512.758.935	-	22.027.747.281	31.630.209.622
Cash balances at financial institutions	2.277.987.216	195.174.339	37.600.238	73.726.754	30.859.365	2.615.347.913
Deposits with financial institutions	1.905.163.802	9.720.844	1.226.220.000	-	14.921.720.486	18.062.825.132
Securities	356.376.179	76.571.637	-	-	24.324.380.252	24.757.328.069
Loans and advances to customers	12.432.306.875	12.840.712.071	393.767.912	-	40.381.817.520	66.048.604.378
Other assests	229.048.309	265.431.781	7.795.991	11.200.653	12.570.133.410	13.083.610.144
Total Assets	**26.151.832.469**	**13.526.363.991**	**2.178.143.076**	**84.927.407**	**114.256.658.314**	**156.197.925.258**
Deposits from central banks	1.421.494.639	-	-	-	-	1.421.494.639
Resources of credit institutions	484.480.546	125.008	133.669.343	-	993.784.535	1.612.059.433
Customer deposits	23.431.895.844	1.191.646.274	1.995.828.036	70.883.660	89.081.407.837	115.771.661.652
Consigned resources	219.975.715	12.806.254.234	4.519.367	39.050	158.470.376	13.189.258.741
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Other liabilities	125.281.334	68.356.180	37.186.966	7.770.742	7.234.540.055	7.473.135.277
Total liabilities	**25.683.128.078**	**14.066.381.696**	**2.171.203.713**	**78.693.452**	**97.468.202.803**	**139.467.609.741**
Total own funds	**-**	**-**	**-**	**-**	**16.730.315.516**	**16.730.315.516**
Total liabilities and own funds	**25.683.128.078**	**14.066.381.696**	**2.171.203.713**	**78.693.452**	**114.198.518.319**	**156.197.925.258**
Currency spread	**468.704.392**	**(540.017.706)**	**6.939.364**	**6.233.955**	**58.139.995**	**-**

31 December 2017	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	4.444.535.764	176.563.807	1.580.191.288	-	15.114.054.143	21.315.345.002
Cash balances at financial institutions	117.182.026	239.082.729	4.587.098	70.361.503	63.526.526	494.739.882
Deposits with financial institutions	7.396.907.175	-	461.083.235	-	13.622.760.083	21.480.750.493
Securities	1.052.991.146	43.692.593	-	-	22.158.685.018	23.255.368.757
Loans and advances to customers	14.161.071.797	16.612.228.337	17.180	-	41.912.378.761	72.685.696.075
Other assests	-	-	-	-	6.978.170.384	6.978.170.384
Total Assets	**27.172.687.908**	**17.071.567.466**	**2.045.878.801**	**70.361.503**	**99.849.574.915**	**146.210.070.593**
Deposits from central banks	-	-	-	-	-	-
Resources of credit institutions	607.832.673	37.338.568	104.980.360	-	811.285.627	1.561.437.228
Customer deposits	23.981.550.523	989.746.393	1.836.360.632	-	86.194.286.683	113.001.944.231
Consigned resources	-	16.171.155.043	-	-	123.568.367	16.294.723.410
Subordinated loans	594.720.557	-	-	-	-	594.720.557
Debt securities	-	-	-	-	211.380.208	211.380.208
Other liabilities	-	-	-	-	6.453.320.731	6.453.320.731
Total liabilities	**25.184.103.753**	**17.198.240.004**	**1.941.340.992**	**-**	**93.793.841.616**	**138.117.526.365**
Total own funds	**-**	**-**	**-**	**-**	**16.620.624.365**	**16.620.624.365**
Total liabilities and own funds	**25.184.103.753**	**17.198.240.004**	**1.941.340.992**	**-**	**110.414.465.981**	**154.738.150.730**
Currency spread	**1.988.584.155**	**(126.672.538)**	**104.537.809**	**70.361.503**	**6.055.733.299**	**8.092.544.228**

3.39 CAPITAL

The Bank maintains active capital management that allows it to cover the risks inherent in its activity. The Bank's capital is managed through the rules and in accordance with the ratios and prudential limits established by the Bank of Mozambique, complying fully with the minimum requirements imposed.

CAPITAL MANAGEMENT

The main objective of capital management is to ensure compliance with minimum requirements and maintenance of healthy ratios to ensure business continuity and sustainability and maximize shareholder value.

