FINANCIAL STATEMENTS

31ST DECEMBER 2019

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CONSOLIDATED AND INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31ST DECEMBER 2019 AND 31ST DECEMBER 2018

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	Dec-19	Dec-18	Dec-19	Dec-18
Interest income	9.1	16.763.367.358	18.532.434.242	16.788.077.440	18.571.068.100
Interest expense	9.1	(6.665.134.888)	(8.887.557.876)	(6.642.877.546)	(8.886.667.981)
Net interest margin		**10.098.232.470**	**9.644.876.366**	**10.145.199.894**	**9.684.400.119**
Net fees associated with amortized cost	9.2	168.215.027	186.693.340	168.215.027	186.693.340
Net interest income		**10.266.447.497**	**9.831.569.706**	**10.313.414.921**	**9.871.093.459**
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		23.559.292	21.673.270	23.559.292	21.673.270
Income from equity instruments		2.304.297	-	2.304.297	-
Fee revenue	9.3	2.739.417.662	2.421.635.426	2.739.417.662	2.415.235.426
Fee expense	9.3	(645.446.813)	(572.902.617)	(645.442.496)	(572.891.985)
Trading revenue	9.4	1.566.111.874	1.588.170.149	1.566.124.777	1.588.222.741
Other revenue	9.5	1.663.014.609	2.119.487.677	1.657.602.390	2.097.756.992
Other expense	9.5	(951.507.732)	(1.284.988.650)	(945.873.662)	(1.286.793.407)
Net interest		**14.663.900.686**	**14.124.644.961**	**14.711.107.181**	**14.134.296.496**
Personnel costs	9.6	(4.095.644.409)	(3.782.465.084)	(4.091.378.660)	(3.778.509.454)
Other operating expenses	9.7	(2.564.396.622)	(2.484.436.796)	(2.607.453.569)	(2.526.901.690)
Loan impairment	9.12	(2.353.117.116)	(1.217.791.528)	(2.353.117.116)	(1.217.791.528)
Impairment of financial assets	9.13	(19.642.679)	(76.471.543)	(19.642.679)	(76.471.543)
Impairment of non-current assets held for-sale and other assets	9.17	(110.495.877)	(116.542.564)	(110.495.877)	(116.542.564)
Depreciation of property, equipment and right-of-use assets	9.19	(727.549.655)	(598.245.441)	(721.141.853)	(592.600.903)
Amortization of intangible assets	9.20	(98.727.020)	(83.360.147)	(98.692.586)	(83.299.023)
Provisions (net)	9.30	(52.721.666)	(110.393.637)	(52.721.666)	(110.393.637)
Profit before tax		**4.641.605.642**	**5.654.938.221**	**4.656.463.175**	**5.631.786.154**
Tax bill:	9.8				
Current tax		(3.102.077)	(2.438.035)	-	-
Withholding tax		(1.202.344.645)	(1.605.780.399)	(1.202.344.645)	(1.605.780.399)
Tax correction related to previous years		(120.000)	-	-	-
Deferred tax		(9.123.701)	175.519	-	-
Net income		**3.426.915.219**	**4.046.895.306**	**3.454.118.530**	**4.026.005.755**
Consolidated income attributable to:					
Bank's shareholders		3.441.102.935	4.027.759.028	3.454.118.530	4.026.005.755
Non-controlling interests		(14.187.716)	19.136.278	-	-
Earnings per share	**9.9**	**3,51**	**4,15**	**3,54**	**4,13**

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

CONSOLIDATED AND INDIVIDUAL INTEGRAL INCOME STATEMENT FOR THE YEARS ENDED 31ST DECEMBER 2019 AND 31ST DECEMBER 2018

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	Dec-19	Dec-18	Dec-19	Dec-18
Net income		**3.981.105.497**	**4.046.895.306**	**4.008.308.808**	**4.026.005.755**
Items that can be subsequently reclassified to the result					
Change in fair value on financial assets		(158.629.204)	6.096.009	(158.629.204)	6.096.009
Deferred tax		40.467.824	(1.676.404)	40.467.824	(1.676.404)
		(118.161.380)	**4.419.605**	**(118.161.380)**	**4.419.605**
Items that cannot be subsequently reclassified to the result					
Remuneration of actuarial gains and losses		(28.237.000)	(30.828.480)	(28.237.000)	(30.828.480)
		(28.237.000)	**(30.828.480)**	**(28.237.000)**	**(30.828.480)**
Integral income		**3.834.707.117**	**4.020.486.431**	**3.861.910.428**	**3.999.596.880**
Consolidated income attributable to:					
Bank's shareholders		**3.848.894.833**	**4.001.350.153**	**3.861.910.428**	**3.999.596.880**
Uncontrolled interests		**(14.187.716)**	**19.136.278**	-	-
		3.834.707.117	**4.020.486.431**	**3.861.910.428**	**3.999.596.880**

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

CONSOLIDATED AND INDIVIDUAL STATEMENT OF THE FINANCIAL POSITION FOR THE YEARS ENDED 31ST DECEMBER 2019 AND 31ST DECEMBER 2018

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	Dec-19	Dec-18	Dec-19	Dec-18
ASSETS					
Cash and balances with central banks	9.10	30.048.283.098	27.769.429.779	30.048.282.292	27.769.428.978
Cash balances with financial institutions	9.11	3.444.259.638	2.615.352.910	3.444.256.296	2.615.347.913
Deposits at financial institutions	9.12	21.359.570.661	18.059.488.568	21.359.570.661	18.059.488.568
Financial assets at amortized cost	9.13	21.349.581.770	19.248.988.151	21.349.581.770	19.248.988.151
Financial assets at fair value through comprehensive income	9.13	5.783.494.985	5.495.800.544	5.783.494.985	5.495.800.544
of which pledged as collateral	9.13	737.069.577	-	737.069.577	-
Financial assets held for trading	9.14	-	681.958	-	681.958
Loans and advances to customers	9.15	66.189.743.321	65.374.703.142	66.505.792.964	65.687.186.801
Interest in associates and joint ventures	9.16	41.406.801	-	41.866.860	460.059
Non-current assets held-for-sale	9.17	2.491.046.532	2.530.101.105	2.491.046.532	2.478.119.525
Investment property	9.18	416.974.531	116.489.834	137.256.184	116.489.834
Property and equipment and right-of-use assets	9.19	7.510.179.914	6.988.457.711	7.294.954.357	6.501.417.425
Intangible assets	9.20	353.402.266	361.525.079	353.296.943	361.385.320
Tax assets	9.21	1.463.221.463	1.444.555.560	1.439.512.233	1.411.675.576
Other assets	9.22	2.941.397.277	3.802.535.498	2.993.848.368	3.895.009.280
TOTAL ASSETS		**163.392.562.257**	**153.808.109.838**	**163.242.760.445**	**153.641.479.931**
LIABILITIES					
Deposits from central banks	9.23	-	1.421.494.637	-	1.421.494.637
Deposits from financial institutions	9.24	1.336.927.198	1.614.314.183	1.336.927.198	1.614.314.183
Customer deposits	9.25	125.345.465.070	115.737.218.284	125.378.627.907	115.771.661.652
of which collateral on securities lent and repurchase agreements	9.25	738.896.204	-	738.896.204	-
Consigned deposits	9.26	11.101.830.816	13.256.886.867	11.101.830.816	13.256.886.867
Tax liabilities	9.27	37.266.508	62.904.848	37.266.508	62.904.848
Pension fund liabilities	9.28	161.773.000	102.958.000	161.773.000	102.958.000
Other liabilities	9.29	6.172.639.517	4.364.539.086	5.999.111.241	4.203.674.546
Provisions	9.30	320.906.745	627.169.568	320.906.745	627.169.568
TOTAL LIABILITIES		**144.476.808.854**	**137.187.485.473**	**144.336.443.415**	**137.061.064.301**
Equity					
Share capital	9.31	10.000.000.000	10.000.000.000	10.000.000.000	10.000.000.000
Reserves and retained earnings	9.32	5.709.211.904	2.734.980.424	5.697.431.042	2.721.383.782
Treasury shares		(245.232.542)	(166.973.907)	(245.232.542)	(166.973.907)
Profit and loss for the period		3.426.915.219	4.046.895.306	3.454.118.530	4.026.005.755
Bank's shareholders		3.441.102.932	4.027.759.028	-	-
Non-controlling interests		(14.187.713)	19.136.278	-	-
Non-controlling interests		24.858.822	5.722.542	-	-
TOTAL EQUITY		**18.915.753.403**	**16.620.624.365**	**18.906.317.030**	**16.580.415.630**
TOTAL LIABILITIES AND EQUITY		**163.392.562.257**	**153.808.109.838**	**163.242.760.445**	**153.641.479.931**

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

STATEMENT OF CHANGES TO CONSOLIDATED SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

Values Expressed in Meticals

	Capital	Treasury shares	Fair value reserves	Legal reserve	Other reserves and retained earnings	Remeasurement of actuarial gains and losses	Income for period	Non-controlling interests	Total
Balance at 1st January 2019									
Comprehensive income for period	**10.000.000.000**	**(166.973.907)**	**165.840.056**	**2.093.315.557**	**433.005.059**	**42.819.752**	**4.027.759.028**	**24.858.820**	**16.620.624.365**
Profit									
Fair value reserves (financial assets)	-	-	-	-	-	-	3.441.102.932	(14.187.711)	3.426.915.221
	-	-	(118.161.380)	-	-	-	-		(118.161.380)
Actuarial profit and loss	-	-	-	-	-	(28.237.000)	-		(28.237.000)
	-	**-**	**(118.161.380)**	**-**	**-**	**(28.237.000)**	**3.441.102.932**	**(14.187.711)**	**3.280.516.841**
Dividends to shareholders	-	-	-	-	-	-	(981.818.748)	-	(981.818.748)
	-	**-**	**-**	**-**	**-**	**-**	**(981.818.748)**	**-**	**(981.818.748)**
Increase in reserves through profit and loss	-	-	-	452.925.648	-	-	(3.045.940.280)	-	(2.593.014.632)
Application of 2018 net income									
Increase in capital from incorporation of reserves	-	-	-	-	2.566.578.667	-	-	-	2.566.578.667
Other transactions	-	(78.258.635)	-	-	101.125.545	-	-	-	22.866.910
	-	**(78.258.635)**	**-**	**452.925.648**	**2.667.704.212**	**-**	**(3.045.940.280)**	**-**	**(3.569.054)**
Balance at 31st December 2019	**10.000.000.000**	**(245.232.542)**	**47.678.676**	**2.546.241.205**	**3.100.709.271**	**14.582.752**	**3.441.102.932**	**10.671.109**	**18.915.753.403**

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

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

Values Expressed in Meticals

	Capital	Treasury shares	Fair value reserves	Legal reserve	Other reserves and retained earnings	Remeasurement of actuarial gains and losses	Income for period	Non-controlling interests	Total
Balance at 1st January 2018	**6.808.799.060**	**(166.973.907)**	**1.059.826.176**	**1.722.175.595**	**3.580.200.009**	**73.648.232**	**2.333.369.379**	**7.549.151**	**15.418.593.695**
Transition Adjustments to IFRS 9	-	-	(898.405.725)	-	(2.050.231.297)	-	-	-	(2.948.637.022)
Comprehensive income for period									
Profit	-	-	-	-	-	-	4.027.759.028	19.136.278	4.046.895.306
Fair value reserves (financial assets)	-	-	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	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Increase in reserves through profit and loss	-	-	-	371.139.962	2.103.126.456	-	(2.333.369.379)	-	140.897.039
Application of 2017 net income									
Increase in capital from incorporation 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 31st December 2018	**10.000.000.000**	**(166.973.907)**	**165.840.056**	**2.093.315.557**	**433.005.059**	**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 INDIVIDUAL SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

Values Expressed in Meticals

	Capital	Treasury shares	Fair value reserves	Legal reserve	Other reserves and retained earnings	Remeasurement of actuarial gains and losses	Income for period	Total
Balance at 1st January 2019	**10.000.000.000**	**(166.973.907)**	**165.840.056**	**2.092.172.580**	**420.551.398**	**42.819.748**	**4.026.005.755**	**16.580.415.630**
Comprehensive income for period								
Profit	-	-	-	-	-	-	3.454.118.530	3.454.118.530
Fair value reserves (financial assets)	-	-	(118.161.380)	-	-	-	-	(118.161.380)
Actuarial profit and loss	-	-	-	-	-	(28.237.000)	-	(28.237.000)
	-	**-**	**(118.161.380)**	**-**	**-**	**(28.237.000)**	**3.454.118.530**	**3.307.720.150**
Dividends to shareholders	-	-	-	-	-	-	(981.818.748)	(981.818.748)
	-	**-**	**-**	**-**	**-**	**-**	**(981.818.748)**	**(981.818.748)**
Increase in reserves through profit and loss	-	-	-	452.925.648	-	-	(3.044.187.005)	(2.591.261.357)
Application of 2018 net income								
Increase in capital from incorporation of reserves	-	-	-	-	2.566.578.667	-	-	2.566.578.667
Other transactions	-	(78.258.635)	-	-	102.941.325	-	-	24.682.690
	-	**(78.258.635)**	**-**	**452.925.648**	**2.669.519.992**	**-**	**(3.044.187.005)**	**-**
Balance at 31t December 2019	**10.000.000.000**	**(245.232.542)**	**47.678.676**	**2.545.098.228**	**3.090.071.390**	**14.582.748**	**3.454.118.530**	**18.906.317.030**

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

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

Values Expressed in Meticals

	Capital	Treasury shares	Fair value reserves	Legal reserve	Other reserves and retained earnings	Remeasurement of actuarial gains and losses	Income for period	Total
Balance at 1st January 2018	**6.808.799.060**	**(166.973.907)**	**1.059.826.176**	**1.721.032.618**	**3.558.857.179**	**73.648.228**	**2.474.266.418**	**15.529.455.772**
Transition Adjustments to IFRS 9	-	-	(898.405.725)	-	(2.050.231.297)	-	-	(2.948.637.022)
Comprehensive income for period								
Profit	-	-	-	-	-	-	4.026.005.755	4.026.005.755
Fair value reserves (financial assets)	-	-	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	-	-	-	-	-	-	-	-
Increase in reserves through profit and loss	-	-	-	371.139.962	2.103.126.456	-	(2.474.266.418)	-
Application of 2017 net income								
Increase in capital from incorporationof 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 31st December 2018	**10.000.000.000**	**(166.973.907)**	**165.840.056**	**2.092.172.580**	**420.551.398**	**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 CONSOLIDATED SHAREHOLDERS EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2018

Values Expressed in Meticals

		GROUP		BANK	
	NOTES	Dec-19	Dec-18	Dec-19	Dec-18
Operating activities					
Interest, fees, currency trading and other income received		18.043.585.169	19.590.433.456	17.830.559.218	19.395.087.312
Interest, commissions and other expenses		(7.471.698.442)	(10.195.914.232)	(7.449.436.783)	(10.195.013.705)
Payments to staff and suppliers		(7.591.841.763)	(7.540.087.530)	(7.624.998.891)	(7.580.401.551)
Interest received and securities		3.272.933.892	3.608.313.155	3.272.933.892	3.608.313.155
Net cash flow from income and expenditure		**6.252.978.856**	**5.462.744.849**	**6.029.057.436**	**5.227.985.211**
Decreases (increases) in:					
Deposits with financial institutions		(3.243.254.075)	3.391.685.600	(3.243.254.075)	3.391.685.600
Loans and advances to customers		(451.693.648)	3.398.195.108	(222.935.818)	3.566.324.029
Securities portfolio		(1.357.352.983)	(2.189.415.930)	(1.357.352.983)	(2.218.072.886)
Other assets		146.372.065	(1.716.634.779)	186.394.756	(1.661.090.474)
Net cash flow from operating assets		**(4.905.928.641)**	**2.883.829.999**	**(4.637.148.120)**	**3.078.846.269**
Increases (decreases) in:					
Deposits from central banks and other financial institutions		(1.693.329.719)	1.490.719.645	(1.693.329.719)	1.490.719.591
Customer resources		9.819.474.123	3.307.856.375	9.818.193.592	3.342.162.410
Other liabilities		(4.409.454.342)	(3.110.867.770)	(4.993.194.131)	(3.577.903.740)
Net cash flow from operating liabilities		**3.716.690.062**	**1.687.708.250**	**3.131.669.742**	**1.254.978.261**
Net cash flow from operating activities		**5.063.740.277**	**10.034.283.098**	**4.523.579.058**	**9.561.809.741**
Investment activities					
Acquisitions of tangible and intangible assets		(1.968.483.610)	(1.525.413.314)	(1.365.177.905)	(1.034.942.095)
Disposal of property received in kind		60.873.154	98.972.148	(2.269.683)	81.127.630
Net cash flow from investment activities		**(1.907.610.457)**	**(1.426.441.166)**	**(1.367.447.588)**	**(953.814.465)**
Financing activities					
Distributed dividends		-	-	-	-
Net cash flow from financing activities		-	-	-	-
Increases in cash and equivalents		3.156.129.820	8.607.841.932	3.156.131.470	8.607.995.276
Cash and equivalents at start of period		30.300.639.033	21.692.797.101	30.300.633.235	21.692.637.959
Cash and equivalents at end of period		**33.456.768.853**	**30.300.639.033**	**33.456.764.705**	**30.300.633.235**

Reconciliation with balances set out in the balance sheet:

		Group		Bank	
		Dec-19	Dec-18	Dec-19	Dec-18
Cash and equivalents		**33.456.768.853**	**30.300.639.033**	**33.456.764.705**	**30.300.633.235**
(+) Cheques pending settlement on financial institutions abroad	9.11	29.538.396	61.167.224	29.538.396	61.167.224
(+) Cheques pending settlement on financial institutions in Mozambique	9.11	6.235.487	22.976.432	6.235.487	22.976.432
Total		**33.492.542.736**	**30.384.782.689**	**33.492.538.588**	**30.384.776.891**
Cash and equivalents at central banks	9.10	30.048.283.098	27.769.429.779	30.048.282.292	27.769.428.978
Cash balances at financial institutions	9.11	3.444.259.638	2.615.352.910	3.444.256.296	2.615.347.913

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

NOTES TO CONSOLIDATED AND INDIVIDUAL 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 incorporated on 17th January 1996 for an indefinite period. The operating activity began on April 19th, 1997. BCI has its headquarters in Maputo and is governed by its bylaws 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 investment banking consulting, respectively. The subsidiary BPI Moçambique has ceased its activities and is in the process of merging with BCI.

2. PRESENTATION GROUNDS

Following the provisions of Bank of Mozambique Notice No. 4 / GBM / 2007, of 30th March 2007, the financial statements for the year ended 31st December 2019 were prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS includes standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee. These financial statements have been prepared on the assumption of continuity of operations.

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

The preparation of the financial statements in accordance with IFRS requires the formulation of judgments, estimates and assumptions for the application of accounting policies, with the main estimates and interpretations associated with the application of the accounting policies described in note 8.

The attached financial statements are expressed in Meticais, rounded to the nearest Metical (MT) unit and were approved by the Board of Directors and by the General Shareholders' Meeting on April 13th, 2020.

3. STATEMENT OF COMPLIANCE

The bank's consolidated financial statements were prepared in accordance with international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB).

4. PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position in order of liquidity, based on the intention and ability to recover or settle the assets or liabilities in the statement of financial position, classifies as current assets or liabilities those for which the recovery / settlement occurs within 12 months after the date of the report and more than 12 months after the date of the report, it is classified as a non-current asset or liability.
Financial assets and liabilities are generally disclosed in gross form in the consolidated and individual statement of financial position, except when the IFRS offset criteria are met.

5. 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 16 "Leases". Changes resulting from the introduction of IFRS 16, interpretations and improvements to the new revised IFRS have impacted the Group's accounting policies, financial position and financial performance.

I) NEW AND AMENDED STANDARDS AND INTERPRETATIONS IFRS 16 "LEASES"

In January 2016, the IASB issued IFRS 16 "Leases" which establishes the principles applicable to the recognition, measurement, presentation and disclosure of leases. IFRS 16 replaces IAS 17 "Leases" and respective interpretative standards (IFRIC 4 - Determine if an Agreement Contains a Lease, SIC 15 - Operating Leases - Incentives and SIC 27 - Valuation of the Substance of Transactions that involve the legal form of a Location). The standard states that a contract constitutes or contains a lease if it entails 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 a lease if it guarantees the right to use and control an identifiable asset for a period of time in exchange for payment of a consideration. The changes introduced by the standard affect only the lessee, who no longer classifies the leases as operational or financial, and the lease contracts are treated in the same way.

The significant changes resulting from the standard are limited to the following aspects:

A) NON-CURRENT ASSETS - treatment differs from that given under IAS 17, where operating lease contracts were not recorded in the balance sheet, only those for finance leasing. With the implementation of IFRS 16, there will be an increase in non-current assets, referring to the recognition of the right to use the assets identified in all lease contracts;

B) NON-CURRENT LIABILITIES - there will be an increase in this item due to the registration of the lease liability, which is effectively the obligation that the lessee will have to pay the rents, whereas in IAS 17 only financial leases had this treatment;

C) FINANCIAL EXPENSES - the lease liability generates a financial expense, for which reason this item will undergo an increase whose effect will be greater in the first years, a scenario that was only verified for financial leases in IAS 17;

D) DEPRECIATION - there will be an increase in this item, due to the recording of the leasing asset, which 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. As well as for the indicators which use the Operating Result and EBITDA.

IMPLEMENTATION PHASES OF IFRS 16

IFRS 16 came into force on January 1st, 2019, however, the preparation process for its implementation started in 2018 and took place in the following phases:

PHASE 1: ANALYSIS – The process for analyzing the impacts of implementing the Standard was initiated and concluded in 2018 and effectively consisted of studying the standard, interpreting and preparing documents for sharing and consultation.

PHASE 2: TRAINING – Training sessions on the standard were held for the Accounting Department, where participants were trained in matters of interpretation and accounting treatment proposed by IFRS 16.

PHASE 3: PRESENTATION OF IMPACTS AND WORK PLAN FOR ADJUSTMENT OF ACCOUNTS - It begun with the identification of all contracts currently existing at the Bank and their reclassification under IFRS 16. Based on the Present Value formula, the amount that should be recorded in the items in lease assets and liabilities and depreciation was determined. Financial expenses were determined based on the amortized cost model.

PHASE 4: IMPLEMENTATION AND MONITORING - With effect from 1st January 2019, the Bank proceeded with the accounting records resulting from the implementation of the standard, which changed the procedure for recording the Bank's rents, associated costs and fixed assets.

