
Together, we make a difference.
2022
BCI
É daqui.
ANNUAL REPORT

2022

BCI

É daqui.

TOGETHER, WE STRENGTHEN HEALTH
TOGETHER, WE DONATE BLOOD
TOGETHER, WE PROMOTE THE WELL-BEING OF COMMUNITIES
TOGETHER, WE SUPPORT LOCAL FOOTBALL
TOGETHER, WE BUILD SCHOOLS
TOGETHER, WE LIVE HEALTHIER LIVES
TOGETHER, WE PROTECT THE ENVIRONMENT
TOGETHER, WE PRESERVE NATURAL HERITAGE
TOGETHER, WE SUPPORT SPORTS AND EDUCATION
TOGETHER, WE ELEVATE FEMALE LEADERSHIP
TOGETHER, WE CONTRIBUTE TO GENDER EQUALITY
TOGETHER, WE VALUE LOCAL TALENTS

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Together, we make a difference.

Francisco Pinto Machado Costa
Vice-Chairperson of the Board of Directors and Chief Executive Officer

Carlos António Torroaes Albuquerque
Chairperson of the Board of Directors

MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

The year 2022 was once again marked by a macroeconomic context of great uncertainty, with significant factors in the international economy leading to a contraction in global growth with consequences in Mozambique. The country experienced a sharp inflation with impact on Mozambican households and businesses.

In this adverse scenario, BCI maintained market leadership in December 2022, reaching 2.2 million customers. This achievement was a result of the bank's focus on improving services, consolidating its activities, and generating value for customers, society, the country, and shareholders.

In fact, BCI remains the largest bank operating in the Mozambican financial system in terms of business volume (Loans and Deposits) and Asset volume. In 2022, its market shares were estimated at 24.25% in Loans, 25.41% in Deposits, and 23.68% in Assets.

This progress results from the increasing trust of families, businesses, and domestic institutions, as well as international investors, in BCI, its teams, its operational strategy, and its market positioning and engagement with communities.

To earn this trust and achieve these results, the implementation of the strategic plan developed for the period 2021-2024 has proven to be extremely important. The plan is based on the pillars of **sustainability**, aiming to strengthen the bank's risk management and governance model; **efficiency**, promoting organisational change and human resource development; **quality,** positioning the bank as a reference in the market in terms of service quality; and **profitability**, aiming to increase income in all business areas. This will enable BCI to better serve its customers and contribute to the national economy. It will also transform the customer experience, improve efficiency, develop human capital, and consolidate the Bank's reputation.

The physical presence of BCI's business units throughout the country, totalling 211, is complemented by a coordinated investment in Electronic Channels. This allowed BCI to end the year with 532 ATMs, representing a market share of 33%, and a network of 13,427 POS terminals, corresponding to a market share of 39%.

The continuous care in adjusting the service model is of vital importance to BCI's segmentation policy. This includes adapting the commercial network, consolidating product offerings, and providing ebanking services (for individuals and businesses), a Call Center ('*fala daki*' Line), mobile applications (App and Mobile service -*124#), and WhatsApp Banking. This ensures the provision of banking services and products to all customers, both traditional customers and those who exclusively use the mobile channel in their relationship with the bank.

These updates allow the bank to gain the trust of the majority of Mozambican institutions, businesses and families, positioning BCI as a leader in terms of growth and recognition among the major banking institutions operating in Mozambique.

In fact, BCI's contribution to the social and economic development of Mozambique and Mozambicans has been further recognised by several national and international entities.

Regarding social responsibility, BCI strengthened its commitment in 2022 through the affirmation of a policy that has shaped the institution's identity for over a quarter of a century. This policy is an integral part of its market strategy.