Through changes in the economic conditions and risk characteristics of the Bank's activity, the capital structure may be adjusted to better adjust to the new situation. In the last year, and in view of the relative instability of the national market conditions, the Bank's capital management objectives, policies and processes have been significantly strengthened, particularly in the calculation of internal capital adequacy under ICAAP and Stress Testing exercises.

	DEC-18	DEC-17
Share capital	10.000.000.000	6.808.799.060
Treasury shares	(166.973.907)	(166.973.907)
	9.833.026.093	**6.641.825.153**
Fair value reserves	165.840.058	1.059.826.176
Other reserves	4.605.775.020	5.353.538.022
Transition Reserves IFRS 9	(2.050.231.297)	-
Retained earnings	-	-
	2.721.383.781	**6.413.364.198**
Profit for the period	4.026.005.755	2.474.266.418
	16.580.415.630	**15.529.455.769**

SOLVENCY RISK

Capital and reserves without impairment are evidence of the shareholders' commitment to ensuring the continuity of operations and the Bank's solvency. Insolvency risk is measured by the capital adequacy ratio (CAR). The Bank and its shareholders are committed to hold sufficient capital to maintain the capital adequacy ratio above the minimum required by the BdM. At 31 December 2018, the capital adequacy ratio was 16.96% (2017: 15.74%), above the required minimum by the Bank of Mozambique, which confirms the financial strength of BCI.

This improvement highlights the ability to generate own funds as a result of the profits of the Bank's activity and the considerable increase in reserves.

	DEC-18	DEC-17
Core own funds		
Paid up capital	10.000.000.000	6.808.799.060
Capital issuance premiums	864.265.127	864.265.127
Reserves , retained eamings	3.741.509.893	4.489.272.895
Negative revaliation reserves,intangible assets and other deductible items	(5.060.489.475)	(4.509.291.434)
Tier I Total capital	**9.545.285.545**	**7.653.045.648**
Subordinated loans	-	790.200.000
Otther	66.393.406	468.687.159
Tier II Total capital	**66.393.406**	**1.258.887.159**
Deduction from total own funds	(545.094.583)	(414.176.330)
Elegible own funds	**9.066.584.367**	**8.497.756.477**
Risk -weighted assets		
Balance sheet	47.112.201.219	43.733.859.213
Off-balance sheet	4.060.241.114	4.546.545.541
Operational risk	1.603.325.346	1.299.102.647
Market risk	682.853.723	242.507.352
Basis own funds (Tier I) adequacy ratio	17,86%	15,36%
Basis own funds (Tier II) adequacy ratio	0,12%	2,53%
Solvency ratio	**16,96%**	**17,06%**

3.40 ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At 31 December 2018 and 31 December 2017, the accounting classification and fair value of the Group's financial assets and liabilities were as follows:

31 December 2018	Fair value	Loans and accounts receivable	Held for trading	Financial assets	Others at amortized cost	Book value
Cash and balances at central banks	-	-	-	-	27.769.429.779	27.769.429.779
Cash balances at financial institutions	-	-	-	-	2.615.352.910	2.615.352.910
Deposits with financial institutions	-	-	-	-	18.059.488.568	18.059.488.568
Loans and advances to customers						
Fair value	-	-	-	-	-	-
Amortised cost	-	65.374.703.141			-	65.374.703.141
Securities						
Fair value	-	-	-	19.248.988.151	-	19.248.988.151
Amortized cost	-	-	-	5.495.800.544	-	5.495.800.544
Total	**-**	**65.374.703.141**	**-**	**24.744.788.695**	**48.444.271.257**	**138.563.763.094**
Deposits from central bank	-	-	-	-	1.421.494.637	1.421.494.637
Deposits from financial institutions	-	-	-	-	1.614.314.183	1.614.314.183
Customer deposits	-	-	-	-	115.737.218.284	115.737.218.284
Consigned resources	-	-	-	-	13.256.886.867	13.256.886.867
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**132.029.913.971**	**132.029.913.971**