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

		Impact
Consolidated Statement of Financial Position	Liabilities: MZN 456.798.610	Increase in non-current assets as a consequence of new Lease registrations by registering the right to use the Assets. Increase in Current and Non-Current Liabilities by the Registration of Lease Liabilities and respective subsequent payments. Increase in accumulated depreciation due to the amortization of the right to use the assets.
	Assets: MZN 456.798.610	
Consolidated Statement of Comprehensive Income	Amortization: MZN 84.329.547	Operating expenses now include amortization of the right to use the asset and the costs of rent payments are no longer recorded. Financial expenses now include interest on lease liabilities. Financial interest expenses will be higher in the first years of the contract, which implies a higher financial cost with Lease operations.
	Interest: MZN 46.061.715	
Financial and economic indicators	Limitations on fixed assets	Change in EBITDA once the amount paid in installments 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 Income and EBITDA will be affected.
	Solvency Ratio	
	Leverage Ratio	
	Structure Costs	
	Return on Assets (ROA)	
	Return on Equity (ROE)	
	Net asset ratio	

CLASSIFICATION AND MEASUREMENT

A) CLASSIFICATION

In accordance with IFRS 16, leases are no longer classified as operational or financial from the perspective of the lessee. The standard provides for an option not to classify low value contracts or contracts with a term of up to 1 year as a lease. The Bank chose to classify only contracts with a term of more than 1 year as leasing and excluded lease contracts for ATM placement areas from the classification because they are of low value. The lease term considered is equivalent to the number of rents that must be paid from the entry into force of the standard until the end of each contract.

B) MEASUREMENT

The lease asset should be measured initially at cost which includes: the initial measurement of the lease liability, plus payment or deduction of incentives made on or before the effective date, plus direct costs and estimated costs for disassembly, removal or rehabilitation the asset at the end. Subsequently, the asset should be measured at cost less any accumulated depreciation and accumulated impairment or IAS 36 Impairment of Assets should be applied to determine whether the asset under right of use is impaired and account for any impairment loss identified. The Bank's lease assets were recorded at cost.

The lease liability must be measured at the present value of the lease payments. These payments must be valued at the rate implied in the contract if applicable, or alternatively using the Discount Rate which is the rate that the lessee would have to pay if he applied for a loan to acquire the asset on the same market, under the same conditions (term, asset quality, guarantees). Subsequently, the liability must 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 was the Standing Lending Facility (FPC) rate as published by the Bank of Mozambique. The incremental loan rate used on the lease liability was 17.25%, converted to an effective monthly rate of 1.56%.

Reconciliation of lease liabilities on 1st January 2019 with operating lease commitments on 31st December 2018:

Values Expressed in Meticais

Operating lease commitments as at 31 December 2018	852.499.125
Weighted average incremental borrowing rate as at 1 January 2019	1.56%
Discounted operating lease commitments as at 1 January 2019	456.798.610
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Lease liabilities as at 1st January 2019	**456.798.610**

IFRIC 23 – UNCERTAINTIES ABOUT INCOME TAX TREATMENT

On June 7th, 2017, the IASB issued IFRIC 23, which clarifies how an entity should determine taxable income, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty about tax treatments on income under IAS 12. The interpretation describes the following:

1. The entity shall determine whether each tax treatment must be assessed individually or whether some can be assessed collectively. The decision should be based on the approach that provides better predictions for resolving the uncertainty;

2. The entity must consider the probability that the tax authority will accept the tax treatment and the determination of the taxable income, tax bases, unused tax losses, unused tax credits and tax rates. The interpretation entered into effect on January 1st, 2019.

IAS 19 – EMPLOYEE BENEFITS (AMENDMENTS) - "CHANGES, REDUCTION AND SETTLEMENTS OF DEFINED BENEFIT PLANS"

In February 2018, the IASB issued the amendment to IAS 19 that clarifies how an entity should account for situations of alteration, reduction and settlement of defined benefit plans. This amendment to IAS 19 requires:

1. The entity use updated assumptions to determine the cost of current services and net interest for the period remaining after the date of change, plan reduction or settlement;

2. The entity recognize in the income for the year, as part of the cost of past services or as a gain or loss on settlement of the plan, any reduction in the coverage surplus that has not been previously recognized due to the impact of the asset ceiling;

3. Recognize separately any impacts of the asset ceiling through other comprehensive results.
The amendment came into force on January 1st, 2019.

IFRS 9 – FINANCIAL INSTRUMENTS (AMENDMENTS) - "PREPAYMENT ELEMENTS WITH NEGATIVE COMPENSATION"

This amendment to the standard introduces the possibility for an entity to classify financial assets with prepayment conditions with negative compensation, at amortized cost, provided that specific conditions are met, instead of being classified at fair value through profit or loss. The change will have no impact on the Bank's financial statements.

The amendment came into force on January 1st, 2019.

6. BASIS OF CONSOLIDATION

(A) SUBSIDIARY COMPANIES (IFRS10)

BCI holds, directly and indirectly, financial interests in subsidiary companies. Subsidiaries are considered to be entities in which the Bank has control or power to manage the company's financial and operating policies. In BCI's individual financial statements, subsidiaries and associated companies are stated at historical cost.
Transactions between group companies and the balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from transactions between group companies that are recognized in the assets are also eliminated. The accounting policies of the associates are changed, when necessary, to ensure consistency with the group's policies.

When the group no longer has control of a subsidiary, the book value of the participation is revalued at fair value on the date of disposal and recognized in profit or loss.

(B) CHANGES IN INTERESTS IN SUBSIDIARIES WITHOUT CHANGING CONTROL

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

(C) DISPOSAL OF SUBSIDIARIES

When the group no longer has control of a subsidiary, the book value of the participation is revalued at fair value on the date of sale. The book value is recognized in profit or loss.

(D) ASSOCIATES

Associated companies are those entities over which the Bank has significant influence, but has no power over its management and financial policy. If the Bank holds, directly or indirectly, 20% or more of the voting rights in the entity, it is assumed that it has significant influence, unless it can be clearly demonstrated to the contrary. Conversely, if the entity holds, directly or indirectly, less than 20% of the voting rights in the entity, it is assumed that the entity does not exercise significant influence, unless such influence can be clearly demonstrated.

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied in the preparation of these financial statements were applied consistently throughout the years presented here, with the exception of the first adoption of IFRS16 - Leases, referred to in note 5.

7.1 FOREIGN CURRENCY TRANSACTIONS (IAS 21)

The items included in the financial statements are measured and presented in Meticais, the functional and presentation currency of the Group and the Bank.
Foreign currency transactions are initially converted to Meticais at the exchange rate disclosed by the Central Bank in effect at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are converted to Meticais at the daily exchange 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. As at 31st December 2019 and 31st December 2018, the following exchange rates were applied:

Currency	31-12-2019	31-12-2018
USD	61,4	61,47
EUR	68,89	70,25
ZAR	4,37	4,28

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

7.2 RECOGNITION OF INTEREST AND COMMISSIONS

7.2.1 INTEREST AND SIMILAR INCOME / SIMILAR CHARGES

The financial margin comprises interest income and interest on financial instruments that are recognized in the Bank's results over the period of validity of the financial instrument. The credit interest income is deducted from the impairment of customers in stage 3, in accordance with IFRS 9.

7.2.2 INCOME FROM FEES AND COMMISSIONS

Income from fees and commissions comes from various services that the Bank provides to its customers. Income from fees and commissions is generally recognized in the income statement in accordance with the principle of accrual and deferral over time, except for income and fees relating to immediate services. Other fees and commissions costs refer to the costs of transactions and services provided by third parties, which are recognized in the income statement over the term of the services or upon receipt of the services.

Guarantees provided: This commission results from issuance of guarantees, where the bank becomes the guarantor of third party obligations and is responsible for the credit risk that results. This commission is recognized in the income statement by the principle of accrual and deferral.

Services provided: Comprises various services that the Bank provides to its customers, namely: deposit, custody of securities, brokerage. These commissions are recognized in the income immediately with the provision of the service.
Electronic banking: In this item, the Bank records fees from ATM transactions, card annuities, POS operations and recharge purchases. These commissions are recognized in the income immediately with the provision of the service.

Investment banking: Commissions charged within the scope of financial advisory services provided to clients in the context of setting up and structuring financial operations. These commissions are recognized in the income statement with the provision of the service.

7.3 EARNINGS PER SHARE (IAS 33)

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

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts recorded in the balance sheet with a maturity of less than three months from the balance sheet date, which includes cash and cash equivalents with other credit institutions.

7.5 FINANCIAL ASSETS (IFRS 9)

The classification of financial assets can be carried out in 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.
The Bank classifies financial assets as follows:

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

- The asset is maintained for the purpose of receiving contractual cash flows; and
- Contractual cash flows from 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.

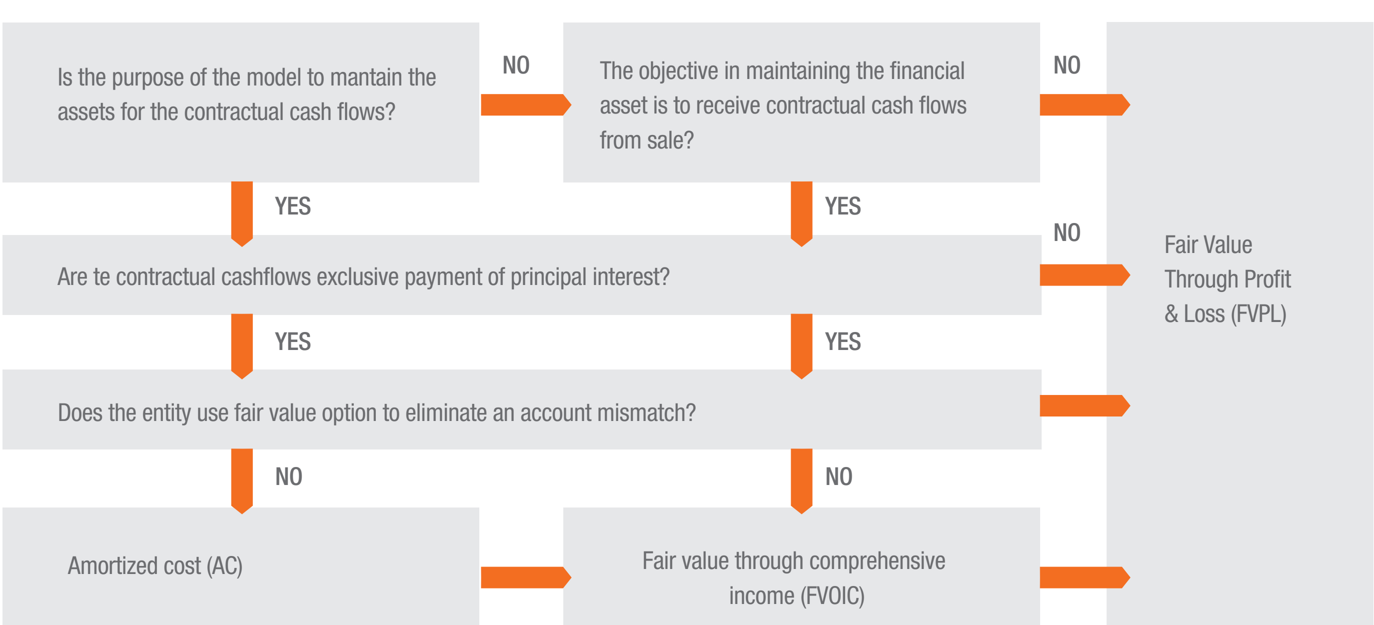
A financial asset is measured at fair value through comprehensive income ("FVOCI") if the following criteria are met:

- The asset is maintained for the purpose of receiving contractual cash flows or for a future sale;
- Contractual cash flows from assets represent only exclusive payments of principal and interest ("SPPI").

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

The category of Fair Value through Results ("FVPL") is the residual category. Financial assets must be classified as FVPL if they do not meet the criteria of the FVOCI or the AC. Financial assets included in the FVPL category must be measured at fair value with all changes recognized in the net result.

The following image represents the classification process, applied by the Bank:



7.6 NON-CURRENT ASSETS HELD FOR SALE (IFRS 5)

Non-current assets (or groups for disposal) are classified as held for sale whenever it is expected that their balance sheet value will be essentially recovered through the sale and that it is considered highly probable. For an asset (or group for disposal) to be classified under this item, 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 asset is classified under this item, except in situations where the delay in the sale of the asset is caused by events or circumstances beyond the entity's control and if there is sufficient evidence that the entity remains committed to its plan to sell the asset. The following are exceptions:

A) When an entity undertakes to plan the sale of a non-current asset (or group for disposal), it reasonably expects other entities (non-buyers) to impose conditions on the transfer of the asset (or group for disposal) that extend the period required for the sale to be completed; and i) The actions necessary to respond to these conditions cannot be initiated before a firm purchase commitment is obtained; and ii) A firm purchase commitment is highly likely within a year.

B) An entity obtains a firm purchase commitment and, as a result, the buyer or other entities unexpectedly impose conditions on the transfer of the non-current asset (or disposal group), previously classified as held for sale, which will extend the period required for that the sale to be completed;

I) Timely actions were taken to respond to conditions;

II) A favorable resolution of the facts that condition the delay is expected.

C) During the initial one-year period, circumstances occur 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 until the end of that period:

I) During the initial one-year period, the entity took the necessary actions to respond to changing circumstances;

II) The non-current asset (or disposal group) is being widely advertised at a price that is reasonable, given the changing circumstances.

If any of these exceptions are applicable, the asset may remain classified in this category for a period greater than one year.

The assets recorded in this category are not amortized and are valued at the lower of the acquisition cost and the fair value less costs to be incurred in the sale. The fair value of these assets is determined based on valuations carried out 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 item.

Real estate and other auctioned assets obtained through the recovery of overdue credits are recorded at the auction price and the amount due is settled when the respective court cases are concluded, against the credit value. Properties that do not fall into this category are in other tangible assets.

7.7 IMPAIRMENT OF NON-FINANCIAL ASSETS (IAS 36)

The Bank assesses, at the date of each report, or more frequently if changes have occurred that indicate that a particular asset may be impaired, whether there are indications that a non-financial asset may be impaired. If such indication exists, the Bank estimates the respective recoverable amount and, if it is less than the carrying amount, the asset is impaired and is reduced to its recoverable amount.

At the balance sheet date, the Bank reassesses whether there is any indication that an impairment loss previously recognized may no longer exist or have reduced. If such 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 ascertain used to ascertain the recoverable amount since the recognition of the loss.

7.8 INVESTMENT PROPERTIES (IAS 40)

The Bank considers investment properties to be properties (land and buildings) that are held for 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 investment properties according to the cost model following the same accounting policy as tangible assets.

7.9 TANGIBLE ASSETS (IAS 16)

The tangible assets used by the Bank in the course of its activity are recorded at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only if it is probable that they will result in future economic benefits for the Bank. Maintenance and repair expenses and other expenses associated with their use are recognized in the income statement for 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:

	Useful Life (years)
Properties	50
Construction on rented buildings	10 - 50
Equipment	4 - 14

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

Expenses in other buildings are depreciated over a period compatible with that of their expected utility or the lease.

Periodic analysis are carried out to identify evidence of impairment in tangible assets. Whenever the net book value of tangible assets exceeds their recoverable value, an impairment loss is recognized and reflected in the results for the year. The Bank reverses impairment losses in the income statement for the period up to the production of the acquisition value, less accumulated depreciation as if the asset had not been subject to impairment, and should there be a subsequent increase in the asset's recoverable value.

An item of property, plant and equipment is no longer recognized when it is sold or when no future economic benefits are expected from its use or sale. Any gain or loss resulting from derecognition of the asset (calculated as the difference between the income from the sale and the asset's carrying amount) is recognized in the income statement for the period.

7.10 INTANGIBLE ASSETS (IAS 38)

Expenses incurred with the acquisition and development of computer programmes (''software'') for the Banks own use are recorded as intangible assets. In cases where the requirements defined in IAS 38 are met, direct internal costs incurred in the development of computer programmes are capitalized as intangible assets.

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

Expenses with maintenance of computer programmes are recorded as expenses in the year in which they are incurred.

7.11 FINANCIAL LIABILITIES (IAS 32 AND IFRS 9)

The classification of financial instruments at initial recognition depends on their objectives and characteristics.
Financial liabilities are recognized in the Bank's balance sheet on the contract date, at the respective fair value plus directly attributable transaction costs, except for liabilities at fair value through profit or loss in which the transaction costs are immediately recognized in the income statement.

A) DEPOSITS AND OTHER RESOURCES

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

A financial liability is no longer recognized when the related 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 the derecognition of the original liability, being the difference between the respective amounts recognized in the income statement for the period.

Financial liabilities are only offset, and their net amount is shown on the balance sheet, when the Bank has the right to offset and intends to settle on a net basis or realize the asset and settle the liability at the same time.

7.12 TAXES ON PROFITS (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 liability on 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 there will be future taxable profits 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 the income statement for the year, except in cases where the transactions that originated them have been reflected in other equity items. In these situations, the corresponding tax is also reflected against equity, without affecting the income for the year.

7.13 EMPLOYEE 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's responsibilities are to pay for complements of the respective retirement pensions.

As of 31st December 2019 these add-ons covered 72 employees of the former Banco de Fomento, as per note 8.28.

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

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 category "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.

7.14 CONTINGENT PROVISIONS AND LIABILITIES (IAS 37)

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

7.15 GUARANTEES (IFRS 9)

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

7.16 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.

7.17 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.

8. 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 analyzed 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.

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 cannot 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 31st December 2019, 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	-	4.258.368.630	-
Treasury bonds	-	652.792.158	-
Reverse Repo	-	737.069.577	-
Other securities	-	135.263.620	-
	-	5.783.493.985	

As of 31st December 2018, financial instruments measured at fair value through the fair value hierarchy were presented 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	-
Derivatives	-	-	681.958
Other securities	-	176.670.363	-
	259.813.205	5.235.987.340	681.958

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

The Bank's liabilities with post-employment benefits 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 Bank` s best understanding of the proper framework of its operations, which may be questioned by the Tax Authorities.

9. OTHER NOTES TO THE CONSOLIDATED AND INDIVIDUAL ACCOUNTS

9.1 NET INTEREST MARGIN

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
INTEREST AND SIMILAR REVENUE				
Interest on Cash balances	1.841.187	1.043.239	1.841.187	1.043.239
Interest on deposits with financial institutions	2.411.123.964	2.502.715.591	2.411.123.964	2.502.715.591
Interest on loans and advances to customers	10.821.167.359	12.016.795.206	10.845.877.441	12.055.429.064
Interest on financial assets	3.529.234.848	4.011.880.206	3.529.234.848	4.011.880.206
Other interest and similar revenue	-	-	-	-
	16.763.367.358	**18.532.434.242**	**16.788.077.440**	**18.571.068.100**
INTEREST AND SIMILAR EXPENSE				
Interest on deposits with financial institutions	85.882.651	75.048.157	63.627.760	75.048.157
Interest on customer deposits	5.630.919.972	7.774.455.172	5.630.919.972	7.774.455.172
Interest on consigned resources	760.591.197	925.298.878	760.591.197	925.298.878
Interest on financial liabilities	78.573.357	16.056.465	78.573.357	16.056.465
Other interest and similar expense	109.167.711	96.699.204	109.165.260	95.809.309
	6.665.134.888	**8.887.557.876**	**6.642.877.546**	**8.886.667.981**
	10.098.232.470	**9.644.876.366**	**10.145.199.894**	**9.684.400.119**

9.2 NET FEES ASSOCIATED WITH AMORTIZED COST

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
INTEREST AND SIMILAR REVENUE				
Fees received associated with amortized cost				
Loans and advances to customers	168.804.313	187.336.197	168.804.313	187.336.197
Other operations	-	-	-	-
	168.804.313	**187.336.197**	**168.804.313**	**187.336.197**
Fees paid associated with amortized cost				
Loans and advances to customers	-	-	-	-
Other operations	589.286	642.857	589.286	642.857
	589.286	**642.857**	**589.286**	**642.857**
	168.215.027	**186.693.340**	**168.215.027**	**186.693.340**

9.3 NET INCOME FROM FEES AND COMMISSIONS

This item is broken down as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
INCOME FROM CHARGES AND FEES				
Guarantees issued	345.301.222	277.566.542	345.301.222	277.566.542
Services provided	415.858.022	398.748.980	415.858.022	392.348.980
Operations on behalf of third parties	34.372.613	17.230.883	34.372.613	17.230.883
Electronic banking	1.532.278.140	1.379.913.925	1.532.278.140	1.379.913.925
Fees from investment banking	136.183.834	117.421.624	136.183.834	117.421.624
Other fees income	275.423.831	230.753.472	275.423.831	230.753.472
	2.739.417.662	**2.421.635.426**	**2.739.417.662**	**2.415.235.426**
EXPENDITURE ON CHARGES AND FEES				
Services provided by third parties	9.116.080	27.414.670	9.111.763	27.412.125
Electronic banking	487.979.064	405.475.559	487.979.064	405.475.559
Fees of correspondent banks	95.445.605	72.562.170	95.445.605	72.562.170
Other fee expenses	52.906.064	67.450.218	52.906.064	67.442.131
	645.446.813	**572.902.617**	**645.442.496**	**572.891.985**
	2.093.970.849	**1.848.732.809**	**2.093.975.166**	**1.842.343.441**

9.4 NET INCOME FROM FINANCIAL OPERATIONS

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Income on financialoperations				
Foreign exchange operations	150.465.216.488	220.622.931.540	150.465.216.488	220.622.931.540
Other operations	172.081.226	285.327.609	172.081.226	285.296.637
	150.637.297.714	**220.908.259.149**	**150.637.297.714**	**220.908.228.177**
Losses on financial operations				
Foreign exchange operations	149.068.389.227	219.297.759.071	149.068.389.227	219.297.759.071
Other operations	2.796.613	22.329.929	2.783.710	22.246.365
	149.071.185.840	**219.320.089.000**	**149.071.172.937**	**219.320.005.436**
Net results from financial operations	**1.566.111.874**	**1.588.170.149**	**1.566.124.777**	**1.588.222.741**

9.5 OTHER OPERATING INCOME

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Other operating revenue				
Administrative expenses	213.642.895	230.500.475	213.642.895	230.500.475
Issue of statements and cheques	9.757.294	10.633.340	9.757.294	10.633.340
Cheque books	145.695.228	119.261.840	145.695.228	119.261.840
Provision of miscellaneous services	165.550	6.211.390	165.550	6.211.390
Reimbursement of expenses	132.626.392	116.848.151	132.626.392	116.848.151
Recovery of principal and written-off interest	735.228.653	936.113.673	735.228.653	936.113.673
Other operating revenue	425.898.597	699.918.808	420.486.378	678.188.123
	1.663.014.609	**2.119.487.677**	**1.657.602.390**	**2.097.756.992**
Other operating expense				
Subscriptions and donations	20.492.905	6.041.737	20.492.905	6.041.737
Taxes and charges	20.458.546	6.490.395	20.458.456	6.440.885
Losses on other tangible assets	7.952.986	928.187	7.952.986	928.187
Account closures	159.173.426	343.061.070	159.173.426	343.061.070
Other operating expenditure	743.429.869	928.467.261	737.795.889	930.321.528
	951.507.732	**1.284.988.650**	**945.873.662**	**1.286.793.407**
	711.506.877	**834.499.027**	**711.728.728**	**810.963.585**

9.6 PERSONNEL COSTS

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Remuneration paid to Board of Directors and audit bodies	207.620.175,00	199.574.788	207.241.995	196.916.469
Remuneration paid to employees	3.392.267.306,00	3.110.425.748	3.389.207.196	3.109.856.349
Mandatory social costs	161.445.333,00	144.972.287	161.306.209	144.836.884
Optional social costs	225.776.560,00	213.707.333	225.538.924	213.168.814
Pension liabilities	19.707.000,00	11.803.000	19.707.000	11.803.000
Other employee costs	88.828.035,00	101.981.928	88.377.336	101.927.938
	4.095.644.409,00	**3.782.465.084**	**4.091.378.660**	**3.778.509.454**

In the periods under analysis, the remuneration item includes the following costs related to remunerations attributed to the members of the bank's Board of Directors:

- MZN 134.946.727 (2018: MZN 130.502.966), relating to monthly remuneration; and
- MZN 72.295.268 (2018: MZN 66.413.503), relating to other remunerations.

The Bank's social security contribution amounts to MZN 150.269.917 (2018: MZN 133.986.508).

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

EFFECTIVE EMPLOYEES

In 2019 and 2018, the number of employees, on average and at the end of the period, were as follows:

	GROUP		BANK	
	Average for period	End of period	Average for period	End of period
Senior Staff	107	107	107	107
Other staff	1385	1398	1340	1360
Administrative staff	1328	1288	1409	1371
Other employees	51	48	55	52
	2871	**2841**	**2911**	**2890**

9.7 OTHER ADMINISTRATIVE EXPENSES

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
EXTERNAL SUPPLIES				
Water, energy and fuel	174.865.224	166.869.746	174.808.520	166.862.294
Consumables	127.733.802	117.399.148	127.733.580	117.396.151
Other external supplies	26.819.781	31.344.178	26.819.781	31.344.178
	329.418.807	**315.613.072**	**329.361.881**	**315.602.623**
EXTERNAL SERVICES				
IT	211.418.190	188.007.835	211.418.190	187.972.697
Travel, accommodation and expense account items	66.798.525	55.890.023	66.798.525	55.889.823
Advertising and publishing	162.436.159	162.169.991	162.436.159	162.169.991
Conservation and repair	375.156.138	354.988.034	375.068.388	354.275.511
Consultancy services	141.847.309	115.466.729	140.712.435	112.928.236
Cleaning services	53.635.717	51.616.357	53.635.717	51.557.868
Rents and leases	81.699.889	291.504.575	126.409.293	337.954.390
Communications and postage expenses	664.888.607	526.887.929	664.813.373	526.760.915
Security and surveillance	107.352.514	93.860.233	107.346.334	93.852.024
Fund transfers	122.521.558	128.550.183	122.521.558	128.550.183
Training	48.176.333	35.661.819	48.176.333	35.661.819
Insurance	25.396.496	26.032.889	25.396.496	25.969.891
Recruitment	1.845.545	2.345.845	1.845.545	2.345.845
Database	39.909.948	43.538.562	39.909.948	43.538.562
Other external services	131.894.887	92.302.720	131.603.394	91.871.312
	2.234.977.815	**2.168.823.724**	**2.278.091.688**	**2.211.299.067**
	2.564.396.622	**2.484.436.796**	**2.607.453.569**	**2.526.901.690**

The external auditors did not provide the Bank with any service that could generate a situation that may constitute conflicts of interest or damage to the quality of the audit work, namely in areas related to financial information technology, internal audit, assessments, defense in court, recruitment, among others.

The reduction in the "Rents and Rentals" category is a result of the impact of the implementation of IFRS 16 on January 1st, 2019.

9.8 TAX ON PROFITS

After the adjustments made to the tax base, the bank determined a tax loss of MZN 437,458,196.00, and consequently there was no use of the tax credit still available during 2019:

The movement of the unused tax credit was as follows:

	BANK				
	Dec-19			Dec-18	
Income before tax*			3.454.118.530		4.026.005.755
Tax (payable) / receivable	Nominal rate	32%	1.105.317.930	32%	1.288.321.842
Adjustments to Tax (32%):					
Impact of expenses and costs not fiscally accepted (+)			875.029.863		1.042.322.450
Impact of income fiscally accepted (-)			(220.317.730)		(111.402.601)
Impact of the withholding tax on interest received on Treasury Bills and Bonds and money market transactions			(1.900.016.685)		(2.084.198.777)
Tax (payable) / receivable	**Effective rate**	**(4,05%)**	**(139.986.622)**	**3,35%**	**135.042.914**

	GROUP				
	Dec-19			Dec-18	
Income before tax*			3.426.915.219		4.046.895.306
Tax (payable) / receivable	Nominal rate	32%	1.096.612.870	32%	1.295.006.498
Adjustments to Tax (32%):					
Impact of expenses and costs not fiscally accepted (+)			878.702.270		1.041.795.503
Impact of income fiscally accepted (-)			(220.329.598)		(111.412.512)
Impact of the withholding tax on interest received on Treasury Bills and Bonds and money market transactions			(1.900.016.685)		(2.084.198.777)
Tax (payable) / receivable	**Effective rate**	**(4,20%)**	**(145.031.144)**	**3,51%**	**141.190.712**

9.9 EARNINGS PER SHARE

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Net income (A)	3.426.915.219	4.046.895.306	3.454.118.530	4.026.005.755
Total number of shares (B)	1.000.000.000	1.000.000.000	1.000.000.000	1.000.000.000
Number of treasury shares (C)	24.523.254	24.523.254	24.523.254	24.523.254
Average number of shares excluding treasury shares (B-C)	975.476.746	975.476.746	975.476.746	975.476.746
Earnings per share [A/(B-C)]	**3,51**	**4,15**	**3,54**	**4,13**

Earnings per share are obtained by dividing the income for the year by the number of shares. In the year ended there were no convertible instruments so the diluted earnings are the same as the basic earnings per share.

9.10 CASH AND BALANCES WITH CENTRAL BANKS

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Cash	6.664.030.298	6.364.844.939	6.664.029.492	6.364.844.138
Balances with the Bank of Mozambique	23.384.252.800	21.404.584.840	23.384.252.800	21.404.584.840
	30.048.283.098	**27.769.429.779**	**30.048.282.292**	**27.769.428.978**

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% in local currency, 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.

9.11 CASH BALANCES WITH FINANCIAL INSTITUTIONS

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Current deposits and other claims				
Financial institutions in Mozambique	3.342	4.997	-	-
Financial institutions abroad	3.408.482.413	2.531.204.257	3.408.482.413	2.531.204.257
	3.408.485.755	**2.531.209.254**	**3.408.482.413**	**2.531.204.257**
Cheques pending settlement				
Financial institutions in Mozambique	6.235.487	22.976.432	6.235.487	22.976.432
Financial institutions abroad	29.538.396	61.167.224	29.538.396	61.167.224
	35.773.883	**84.143.656**	**35.773.883**	**84.143.656**
	3.444.259.638	**2.615.352.910**	**3.444.256.296**	**2.615.347.913**

9.12 DEPOSITS AT FINANCIAL INSTITUTIONS

This item has the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Deposits at financial institutions in Mozambique				
Interbank money market	15.500.000.167	13.500.000.593	15.500.000.167	13.500.000.593
Short term loans	890.321	1.411.790.621	890.321	1.411.790.621
Medium and long term loans	1.417.523	-	1.417.523	-
Deposits	688.033.780	-	688.033.780	-
Interest receivable	7.663.383	5.298.219	7.663.383	5.298.219
	16.198.005.174	**14.917.089.433**	**16.198.005.174**	**14.917.089.433**
Deposits at financial institutions abroad				
Very short term investments	1.273.100.000	860.580.000	1.273.100.000	860.580.000
Deposits	3.887.412.292	2.280.524.646	3.887.412.292	2.280.524.646
Interest receivable	7.387.570	4.631.054	7.387.570	4.631.054
	5.167.899.862	**3.145.735.700**	**5.167.899.862**	**3.145.735.700**
Impairment	**(6.334.375)**	**(3.336.565)**	**(6.334.375)**	**(3.336.565)**
	21.359.570.661	**18.059.488.568**	**21.359.570.661**	**18.059.488.568**

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

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Up to 1 month	20.835.940.247	16.788.933.874	20.835.940.247	16.788.933.874
Between 1 and 3 months	314.169.975	745.005.020	314.169.975	745.005.020
Between 3 months and 1 year	214.468.643	513.952.719	214.468.643	513.952.719
Between 1 and 3 years	-	226.097	-	226.097
More than 3 years	1.326.171	14.707.423	1.326.171	14.707.423
	21.365.905.036	**18.062.825.133**	**21.365.905.036**	**18.062.825.133**
Impairment	**(6.334.375)**	**(3.336.565)**	**(6.334.375)**	**(3.336.565)**
	21.359.570.661	**18.059.488.568**	**21.359.570.661**	**18.059.488.568**

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

As a result of the implementation of IFRS 9, 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-19	Dec-18	Dec-19	Dec-18
Debt instruments				
Issued by domestic entities				
Treasury Bonds	4.637.651.242	5.095.149.094	4.637.651.242	5.095.149.094
Treasury Bills	16.717.304.129	14.118.463.748	16.717.304.129	14.118.463.748
Issued by foreign entities				
FAST FERRY bonds	77.840.610	76.571.638	77.840.610	76.571.638
	21.432.795.981	**19.290.184.480**	**21.432.795.981**	**19.290.184.480**
Impairment	**(83.214.211)**	**(41.196.329)**	**(83.214.211)**	**(41.196.329)**
	21.349.581.770	**19.248.988.151**	**21.349.581.770**	**19.248.988.151**

In the year under analysis, the item of financial assets at fair value through comprehensive income, presents the following detail for the Group and the Bank:

Financial assets at fair value through comprehensive income

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Debt instruments				
Issued by domestic entities				
Treasury bonds	652.793.158	784.641.234	652.793.158	784.641.234
Treasury bills	4.258.368.630	4.274.675.743	4.258.368.630	4.274.675.743
Sovereign bonds	-	356.376.236	-	356.376.236
	4.911.161.788	**5.415.693.213**	**4.911.161.788**	**5.415.693.213**
Equity instruments				
Other instruments	135.263.620	176.670.363	135.263.620	176.670.363
	135.263.620	**176.670.363**	**135.263.620**	**176.670.363**
Impairment	**-**	**(96.563.032)**	**-**	**(96.563.032)**
	5.046.425.408	**5.495.800.544**	**5.046.425.408**	**5.495.800.544**

In the financial year under analysis, the item of financial assets with repurchase agreement, presents the following detail for the Group and the Bank:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Reverse Repo				
Acquisition value	738.896.204	-	738.896.204	-
	738.896.204	-	738.896.204	-
Negative fair value	**(1.826.627)**	**-**	**(1.826.627)**	**-**
	737.069.577	**-**	**737.069.577**	**-**

The changes in impairment were as follows

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Balance at 1 January	137.759.361	244.719.674	137.759.361	244.719.674
Transition Adjustments to IFRS 9	-	12.539.374	-	12.539.374
Reversals	(24.977.343)	(160.577.096)	(24.977.343)	(160.577.096)
Use	(74.187.829)	(195.971.230)	(74.187.829)	(195.971.230)
Impairment increase	44.620.022	237.048.638	44.620.022	237.048.638
	83.214.211	**137.759.361**	**83.214.211**	**137.759.361**

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

Financial Assets at Amortized Cost

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Maturity – 1 month	4.691.559.976	2.189.665.624	4.691.559.976	2.189.665.624
Maturity > 1 month < 6 months	10.092.709.475	6.281.175.520	10.092.709.475	6.281.175.520
Maturity > 6 months < 12 months	6.648.526.530	7.033.954.028	6.648.526.530	7.033.954.028
Maturity > 12 months	-	3.785.389.308	-	3.785.389.308
	21.432.795.981	**19.290.184.480**	**21.432.795.981**	**19.290.184.480**
Impairment	**(83.214.211)**	**(41.196.329)**	**(83.214.211)**	**(41.196.329)**
	21.349.581.770	**19.248.988.151**	**21.349.581.770**	**19.248.988.151**

Financial assets at fair value through comprehensive income

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Maturity – 1 month	766.962.722	-	766.962.722	-
Maturity > 1 month < 6 months	1.845.950.858	794.572.987	1.845.950.858	794.572.987
Maturity > 6 months < 12 months	2.298.248.208	3.667.155.408	2.298.248.208	3.667.155.408
Maturity > 12 months	135.263.620	1.130.635.181	135.263.620	1.130.635.181
	5.046.425.408	**5.592.363.576**	**5.046.425.408**	**5.592.363.576**
Impairment	**-**	**(96.563.032)**	**-**	**(96.563.032)**
	5.046.425.408	**5.495.800544**	**5.046.425.408**	**5.495.800.544**

In order to adapt to the corporate model, a change in the impairment model for sovereign debt in local currency occurred in 2019. The coverage rate is now 1.18% for Treasury Bonds.

9.14 FINANCIAL ASSETS HELD FOR TRADING

The item financial assets held for trading, records the monthly revaluation of derivatives, the details of which are as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Derivatives	-	681.958	-	681.958
	-	**681.958**	**-**	**681.958**

The Central Bank Notice 05 / GBM / 2019 forbade the contracting of forward foreign exchange transactions, which is why the Bank has not carried out such transactions since that date.

9.15 LOANS AND ADVANCES TO CUSTOMERS

This category is made up as follows:

	GROUP					
	DEC-19			DEC-18		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Loans and advances to residents						
Companies						
Loans	23.598.474.454	15.308.787.303	38.907.261.756	23.842.912.693	20.094.030.933	43.936.943.626
Pledged current account loans	2.529.937.943	2.534.328.472	5.064.266.415	2.619.446.620	2.736.458.247	5.355.904.867
Leases - equipment	528.378.911	-	528.378.911	486.261.270	-	486.261.270
Leases - property	1.311.377.905	-	1.311.377.905	1.346.450.212	-	1.346.450.212
Credit cards	152.013.613	-	152.013.613	117.907.916	-	117.907.916
Discounted bills and promissory notes	818.421.697	-	818.421.697	129.958.771	-	129.958.771
Bank overdrafts	1.750.835.235	31.553.359	1.782.388.594	965.750.761	471.937.055	1.437.687.816
	30.689.439.758	**17.874.669134**	**48.564.108.891**	**29.508.688.243**	**23.302.426.235**	**52.811.114.478**
Individual customers						
Housing	2.025.389.258	208.209.010	2.233.598.268	2.058.599.301	228.507.882	2.287.107.183
Consumption	11.630.817.728	30.586.993	11.661.404.720	7.030.448.189	66.651.289	7.097.099.478
Other loans	1.723.380.798	-	1.723.380.798	1.732.503.084	388.165	1.732.891.249
	15.379.587.784	**238.796.002**	**15.618.383.786**	**10.821.550.574**	**295.547.336**	**11.117.097.910**
Loans and advances to non-residents						
Companies	-	-	-	-	-	-
Individual customers	-	-	-	-	-	-
	-	-	-	-	-	-
	46.069.027.541	**18.113.465.136**	**64.182.492.677**	**40.330.238.817**	**23.597.973.571**	**63.928.212.389**
Interest receivable, net of deferred income	1.302.699.344	114.603.882	1.417.303.226	1.324.468.782	190.650.279	1.515.119.061
			65.599.795.903			**65.443.331.450**
Commissions associated with amortized cost (net)	(111.184.555)	(29.586.874)	(140.771.429)	(108.402.525)	(32.620.443)	(141.022.968)
Overdue loans and interest	6.242.161.293	454.402.902	6.696.564.195	4.436.848.582	2.068.813.287	6.505.661.869
Loans impairment			(5.965.845.348)			(6.433.267.208)
			66.189.743.321			**65.374.703.142**

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

	BANK					
	DEC-19			DEC-18		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Loans and advances to residents						
Companies						
Loans	23.598.474.454	15.308.787.303	38.907.261.756	23.842.912.693	20.094.030.933	43.936.943.626
Pledged current account loans	2.842.702.875	2.534.328.472	5.377.031.347	2.928.441.634	2.736.458.247	5.664.899.881
Leases - equipment	528.378.911	-	528.378911	486.261.270	-	486.261.270
Leases - property	1.311.377.905	-	1.311.377.905	1.346.450.212	-	1.346.450.212
Credit cards	152.013.613	-	152.013.613	117.907.916	-	117.907.916
Discounted bills and promissory notes	818.421.697	-	18.421.697	129.958.771	-	129.958.771
Bank overdrafts	1.750.835.235	31.553.359	1.782.388.594	965.750.761	471.937.055	1.437.687.816
	31.002.204689	**17.874.669.134**	**48.876.873.823**	**29.817.683.257**	**23.302.426.235**	**53.120.109.492**
Individual customers						
Housing	2.025.389.258	208.209.010	2.233.598.268	2.058.599.301	228.507.882	2.287.107.183
Consumption	11.630.817.728	30.586.993	11.661.404.720	7.030.448.189	66.651.289	7.097.099.478
Other loans	1.723.380.798	-	1.723.380.798	1.732.503085	388.165	1.732.891.250
	15.379.587.784	**238.796.002**	**15.618.383.786**	**10.821.550.574**	**295.547.336**	**11.117.097.911**
Loans and advances to non-residents						
Companies	-	-	-	-	-	-
Individual customers	-	-	-	-	-	-
	-	-	-	-	-	-
	46.381.792.473	**18.113.465.136**	**64.495.257.609**	**40.639.233.831**	**23.597.973.571**	**64.237.207.403**
Interest receivable, net of deferred income	1.305984.055	114.603.882	1.420.587.937	1.327.957.427	190.650.279	1.518.607.706
			65.915.845.546			**65.755.815.109**
Commissions associated with amortized cost (net)	(111.184.555)	(29.586.874)	(140.771.429)	(108.402.525)	(32.620.443)	(141.022.968)
Overdue loans and interest	6.242.161.293	454.402.902	6.696.564.195	4.436.848.582	2.068.813.287	6.505.661.869
Loans impairment			(5.965.845.348)			(6.433.267.208)
			66.505.792.964			**65.687.186.801**

At 31st December 2019 and 31st December 2018, the sectorial distribution of the Bank's loan portfolio was as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Agriculture and fisheries	2.323.106.892	2.415.173.318	2.323.106.892	2.415.173.318
Industry	1.951.649.300	1.478.611.973	1.951.649.300	1.478.611.973
Energy	5.548.279.838	6.601.264.659	5.548.279.838	6.601.264.659
Construction	12.708.935.042	14.711.288.807	12.708.935.042	14.711.288.807
Hotels and tourism	1.519.611.827	1.785.280.918	1.519.611.827	1.785.280.918
Commerce and services	11.040.546.557	12.847.622.593	11.040.546.557	12.847.622.593
Transport	8.400.683.728	6.181.569.051	8.400.683.728	6.181.569.051
Non-monetary financial institutions	335.061.418	329.818.455	335.061.418	329.818.455
Individual customers	18.268.363.691	13.707.216.247	18.268.363.691	13.707.216.247
Other	8.782.818.579	10.376.028.236	9.095.583.511	10.685.023.250
	70.879.056.872	**70.433.874.258**	**71.191.821.804**	**70.742.869.272**
Interest receivable, net of deferred income	1.417.303.226	1.515.119.061	1.420.587.937	1.518.607.706
Commissions associated with amortized cost (net)	(140.771.429)	(141.022.968)	(140.771.429)	(141.022.968)
Loan impairment	(5.965.845.348)	(6.433.267.208)	(5.965.845.348)	(6.433.267.208)
	66.189.743.321	**65.374.703.142**	**66.505.792.964**	**65.687.186.801**

At 31st December 2019 and 31st December 2018, the residual maturity of outstanding loans, including accrued interest, was as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Up to three months	5.919.812.007	4.721.143.118	5.919.812.007	4.721.143.118
More than three months and less than a year	5.086.838.483	3.041.483.871	5.402.888.126	3.353.967.530
More than a year and less than five years	32.949.550.189	34.969.699.965	32.949.550.189	34.969.699.965
More than five years	21.797.022.378	22.711.004.496	21.797.022.378	22.711.004.496
	65.753.223.057	**65.443.331.450**	**66.069.272.700**	**65.755.815.109**

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

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Up to three months	3.255.395.647	2.609.740.474	3.255.395.647	2.609.740.474
From three to six months	621.790.168	491.142.394	621.790.168	491.142.394
From six months to one year	1.264.877.413	559.973.160	1.264.877.413	559.973.160
From one to three years	1.364.004.156	2.841.020.936	1.364.004.156	2.841.020.936
More than three years	37.069.657	3.784.905	37.069.657	3.784.905
	6.543.137.041	**6.505.661.869**	**6.543.137.041**	**6.505.661.869**

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

The loan impairment showed the following evolution:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Balance at 1 January	6.433.267.208	3.172.953.767	6.433.267.208	3.172.953.767
Transition adjustments to IFRS 9		3.001.676.839		3.001.676.839
Usage	(2.820.538.976)	(959.154.925)	(2.820.538.976)	(959.154.925)
Net increase of impairment for period	2.353.117.116	1.217.791.527	2.353.117.116	1.217.791.527
Balance at 31 December	**5.965.845.348**	**6.433.267.208**	**5.965.845.348**	**6.433.267.208**
Of which				
Specific impairment	3.293.462.463	1.597.057.087	3.293.462.463	1.597.057.087
Portfolio impairment	2.672.382.885	4.836.210.121	2.672.382.885	4.836.210.121
	5.965.845.348	**6.433.267.208**	**5.965.845.348**	**6.433.267.208**

9.16 FINANCIAL INVESTMENTS

As of 31st December 2019 and 31st December 2018, the financial information of the subsidiaries was as follows:

		GROUP				BANK			
		DEC-19		DEC-18					
	Type	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)
BPI MOÇAMBIQUE	Subsidiary	100,00%	59	100,00%	59	100,00%	59	100,00%	59
IMOBCI, Lda.	Subsidiary	10,00%	460.000	10,00%	460.000	10,00%	460.000	10,00%	460.000
SIMO , SA	Affiliate	7,67%	41.173.102	-	-	7,67%	41.173.102	-	-
GCI, SARL	Affiliate	9,00%	233.699			9,00%	233.699		
			41.866.860		**460.059**		**41.866.860**		**460.059**
Impairment			-		-		-		-
			41.866.680		**460.059**		**41.866.860**		**460.059**
Consolidation adjustments			(460.059)		(460.059)		-		-
			41.406.801		**-**		**41.866.860**		**460.059**

The aforementioned Consolidation adjustments refers to the cancellation of intragroup balances between BCI and IMOBCI.

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.

Below is a brief description of the subsidiary companies:

IMOBCI, Limitada, incorporated on February 28th, 1997, with registered office at Avenida 25 de Setembro, nº 1465. Maputo, Mozambique. The main object of IMOBCI is the management of real estate investments, in all its forms, namely, the realization of urbanizations, allotment and real estate developments, the purchase, sale, construction, maintenance and restoration of properties, administration and operation of any real estate, property leasing and consulting.
In terms of the 2019 financial year, IMOBCI had a loss in the order **MZN15.764.128,00**.