31 December 2017	Fair value	Loans and accounts receivable	Held for trading	Financial assets	Others at amortized cost	Book value
Cash and balances at central banks	-	-	-	-	21.315.345.804	21.315.345.804
Cash balances at financial institutions	-	-	-	-	494.898.221	494.898.221
Deposits with financial institutions	-	-	-	-	21.480.750.492	21.480.750.492
Loans and advances to customers	-	-	-	-	-	-
Fair value	-	-	-	-	-	-
Amortised cost	-	65.374.703.141	-	-	-	65.374.703.141
Securities	-	-	-	-	-	-
Fair value	-	-	-	16.662.480.944	-	16.662.480.944
Amortized cost	-	-	-	5.353.707.502	-	5.353.707.502
Total	**-**	**72.410.932.812**	**-**	**22.016.188.446**	**43.290.994.518**	**134.704.125.758**
Deposits from central bank	-	-	-	-	1.561.437.177	1.561.437.177
Deposits from financial institutions	-	-	-	-	113.001.806.899	113.001.806.899
Customer deposits	-	-	-	-	16.294.723.410	16.294.723.410
Consigned resources	-	-	-	-	594.720.558	594.720.558
Subordinated loans	-	-	-	-	211.380.208	211.380.208
Total	**-**	**-**	**-**	**-**	**131.664.068.252**	**131.664.068.252**

The Management assumes that the fair value of financial instruments approximates the amount by which they are recognized in the financial statements.

At 31 December 2018 and 31 December 2017, the accounting classification and fair value of the Bank's financial assets and liabilities are as follows:

31 December 2018	Fair value	Loans and accounts receivable	Held for trading	Financial assets	Others at amortized cost	Book value
Cash and balances at central banks	-	-	-	-	27.769.428.978	27.769.428.978
Cash balances at financial institutions	-	-	-	-	2.615.347.913	2.615.347.913
Deposits with financial institutions	-	-	-	-	18.059.488.568	18.059.488.568
Loans and advances to customers						
Fair value	-		-	-	-	-
Amortised cost	-	65.687.186.800	-	-	-	65.687.186.800
Securities						
Fair value	-	-	-	5.495.800.544	-	5.495.800.544
Amortized cost	-	-	-	19.248.988.151	-	19.248.988.151
Total	**-**	**65.687.186.800**	**-**	**24.744.788.695**	**48.444.265.459**	**138.876.240.955**
Deposits from central bank	-	-	-	-	1.421.494.637	140.297.735.592
Deposits from financial institutions	-	-	-	-	1.614.314.183	1.614.314.183
Customer deposits	-	-	-	-	115.771.661.652	115.771.661.652
Consigned resources	-	-	-	-	13.256.886.867	13.256.886.867
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**132.064.357.339**	**270.940.598.294**

31 December 2017	Fair value	Loans and accounts receivable	Held for trading	Financial assets	Others at amortized cost	Book value
Cash and balances at central banks	-	-	-	-	21.315.345.002	21.315.345.002
Cash balances at financial institutions	-	-	-	-	494.739.881	494.739.881
Deposits with financial institutions	-	-	-	-	21.480.750.493	21.480.750.493
Loans and advances to customers	-	-	-	-	-	-
Fair value	-	-	-	-	-	-
Amortised cost	-	69.671.706.057	-	-	-	69.671.706.057
Securities	-	-	-	-	-	-
Fair value	-	-	-	16.662.480.944	-	5.353.707.502
Amortized cost	-	-	-	5.353.707.502	-	16.662.480.944
Total	**-**	**69.671.706.057**	**-**	**22.016.188.446**	**43.290.609.183**	**134.978.503.686**
Deposits from central bank	-	-	-	-	1.561.437.230	1.561.437.230
Deposits from financial institutions	-	-	-	-	113.001.944.230	113.001.944.230
Customer deposits	-	-	-	-	16.294.723.410	16.294.723.410
Consigned resources	-	-	-	-	594.720.558	594.720.558
Subordinated loans	-	-	-	-	211.380.208	211.380.208
Total	-	-	-	-	131.664.205.637	131.664.205.637

The Management assumes that the fair value of the financial instruments approximates the amount by which they are recognized in the financial statements.

3.41 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date and until the date that the consolidated and individual financial statements were authorized for issue, there were no favorable or unfavorable events.