BPI Moçambique, Sociedade de Investimento, SA, is a limited liability company, incorporated on 22nd July 1999, as BPI Dealer - Sociedade Financeira de Corretagem (Moçambique), SA, for an indefinite period, and transformed into an investment company in July 12th, 2013, whose activity started on April 17, 2014, after approval by the Bank of Mozambique.

It has its headquarters in Maputo, at Rua dos Desportistas, 833, Edificio JAT V - 1, 1st floor in Maputo.
In terms of the 2019 financial year, BPI Mozambique had a loss of **MZN 11.439.183,00**.

In 2018, BPI Moçambique, Sociedade de Investimento, SA, following the transfer of 100% of the company's share capital to Banco Comercial de Investimentos, SA ("BCI"), after approval by Banco de Moçambique in 2017, started a merger with BCI, which is ongoing.

Sociedade Interbancária de Moçambique, SA, (SIMO) - with registered office at Avenida Consiglieri Pedroso nº99, 4th floor, in Maputo City, Mozambique. The purpose of the company is to carry out activities and provide the widest services allowed to financial companies of the type (Issuing or Credit and Debit Card Management Companies):

a) The installation, assembly and management of national and / or international payment banking systems;

b) The issuance, management and control of cards, which may take the form of debit or credit cards;

c) The signing of contracts with national or foreign entities that issue debit or credit cards;

d) The provision of any services in any way connected to electronic payment systems, namely telecompensation and computer processing and the provision of computer equipment to its partners to service providers or third parties;

e) The provision of any services related to electronic systems for the transmission and management of information and data;

Venture Capital Management Company, SARL- (GCI) - Incorporated as a limited liability company on the 17th January 2000, the main purpose of the company is to promote investment in companies through participation in its share capital, comprising in particular:

i. The acquisition and disposal of any securities, as well as the exercise of rights, directly or indirectly related to the assets of the venture capital funds;
ii. The issuance of units of funds, as well as the determination of the respective value;
iii. The selection of the values that should constitute the funds according to the investment strategy established by the participants' meeting;
iv. Monitoring the evolution of the economic and financial situation of the companies in which the funds hold investments, as well as the execution of projects that the funds have supported.
The company is currently in the process of dissolution and the request is lodged with the competent entities.

9.17 NON-CURRENT ASSETS HELD FOR SALE

This item includes real estate that was obtained by loan recoveries, 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 31st December 2019 and 31st December 2018, it was presented as follows:

	GROUP	BANK
Cost		
1st January 2019	2.530.101.105	2.478.119.525
Acquisitions	139.432.948	139.432.948
Disposals and write-offs/downs	(101.804.580)	(49.823.000)
Reclassifications	144.908.734	144.908.734
Impairment	(221.591.675)	(221.591.675)
31st December 2019	**2.491.046.532**	**2.491.046.532**
Net amount		
1st January 2019	**2.530.101.105**	**2.478.119.525**
31st December 2019	**2.491.046.532**	**2.491.046.532**
Cost		
1st 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	(52.992.083)	(52.992.083)
Impairment	(56.888.000)	(56.888.000)
31st 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**

The movement in impairment was as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Balance at 1st January	56.888.000	50.000.000	56.888.000	50.000.000
Reinforcement	164.703.675	6.888.000	164.703.675	6.888.000
Annulments	-	-	-	-
Usage	-	-	-	-
	221.591.675	**56.888.000**	**221.591.675**	**56.888.000**

9.18 INVESTMENT PROPERTY

Investment property showed the following evolution, relative to gross values and depreciation, for the years ended 31st December 2019 and 31st December 2018:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Gross amount				
Start of Period	118.867.178	109.217.160	118.867.178	109.217.160
Acquisitions	89.251.696	-	89.251.696	-
Disposals and write-offs/downs	-	(109.217.160)	-	(109.217.160)
Reclassifications	263.575.785	118.867.178	(46.836.696)	118.867.178
	471.694.659	**118.867.178**	**161.282.178**	**118.867.178**
Accumulated depreciation				
Start of Period	2.377.344	17.108.263	2.377.344	17.108.263
Depreciation for period	43.384.687	3.356.102	21.648.650	3.356.102
Adjustments	-	(19.110.578)	-	(19.110.578)
Reclassifications	8.958.097	1.023.557	-	1.023.557
	54.720.128	**2.377.344**	**24.025.994**	**2.377.344**
Book value	**416.974.531**	**116.489.834**	**137.256.184**	**116.489.834**

* Income from these properties is recorded under Other Operating Income (Note 9.5).

9.19 PROPERTIES AND EQUIPMENT AND ASSETS UNDER RIGHT OF USE

As at 31st December 2019 and 31st December 2018 this item had the following breakdown:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Property for own use	5.599.983.370	5.731.425.123	5.593.163.320	5.532.589.108
Effect of adoption of IFRS 16 at 1st January 2019	537.630.491	-	537.630.491	-
Equipment	-	-	-	-
Furniture and material	444.571.002	553.592.633	439.736.192	548.757.824
Machines and tools	10.676.127	9.668.677	10.676.127	9.668.677
IT equipment	1.679.803.494	1.572.949.764	1.677.157.802	1.570.304.072
Interior installations	6.861.940	1.076.443.322	6.861.940	1.076.443.322
Vehicles	354.319.178	326.305.801	345.873.199	317.859.822
Security equipment	358.475.356	352.138.630	358.475.356	352.138.630
Other equipment	1.930.975.864	268.149.580	1.930.975.864	268.149.580
Other tangible assets	12.564.881	12.342.180	12.564.881	12.342.180
Assets in progress	781.435.377	636.735.562	568.313.624	319.528.712
	11.717.297.080	**10.539.751.272**	**11.481.428.796**	**10.007.781.927**
Accumulated depreciation	(4.207.117.166)	(3.551.293.561)	(4.186.474.439)	(3.506.364.502)
	7.510.179.914	**6.988.457.711**	**7.294.954.357**	**6.501.417.425**

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

Values Expressed in Meticals

	Property for own use	Equipment	Other tangible assets	Assets in progress	Right-of-use assets	Total
Cost						
1st 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)	-	-	-	(82.890.548)
Reclassifications	(252.578.834)	(53.276.517)	-	200.897.817	-	(104.957.534)
Transfers	417.730.994	426.653.829	2.257.340	(846.642.163)	-	-
31st December 2018	**5.723.324.290**	**4.148.036.816**	**12.342.181**	**656.047.987**	**-**	**10.539.751.274**
Effect of adoption of IFRS 16 at 1st January 2019	-	-	-	-	456.798.610	456.798.610
Acquisitions	25.518.241	43.532.053	352.267.455	1.001.892.350	80.831.881	1.504.041.980
Disposals and write-offs/downs	(95.984.267)	(21.508.380)	-	-	-	(117.492.647)
Reclassifications	(257.995.210)	(19.873.721)	25.175.688	(413.108.895)	-	(665.802.138)
Transfers	205.120.316	195.315.344	62.960.405	(463.396.065)	-	-
31st December 2019	**5.599.983.370**	**4.345.502.112**	**452.745.730**	**781.435.377**	**537.630.491**	**11.717.297.079**
Accumulated Depreciation						
1st 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)
Reclassifications	1.170.472	21.468.076	-	-	-	22.638.548
Transfers	15.328.235	-	-	-	-	15.328.235
31st December 2018	**792.713.202**	**2.758.580.361**	**-**	**-**	**-**	**3.551.293.563**
Depreciation for period	109.316.521	408.033.941	-	-	166.814.505	684.164.968
Disposals and write-offs/downs	-	(21.420.533)	-	-	-	(21.420.533)
Reclassifications	(30.616.079)	1.959.213	21.736.034	-	-	(6.920.832)
31st December 2019	**871.413.644**	**3.147.152.983**	**21.736.034**	**-**	**166.814.505**	**4.207.117.166**
Net amount						
31st December 2019	**4.728.569.726**	**1.198.349.129**	**431.009.695**	**781.435.377**	**370.815.986**	**7.510.179.914**
31st December 2018	**4.930.611.088**	**1.389.456.455**	**12.342.181**	**656.047.987**	**-**	**6.988.457.711**

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

Values Expressed in Meticals

	Property for own use	Equipment	Other tangible assets	Assets in progress	Right-of-use assets	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	778.173442	-	868.042.462
Disposals and write-offs/downs	(22.055.971)	(42.990.059)	-	-	-	(65.046.031)
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**
Effect of adoption of IFRS 16 at 1 January 2019	-	-	-	-	456.798.610	456.798.610
Acquisitions	11.206.821	32.320.464	352.267.456	917.119.673	80.831.881	1.393.746.295
Disposals and write-offs/downs	-	(21.508.380)	-	-	-	(21.508.380)
Reclassifications	(51.667.827)	(19.873.721)	25.175.688	(309.023.797)	-	(355.389.657)
Transfers	101.035.218	195.315.344	62.960.405	(359.310.967)	-	-
31 December 2019	**5.593.163.320**	**4.329.575.634**	**452.745.730**	**568.313.621**	**537.630.491**	**11.481.428.796**
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)
Reclassifications	1.170.472	21.468.074	-	-	-	22.638.546
31 December 2018	**751.423.576**	**2.754.940.926**	**-**	**-**	**-**	**3.506.364.502**
Depreciation for period	124.644.756	408.033.941	-	-	166.814.505	699.493.203
Disposals and write-offs/downs	-	(21.420.533)	-	-	-	(21.420.533)
Reclassifications	78.055	1.959.213	-	-	-	2.037.268
31 December 2019	**876.146.387**	**3.143.513.548**	**-**	**-**	**166.814.505**	**4.186.474.439**
Net amount						
31 December 2019	**4.717.016.933**	**1.186.062.087**	**452.745.730**	**568.313.621**	**370.815.986**	**7.294.954.357**
31 December 2018	**4.781.165.532**	**1.388.381.001**	**12.342.180**	**319.528.712**	**-**	**6.501.417.425**

Movements during the period of lease liabilities (included in 'Other liabilities' in Note 9.29):

	2019
At 1st January – effect of adoption of IFRS 16	456.798.610
Additions	80.831.881
Increase of interest	84.713.431
Payments	(211.663.759)
At 31st December 2019	**410.680.163**

9.20 INTANGIBLE ASSETS

This item presented the following breakdown on 31st December 2019 and 31st December 2018:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Automatic data processing system	566.216.941	517.312.935	565.524.278	516.620.272
Other intangible assets	418.337.219	418.120.003	418.337.219	418.120.003
Intangible assets in progress	119.548.672	75.392.688	119.548.672	75.392.688
	1.104.102.832	**1.010.825.626**	**1.103.410.169**	**1.010.132.963**
Amortization	(750.700.566)	(649.300.547)	(750.113.226)	(648.747.643)
	353.402.266	**361.525.079**	**353.296.943**	**361.385.320**

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

Values Expressed in Meticals

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1st January 2019	**517.312.935**	**418.120.003**	**75.392.688**	**1.010.825.626**
Acquisitions	-	-	89.026.376	89.026.376
Reclassifications	-	-	4.250.830	4.250.830
Transfers	48.904.006	217.216	(49.121.222)	-
31st December 2019	**566.216.941**	**418.337.219**	**119.548.672**	**1.104.102.832**
Accumulated amortiza tion				
1st January 2019	388.529.892	260.770.656	-	649.300.548
Depreciation for period	37.541.939	61.185.081	-	98.727.020
Reclassifications	2.665.758	7.240	-	2.672.998
31st December 2019	**428.737.589**	**321.962.977**	**-**	**750.700.566**
	137.479.352	**96.374.242**	**119.548.672**	**353.402.266**

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1st 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
Reclassifications	-	5.698.502	7.905.759	13.604.261
Transfers	30.766.375	55.359.316	(86.125.691)	-
31st December 2018	**517.312.935**	**418.120.003**	**75.392.688**	**1.010.825.626**
Accumulated amortization				
1st 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
31st December 2018	**388.529.892**	**260.770.656**	**-**	**649.300.547**
	128.783.043	**157.349.347**	**75.392.688**	**361.525.079**

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

Values Expressed in Meticals

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1st January 2019	516.620.272	418.120.003	75.392.688	1.010.132.963
Acquisitions	-	-	89.026.376	89.026.376
Reclassifications	-	-	4.250.830	4.250.830
Transfers	48.904.006	217.216	(49.121.222)	-
31st December 2019	**565.524.278**	**418.337.219**	**119.548.672**	**1.103.410.169**
Accumulated amortization				
1st January 2019	388.030.112	260.717.532	-	648.747.644
Depreciation for period	37.507.505	61.185.081	-	98.692.586
Reclassifications	2.665.756	7.240	-	2.672.996
31st December 2019	**428.203.374**	**321.909.852**	**-**	**750.113.226**
	137.320.904	**96.427.367**	**119.548.672**	**353.296.943**

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1st 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
Reclassifications	-	5.751.625	7.905.760	13.657.385
Transfers	30.766.376	55.359.316	(86.125.692)	-
31st December 2018	**516.620.272**	**418.120.003**	**75.392.688**	**1.010.132.963**
Accumulated amortization				
1st 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
31st December 2018	**388.030.112**	**260.717.532**	**-**	**648.747.643**
	128.590.159	**157.402.471**	**75.392.688**	**361.385.320**

In the years under review, the intangible assets in progress refer essentially to expenses incurred with the development of computer applications and development projects that had not yet started operating on these dates.

9.21 TAX ASSETS

This category is made up as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Current tax assets				
Corporate Taxrebate	433.652.748	433.921.576	432.902.312	433.183.140
Deferred tax assets				
Temporary differences	1.029.568.715	1.010.633.984	1.006.609.921	978.492.436
	1.463.221.463	**1.444.555.560**	**1.439.512.233**	**1.411.675.576**

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

	GROUP					
	PROFIT AND LOSS			EQUITY		
	Dec-18	Expenses	Income	Increases	Decreases	Dec-19
Deferred tax assets						
Fair value of financial assets	-	-	-	14.829.485	-	14.829.485
Remeasurement of actuarial gains and losses	14.507.520	-	-	13.288.000	-	27.795.520
Impairment of financial assets- transition to IFRS 9	3.448.327	-	-	-	-	3.448.327
Loan impairment- transition to IFRS 9	960.536.589	-	-	-	-	960.536.589
Tax loss	32.141.548	(9.182.754)	-	-	-	22.958.794
	1.010.633.984	**(9.182.754)**	**-**	**28.117.485**	**-**	**1.029.568.715**

	GROUP					
	PROFIT AND LOSS			EQUITY		
	Dec-17	Expenses	Income	Increases	Decreases	Dec-18
Deferred tax assets						
Fair value of financial assets	112.257.917	-	-	(112.257.917)	-	-
Remeasurement of actuarial gains and losses	-	-	-	14.507.520	-	14.507.520
Impairment of financial assets- transition to IFRS 9	-	-	-	3.448.327	-	3.448.327
Credit impairment for state entity- transition to IFRS 9	-	-	-	960.536.589	-	960.536.589
Tax loss	-	-	32.141.548	-	-	32.141.548
	112.257.917	**-**	**32.141.548**	**866.234.519**	**-**	**1.010.633.984**

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

	GROUP					
	PROFIT AND LOSS			EQUITY		
	Dec-18	Expenses	Income	Increases	Decreases	Dec-19
Deferred tax assets						
Fair value of financial assets	-	-	-	14.829.485	-	14.829.485
Remeasurement of actuarial gains and losses	14.507.520	-	-	13.288.000	-	27.795.520
Impairment of financial assets- transition to IFRS 9	3.448.327	-	-	-	-	3.448.327
Loan impairment- transition to IFRS 9	960.536.589	-	-	-	-	960.536.589
	978.492.436	**-**	**-**	**28.117.485**	**-**	**1.006.609.921**

	GROUP					
	PROFIT AND LOSS			EQUITY		
	Dec-17	Expenses	Income	Increases	Decreases	Dec-18
Deferred tax assets						
Fair value of financial assets	112.257.917	-	-	(112.257.917)	-	-
Remeasurement of actuarial gains and losses	-	-	-	14.507.520	-	14.507.520
Impairment of financial assets- transition to IFRS 9	-	-	-	3.448.327	-	3.448.327
Credit impairment for state entity- transition to IFRS 9	-	-	-	960.536.589	-	960.536.589
	112.257.917	**-**	**-**	**866.234.519**		**978.492.436**

9.22 OTHER ASSETS

The category "Other assets" has the following composition:

The impairment account has shown the following transactions:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Debtors and other assets				
Debtors-Group companies	99.859.559	52.130.726	161.949.983	156.223.173
Other resident debtors	778.393.314	522.376.930	767.014.991	512.010.775
Non-resident debtors	141.347.448	143.968.759	140.427.448	143.048.759
	1.019.600.321	**718.476.415**	**1.069.392.422**	**811.282.707**
Income receivable				
Other income receivable	54.276.101	92.938.781	54.276.101	92.938.781
	54.276.101	**92.938.781**	**54.276.101**	**92.938.781**
Deferred expenditure				
Rents	13.911.257	62.837.791	13.092.757	62.537.791
Insurance	11.551.313	906.191	11.551.313	906.191
Other deferred expenditure	134.379.415	119.013.324	134.379.415	119.013.324
	159.841.985	**182.757.306**	**159.023.485**	**182.457.306**
Other offset accounts				
Clearing accounts	1.093.002.876	895.378.833	1.093.002.876	895.378.833
Other internal accounts	757.187.118	2.189.108.096	756.058.318	2.187.979.296
	1.850.189.994	**3.084.486.929**	**1.849.061.194**	**3.083.358.129**
Impairment	**(142.511.124)**	**(276.123.933)**	**(137.904.834)**	**(275.027.643)**
	2.941.397.277	**3.802.535.498**	**2.993.848.368**	**3.895.009.280**

9.23 DEPOSITS FROM CENTRAL BANKS

This category is made up as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Term deposits	-	1.421.494.637	-	1.421.494.637
Interest payable	-	-	-	-
	-	**1.421 .494.637**	-	**1.421.494.637**

In 2018, this category included the money market placements from the Central Bank, made with commercial banks to guarantee fuel import transactions under the national fuel import syndicate. These transactions were discontinued in 2019.

9.24 DEPOSITS FROM FINANCIAL INSTITUTIONS

This category is made up as follows:

9.25 CUSTOMER DEPOSITS

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Deposits from financial institutions in Mozambique				
Deposits	618.193.690	210.098.387	618.193.690	210.098.387
Interest payable	1.795.736	2.489.174	1.795.736	2.489.174
	619.989.426	**212.587.561**	**619.989.426**	**212.587.561**
Deposits from financial institutions abroad				
Deposits	538.937.900	522.543.280	538.937.900	522.543.280
Loans	170.621.809	274.073.171	170.621.809	274.073.171
Other resources	-	590.648.939	-	590.648.939
Interest payable	7.378.063	14.461.232	7.378.063	14.461.232
	716.937.772	**1.401.726.622**	**716.937.772**	**1.401.726.622**
	1.336.927.198	**1.614.314.183**	**1.336.927.198**	**1.614.314.183**

The Group has the following composition for this item:

Values Expressed in Meticals

	DEC-18			DEC-19		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Current deposits	61.479.680.996	17.809.535.569	79.289.216.565	55.197.856.165	16.626.733.510	71.824.589.675
Deposits requiring advance notice of withdrawal	45.069.871	39.778.431	84.848.302	44.278.424	45.789.088	90.067.512
Term deposits	33.033.126.331	11.622.206.104	44.655.332.435	32.874.040.817	10.017.775.668	42.891.816.485
Other deposits	755.419.998	-	755.419.998	191.726.803	-	191.726.803
Cheques and other payables	200.505.244	617.362	201.122.606	152.675.375	-	152.675.375
	95.513.802.440	**29.472.137.466**	**124.985.939.906**	**88.460.577.584**	**26.690.298.266**	**115.150.875.850**
Interest payable	273.589.622	85.935.542	359.525.164	506.142.083	80.200351	586.342.434
	95.787.392.062	**29.558.073.008**	**125.345.465.070**	**88.966.719.667**	**26.770.498.617**	**115.737.218.284**

The Bank has the following composition for this item:

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

Values Expressed in Meticals

	DEC-18			DEC-19		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
Current deposits	61.512.843.778	17.809.535.624	79.322.379.402	55.232.299.533	16.626.733.510	71.859.033.043
Deposits requiring advance notice of withdrawal	45.069.871	39.778.431	84.848.302	44.278.424	45.789.088	90.067.512
Term deposits	33.033.126.331	11.622.206.104	44.655.332.435	32.874.040.817	10.017.775.668	42.891.816.485
Other deposits	755.419.998	-	755.419.998	191.726.803	-	191.726.803
Cheques and other payables	200.505.244	617.362	201.122.606	152.675.375	-	152.675.375
	95.546.965.222	**29.472.137.521**	**125.019.102.743**	**88.495.020.952**	**26.690.298.266**	**115.185.319.218**
Interest payable	273.589.622	85.935.542	359.525.164	506.142.083	80.200.351	586.342.434
	95.820.554.844	**29.558.073.063**	**125.378.627.907**	**89.001.163.035**	**26.770.498.617**	**115.771.661.652**

9.26 CONSIGNED DEPOSITS

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Up to 1 month	21.395.688.777	15.936.587.495	21.395.688.777	15.936.587.495
Between 1 and 3 months	9.867.474.988	16.655.747.006	9.867.474.988	16.655.747.006
Between 3 monthsand 1 year	13.029.883.437	9.949.691.511	13.029.883.437	9.949.691.511
Between 1 and 3 years	179.796.122	216.578.279	179.796.122	216.578.279
More than 3 years	267.337.413	223.279.706	267.337.413	223.279.706
	44.740.180.737	**42.981.883.997**	**44.740.180.737**	**42.981.883.997**

This item had the following composition:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
USAID	15.783.897	12.631.089	15.783.897	12.631.089
National Treasury	470.000.000	470.000.000	470.000.000	470.000.000
ANE/Fundo de Estradas (Road Fund)	10.541.575.679	12.680.273.321	10.541.575.679	12.680.273.321
Other	18.249.503	26.354.333	18.249.503	26.354.333
	11.045.609.079	**13.189.258.743**	**11.045.609.079**	**13.189.258.743**
Interest payable	56.221.737	67.628.125	56.221.737	67.628.125
	11.101.830.816	**13.256.886.867**	**11.101.830.816**	**13.256.886.867**

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 within the scope of a line of credit granted by the Government of Portugal to the Government of Mozambique, 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.

9.27 TAX LIABILITIES

This category is made up as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Tax liabilities				
Corporate tax payable	-	-	-	-
Tax correction related to previous years	-	71.267.941	-	71.267.941
Temporary differences	37.266.508	402.003.031	37.266.508	62.904.848
	37.266.508	**473.270.972**	**37.266.508**	**134.172.789**

The amount of deferred taxes due to temporary differences arises from the application of Corporate Tax on the fair value revaluation reserve of the financial assets portfolio.

The movement in the Group's deferred tax liabilities during the years under analysis was as follows:

	GROUP					
	PROFIT AND LOSS			EQUITY		
	Dec-18	Expenses	Income	Increases	Decreases	Dec-19
Deferred tax liabilities						
Fair value of financial assets	62.904.848	-	-	-	(25.638.340)	37.266.508
Remeasurement of actuarial gains and losses	-	-	-	-	-	-
	62.904.848	-	-	-	**(25.638.340)**	**37.266.508**

	PROFIT AND LOSS			EQUITY		
	Dec-17	Expenses	Income	Increases	Decreases	Dec-18
Deferred tax liabilities						
Fair value of financial assets	514.260.948	-	-	-	(451.356.100)	62.904.848
Remeasurement of actuarial gains and losses	-	-	-	-	-	-
	514.260.948	-	-	-	**(451.356.100)**	**62.904.848**

The movement in the Bank's deferred tax liabilities during the years under analysis was as follows:

	BANK					
	PROFIT AND LOSS			EQUITY		
	Dec-18	Expenses	Income	Increases	Decreases	Dec-19
Deferred tax liabilities						
Fair value of financial assets	62.904.848	-	-	-	(25.638.340)	37.266.508
Remeasurement of actuarial gains and losses	-	-	-	-	-	-
	62.904.848	**-**	**-**	**-**	**(25.638.340)**	**37.266.508**

	PROFIT AND LOSS			EQUITY		
	Dec-17	Expenses	Income	Increases	Decreases	Dec-18
Deferred tax liabilities						
Fair value of financial assets	514.260.948	-	-	-	(451.356.100)	62.904.848
Remeasurement of actuarial gains and losses	-	-	-	-	-	-
	514.260.948	**-**	**-**	**-**	**(451.356.100)**	**62.904.848**

9.28 PENSION FUND LIABILITIES

Under the Collective Labor Agreement (ACT) in force in the banking sector, which was 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-19	Dec-18	Dec-19	Dec-18
Participants				
Current employees	68	68	68	68
Retirees	4	4	4	4
	72	**72**	**72**	**72**

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:

	GROUP	BANK
Wages growth rate	5,00%	5,00%
Pensions growth rate	3,00%	3,00%
Discount rate	12.75%	15,00%
Mortality table	TV – 73/77	TV – 73/77
Standard retirement age		
Men	60	60
Women	55	55

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-19	Dec-18	Dec-19	Dec-18
Liabilities for past services	140.803.000	84.552.000	140.803.000	84.552.000
Liabilities to retirees	20.970.000	18.406.000	20.970.000	18.406.000
Liabilities to pensioners		-	-	-
Liabilities for total services	161.773.000	102.958.000	161.773.000	102.958.000
Cost for period	**19.707.000**	**11.803.000**	**19.707.000**	**11.803.000**

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. The pension fund does not have an asset plan in accordance with IAS 19 and therefore, all liability calculated is based on 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-19	Dec-18	Dec-19	Dec-18
Liabilities at 1st January	102.958.000	47.274.000	102.958.000	47.274.000
Current servicing cost	3.865.000	1.676.000	3.865.000	1.676.000
Interest cost	15.842.000	10.127.000	15.842.000	10.127.000
Actuarial profit and loss on liabilities	1.318.000	(2.990.000)	1.318.000	(2.990.000)
Pension paid by the Fund	(2.417.000)	(1.455.000)	(2.417.000)	(1.455.000)
Change in discount rate	40.207.000	48.326.000	40.207.000	48.326.000
Liabilities at 31st December	161.773.000	102.958.000	161.773.000	102.958.000

Sensitivity analysis

According to the assumptions used, an increase in the discount rate reduces the liability, on the other hand, a reduction in the discount rate increases the liability, as shown in the table below:

DISCOUNT RATE	ACTUARIAL (PROFIT) / LOSS	
	VALUE	%
Increase 1.0%	(19.948.878)	-12,3%
Decrease 1.0%	24.232.941	0,15
Increase 2.5%	(43.743.568)	-27%
Decrease 2.5%	71.314.248	44%
Increase 5.0%	(71.991.702)	-45%
Decrease 5.0%	194.674.393	120,3%

9.29 OTHER LIABILITIES

The item other liabilities is made up as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Creditors				
Suppliers	237.054.844	372.356.341	237.054.844	372.356.341
Lease liability (IFRS 16)	410.680.163	-	410.680.163	-
Other creditors	858.846.594	40.887.465	858.846.594	40.887.465
Retained tax	276.929.105	211.715.486	276.789.488	211.120.276
	1.783.510.706	**624.959.292**	**1.783.371.089**	**624.364.082**
Costs payable				
Personnel Expenses	209.464.335	162.046.261	208.949.541	161.765.811
Rents	16.606.802	23.522.887	16.836.803	24.032.041
Other costs payable	766.325.153	760.968.980	593.221.287	600.470.946
	992.396.290	**946.538.128**	**819.007.631**	**786.268.798**
Deferred revenue				
Other deferred revenue	214.137.854	188.081.385	214.137.854	188.081.385
	214.137.854	**188.081.385**	**214.137.854**	**188.081.385**
Other offset accounts				
Clearing accounts	917.869.438	483.681.083	917.869.438	483.681.083
Other internal accounts	2.264.725.229	2.121.279.198	2.264.725.229	2.121.279.198
	3.182.594.667	**2.604.960.281**	**3.182.594.667**	**2.604.960.281**
	6.172.639.517	**4.364.539.086**	**5.999.111.241**	**4.203.674.546**

Other creditors includes mainly:

(i) Lease liabilities: the updated amount of the lease liabilities (transactions occurred during the period) is recorded in this category;

(ii) Other liabilities: this item includes the amount related to transactions with third parties awaiting settlement;

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

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

(v) It should be noted that the Central Bank Notice 05 / GBM / 2019 forbade the contracting of forward foreign exchange transactions, and since that date the Bank has not carried out such transactions.

9.30 PROVISIONS

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

Provisions for guarantees and commitments:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Provisions for guarantees and commitments				
At 1st January	52.931.718	9.893.970	52.931.718	9.893.970
Increase	61.450.083	41.100.858	61.450.083	41.100.858
Reversals	(59.623.380)	(27.229.289)	(59.623.380)	(27.229.289)
Adjustments	-	29.166.179	-	29.166.179
	54.758.421	**52.931.718**	**54.758.421**	**52.931.718**
Provisions for qualified operations				
At 1st January	12.929.655	21.286.938	12.929.655	21.286.938
Increase	-	1.421.218	-	1.421.218
Reversals	-	(1.016.630)	-	(1.016.630)
Adjustments	-	(8.761.871)	-	(8.761.871)
	12.929.655	**12.929.655**	**12.929.655**	**12.929.655**
Other provisions				
At 1st January	561.308.195	465.341.224	561.308.195	465.190.714
Increase	209.816.828	103.005.481	209.816.828	103.005.481
Reversals	(158.921.865)	(6.888.000)	(158.921.865)	(6.888.000)
Use	(358.984.489)	(150.510)	(358.984.489)	-
	253.218.669	**561.308.195**	**253.218.669**	**561.308.195**
	320.906.745	**627.169.568**	**320.906.745**	**627.169.568**

At the closing date, the bank held the amount of **MZN 54,758,421** for impairments related to Guarantees Provided, Import Documentary Credits and Unused Credit Lines, whose exposure at the time of default (EAD) is determined through the application of CCF.

Provisions for qualified operations:

The amount of **MZN 12,929,655.00** relates to provisions set up under the due diligence carried out during the merger process involving the incorporation of Banco de Fomento into BCI (11/30/2003). In this process, some operations were identified in the credit portfolios of the two banks for which there was disagreement as to the degree of their collection, which required the respective comfort of both parties. The current balances in the Provisions account represent the potential reimbursement to shareholders due to the recoveries recorded in this group of customers.

Other provisions:

Sundry provisions as of 31st December 2019, were composed of:

- Provision of **MZN 43,401,886.99** - the process of developing the Automatic Reconciliation tool for the Component Acquiring at ATMs (VISA operations) has not been completed, the bank has chosen to prudently maintain the provision set up in 2018 to cover possible losses to be determined when implementing the tool and restoring the balances;

- Provision of **MZN 142,986,441.17** - refer to amounts debited from the account held by BCI with CGD following a corporate decision whereby the remuneration of employees on service missions at branches and subsidiaries should be fully supported by these. BCI's Board of Directors only agreed with this principle as of January 2018, having requested reimbursement of amounts prior to that date.

- Provision of **MZN 40,000,000.00** - intended to meet the mandatory payment of fines imposed by the Supervisor, for which an appeal was filed by the bank with the Court; and

- Provision in the amount of **MZN 26,830,386** to cover the potential loss that may arise from some processes that configure possible fraud and which are still under investigation at the reporting date.

Use of the provision - with the implementation of the reconciliation tool for card issuing transactions in ATM`s and POS, the bank proceeded with the use of the existing provision, in the amount of **MZN 358,984,466.22**, to regularize the balances obtained with the reconstitution of the reconciliation.

9.31 SHARE CAPITAL

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

	DEC-19			DEC-18		
	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%	5.100.000.000
	242.891.618	35,67%	3.567.319.520	242.891.618	35,67%	3.567.319.520
Caixa Geral de Depósitos, S.A.	71.543.434	10,51%	1.050.749.670	71.543.434	10,51%	1.050.749.670
BCI (Treasury shares)	16.697.391	2,45%	245.232.540	16.697.391	2,45%	245.232.540
Other	3.669.827	0,37%	36.698.270	3.669.827	0,37%	36.698.270
	682.051.023	**100%**	**10.000.000.000**	**682.051.023**	**100%**	**10.000.000.000**

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

9.32 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	Remeasurement of actuarial gains and losses	Total
Balance at 1st 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 31st December 2018	**2.093.315.557**	**165.840.056**	**433.005.059**	**42.819.752**	**2.734.980.424**
Balance at 1st January 2019	**2.093.315.557**	**165.840.056**	**433.005.059**	**42.819.752**	**2.734.980.424**
Retained earnings from 2018	452.925.648	-	2.646.965.147	-	3.099.890.795
Other transactions	-	(118.161.380)	20.739.065	(28.237.000)	(125.659.315)
Balance at 31st December 2019	**2.546.241.205**	**47.678.676**	**3.100.709.271**	**14.582.752**	**5.709.211.904**

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

	Legal reserve	Fair value reserves	Other reserves and retained earnings	Remeasurement of actuarial gains and losses	Total
Balance at 1st January 2018	**1.721.032.618**	**1.059.826.176**	**3.558.857.179**	**73.648.228**	**6.413.364.201**
Transition Adjustmentsto 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 31st December 2018	**2.092.172.580**	**165.840.056**	**420.551.398**	**42.819.748**	**2.721.383.782**
Balance at 1st January 2019	**2.092.172.580**	**165.840.056**	**420.551.398**	**42.819.748**	**2.721.383.782**
Retained earnings from 2018	452.925.648	-	2.669.519.992	-	3.122.445.640
Other transactions	-	(118.161.380)	-	(28.237.000)	(146.398.380)
Balance at 31st December 2019	**2.545.098.228**	**47.678.676**	**3.090.071.390**	**14.582.748**	**5.697.431.042**

There are no statutory restrictions on the distribution of Free Reserves and / or Retained Earnings. The proposal for the application of the 2019 result to be approved at the General Meeting is specified in the Management Report.

9.33 CONTINGENT COMMITMENTS AND LIABILITIES

Contingent liabilities

In order to satisfy the needs of its customers, the bank assumes several commitments and has contingent liabilities. Although the associated obligations may not be recognized in the balance sheet, they have an inherent credit risk and therefore constitute part of the risk to which the bank is exposed. The global contingent liabilities of the group and the bank are presented as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Contingent liabilities				
Financial guarantees	8.973.618.796	6.980.696.209	8.973.618.796	6.980.696.209
Documentary credit	1.136.941.653	1.654.138.725	1.136.941.653	1.654.138.725
	10.110.560.449	**8.634.834.934**	**10.110.560.449**	**8.634.834.934**

Documentary credits and guarantees commit the bank to making payments on behalf of its customers in the event of a specific situation, usually related to the import or export of goods. Documentary guarantees and credits, by their nature, are exposed to similar credit risk.

9.34 RELATED PARTIES

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 2019 are as follows:

	Shareholders	Associates	Key employees	Total
Asset				
Cash balances at financial institutions (i)	441.116.710	-	-	441.116.710
Deposits at financial institutions (ii)	1.229.400.000	-	-	1.229.400.000
Loans (iii)	-	312.764.932	190.026.327	502.791.259
Other debtors	50.542	231.456.857	-	231.507.399
Other	56.221.737	-	-	56.221.737
	1.726.788.989	**544.221.789**	**190.026.327**	**2.461.037.105**
Liabilities				
Deposits from financial institutions (iv)	539.955.175	-	-	539.955.175
Consigned resources (v)	10.541.575.680	-	-	10.541.575.680
Deposits	-	33.162.782	461.250.259	494.413.041
Other creditors	619.073.839	230.000	-	619.303.839
Other	56.221.737	-	-	56.221.737
	11.756.826.431	**33.392.782**	**461.250.259**	**12.251.469.472**
Income				
Interest	40.115.112	46.964.973	48.056.981	135.137.066
Commissions and expenses	-	-	279.021	279.021
	40.115.112	**46.964.973**	**48.336.002**	**135.416.087**
Costs				
Interest	809.335.153	-	3.146.332	812.481.485
Commissions and expenses	14.359.283	45.678.749	1.946.007	61.984.039
	823.694.436	**45.678.749**	**5.092.340**	**874.465.525**
Off-balance sheet				
Guarantees received	126.802.969	350.000.000	1.852.558.380	2.329.361.349
Guarantees issued	111.001.076	-	8.980.201	119.981.277
	237.804.045	**350.000.000**	**1.861.538.580**	**2.449.342.625**

The credit granted to key bank personnel is in accordance with the conditions approved for all employees, both in terms of terms and fees. The rates are indexed to the system's Prime Rate and are subsidized according to the term and purpose of the loan.

(i) The amounts of cash and cash equivalents with other credit institutions correspond to demand deposits with the CGD group, in the amount of MZN 418,546,709 (equivalent to USD 6,808,958.99), and demand deposits with BPI in the amount MZN 22,570,001.00 (equivalent to USD 367,170.99).

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

a. Short-term lending of funds in the interbank money market at the following credit institution:

- CGD Group: MZN 1.229.400.000,00 (equivalent to USD 20.000.000,00) remunerated at an average rate of 1.48%;

(iii) Credit granted to associates corresponds to a pledged current account loan to IMOBCI in the amount of MZN 312,764,932.

(iv) Credit institutions' funds refer to deposits of shareholders in the bank, originating from Caixa Geral de Depósitos, in the global amount of MZN 539,955,175, of which MZN 513,000,000.00 refer to a term deposit of CGD at the rate of 9%.

(v) The value of the consigned resources refers to the financing line granted to ANE Fundo de Estradas, by the Government of Portugal, in which BCI is a mere intermediary.

As of 31st December 2018, the total amount of assets, liabilities, expenses and income and off-balance sheet liabilities related to operations carried out with related entities and key members of Management was made up as follows:

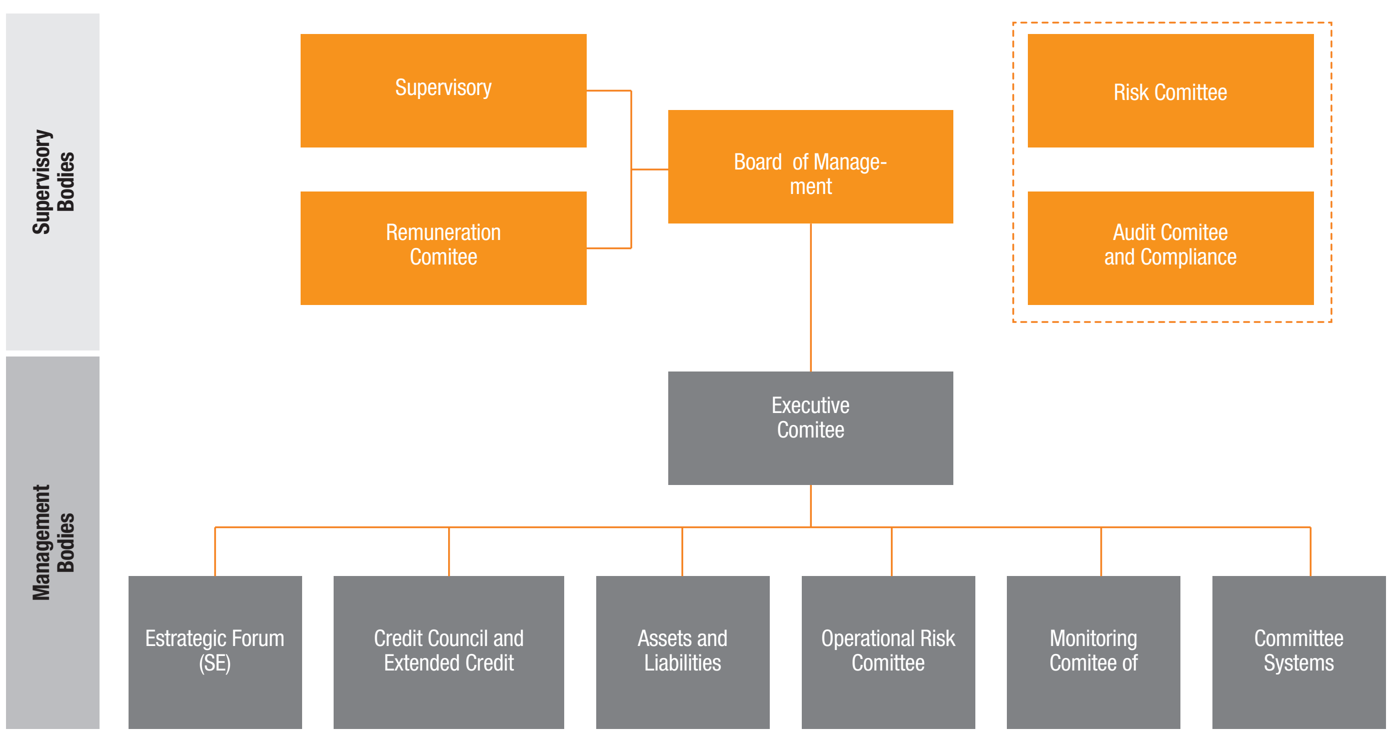
	Shareholders	Associates	Key employees	Total
Asset				
Cash balances at financial institutions (i)	301.738.860	309.514.385	-	611.253.245
Deposits at financial institutions (ii)	860.634.504	-	-	860.634.504
Loans (iii)	-	312.483.659	220.323.454	532.807.113
Other debtors	142.986.441	271.603.856	-	414.590.297
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	179.460358
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**

9.35 RISK MANAGEMENT

Risk management at BCI is based on a 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 Chief Officer to which the Risk Management Division reports is not directly responsible for commercial departments.
The management and current control of the different risks to which the bank is exposed, due to its nature and specificity, are carried out in a decentralized manner, by structural bodies with specific functions and / or responsibilities for the purpose, within the scope of their perimeter, centrally coordinated by the Board of Directors and the Executive Committee, directly and / or through specialized Commissions / Committees, safeguarding the principle of segregation of functions that avoid or mitigate potential conflicts of interest.

For a greater separation between the supervisory and management functions, as recommended by good practices, the following commissions, forums and committees were created and are in operation: (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 Steering Committee (CD), the Credit Council (CC) and the Extended Credit Council (CAC), the Assets and Liabilities Committee (ALCO), the Information Systems (IT Steering), the Operational Committee (CO) and the Credit Risk Monitoring Committee (CARC), subordinate to the Executive Committee.

a. 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. BCI manages and controls credit risk through limits for individual counterparties and / or groups 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 other risks.
The specific analysis of credit operations follows the principles and procedures established in the General Credit Regulation to establish the risk profile, essentially through the assessment of the following indicators:

- Incidents and defaults, pledges or debts to the tax authorities and social security;
- Credit Risk exposure limits, current indebtedness capacity and assessment of the estimated debt repayment capacity. In the case of private customers, the credit limit and the evaluation of the estimated debt repayment capacity is based on the calculation of the effort rate or the estimate of the savings amount of the proponents, guarantees and / or guarantors.
- Value, strength and liquidity of real and / or personal guarantees for credit coverage and the consequent mitigation of the associated risk in the event of default.

Three essential levels of competence are defined for the approval of credit operations, depending on whether it is original or delegated.
The purpose of the decentralization of credit approval decisions is to ensure greater speed and efficiency in the credit analysis and granting process, safeguarding the risk.
Determines the credit approval competency level:

- **The Accumulated Limit per Client / Group;**
- The verification of conditions of exclusion from the Delegation of Competencies (ie, existence of Credit Inhibitors; Operations involving PEP's; Operations with Individuals with negative scoring; Correlated credit; Credit for settlement of responsibilities in ICOs; Proposals with a Negative Risk Opinion; Proposals involving direct relatives of bank employees; Proposals from Customers who have not accepted the General Conditions for Opening an Account).

Subsequently, the Bank keeps a constant watch on the behavior of the portfolio's evolution (by geographic area, sector of activity, Credit segment, counterparty, currency and maturity), and on the results and returns achieved in view of the risks assumed.
Problem loans, the degree of coverage by impairments / provisions, the evolution of loans written off from assets (write-offs) and recoveries are also regularly analyzed.

During the year, the search for continuous improvement of internal processes and procedures, and for the best practices and tools for the identification, assessment, management and control of Credit Risk, remained as one of the main objectives of the Bank to raise the quality of the credit portfolio and consequently reduce the likelihood of loss by default.

In addition, within 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 made, with particular focus on the analysis of Credit Concentration (customer / group, product, maturity , residual maturity, sector of activity and region), Correlated Credit (shareholders, subsidiaries and group companies, and employees) and Credit in Major Risks (Loans to Customers / groups with exposure equal to or greater than 10% of the value of the Equity Funds of the Bank).

Credit Related Risks

BCI makes Subscription Credits available to its Clients (bank guarantees and documentary credits), which represent an obligation of the Bank to beneficiaries. These products expose the Bank to risks similar to those of disbursement loans granted, and are mitigated through similar processes.

Maximum exposure to Credit Risk without taking into account any Guarantees

The table below shows the maximum exposure to Credit Risk by product and by sector of activity. The maximum exposure is presented in gross values without taking into account the possible effects of any guarantees / collateral.
The maximum exposure, by financial asset, on December 31st, 2019 and December 31st, 2018, is as follows:

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Cash and Deposits at Central Banks	30.048.248.653	27.769.429.779	30.048.247.847	27.769.428.978
Loans to Credit Institutions	3.444.259.638	2.615.352.910	3.444.256.296	2.615.347.913
Financial assets at amortized cost	21.349.581.770	19.248.988.151	21.349.581.770	19.248.988.151
Financial assets at fair value through comprehensive income	5.046.425.408	5.495.800.544	5.046.425.408	5.495.800.544
Loans and advances to banks	21.359.570.661	18.059.488.568	21.359.570.661	18.059.488.568
Loans to customers - Retail Banking				
Mortgage loans	2.356.861.249	2.409.803.653	2.356.861.249	2.409.803.653
Installment sales and finance leases	13.828.769.234	9.287.430.752	13.828.769.234	9.287.430.752
Loans – Credit Cards	459.916.448	416.771.703	459.916.448	416.771.703
Other loans and advances	4.585.185.966	13.393.354.526	4.585.185.966	13.393.354.526
Loans to Customers - Corporate and Investment Banking				
Loans to Large Companies	49.801.751.130	44.926.513.623	50.114.516.062	45.235.508.637
Credit risk exposures related to offbalance sheet items:				
- Letters of credit and financial guarantees	1.322.990.069	1.214.904.439	1.322.990.069	1.214.904.439
- Financial guarantees	8.005.765.494	6.797.718.744	8.005.765.494	6.797.718.744
	161.609.325.719	**151.635.557.392**	**161.922.086.503**	**151.944.546.608**

The table above represents the worst exposure scenario for the Group and the Bank in terms of credit risk as at 31st December 2019 and 31st December 2018. Regarding the assets presented in the balance sheet, the exposure presented above is based on gross book value.