APPENDIX TO CIRCULAR Nº 3/SHC/2007 OF CENTRAL BANK

APPENDIX TO CIRCULAR NO. 3/SHC/2007

MODEL I
Balance sheet - consolidated accounts (assets)

Accounts	Assets	31-Dec-18										31-Dec-17
		A. IAS/IFRS consolidation perimeter			B. Adjustment B=A-(C+D+E)	C. Banking activity			D. Other activities			IAS/IFRS consolidation perimeter
		1 Amount before impairment and amortisation	2 Impairment and amortisa-tion	3 = 1 - 2 Net amoun		1 Amount before impairment and amortisation	2 Impairment and amortisa-tion	3 = 1 - 2 Net amoun	1 Amount before impairment and amortisation	2 Impairment and amortisa-tion	3 = 1 - 2 Net amoun	
10 + 3300 11 + 3301 153 (1) + 158 (1) + 16 153 (1) + 158 (1) + 17 154 + 158 (1) + 18 + 34888 (1) - 53888 (1) 13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300 14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018 156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303 155 + 158 (1) + 159 (1) + 20 + 3306 + 3310 (1) + 3408 (1) - 354 - 3523 - 5210 (1) - 5308 (1) 21 25 - 3580 26 - 3581 (1) - 360 (1) 27 - 3581 (1) - 360 (1) 29 - 3583 - 361 24 - 357 300 301 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)	Cash and balances at central banks	31.629.495.581	-	31.629.495.581	-	31.629.494.780	-	31.629.494.780	801	-	801	22.733.008.401
	Cash balances with financial institutions	2.615.352.907	-	2.615.352.907	(34.443.368)	2.615.347.910	-	2.615.347.910	34.448.365	-	34.448.365	494.898.230
	Financial assets held for trading	681.960	-	681.960	-	681.960	-	681.960	-	-	-	77.969.820
	Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-
	Available for sale financial assets	5.558.802.620	96.563.030	5.462.239.590	-	5.558.802.620	96.563.030	5.462.239.590	-	-	-	23.201.281.970
	Deposits at financial institutions	18.062.825.120	-	18.062.825.120	-	18.062.825.120	-	18.062.825.120	-	-	-	21.480.750.490
	Loans and advances to customers	71.955.193.841	6.442.804.300	65.512.389.541	(312.483.659)	72.267.677.500	6.442.804.300	65.824.873.200	-	-	-	72.583.094.776
	Investments held-to-maturity	19.248.988.150	-	19.248.988.150	-	19.248.988.150	-	19.248.988.150	-	-	-	-
	Assets with repurchase agreements	-	-	-	-	-	-	-	-	-	-	-
	Hedge derivatives	-	-	-	-	-	-	-	-	-	-	-
	Non-current assets held for sale	2.586.989.100	56.888.000	2.530.101.100	-	2.535.007.520	56.888.000	2.478.119.520	51.981.580	-	51.981.580	1.250.022.961
	Investment properties	118.867.180	-	118.867.180	-	118.867.180	-	118.867.180	-	-	-	109.217.160
	Other tangible assets	10.494.822.206	3.508.741.850	6.986.080.356	-	10.007.781.920	3.508.741.850	6,499.040.070	487.040.286	-	487.040.286	6.386.172.656
	Intangible assets	1.010.272.719	648.747.640	361.525.079	-	1.010.132.960	648.747.640	361.385.320	139.759	-	139.759	280.156.342
	Investments in subsidiaries, assocated companies and jointly controlled entities	-	-	-	(460.059)	460.059	-	460.059	-	-	-	2.999.401
	Current tax assets	433.921.576	-	433.921.576	-	433.183.140	-	433.183.140	738.436	-	738.436	433.921.576
	Defered tax assets	1.010.633.988	-	1.010.633.988	-	978.492.440	-	978.492.440	32.141.548	-	32.141.548	156.147.523
	Other assets	2.383.282.114	275.027.640	2.108.254.474	(111.310.447)	2.475.755.896	275.027.640	2.200.728.256	18.836.665	-	18.836.665	5.569.507.558
	Total assets	**167.110.129.062**	**11.028.772.460**	**156.081.356.602**	**(458.697.533)**	**166.943.499.155**	**11.028.772.460**	**155.914.726.695**	**625.327.440**	**-**	**625.327.440**	**154.759.148.864**

APPENDIX TO CIRCULAR NO. 3/SHC/2007

MODEL I
Balance sheet - consolidated accounts (liabilities)