As shown above, 31% of the total maximum exposure is obtained from loans to large companies (2018: 30%) and 13% represents loans and advances to banks (2018: 12%).

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

- Mortgage loans and finance leases are backed by robust guarantees.
- Large companies have managers who monitor the performance, the evolution of the customers' business and other factors that allow identifying signs of potential non-compliance.

In total financial assets, 79% were issued by the Bank of Mozambique and 20% issued by the Government of Mozambique, including instruments issued and / or guaranteed by the Treasury, the remainder being issued by Emose and Fast Ferry.

Guarantees and / or collateral

The type and amount of Guarantees and / or collateral required depends on the counterparty's credit risk assessment, the main ones being the following:

WARRANTY DESCRIPTION	WARRANTY AMOUNT
Endorsement and / or surety from partners / shareholders and / or third parties	17.631.749.431
Comfort letter from parent companies	7.612.687.722
Guarantees provided by the State	34.828.442.479
Guarantees provided by other credit institutions	3.896.607091
Mortgages on homeowners	12.964.794.677
Mortgages on industrial and / or commercial properties	23.913.777.394
Pledge of deposits with BCI and / or together with financial shareholders (CGD / BPI)	12.350.294.766
Pledge of Securities	1.323.303.042
Total	**114.521.656.601**

Credit quality by asset class

Loans and advances with maturities of less than 90 days are not considered to have a reduced recoverable value unless there is information to the contrary. As of December 31, 2019, the value was MZN 5,831,411,762 (2018: MZN 2,609,740,474).

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

	Amount due without individual impairment	Amount overdue with no individual impairment	Total credit 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	61.059.934.566	3.956.626.403	65.016.560.969	6.015.923058	71.032.484.027	26.678.372.257	5.417.989.422	65.614.494.605
Retail banking	17.339.955.171	2.733.115.544	20.073.070.715	1.157.662.182	21.230.732.897	637.685.565	1.743.463.324	19.487.269.573
Mortgage loans	2.217.038.084	90.361.678	2.307.399.762	49.461.487	2.356.861.249	104.581.090	110.808.308	2.246.052.942
Installment sales and leases	11.641.604.310	1.994.056.664	13.635.660.974	193.108.260	13.828.769.234	205.412.670	849.139.236	12.979.629.997
Loans – Credit Cards	427.652.519	27.680.291	455.332.810	4.583.638	459.916.448	-	22.772.035	437.144.412
Other loans and advances	3.053.660.258	621.016.911	3.674.677.169	910.508.797	4.585.185.966	327.691.805	760.743.744	3.824.442.222
Corporate and investment banking	43.719.979.395	1.223.510.859	44.943.490.254	4.858.260.876	49.801.751.130	26.040.686.692	3.674.526.098	46.127.225.032
Loans to major enterprises	43.719.979.395	1.223.510.859	44.943.490.254	4.858.260.876	49.801.751.130	26.040.686.692	3.674.526.098	46.127.225.032
31st December 2019	**61.059.934.566**	**3.956.626.403**	**65.016.560.969**	**6.015.923.058**	**71.032.484.027**	**26.678.372.257**	**5.417.989.422**	**65.614.494.605**
31st December 2018	**61.640.285.235**	**6.070.919.356**	**67.711.204.592**	**3.340.659.693**	**71.051.864.285**	**32.693562.580**	**6.253.548.203**	**64.798.316.082**

The table below represents the credit quality by asset class of the Bank.

	Amount due without individual impairment	Amount overdue with no individual impairment	Total credit 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	61.372.699.498	3.956.626.403	65.329.325.901	6.015.923.058	71.345.248.959	26.678.372.257	5.417.989.422	65.927.259.537
Retail banking	17.339.955.171	2.733.115.544	20.073.070.715	1.157.662.182	21.230.732.897	637.685.565	1.743.463.324	19.487.269.573
Mortage loans	2.217.038.084	90.361.678	2.307.399.762	49.461.487	2.356.861.249	104.581.090	110.808.308	2.246.052.942
Installment sales and leases	11.641.604.310	1.994.056.664	13.635.660974	193.108.260	13.828.769.234	205.412.670	849.139.236	12.979.629.997
Loans - Credit Cards	427.652.519	27.680.291	455.332.810	4.583.638	459.916.448	-	22.772.035	437.144.412
Other loans and advances	3.053.660.258	621.016.911	3.674.677.169	910.508.797	4.585.185.966	327.691.805	760.743.744	3.824442.222
Corporate and investment banking	44.032.744.327	1.223.510.859	45.256.255.186	4.858.260.876	50.114.516.062	26.040.686.692	3.674.526.098	46.439.989.964
Loans to major enterprises	44.032.744.327	1.223.510.859	45.256.255.186	4.858.260.876	50.114.516.062	26.040.686.692	3.674.526.098	46.439.989.964
31st December 2019	**61.372.699.498**	**3.956.626.403**	**65.329.325.901**	**6.015.923.058**	**71.345.248.959**	**26.678.372.257**	**5.417.989.422**	**65.927.259.537**
31st 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**

Decomposition of overdue credit

As of 31st December 2019, overdue credit and interest were broken down by default class:

	Up to three months	From three months to six months	From six months to one year	From one year to three years	More than three years	Total
Overdue loan						
Gross amount	3.255.395.647	621.790.168	1.264.877.413	1.364.004.156	37.069.657	6.543.137.041
Impairment	763.097.771	168.999.054	433.038.916	813.986.055	36.423.854	2.215.545.651
	2.492.297.876	**452.791.114**	**831.838.497**	**550.018.101**	**645.803**	**4.327.591.390**

It does not include provisions for bad debts and for country risk.

As of 31st December 2018, overdue credit and interest were broken down by default class:

	Up to three months	From three months to six months	From six months to one year	From one year to three years	More than 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**

It does not include provisions for bad debts and for country risk.

Age of overdue loans but not impaired

The aging of loans past due on 31st December 2019, 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 one year	Total
Overdraft	11.054.022	30.004	-	-	11.084.026
Investment	-	-	146.000	-	146.000
Consumption and housing	8.371.706	8.356.942	12.111.136	884.879	29.724.663
Other	399.761	-	-	-	399.761
	19.825.489	8.386.947	12.257.136	884.879	41.354.450

The aging of loans past due on 31st 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 one year	Total
Overdraft	8.728.969	-	-	-	8.728.969
Investment	409.645	146.093	-	-	555.738
Consumption and housing	10.908.083	-	3.346.044	-	14.254.127
Other	414.968	-	-	-	414.968
	20.461.665	146.093	3.346.044	-	23.953.802

Impairment

BCI has maintained a continuous process of qualitative and quantitative assessment of its loan portfolio, in order to identify the existence, or not, of clear and objective evidence of impairment.

The objective of the impairment requirements is to recognize expected credit losses (ECL) over their duration for all financial instruments that have undergone significant increases in credit risk since initial recognition - assessed on an individual basis or collective - taking into account all reasonable and sustainable information, including forward-looking information. The Bank applies the IFRS 9 accounting standard for the monthly calculation of impairments.

The impairment amount is the difference between the balance sheet value of the asset and the discounted value of estimated future cash flows, updated at the original discount rate of the contract. In some cases, the observable data needed to estimate the amount of an impairment loss on a financial asset may be limited or not available. In such cases, the entity uses its experience to judge and estimate the amount of any impairment loss. Likewise, the entity uses its judgment to adjust observable data for a group of financial assets to reflect current circumstances.

Impairment Assessment (AI)

According to the regulatory definition, all credits must be subject to impairment assessment. The scheme below summarizes the impairment calculation process at BCI, which considers the existence of an assessment by individual impairment analysis (for individually significant assets) and an assessment by collective impairment analysis (for all assets).

Individual Analysis

The Bank determines the appropriate individual impairment for each loan with significant exposure on an individual basis through the assessment of several factors, such as the historical financial evolution of the counterparty, its future business plan, the ability to improve its economic performance after the emergence of some economic difficulty, the existence of other sources of financial support and the realizable value of guarantees / collateral received.

A customer or operation is subject to individual analysis when it satisfies certain assumptions approved by management that relate to the amount of exposure and the number of days in arrears. Each individual analysis results from the qualitative and quantitative filling out of a questionnaire by the analyst who accompanies the client, which is subsequently reviewed by the supervisor (responsible for the respective Commercial Area) and validated by the Credit Analysis Department (DAC) and approved by the Executive Committee (EC).

It is through these questionnaires that the customer is assigned an impairment rating (comparable to the Probability of Default) and a recovery strategy. Impairment due to AI intends to calculate expected credit losses, taking into account the Going Concern approaches, for customers classified in Level 1 (Stage 1), or Gone Concern for customers 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 credit (level 1) - The customer does not show a significant deterioration in the level of risk in relation to the initial situation or has a good rating regarding the level of credit risk;
- Impaired credit (level 2) - Credit showed a significant deterioration in the level of risk and no longer had a good credit risk rating;
- Credit in default (level 3) - The transfer to the third stage occurs when there is a loss event and there is sufficient evidence that the credit will default.

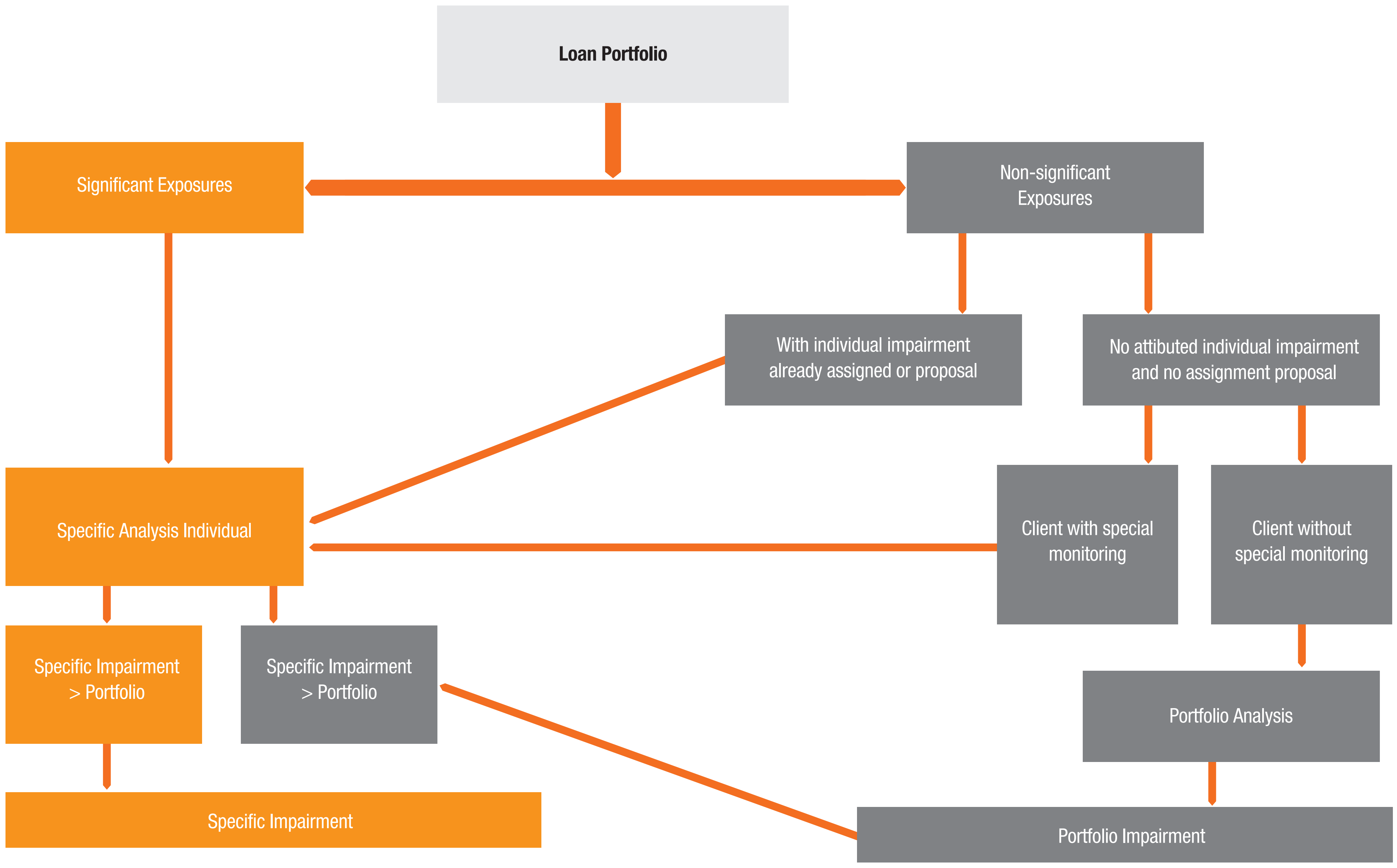
After the impairment classification, the approach to be applied (Going Concern or Gone Concern) is defined based on the knowledge the Bank has about the Client, and within each approach there is a set of possible recovery strategies, each with different levels of associated losses, associated with the situation / reality of the operation in question:

a) Going Concern

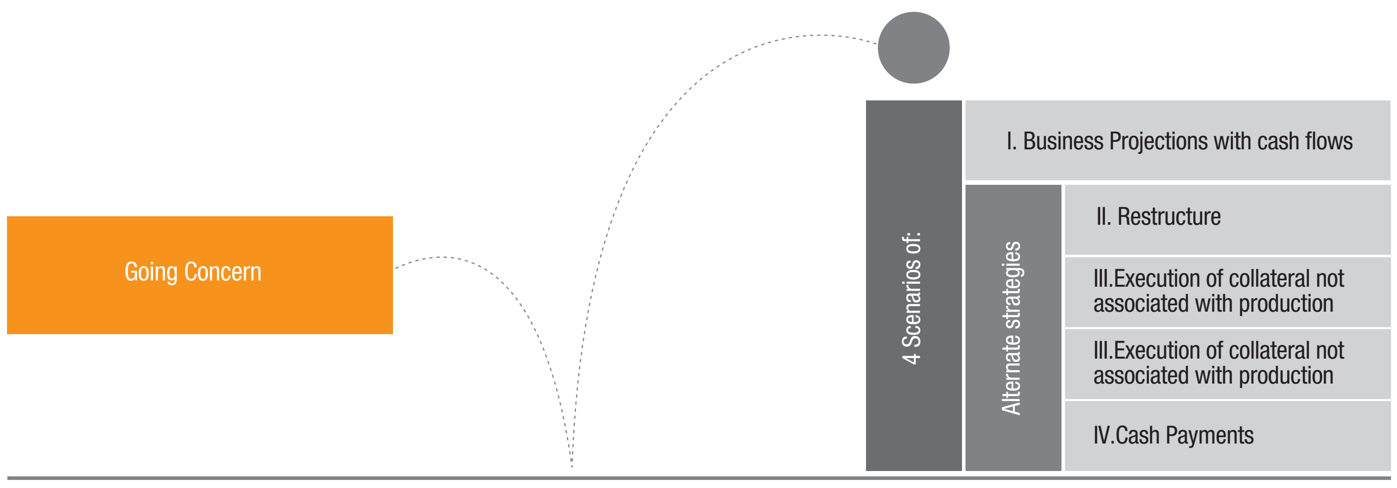
This approach assumes that the company is in business and its liquidation is not expected. The debtor will continue to generate operating cash flows that can be used to repay debt to all creditors. Additionally, collateral can be considered to the extent that it does not influence operating cash flows. This approach is considered most likely:

o Whether the debtor's future cash flows are material and can be estimated reliably;

o If the level of collaterally of the exposure is limited.



In summary, the image below shows the four possible strategies:



b) Gone Concern

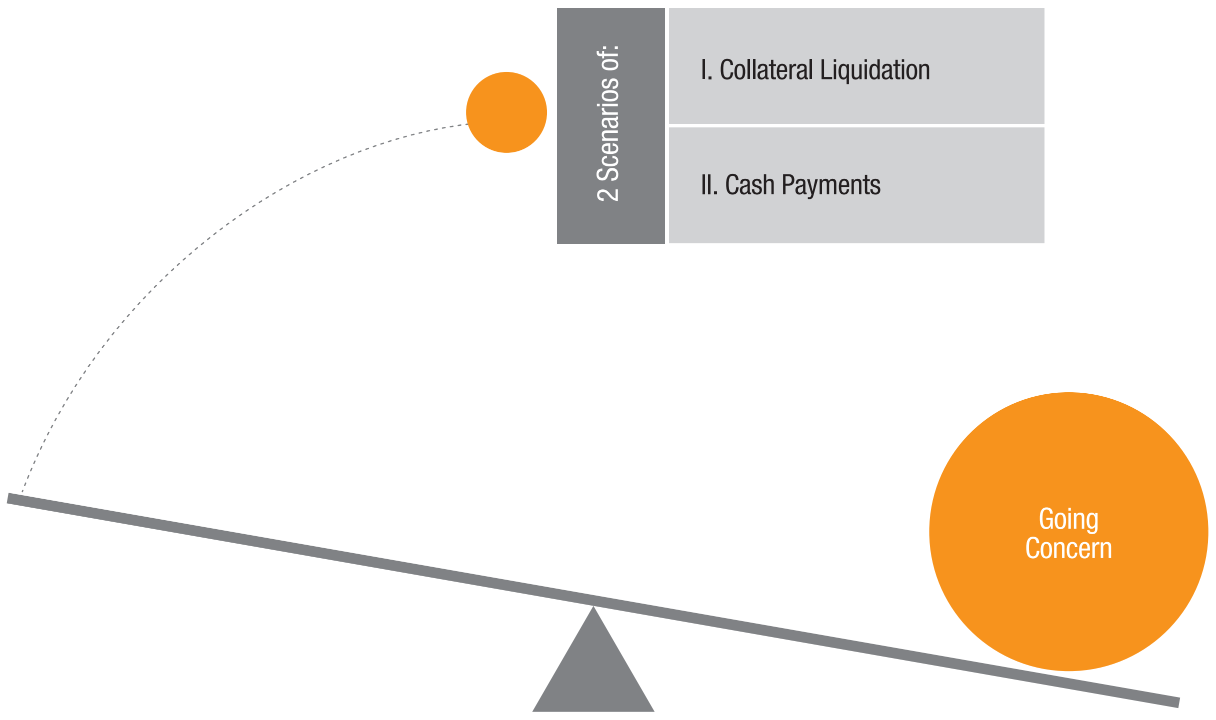
This approach assumes that the company is in liquidation or at risk of liquidation - collateral is executed and the entity's operating cash flows cease. This approach is considered most likely in the following cases:

- It is estimated that the debtor's future cash flows will be reduced or negative;
- Debtor exposure is significantly leveraged and collateral is essential for generating cash flows;
- The continuation of the client's activity would have a materially negative impact on the recoverable amount for the Bank (ex: future outflow of financial resources, reduction in the value of the collateral);
- If the existing information is insufficient to perform a Going concern analysis, then a Gone concern analysis should be performed

Briefly, the image below summarizes the possible strategies:

In the scenario of guarantee execution, the analyst responsible for the individual analysis must estimate the parameters below, in order to determine the cash flows (NPV) that will cover the amount owed:

- Replacement Time;
- the Expected Future Value;
- Additional Time to Sell;
- Sale Discount;
- Costs Incurred.



The individual analysis forms have an annual validity for exposures classified in Level 1 (Stage 1) and Quarterly for exposures classified in Levels 2 and 3 (Stage 2 and 3), not invalidating their timely update as long as there are events of loss significant changes in the client's environment that so determine it.

Collective analysis (CA)

The Bank performs the collective impairment assessment for all loans that do not individually have significant exposure, as well as for loans with significant exposure for which there is no objective evidence of individual impairment.

The valuation is carried out by dividing the loans into homogeneous risk segments. The credit impairment classification depends on the number of days overdue and the indicators of impairment. Impairment ratings are used in the calculation of risk factors: Probabilities of Default (PD), Loss Given Default (LGD), Credit Conversion Factor (CCF) and Behavioral Maturity (BM). All credits must have an impairment rating associated with the number of days overdue and a credit can be considered in default (level 3), impairment (level 2) or in effect (level 1).

Restructured credits are classified at level 2, however, it may happen that a credit has a number of days in arrears that would place it under a certain impairment rating but due to exceptional circumstances it is rated at its worst position. This is the purpose of the triggers / impairment indicators, to enable the most appropriate impairment classification for the loan in question considering other characteristics besides the number of days in arrears. The impairment rating attributed on each reference date will be the maximum between the rating attributed through the number of days overdue and the rating attributed through the impairment indicator.

Default probability

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

PD curves are calculated based on historical information on the Bank's credit operations (7.5 years). The behavior of loans in the past and the observed default rates (ODR's - Observed Default Rates), adjusted based on macroeconomic forecasts, and are aspects used to estimate the future performance of operations with similar characteristics, that is, of the same risk segment.
Currently, the Bank has defined the following segments:

- Financial Institutions, Public Sector, Group Companies and Institutional;
- Large and medium-sized companies;
- Small businesses;
- Consumption;
- Housing;
- Credit cards;
- Bank overdraft;
- Other credits.

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

The Loss Given default (LGD), or loss due to default, represents the percentage of the value of a credit that the Bank expects to lose when that credit goes into default. The LGD is dependent on the number of years for which the borrower of the transaction is in default, the existence of collateral from the transaction, the value of the collateral, the value of the legal right over is collateral, probabilities of execution of the collateral and costs incurred in recovery processes.

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

The calculation methodology for LGDs is based on the identification of recovery strategies after the observation of the default. For each recovery strategy and for each segment, an LGD will be calculated, based on the following parameters:

- Probability of the strategy - represents the probability that a credit that is in default will reach a certain recovery profile. To calculate the probability, historical data of observed defaults (7.5 years) are used, weighted by the exposure in case of default;

- Loss by strategy - represents the expected loss for a specific strategy. For the calculation of the probability, historical data of observed recoveries (7.5 years) are used, weighted by the exposure in case of default.

Additionally, the current LGD methodology 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 based on the difference between the amount due for each month after the date of default;
- Collateral LGD - LGD calculated based on the calculation of the future amount that is expected to recover through the collateral, updated to the current moment.