Accounts (Indicative references to the banking activity column)	Liabilities	31-Dec-18				31-Dec-17
		A. IAS/IFRS consolidation perimeter	B. Adjustments B=A-(C+D+E)	C. Banking activit	E. Other activities	
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Deposits from central banks	1.421.494.640	-	1.421.494.640	-	-
43 (1)	Financial liabilities held-for-trading	1.031.290	-	1.031.290	-	-
43 (1)	Other financial liabilities at fair value through profit or loss	-	-	-	-	-
39 - 3311 (1) - 3411 + 5201 + 5211 (1) + 5318 (1)	Deposits from financial institutions	1.332.277.660	(312.483.659)	1.332.277.660	312.483.659	1.351.552.946
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer deposits	116.017.000.042	(34.443.368)	116.051.443.410	-	113.204.601.889
42 - 3311 (1) - 3414 + 5204 + 5211 (1) + 5312	Debt securities	-	-	-	-	-
44	Hedge derivatives	-	-	-	-	-
45	Non-current liabilities held-for-sale and discontinued operations	-	-	-	-	-
47	Provisions	627.169.570	-	627.169.570	-	496.522.130
490	Current tax liabilities	-	-	-	-	71.267.940
491	Deferred tax liabilities	62.904.850	-	62.904.850	-	514.260.950
481 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Equity-type instruments	-	-	-	-	-
480 + 488 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Other subordinated liabilities	-	-	-	-	806.100.770
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)	Other liabilities	19.998.854.190	(111.310.447)	19.837.989.650	272.174.987	22.896.248.537
	Total liabilities	**139.460.732.242**	**(458.237.474)**	**139.334.311.070**	**584.658.646**	**139.340.555.162**
55	Capital	10.000.000.000	(142.276.500)	10.000.000.000	142.276.500	6.808.799.060
602	Issue premiums	864.265.130	-	864.265.130	-	864.265.130
57	Other Equity instruments	-	-	-	-	-
-56	Treasury shares	(166.973.910)	-	(166.973.910)	-	(166.973.910)
58 + 59	Revaluation reserves	165.840.060	-	165.840.060	-	1.059.826.180
60 - 602 + 61	Other reserves and retained earnings	1.704.875.232	136.093.899	1.691.278.590	(122.497.257)	4.511.758.712
64	Results for period	4.046.895.306		4.026.005.755	20.889.551	2.333.511.039
-63	(Advance of dividends)	-	-	-	-	-
62	Non-controlling interests	5.722.542	5.722.542	-	-	7.407.491
	Total capital	**16.620.624.360**	**(460.059)**	**16.580.415.625**	**40.668.794**	**15.418.593.702**
	Total liabilities + capital	**156.081.356.602**	**(458.697.533)**	**155.914.726.695**	**625.327.440**	**154.759.148.864**