Credit Conversion Factor

The Credit Conversion Factor (CCF), or credit conversion factor, represents the percentage of off-balance sheet exposure that can be converted into equity exposure until default. The methodology developed by the Bank is applied to operations with revolving credit usage limits, such as Credit Cards, Overdrafts and Current Accounts. Regulatory CCFs are used for Bank Guarantees and Documentary Credits.

Behavioral Maturity

Behavioral Maturity (BM), aims to identify the period of time during which the institution is exposed to credit risk. This parameter is typically calculated for transactions where the transaction's maturity date is not set (e.g. Revolving Credits). Accordingly, the defined methodology assumes that behavioral maturity is estimated for the following types of credit: Overdrafts, Current Accounts and Credit Cards.

Risk factors are updated annually based on historical information.

Impairment according to the model can be seen below.

	GROUP		BANK	
	Dec-19	Dec-18	Dec-19	Dec-18
Individual impairment	-	1.612.415.941	3.110.982.797	1.612.415.941
IBNR	-	-	-	-
Portfolio impairment	-	4.694.063.979	2.361.765.047	4.694.063.979
	-	**6.306.479.920**	**5.472.747.844**	**6.306.479.920**

Sensitivity analysis

In order to promote the reliability of the estimates obtained in the calculation of the impairment, the following sensitivity analysis are carried out in relation to Collective Impairment:

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

	Approved Scenario	Scenario increase PD	Scenario increase LGD
Consolidated impairment	5.472.747.844	5.498.618.063	5.527.213.236
Impact	-	25.870.219	54.465.393
Total impact		**80.335.612**	

Credit impairment exists in the following classes of loans and advances at the Bank:

	Mortgage loans	Installment sales and leases	Cards loans	Other loans and advances	Loans to major enterprises	Total
Overdue credit						
Opening balance	66.673.592	508.991.096	13.445.004	220.411.366	2.007.224.091	2.816.745.149
Closures of impaired accounts	-	-	-	-	3.130.745.038	3.130.745.038
Net impairment for period	(27.721.148)	(45.898.126)	(2.736.510)	374.794.044	(4.030.382.797)	(3.731.944.537)
				-		
31st December 2019	**38.952.444**	**463.092.970**	**10.708.494**	**595.205.410**	**1.107.586.332**	**2.215.545.651**
Outstanding loans						
Opening balance	63.659.647	409.981.469	16.119.055	165.848.095	2.781.194.788	3.436.803.054
Net impairment for period	8.196.217	(23.935.202)	(4.055.514)	(309.761)	(214.255.022)	(234.359.283)
31st December 2018	**71.855.864**	**386.046.267**	**12.063.541**	**165.538.334**	**2.566.939.766**	**3.202.443.771**
	110.808.308	**849.139.236**	**22.772.035**	**760.743.744**	**3.674.526.098**	**5.417.989.422**

b. Liquidity Risk

Liquidity risk is the possibility for an institution to face difficulties in fulfilling its obligations (especially short-term ones) as they mature, or in ensuring the refinancing of assets held on its balance sheet, without incurring significant costs or losses. Risk mitigation is done using asset management based on its liquidity and periodic control of future cash flows and liquidity.

The management and control of liquidity risk is carried out using the analysis of the residual terms of the different assets and liabilities on the balance sheet to show, in each of the different intervals considered, the difference between the cash inflow and outflow volumes, as well as the respective liquidity gaps.
The management policy and strategy, related to liquidity risk, is defined by the Board of Directors and monitored by the Capital, Assets and Liabilities Committee (CALCO), and implemented by the Financial Markets Department (DMF) and controlled by the Risk Management Department Risk (DGR).

Analyzes of liquidity risk are carried out in CALCO on a monthly basis and the balances of the current accounts are divided over the maturity periods according to a replication key, which was defined after a study of the historical stability of the current account balances - the best international practices point to this type of treatment in order to reflect the nature and structure of the balance sheet in gap management.

In the management of surplus liquidity, the Bank has invested in auctions for the purchase of Treasury Bills with a resale agreement (Reverse Repo), as well as in liquidity lending to Other Credit Institutions (OIC`s). Therefore, on December 30th, 2019, the Bank had approximately MZN 15,500 million invested in Reverse Repo with the Bank of Mozambique (BM), which indicates a largely comfortable liquidity position.

It should be noted that the Central Bank intervenes in the market on a daily basis, with auctions for the sale of Treasury Bills with a repurchase agreement (Repo), in line with market needs.

In addition, the Bank can access the Liquidity Provision Standing Facility (FPC), available for the overnight loan of funds from the BM, and these funds are made available up to the discounted value of the eligible securities portfolio. As of December 30th, 2019, the Bank had approximately MZN 27,019 million in securities available to access the FPC.

Regarding the management of the excess liquidity position, the Bank has made investments in Reverse Repo with a maturity of one day, since the Bank of Mozambique has not issued Reverse Repos for other maturities, as well as in liquidity assignments to Other Credit Institutions (OIC’s).

Summary of the balance sheet items of the Group by maturity dates, at 31st December 2019 and 31st December 2018:

31st December 2019	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	33.501.594.599	-	-	-	-	33.501.594.599
Cash balances at financial institutions	62.701.233	-	-	-	-	62.701.233
Deposits with financial institutions	20.782.855.947	313.066.710	208.923.582	-	-	21.304.846.239
Financial assets	5.362.917.000	1.126.640.000	16.019.057.900	4.510.912.600	-	27.019.527.500
Non-current assets held for sale	2.900.567.772	-	-	-	-	2.900.567.772
Derivatives	171.620.972	258.456.294	879.696.752	13.216.050	-	1.322.990.068
Loans and advances to customers	10.150.214.508	2.282.771.979	11.681.159.000	23.708.122.031	22.716.762.642	70.539.030.160
Total Assets	**72.932.472.031**	**3.980.934.983**	**28.788.837.234**	**28.232.250.681**	**22.716.762.642**	**156.651.257.571**
Deposits from central banks	-	-	-	-	-	-
Deposits from financial institutions	89.794.640	1.052.229.234	23.344.750	50.638.324	50.638.324	1.266.645.272
Customer deposits	22.477.053.534	12.254.109.150	21.121.404.964	15.955.352.608	52.374.884.377	124.182.804.633
Consigned resources	87.505.798	317.844.180	3.341.101.466	6.862.359.744	6.862.359.744	17.471.170.932
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total liabilities	**22.654.353.972**	**13.624.182.564**	**24.485.851.180**	**22.868.350.676**	**59.287.882.445**	**142.920.620.837**
Liquidity gap in MZN	**50.278.118.059**	**(9.643.247.581)**	**4.302.986.054**	**5.363.900.005**	**(36.571.119.803)**	**13.730.636.734**
Accumulated liquidity gap	**50.278.118.059**	**40.634.870.478**	**44.937.856.532**	**50.301.756.537**	**13.730.636.734**	**-**

31st 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
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**
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**	**-**

Summary of the balance sheet items of the Bank by maturity dates, at 31st December 2019 and 31st December 2018:

31st December 2019	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	33.501.593.793	-	-	-	-	33.501.593.793
Cash balances at financial institutions	29.538.396	-	-	-	-	29.538.396
Deposits with financial institutions	20.782.855.947	313.066.710	208.923.582	-	-	21.304.846.239
Financial assets	5.362.917.000	1.126.640.000	16.019.057.900	4.510.912.600	-	27.019.527.500
Financial assets held for trading	2.900.567.772	-	-	-	-	2.900.567.772
Derivatives	171.620.972	258.456.294	879.696.752	13.216.050	-	1.322.990.068
Loans and advances to customers	10.466.264.151	2.282.771.979	11.681.159.000	23.708.122.031	22.716.762.642	70.855.079.803
Total Assets	**73.215.358.031**	**3.980.934.983**	**28.788.837.234**	**28.232.250.681**	**22.716.762.642**	**156.934.143.571**
Deposits from central banks	-	-	-	-	-	-
Deposits from financial institutions	89.794.640	1.052.229.234	23.344.750	50.638.324	50.638.324	1.266.645.272
Customer deposits	22.510.216.371	12.254.109.150	21.121.404.964	15.955.352.608	52.374.884.377	124.215.967.470
Consigned resources	87.505.798	317.844.180	3.341.101.466	6.862.359.744	6.862.359.744	17.471.170.932
Subordinated loans	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Total liabilities	**22.687.516.809**	**13.624.182.564**	**24.485.851.180**	**22.868.350.676**	**59.287.882.445**	**142.953.783.674**
Liquidity gap in MZN	**50.527.841.222**	**(9.643.247.581)**	**4.302.986.054**	**5.363.900.005**	**(36.571.119.803)**	**13.980.359.897**
Accumulated liquidity gap	**50.527.841.222**	**40.884.593.641**	**45.187.579.695**	**50.551.479.700**	**13.980.359.897**	**-**

31st 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
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**
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**	**-**

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, 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 risk policy and management strategy related to interest rate risk are defined by the Board of Directors and monitored by the Capital, Assets and Liabilities Committee (CALCO), 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 31st December 2019 and 31st December 2018:

31st December 2019	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	-	-	-	-	-	33.501.594.599	33.501.594.599
Cash balances at financial institutions	62.701.233	-	-	-	-	-	62.701.233
Deposits with financial institutions	20.782.855.947	313.066.710	208.923.582	-	-	-	21.304.846.239
Financial assets	5.362.917.000	1.126.640.000	16.019.057.900	4.510.912.600	-	-	27.019.527.500
Financial assets held for trading	-	-	-	-	-	2.900.567.772	2.900.567772
Derivatives	171.620.972	258.456.294	879.696.752	13.216.050	-	-	1.322.990.068
Loans and advances to customers	33.807.328.430	5.917.015.184	19.274.217.396	4.828.696.735	6.711.772.418	-	70.539.030.163
Total Assets	**60.187.423.582**	**7.615.178.188**	**36.381.895.630**	**9.352.825.385**	**6.711.772.418**	**36.402.162.371**	**156.651.257.574**
Deposits from central banks	-	-	-	-	-	-	-
Deposits from financial institutions	89.794.640	1.052.229.234	15.048.576	-	-	-	1.157.072.450
Customer deposits	22.543.296.038	12.295.293.392	21.306.124.258	15.927.393.826	52.110.697.119	-	124.182.804.633
Consigned resources	87.505.798	317.844.180	10.783.091.683	-	-	-	11.188.441.661
Subordinated loans	-	-	8.296.174	50.638.324	111.687.311	-	170.621.809
Debt securities	-	-	-	-	-	-	-
Total liabilities	**22.720.596.476**	**13.665.366.806**	**32.112.560.691**	**15.978.032.150**	**52.222.384.430**	**-**	**136.698.940.553**
Interest rate gap	**37.466.827.106**	**(6.050.188.618)**	**4.269.334939**	**(6.625.206.765)**	**(45.510.612.012)**	**36.402.162.371**	**19.952.317.021**
Accumulated interest rate gap	**37.466.827.106**	**31.416.638.488**	**35.685.973.427**	**29.060.766.662**	**(16.449.845.350)**	**19.952.317.021**	**-**

31st 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
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**
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**	**-**

Summary of the Banks balance sheet items sensitive to changes in the interest rate at 31st December 2019 and 31st December 2018:

31st December 2019	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	-	-	-	-	-	33.501.593.793	33.501.593.793
Cash balances at financial institutions	29.538.396	-	-	-	-	-	29.538.396
Deposits with financial institutions	20.782.855.947	313.066.710	208.923.582	-	-	-	21.304.846.239
Financial assets	5.362.917.000	1.126.640.000	16.019.057.900	4.510.912.600	-	-	27.019.527.500
Financial assets held for trading	-	-	-	-	-	2.900.567.772	2.900.567.772
Derivatives	171.620.972	258.456.294	879.696.752	13.216.050	-	-	1.322.990.068
Loans and advances to customers	34.123.378.073	5.917.015.184	19.274.217.396	4.828.696.735	6.711.772.418	-	70.855.079.806
Total Assets	**60.470.310.388**	**7.615.178.188**	**36.381.895.630**	**9.352.825.385**	**6.711.772.418**	**36.402.161.565**	**156.934.143.574**
Deposits from central banks	-	-	-	-	-	-	-
Deposits from financial institutions	89.794.640	1.052.229.234	15.048.576	-	-	-	1.157.072.450
Customer deposits	22.576.458.875	12.295.293.392	21.306.124.258	15.927.393.826	52.110.697.119	-	124.215.967.470
Consigned resources	87.505.798	317.844.180	10.783.091.683	-	-	-	11.188.441.661
Subordinated loans	-	-	8.296.174	50.638.324	111.687.311	-	170.621.809
Debt securities	-	-	-	-	-	-	-
Total liabilities	**22.753.759.313**	**13.665.366.806**	**32.112.560.691**	**15.978.032.150**	**52.222.384.430**	**-**	**136.732.103.390**
Interest rate gap	**37.716.551.075**	**(6.050.188.618)**	**4.269.334.939**	**(6.625.206.765)**	**(45.510.612.012)**	**36.402.161.565**	**20.202.040.184**
Accumulated interest rate gap	**37.716.551.075**	**31.666.362.457**	**35.935.697.396**	**29.310.490.631**	**(16.200.121.381)**	**20.202.040.184**	**-**

31st 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
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**
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**	**-**

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 Capital, Assets and Liabilities Committee (CALCO), 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 CALCO, 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 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 core 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 31st December 2019 and 31st December 2018, the Group's exposure to foreign exchange risk is as follows:

31st December 2019	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	11.399.297.620	180.740.562	229.028.212	-	18.239.182.258	30.048.248.653
Cash balances at financial institutions	3.039.033.631	321.257.543	4.884.446	72.616.397	6.467.621	3.444.259.638
Deposits with financial institutions	3.564.399.490	502.897.000	1.781.249.582	-	15.511.024.589	21.359.570.661
Financial assets	-	77.840.610	-	-	27.055.236.145	27.133.076.755
Loans and advances to customers	7.410.320.061	10.684.571.291	472.976.720	-	47.775.302.428	66.343.170500
Other assets	1.886.760.219	203.806.747	19.053.051	3.229.275	13.239.477.278	15.352.326.569
Total Assets	**27.299.811.021**	**11.971.113.753**	**2.507.192.011**	**75.845.672**	**121.826.690.319**	**163.680.652.776**
Deposits from central banks	-	-	-	-	-	-
Deposits from financial institutions	42.074.327	129.404	194	-	1.294.723.273	1.336.927.198
Customer deposits	25.697.888.691	1.254.282.150	2.447.677.996	71.974.584	96.027.068.805	125.498.892.225
Consigned resources	1.023.077.570	10.549.258.186	240.868	8.072	(470.753.880)	11.101.830.816
Other liabilities	555.896.069	173.926.009	58.445.019	4.039	6.038.977.999	6.827.249.134
Total liabilities	**27.318.936.657**	**11.977.595.748**	**2.506.364.076**	**71.986.695**	**102.890.016.197**	**144.764.899.373**
Total own funds	**-**	**-**	**-**	**-**	**18.915.753.403**	**18.915.753.403**
Total liabilities and own funds	**27.318.936.657**	**11.977.595.748**	**2.506.364.076**	**71.986.695**	**121.805.769.600**	**163.680.652.776**
Currency spread	**(19.125.636)**	**(6.481.995)**	**827.935**	**3.858.977**	**20.920.719**	**-**

31st 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	31.630.209622
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
Financial assets	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 assets	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	1.421.494.638,85	-	-	-	-	1.421.494.639
Deposits from financial institutions	484.480.546,16	125.008,47	133.669.343,00	-	993.784.534,98	1.612.059.433
Customer deposits	23.431.895.843,79	1.191.646.274,23	1.995.828.036,42	70.883.659,80	89.046.964.469,35	115.737.218.284
Consigned resources	219.975.715,21	12.806.254.233,60	4.519.366,87	39.050,00	158.470.375,50	13.189.258.741
Other liabilities	125.281.333,50	68.356.180,12	37.186.966,47	7.770.741,98	7.234.540.054,77	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)**

At 31st December 2019 and 31st December 2018, the Bank exposure to foreign exchange risk is as follows:

31st December 2019	USD	EUR	ZAR	Other currencies	Operations not sensitive to foreign exchange changes	Book value
Cash and cash balances at central banks	11.399.297.620	180.740.562	229.028.212	-	18.239.181.452	30.048.247.847
Cash balances at financial institutions	3.039.033.631	321.257.543	4.884.446	72.616.397	6.464.279	3.444.256.296
Deposits with financial institutions	3.564.399.490	502.897.000	1.781.249.582	-	15.511.024.589	21.359.570.661
Financial assets	-	77.840.610	-	-	27.055.236.145	27.133.076.755
Loans and advances to customers	7.410.320.061	10.684.571.291	472.976.720	-	48.091.352.071	66.659.220.143
Other assets	1.886.760.219	203.806.747	19.053.051	3.229.275	12.773.629.970	14.886.479.262
Total Assets	**27.299.811.021**	**11.971.113.753**	**2.507.192.011**	**75.845.672**	**121.676.888.507**	**163.530.850.964**
Deposits from central banks	-	-	-	-	-	-
Deposits from financial institutions	42.074.327	129.404	194	-	1.294.723.274	1.336.927.198
Customer deposits	25.697.888691	1.254.282.150	2.447.677.996	71.974.584	96.060.231.642	125.532.055.062
Consigned resources	1.023.077.570	10.549.258.186	240.868	8.072	(470.753.880)	11.101.830.816
Other liabilities	**555.896.069**	**173.926.009**	**58.445.019**	**4.039**	**5.865.449.723**	**6.653.720.858**
Total liabilities	**27.318.936.657**	**11.977.595.748**	**2.506.364.076**	**71.986.695**	**102.749.650.758**	**144.624.533.934**
Total own funds	**-**	**-**	**-**	**-**	**18.906.317.030**	**18.906.317.030**
Total liabilities and own funds	**27.318.936.657**	**11.977.595.748**	**2.506.364.076**	**71.986.695**	**121.655.967.788**	**163.530.850.964**
Currency spread	**(19.125.636)**	**(6.481.995)**	**827.935**	**3.858.977**	**20.920.719**	**-**

31st 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
Financial assets	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 assets	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	1.421.494.638,85	-	-	-	-	1.421.494.639
Resources from financialinstitutions	484.480.546,16	125.008,47	133.669.343,00	-	993.784.534,98	1.612.059.433
Customer deposits	23.431.895.843,79	1.191.646.274,23	1.995.828.036,42	70.883.659,80	89.081.407.837,35	115.771.661.652
Consigned resources	219.975.715,21	12.806.254.233,60	4.519.366,87	39.050,00	158.470.375,50	13.189.258.741
Other liabilities	125.281.333,50	68.356.180,12	37.186.966,47	7.770.741,98	7.234.540.054,77	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**	**-**

9.36 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 local 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-19	Dec-18
Share capital	10.000.000.000	10.000.000.000
Treasury shares	(245.232.542)	(166.973.907)
	9.754.767.458	9.833.026.093
Fair value reserves		165.840.058
Other reserves and retained earnings	7.699.983.660	4.605.775.020
Transition reserves IFRS 9	(2.050.231.297)	(2.050.231.297)
	5.697.431.041	2.721.383.781
Profit for the period	3.454.118.530	4.026.005.755
	18.906.317.030	16.580.415.630

Solvency risk

Capital and non-impaired reserves are evidence of the shareholders' commitment to ensuring the continuity of operations and the Bank's solvency.

The risk of insolvency is measured by the solvency ratio. The Bank and its shareholders are committed to holding sufficient capital to maintain the solvency ratio above the minimum required by the Bank of Mozambique. On December 31, 2019, the solvency ratio was 24.98% (2018: 16.96%).

It remained above that recommended by the Bank of Mozambique, a fact that proves BCI's financial strength.

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-19	Dec-18
Core own funds		
Paid up capital	10.000.000.000	10.000.000.000
Capital issuance premiums	864.265.127	864.265.127
Reserves , retained earnings	6.757.459.898	3.741.509.893
Negative revaluation reserves, intangible assets and other deductible items	(2.631.488.329)	(5.060.489.475)
Tier I Total capital	**14.990.236.695**	**9.545.285.545**
Subordinated loans	-	-
Other	29.014.909	66.393.406
Tier II Total capital	**29.014.909**	**66.393.406**
Deduction from total own funds	(555.605.647)	(545.094.583)
Eligible own funds	**14.463.645.957**	**9.066.584.367**
Risk-weighted assets		
Balance sheet	51.958.176.303	47.112.201.219
Off-balance sheet	4.046.266.448	4.060.241.114
Operational risk	1.876.269.768	1.603.325.346
Market risk	25.607.636	682.853.723
Basis own funds (Tier I) adequacy ratio	25,89%	17,86%
Basis own funds (Tier II) adequacy ratio	0,05%	0,12%
Solvency ratio	**24,98%**	**16,96%**

Market Risk

Values Expressed in Meticals

	DEC-19		DEC-18	
	NET POSITIONS		NET POSITIONS	
	Long	Short	Long	Short
CURRENCY :				
USD	-	19.125.636	-	681.157.786
EUR	-	6.482.000	443.482.293	-
ZAR	827.917	-	7.368.218	-
GBP	3.926.978	-	4.990.119	-
DKK	-	-	425.928	-
JPY	-	-	122.274	-
NOK	-	-	499.714	-
SEK	-	-	1.023.074	-
CHF	-	-	567.545	-
AUD	-	-	149.766	-
CNY	-	-	-	1.695.937
Total	**4.754.895**	**25.607.636**	**458.628.931**	**682.853.723**
Currency Risk Coverage		**25.607.636**		**682.853.723**

Operational Risk

	DEC-19			DEC-18		
	Year n-2	Year n-1	Year n	Year n-2	Year n-1	Year n
Interest and similar Income (+)	12.944.032.747	19.946.936.678	18.571.068.100	8.707.155.313	12.944.032.747	19.946.936.678
Interest and similar charges (-)	6.975.622406	11.908.062.931	8.886.667.981	4.729.822.877	6.975.622.406	11.908.062.931
Income from Equity Instruments (+)	-	2.462.465	-	2.161.172	-	2.462.465
Commissions Received (+)	2.342.987.621	2.286.217.745	2.602.571.623	1.960.556.440	2.342.987.621	2.286.217.745
Commissions Paid (-)	468.544.334	546.511.879	573.534.842	348.013.275	468.544.334	546.511.879
Results of Financial Operations (+)	1.865.836.182	1.601.114.365	1.609.742.790	2.242.260.623	1.865.836.182	1.601.114.365
Other Operating Results (+)	532.825.685	1.760.497.405	818.046.326	848.040.190	532.825.685	1.760.497.405
Total Activities for the Basic Indicator Method	**10.241.515.496**	**13.142.653.847**	**14.141.226.017**	**8.682.337.586**	**10.241.515.496**	**13.142.653.848**
Average for the Calculation of Minimum Capital Requirements			**12.508.465.120**			**10.688.835.643**
Weighting rate			**15%**			**15%**
Operational Risk			**1.876.269.768**			**1.603.325.346**

9.37 ACCOUNTING CLASSIFICATION AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At 31st December 2019 and 31st December 2018, the accounting classification and fair value of the Group's financial assets and liabilities were as follows:

31st December 2019	Assigned at Fair Value	Assigned at Amortized Cost	Book value
Cash and balances at central banks	-	30.048.283.098	30.048.283.098
Cash balances at financial institutions	-	3.444.259.638	3.444.259.638
Deposits with financial institutions	-	21.359.570.661	21.359.570.661
Loans and advances to customers	-	66.189.743.321	66.189.743.321
Financial assets	5.783.494.985	21.349.581.770	27.133.076.755
Total	**5.783.494.985**	**142.391.438.488**	**148.174.933.473**
Deposits from central bank	-	-	-
Deposits from financial institutions	-	1.336.927.198	1.336.927.198
Customer deposits	-	125.345465.070	125.345.465.070
Consigned resources	-	11.101.830.816	11.101.830.816
Total	**-**	**137.784.223.084**	**137.784.223.084**

31st December 2018	Assigned at Fair Value	Assigned 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	-	65.374.703.142	65.374.703.142
Financial assets	5.495.800.544	19.248.988.151	24.744.788.695
Total	**5.495.800.544**	**133.067.962.550**	**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
Total	**-**	**132.029.913.971**	**132.029.913.971**

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

At 31st December 2019 and 31st December 2018, the accounting classification and fair value of the Bank`s financial assets and liabilities were as follows:

31st December 2019	Assigned at Fair Value	Assigned at Amortized Cost	Book value
Cash and balances at central banks	-	30.048.282.292	30.048.282.292
Cash balances at financial institutions	-	3.444.256.296	3.444.256.296
Deposits with financial institutions	-	21.359.570.661	21.359.570.661
Loans and advances to customers	-	66.505.792.964	66.505.792.964
Financial assets	5.783.494.985	21.349.581.770	27.133.076.755
Total	**5.783.494.985**	**142.707.483.983**	**148.490.978.968**
Deposits from central bank	-	-	-
Deposits from financial institutions	-	1.336.927.198	1.336.927.198
Customer deposits	-	125.378.627907	125.378.627.907
Consigned resources	-	11.101.830.816	11.101.830.816
Total	**-**	**137.817.385.921**	**137.817.385.921**

31st December 2018	Assigned at Fair Value	Assigned 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	-	65.687.186.801	65.687.186.801
Financial assets	5.495.800.544	19.248.988.151	24.744.788.695
Total	**5.495.800.544**	**133.380.440.411**	**138.876.240.955**
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	-	115.771.661.652	115.771.661.652
Consigned resources	-	13.256.886.867	13.256.886.867
Total	**-**	**132.064.357.339**	**132.064.357.339**

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

9.38 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date and up to the date when the consolidated and individual financial statements were authorized for issue, taking into account the following events:

"Covid-19"

As of January 2020, the outbreak of the SARS-CoV-2 virus (Coronavirus), which has a high rate of contagion resulted in the rapid spread of the disease COVID-19 throughout the world, causing impacts on financial markets and economic activity. The high degree of mortality of the disease led to the declaration of Pandemic by the World Health Organization on 11th March 2020.

In Mozambique, the first cases emerged in mid-March and have been growing, albeit insignificantly, over the past few weeks, leading the Government to declare a state of emergency on March 30th, for a period of 30 days, with unprecedented implications across the spectrum of society, with a particular focus on our economy.

The Bank is closely monitoring the evolution of the situation, which, at the date the Financial Statements were authorized for issue, is still in a preliminary phase and, as such, is constantly changing and highly uncertain.

In order to implement and monitor the "Contingency Plan" adapted to the Pandemic scenario, a Crisis Management Office was created specifically for this purpose. In this context, BCI adopted a set of measures to ensure the protection of employees and customers and the continuity of its activity, including, among other more specific ones described below, the recommendations of health authorities and shareholders, teleworking (remote work), work in shifts, social distancing of work stations and allocation of employees to alternate sites, seeking to maximize the safety of employees and customers and, consequently, the resilience of the Institution. Among the main measures we highlight:

Adaptation of the Banking and Financial Offer:

- **Companies:**
  A set of solutions to support treasury and financing was made available to companies in order to support sectors of the national economy whose activity is affected by the economic effects resulting from Covid-19, always taking into account the appropriate risk criteria. The support ranges from a grace period for capital and / or interest up to 6 months, or a credit line with subsidized rates. Specific support was also made available to the most critical suppliers, in order to guarantee the continuity of operations.

- **Individuals:**
  A package of products and services adjusted to the needs of the pandemic COVID-19 was launched and aimed at reducing the risks inherent in contagion. This package includes the temporary exemption of a set of essential transactions to customers through digital channels.

In order to satisfy the foreseeable increase in the use of digital media, technological support for transactions through electronic means of payment was also reinforced, with emphasis on the virtual POS solution (payment via POS via mobile phone, avoiding contact with the card and with the payment terminal).

These measures will have a temporary effect and aim to drastically reduce touch points and money exchange during this period.

Protection of Customers, Employees and the General Public:

- Promotion and dissemination of recommended hygiene practices and availability of sanitary products in the Bank's buildings and branches;
- Availability of dedicated isolation rooms, in all central buildings and counters, for the confinement of employees suspected of infection;
- Self-isolation / quarantine and teleworking measures for employees who have traveled to one of the affected countries or who have been in close contact with someone who has been confirmed as infected;
- Prohibition of all non-critical business trips and recommendation to all employees to reduce personal travel to the essential;
- Restriction of internal meetings or non-critical in-person meeting with suppliers / partners, which should be replaced by digital means (video and conference call or other team collaboration tools). Critical face-to-face meetings are reduced to a maximum of 4 participants, with the necessary safeguards for each;
- Replacement of face-to-face meetings with clients with remote options whenever possible;
- Institution of digital means in the main internal analysis and decision forums;
- Implementation of teleworking plans and team dispersion between various locations for critical and non-critical functions, aiming to ensure the ability to maintain service levels without disruption;
- Evaluation with our main suppliers and partners of their business plans and continuity for COVID-19 to ensure minimization of impact on the business through third party supplies;
- Frequent contacts with customers with POS installed, recalling the best practices to follow for disinfecting the equipment, as well as recommending adherence to the Virtual POS service;
- Closure of Mediatheques throughout the country, according to the decrees issued;
- Holding daily meetings with the Union Committee, aiming to transmit tranquility to employees and, simultaneously, listen to their concerns.

Customer Service:

- Simplification of some processes in the branch in order to reduce the contact time between Employees and Customers;

- Simplification of some processes that promote customer service without the need to travel to branches, such as remote access to Internet Banking and remote reactivation of the Banking Channel PIN via telephone;

- Reinforcement of the Contact Center team, in order to face an eventual increase in demand;

- Increased communication to customers about alternative digital means for carrying out transactions, contacts and contracting some services (for example, ebanking). With effect from 10th April, price exemptions were implemented for various transactions carried out by digital means;

- With regard to the availability of face-to-face service, the branches will remain open to the public in a conditioned manner, which translates into:

o Restriction on the number of customers who can simultaneously be at the counter, which will be limited to the number of attendants;

o Reduction in the number of service stations and cash, in order to ensure compliance with interpersonal distancing rules;

o Whenever there is a change in the period of operation or closing of a counter, this information will be posted in the counter window, published in the main newspapers. Likewise, information on branches closed or with service limitations will always be updated on the institutional website.

This set of measures may have an impact on the Bank's activity, however, given the possibility of using remote and digital channels, we do not expect them to be relevant, given the mitigation measures implemented. However, it should be noted that the risks of a more prolonged global impact, resulting from potential breaches of confidence in the market in general, are not yet to be completely ruled out.

In this context, the Bank continues to daily monitor the disruptive impacts that may arise from the evolution of this Pandemic and, when relevant, is making decisions that defend the interests of different stakeholders, including employees, depositors, customers and shareholders.

Based on the information available at the time, and due to the high uncertainty regarding the duration of the pandemic situation and the depth of the effects of the measures applied, it is not yet possible to estimate the economic impact of this exogenous shock, although, in our opinion, it does not seem to affect substantially the Bank's liquidity and capital situation. Even so, potential impacts on the Bank's financial statements may arise as a result of an increase in credit risk and an increase in the volatility of financial and non-financial assets.

In conclusion, on this date, the future perspectives of the Board of Directors, which were incorporated in the determination of the fair value of financial and non-financial assets and in the measurement of expected credit losses, remain unchanged and the principle of continuity of operations, underlying the preparation of the Financial Statements.

Closing of branches

Due to the level of insecurity in Cabo Delgado Province, in 2020, the Bank was forced to cease the activity of 5 branches, one of which was destroyed. The confirmed losses associated with this event amount to approximately 15 Million Meticais at this date.

APPENDIX TO CIRCULAR NO. 3/SHC/2007
MODEL I
BALANCE SHEET - CONSOLIDATED ACCOUNTS (ASSETS)

Accounts	Assets	31-Dec-19										31-Dec-18
		A. IAS/IFRS consolidation perimeter			B. Adjustments	C. Banking activity			D. Other activities			IAS/IFRS consolidation perimeter
		1 Amount before impairment and amortisation	2 Impairment and amortisation	3 = 1 - 2 Net amount	B=A-(C+D+E)	1 B=A-(C+D+E)	2 Amount before impairment and amortisation	3 = 1 - 2 Impairment and amortisation	1 Amount before impairment and amortisation	2 Impairment and amortisation	3 = 1 - 2 Net amount	
10 + 3300	Cash and balances at central bankst	30.048.283.098	-	30.048.283.098	-	30.048.282.292	-	30.048.282.292	806	-	806	31.629.495.581
11 + 3301	Cash balances with financial institutions	3.444.259.642	-	3.444.259.642	(33.162.837)	3.444.256.300	-	3.444.256.300	33.166.179	-	33.166.179	2.615.352.907
153 (1) + 158 (1) + 16	Financial assets held for trading	-	-	-	-	-	-	-	-	-	-	681.960
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	5.046.425.410	-	5.046.425.410	-	5.046.425.410	-	5.046.425.410	-	-	-	5.462.239.590
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300	Deposits at financial institutions	21.365.905.030	6.334.375	21.359.570.655	-	21.365.905.030	6.334.375	21.359.570.655	-	-	-	18.062.825.120
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018	Loans and advances to customers	72.317.446.647	6.127.703.313	66.189.743.334	(316.049.643)	72.633.496.290	6.127.703.313	66.505.792.977	-	-	-	65.512.389.541
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303	Investments held-to-maturity	21.349.581.770	-	21.349.581.770	-	21.349.581.770	-	21.349.581.770	-	-	-	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	737.069.580	-	737.069.580	-	737.069.580	-	737.069.580	-	-	-	-
21	Hedge derivatives	-	-	-	-	-	-	-	-	-	-	-
25 - 3580	Non-current assets held for sale	2.712.638.210	221.591.680	2.491.046.530	-	2.712.638.210	221.591.680	2.491.046.530	-	-	-	2.530.101.100
26 - 3581 (1) - 360 (1)	Investment properties	441.000.527	-	441.000.527	-	161.282.180	-	161.282.180	279.718.347	-	279.718.347	118.867.180
27 - 3581 (1) - 360 (1)	Other tangible assets	11.696.654.357	4.210.500.430	7.486.153.927	-	11.481.428.800	4.210.500.430	7.270.928.370	215.225.557	-	215.225.557	6.986.080.356
29 - 3583 - 361	Intangible assets	1.103.515.493	750.113.230	353.402.263	-	1.103.410.170	750.113.230	353.296.940	105.323	-	105.323	361.525.079
24 - 357	Investments in subsidiaries. assocated companies and jointly controlled entities	41.406.801	-	41.406.801	(460.059)	41.866.860	-	41.866.860	-	-	-	-
300	Current tax assets	456.611.540	-	456.611.540	-	432.902.310	-	432.902.310	23.709.230	-	23.709.230	433.921.576
301	Deferred tax assets	1.006.609.920	-	1.006.609.920	-	1.006.609.920	-	1.006.609.920	-	-	-	1.010.633.988
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	3.079.302.034	137.904.830	2.941.397.204	(69.308.424)	3.131.753.125	137.904.830	2.993.848.295	16.857.333	-	16.857.333	2.108.254.474
	Total assets	**174.846.710.059**	**11.454.147.858**	**163.392.562.201**	**(418.980.963)**	**174.696.908.247**	**11.454.147.858**	**163.242.760.389**	**568.782.775**	**-**	**568.782.775**	**156.081.356.602**

APPENDIX TO CIRCULAR NO. 3/SHC/2007
MODEL I
BALANCE SHEET - CONSOLIDATED ACCOUNTS (LIABILIIES)

Accounts (Indicative references to the banking activity column)	Liabilities	31-Dec-19				31-Dec-18
		A. IAS/IFRS consolidation perimeter	B. Adjustments B=A-(C+D+E)	C. Banking Activity	E. Other activities	
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Placements from central banks	171.053.970	-	171.053.970	-	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 central banks	1.165.843.170	(316.049.643)	1.165.843.170	316.049.643	1.332.277.660
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer deposits	125.345.465.083	(33.162.837)	125.378.627.920	-	116.017.000.042
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	320.906.740	-	320.906.740	-	627.169.570
490	Current tax liabilities	-	-	-	-	-
491	Deferred tax liabilities	37.266.510	-	37.266.510	-	62.904.850
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	-	-	-	-	-
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)	Other liabilities	17.436.273.325	(69.308.424)	17.262.745.049	242.836.700	19.998.854.190
	Total liabilities	**144.476.808.798**	**(418.520.904)**	**144.336.443.359**	**558.886.343**	**139.460.732.242**
55	Capital	10.000.000.000	(142.276.500)	10.000.000.000	142.276.500	10.000.000.000
602	Issue premiums	864.265.130	-	864.265.130	-	864.265.130
57	Other Equity instruments	-	-	-	-	-
-56	Treasury shares	(245.232.540)	-	(245.232.540)	-	(166.973.910)
58 + 59	Revaluation reserves	47.678.670	-	47.678.670	-	165.840.060
60 - 602 + 61	Other reserves and retained earnings	4.797.268.102	116.957.619	4.785.487.240	(105.176.757)	1.704.875.232
64	Results for period	3.426.915.219		3.454.118.530	(27.203.311)	4.046.895.306
-63	(Advance of dividends)	-	-	-	-	-
62	Non-controlling interests	24.858.822	24.858.822	-	-	5.722.542
	Total capital	**18.915.753.403**	**(460.059)**	**18.906.317.030**	**9.896.432**	**16.620.624.360**
	Total liabilities + capital	**163.392.562.201**	**(418.980.963)**	**163.242.760.389**	**568.782.775**	**156.081.356.602**

APPENDIX TO CIRCULAR NO. 3/SHC/2007
MODEL II
PROFIT AND LOSS STATEMENT - CONSOLIDATED ACCOUNTS

Accounts		31-Dec-19				31-Dec-18
		A. IAS/IFRS consolidation perimeter	B. Adjustments B=A-(C+D+E)	C. Banking activity	E. Other activities	IAS/IFRS consolidation perimeter
79 + 80	Interest income	16.932.171.688	(24.710.082)	16.956.881.770	-	18.719.770.422
66 + 67	Interest expense	(6.665.724.172)	24.710.082	(6.643.466.830)	(46.967.424)	(8.888.200.785)
	Net interest income	**10.266.447.516**	**-**	**10.313.414.940**	**(46.967.424)**	**9.831.569.637**
82	Income from equity instruments	2.304.300	-	2.304.300	-	-
81	Fee and commission revenue	2.739.417.650	-	2.739.417.650	-	2.421.635.430
68	Fee and commission expense	(645.446.817)	-	(645.442.500)	(4.317)	(572.902.612)
- 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	170.141.870	-	170.141.870	-	256.459.930
- 694 + 834	Income from available for sale financial assets	23.559.300	-	23.559.300	-	10.740.970
- 690 + 830	Income from foreign exchange revaluations	1.396.814.357	-	1.396.827.260	(12.903)	1.346.793.148
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)	Income from disposals of other assets	8.831.400	-	8.831.400	-	11.002.780
- 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	701.831.119	(44.943.404)	702.052.970	44.721.553	(786.434.723)
	Total operating income	**14.663.900.695**	**(44.943.404)**	**14.711.107.190**	**(2.263.091)**	**12.518.864.560**
70	Staff costs	(4.095.644.419)	-	(4.091.378.670)	(4.265.749)	(3.782.465.080)
71	Other administrative expenses	(2.564.396.613)	44.943.404	(2.607.453.560)	(1.886.457)	(2.484.436.796)
77	Depreciation for period	(826.276.666)	-	(819.834.430)	(6.442.236)	(681.605.582)
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888	Provisions net of recoveries and cancellations	(52.721.660)	-	(52.721.660)	-	(110.393.640)
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	(2.306.681.670)	-	(2.306.681.670)	-	(1.134.242.590)
768 + 769 (1) - 877 - 878	Impairment of other assets net of reversals and recoveries	(176.574.020)	-	(176.574.020)	-	(276.563.050)
	Income before tax	**4.641.605.647**	**-**	**4.656.463.180**	**(14.857.533)**	**4.049.157.822**
	Tax					
650	Current	(1.205.446.727)	-	(1.202.344.650)	(3.102.077)	(2.438.035)
651	Tax adjustments for past years	(120.000)	-	-	(120.000)	-
74 - 86	Deferred	(9.123.701)	-	-	(9.123.701)	175.519
640	**Income after tax**	**3.426.915.219**	**-**	**3.454.118.530**	**(27.203.311)**	**4.046.895.306**
- 72600 - 7280 + 8480 + 84400	Of which: net income after tax on discontinued operations					
641	Non-controlling interests					-
	Consolidated income for period	**3.426.915.219**	**-**	**3.454.118.530**	**(27.203.311)**	**4.046.895.306**

APPENDIX TO CIRCULAR NO. 3/SHC/2007
MODEL III
BALANCE SHEET - INDIVIDUAL ACCOUNTS (ASSETS)

Account	Assets	31-Dec-19			31-Dec-18
		Amount before provisions. impairment and amortisation	Provisions, impairment and amortisation	Net amount	
10 + 3300	Cash and cash balances at central banks	30.048.282.292	-	30.048.282.292	31.629.494.780
11 + 3301	Cash balances with financial institutions	3.444.256.300	-	3.444.256.300	2.615.347.910
153 (1) + 158 (1) + 16	Financial assets held for trading	-	-	-	681.960
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	5.046.425.410	-	5.046.425.410	5.462.239.590
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300	Deposits at financial institutions	21.365.905.030	6.334.375.00	21.359.570.655	18.062.825.120
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018	Loans and advances to customers	72.633.496.290	6.127.703.313	66.505.792.977	65.824.873.200
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303	Investments held-to-maturity	21.349.581.770	-	21.349.581.770	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	737.069.580	-	737.069.580.00	-
21	Hedge derivatives	-	-	-	-
25 - 3580	Non-current assets held for sale	2.712.638.210	221.591.680	2.491.046.530	2.478.119.520
26 - 3581 (1) - 3602 (1)	Investment properties	161.282.180	-	161.282.180	118.867.180
27 - 3581 (1) - 360 (1)	Other tangible assets	11.481.428.800	4.210.500.430	7.270.928.370	6.499.040.070
29 - 3583 - 361	Intangible assets	1.103.410.170	750.113.230	353.296.940	361.385.320
24 - 357	Investments in subsidiaries. assocated companies and jointly controlled entities	41.866.860	-	41.866.860	460.059
300	Current tax assets	432.902.310	-	432.902.310	433.183.140
301	Deferred tax assets	1.006.609.920	-	1.006.609.920	978.492.440
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	3.131.753.125	137.904.830	2.993.848.295	2.200.728.256
	Total assets	**174.696.908.247**	**11.454.147.858**	**163.242.760.389**	**155.914.726.695**

APPENDIX TO CIRCULAR NO. 3/SHC/2007
MODEL III
BALANCE SHEET - INDIVIDUAL ACCOUNTS (LIABILITIES)

Account	Liabilities	31-Dec-19	31-Dec-18
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Placements from central banks	171.053.970	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 central banks	1.165.843.170	1.332.277.660
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer deposits	125.378.627.920	116.051.443.410
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	320.906.740	627.169.570
490	Current tax liabilities	-	-
491	Deferred tax liabilities	37.266.510	62.904.850
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	-	-
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)	Other liabilities	17.262.745.049	19.837.989.650
	Total liabilities	**144.336.443.359**	**139.334.311.070**
	Capital		
55	Capital	10.000.000.000	10.000.000.000
602	Issue premiums	864.265.130	864.265.130
57	Other Equity instruments	-	-
-56	Treasury shares	(245.232.540)	(166.973.910)
58 + 59	Revaluation reserves	47.678.670	165.840.060
60 - 602 + 61	Other reserves and retained earnings	4.785.487.240	1.691.278.590
64	Results for period	3.454.118.530	4.026.005.755
-63	(Advance of dividends)	-	-
62	Non-controlling interests	-	-
	Total capital	**18.906.317.030**	**16.580.415.625**
	Total liabilities + capital	**163.242.760.389**	**155.914.726.695**

APPENDIX TO CIRCULAR NO. 3/SHC/2007

MODEL IV

PROFIT AND LOSS STATEMENT - INDIVIDUAL ACCOUNTS

Account		31-Dec-19	31-Dec-18
79 + 80	Interest income	16.956.881.770	18.758.404.280
66 + 67	Interest expense	(6.643.466.830)	(8.887.310.890)
	Net interest income	**10.313.414.940**	**9.871.093.390**
82	Income from equity instruments	2.304.300	-
81	Fee and commission revenue	2.739.417.650	2.415.235.430
68	Fee and commission expense	(645.442.500)	(572.891.980)
- 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	170.141.870	256.459.930
- 694 + 834+832	Income from available for sale financial assets	23.559.300	10.740.970
- 690 + 830	Income from foreign exchange revaluations	1.396.827.260	1.346.845.740
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)	Income from disposals of other assets	8.831.400	11.002.780
- 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	702.052.970	(809.970.165)
	Total operating income	**14.711.107.190**	**12.528.516.095**
70	Staff costs	(4.091.378.670)	(3.778.509.450)
71	Other administrative expenses	(2.607.453.560)	(2.526.901.690)
77	Depreciation for period	(819.834.430)	(675.899.920)
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888	Provisions net of recoveries and cancellations	(52.721.660)	(110.393.640)
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	(2.306.681.670)	(1.134.242.590)
768 + 769 (1) - 877 - 878	Impairment of other assets net of reversals and recoveries	(176.574.020)	(276.563.050)
	Income before tax	**4.656.463.180**	**4.026.005.755**
	Tax		
650	Current	(1.202.344.650)	-
651	Tax adjustments for past years	-	-
74 - 86	Deferred	-	-
640	**Income after tax**	**3.454.118.530**	**4.026.005.755**
- 72600 - 7280 + 8480 + 84400	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 April 13, 2020 and signed on its behalf by:

Pedro Ferraz Correia dos Reis
(Administrator)

Manuel Jorge Mendes Soares
(Chief Financial Officer)