APPENDIX TO CIRCULAR NO. 3/SHC/2007

MODEL III
Profit and loss statement - consolidated accounts

Accounts		31-Dec-18				31-Dec-17
		A. IAS/IFRS consolidation perimeter	B. Adjustments B=A-(C+D+E)	C. Banking activity	D. Other activities	IAS/IFRS consolidation perimeter
79 + 80	Interest income	18.719.770.422	(38.633.858)	18.758.404.280	-	19.915.537.942
66 + 67	Interest expense	(8.888.200.785)	38.633.858	(8.887.310.890)	(39.523.753)	(11.909.062.560)
	Net interest income	**9.831.569.637**	**-**	**9.871.093.390**	**(39.523.753)**	**8.006.475.382**
82	Income from equity instruments	-	-	-	-	2.462.470
81	Fee and commission revenue	2.421.635.430	-	2.415.235.430	6.400.000	2.152.734.960
68	Fee and commission expense	(572.902.612)	-	(572.891.980)	(10.632)	(546.165.660)
- 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	256.459.930	-	256.459.930	-	-
- 694 + 834	Income from available for sale financial assets	10.740.970	-	10.740.970	-	71.523.450
- 690 + 830	Income from foreign exchange revaluations	1.346.793.148	-	1.346.845.740	(52.592)	1.285.704.385
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)	Income from disposals of other assets	11.002.780	-	11.002.780	-	(16.538.866)
- 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	(786.434.723)	(46.449.815)	(809.970.165)	69.985.257	1.232.407.697
	Total operating income	**12.518.864.560**	**(46.449.815)**	**12.528.516.095**	**36.798.280**	**12.188.603.818**
70	Staff costs	(3.782.465.080)	-	(3.778.509.450)	(3.955.630)	(3.589.917.650)
71	Other administrative expenses	(2.484.436.796)	46.449.815	(2.526.901.690)	(3.984.921)	(2.434.655.822)
77	Depreciation for period	(681.605.582)	-	(675.899.920)	(5.705.662)	(742.391.336)
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888	Provisions net of recoveries and cancellations	(110.393.640)	-	(110.393.640)	-	(401.808.630)
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	(1.317.298.160)	-	(1.317.298.160)	-	(2.540.678.590)
768 + 769 (1) - 877 - 878	Impairment of other assets net of reversals and recoveries	(93.507.480)	-	(93.507.480)	-	(51.431.075)
	Income before tax	**4.049.157.822**	**-**	**4.026.005.755**	**23.152.067**	**2.427.720.718**
650 651 74 - 86 640 - 72600 - 7280 + 8480 + 84400 641	Tax					
	Current	(2.438.035)	-	-	(2.438.035)	-
	Tax adjustments for past years	-		-	-	(91.688.630)
	Deferred	175.519	-	-	175.519	(2.521.049)
	Income after tax	**4.046.895.306**	**-**	**4.026.005.755**	**20.889.551**	**2.333.511.039**
	Of which: net income after tax on discontinued operations					
	Non-controlling interests					-
	Consolidated income for period	**4.046.895.306**	**-**	**4.026.005.755**	**20.889.551**	**2.333.511.039**

APPENDIX TO CIRCULAR NO. 3/SHC/2007

MODEL III
Balance sheet - individual accounts (assets)

Account	Assets	31-Dec-18			31-Dec-17
		Amount before provisions, impairment and amortisation	Provisions, impairment and amortisation	Net amount	
10 + 3300	Cash and balances at central banks	31.629.494.780	-	31.629.494.780	22.733.007.600
11 + 3301	Cash balances with financial institutions	2.615.347.910	-	2.615.347.910	494.739.890
153 (1) + 158 (1) + 16	Financial assets held for trading	681.960	-	681.960	77.969.820
153 (1) + 158 (1) + 17	Other financial assets at fair value through profit or loss	-	-	-	-
154 + 158 (1) + 18 + 34888 (1) - 53888 (1)	Available for sale financial assets	5.558.802.620	96.563.030	5,.462.239.590	23.201.281.970
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300	Deposits at financial institutions	18.062.825.120	-	18.062.825.120	21.480.750.490
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018	Loans and advances to customers	72.267.677.500	6.442.804.300	65.824.873.200	72.857.858.040
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303	Investments held-to-maturity	19.248.988.150	-	19.248.988.150	-
155 + 158 (1) + 159 (1) + 20 + 3306 + 3310 (1) + 3408 (1) - 354 - 3523 - 5210 (1) - 5308 (1)	Assets with repurchase agreements	-	-	-	-
21	Hedge derivatives	-	-	-	-
25 - 3580	Non-current assets held for sale	2.535.007.520	56.888.000	2.478.119.520	1.196.972.310
26 - 3581 (1) - 3602 (1)	Investment properties	118.867.180	-	118.867.180	109.217.160
27 - 3581 (1) - 360 (1)	Other tangible assets	10.007.781.920	3.508.741.850	6.499.040.070	6.355.795.880
29 - 3583 - 361	Intangible assets	1.010.132.960	648.747.640	361.385.320	280.109.590
24 - 357	Investments in subsidiaries, assocated companies and jointly controlled entities	460.059	-	460.059	460.060
300	Current tax assets	433.183.140	-	433.183.140	433.183.140
301	Deferred tax assets	978.492.440	-	978.492.440	112.257.920
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	2.475.755.896	275.027.640	2.200.728.256	5.532.915.530
	Total assets	**166.943.499.155**	**11.028.772.460**	**155.914.726.695**	**154.866.519.400**

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MODEL III
Balance sheet - Individual accounts (liabilities)

Account	Liabilities	31-Dec-18	31-Dec-17
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Deposits from central banks	1.421.494.640	-
43 (1)	Financial liabilities held-for-trading	1.031.290	-
43 (1)	Other financial liabilities at fair value through profit or loss	-	-
39 - 3311 (1) - 3411 + 5201 + 5211 (1) + 5318 (1)	Deposits from financial institutions	1.332.277.660	1.351.553.000
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer deposits	116.051.443.410	113.204.739.220
42 - 3311 (1) - 3414 + 5204 + 5211 (1) + 5312	Debt securities	-	-
44	Hedge derivatives	-	-
45	Non-current liabilities held-for-sale and discontinued operations	-	-
47	Provisions	627.169.570	496.371.620
490	Current tax liabilities	-	71.267.940
491	Deferred tax liabilities	62.904.850	514.260.950
481 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Equity-type instruments	-	-
480 + 488 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)	Other subordinated liabilities	-	806.100.770
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)	Other liabilities	19.837.989.650	22.892.770.122
	Total liabilities	**139.334.311.070**	**139.337.063.622**
55	Capital		
602	Capital	10.000.000.000	6.808.799.060
57	Issue premiums	864.265.130	864.265.130
-56	Other Equity instruments	-	-
58 + 59	Treasury shares	(166.973.910)	(166.973.910)
60 - 602 + 61	Revaluation reserves	165.840.060	1.059.826.180
64	Other reserves and retained earnings	1.691.278.590	4.489.272.900
-63	Results for period	4.026.005.755	2.474.266.418
62	(Advance of dividends)	-	-
	Non-controlling interests	-	-
	Total capital	**16.580.415.625**	**15.529.455.778**
	Total liabilities + capital	**155.914.726.695**	**154.866.519.400**

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MODEL IV
Profit and loss statement - individual accounts

Account		31-Dec-18	31-Dec-17
79 + 80 66 + 67	Interest income Interest expense	18.758.404.280 (8.887.310.890)	20.099.171.370 (11.908.705.784)
	Net interest income	**9.871.093.390**	**8.190.465.586**
82 81 68 - 692 - 693 - 695 (1) - 696 (1) - 698 - 69900 - 69910 + 832 + 833 + 835 (1) + 836 (1) + 838 + 83900 + 83910 - 694 + 834+832 - 690 + 830 - 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1) - 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 70 71 77 784 + 785 + 786 + 788 - 884 - 885 - 886 - 888 760 + 7610 + 7618 + 7620 + 76210 + 76211 + 7623 + 7624 + 7625 + 7630 + 7631 + 765 + 766 - 870 - 8720 - 8710 - 8718 - 87210 - 87211 - 8723 - 8724 - 8726 - 8730 - 8731 - 875 - 876 768 + 769 (1) - 877 - 878	Income from equity instruments Fee and commission revenue Fee and commission expense Income from assets and liabilities at fair value through profit or loss Income from available for sale financial assets Income from foreign exchange revaluations Income from disposals of other assets Other operating income **Total operating income** Staff costs Other administrative expenses Depreciation for period Provisions net of recoveries and cancellations Impairment of other financial assets net of reversals and recoveries Impairment of other assets net of reversals and recoveries	- 2.415.235.430 (572.891.980) 256.459.930 10.740.970 1.346.845.740 11.002.780 (809.970.165) **12.528.516.095** (3.778.509.450) (2.526.901.690) (675.899.920) (110.393.640) (1.317.298.160) (93.507.480)	2.462.470 2.133.983.060 (545.869.020) - 71.523.450 1.286.202.750 (10.606.890) 1.234.805.649 **12.362.967.055** (3.593.217.150) (2.475.489.860) (735.817.780) (401.808.630) (2.540.678.590) (50.000.000)
	Income before taxes	**4.026.005.755**	**2.565.955.048**
650 651 74 - 86 640 - 72600 - 7280 + 8480 + 84400	Tax Current Tax adjustments for past years Deferred	 - - -	 - (91.688.630) -
	Income after tax	**4.026.005.755**	**2.474.266.418**
	Of which: net income after tax on discontinued operations		

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Banco Comercial e de Investimentos, SA were approved by the Board of Directors on March 12, 2019 and signed on its behalf by:

PAULO ALEXANDRE DE SOUSA

(Vice-President of the Board of Directors)

MANUEL JORGE MENDES SOARES

(Chief Financial Officer)