We remained mindful of the communities in which we operate and consistently demonstrated a sense of social responsibility. This was reflected not only through our activities in the banking sector but also through numerous actions and initiatives that we supported. This position was reflected in the development of various initiatives that involved customers, shareholders, employees, partners, and communities. These initiatives allowed us to provide support to various institutions operating in diverse areas such as culture, sports, education, health, and the promotion of social values, citizenship, and environmental conservation. Our goal is to create value and satisfaction for the communities we serve.

In its strategic positioning, BCI fulfilled one of the fundamental components of its Corporate Social Responsibility: the social inclusion of the most vulnerable groups. It considered the causes that affect them as well as their expectations and opportunities for development. In 2022, we continued to strive in our strategy to earn the preference of our customers through the services we provide, our values, our brand, the trust in our institution, and the market knowledge we possess in Mozambique. Thus, market leadership was the result of a long journey guided by a clear strategy and a direction embraced by all of our over 2,712 employees.

In terms of employee ratio, we remained committed to employing Mozambican nationals, with a percentage of 99.4%. In senior manager positions, the proportion reaches 94%, demonstrating BCI's commitment to the development and empowerment of local human capital. This commitment reflects our brand identity as a bank with a distinctly Mozambican culture. It is also important to note that the gender distribution reflects a clear commitment to the involvement of women in the organisation, as they represent 54% of the total number of employees.

Employees were at the forefront of the response to the return to in-person activities after the challenging times of COVID-19, and they are now at the centre of the transformation that BCI is committed to, in order to address new challenges. Making people the focus of this imperative transformation means investing in improving their working conditions, their skills development, and accountability. It also involves optimising the functional and organisational structure in which they operate, which are essential factors for improving productivity and service to customers, the primary purpose of the Bank.

With this in mind, the Bank will continue to strive to provide the best for its customers, employees, partners, communities, and shareholders. The goal is to continue earning the trust of the majority of Mozambicans, which will serve as the greatest motivation to fulfil our mission.

In conclusion, we would like to express our gratitude to SIMO for the collaboration, support, and institutional partnership it has maintained with BCI. This partnership has been particularly valuable in the challenge of building the new single nationwide network on a new platform.

It is also important to express our gratitude to all stakeholders for their support and trust throughout the year, with special mention to the Bank of Mozambique and the Ministry of Finance for the constructive and highly productive institutional relationship they have maintained with BCI.

On behalf of the entire Board of Directors, we would like to extend a special note of recognition and gratitude to our employees for their dedication, effort and commitment.

Lastly, but certainly not least, we extend a special thank you to all our customers, who are the reason for our existence. We deeply appreciate your continued preference and trust in BCI.

KEY FINANCIAL INDICATORS

Thousands Meticais

Balance sheet	Dec-20	Dec-21	Dec-22	Δ% 22/21	Δ Absolute
Total assets (net)	191 436 455	187 603 732	202 700 253	8,05%	15 096 521
Turnover	227 529 683	222 032 905	229 566 875	3,39%	7 533 971
Loans and advances to customers	75 672 656	75 469 168	70 718 796	(6,29%)	(4 750 372)
Customer deposits	151 857 027	146 563 737	158 848 079	8,38%	12 284 343
Net equity[1]	17 960 664	18 312 382	19 991 086	9,17%	1 678 704
Loan-to-deposit ratio	49,83%	51,49%	44,52%	(6,97pp)	
Turnover per Employee	82 141	81 871	84 649	3,39%	2 778
Results					
Net operating income	15 270 055	18 894 589	20 315 469	7,52%	1 420 880
Net interest income	10 890 337	13 447 550	15 705 074	16,79%	2 257 524
Complementary margin	4 379 718	5 447 039	4 610 395	(15,36%)	(836 644)
Operating costs[2]	7 856 040	8 222 675	8 620 792	4,84%	398 118
Impairments and Provisions for the Fiscal Year[3]	3 600 989	3 911 940	778 309	(80,10%)	(3 133 631)
Income tax	1 141 334	1 556 607	2 838 256	82,34%	1 281 648
Net income	2 671 692	5 203 367	8 078 112	55,25%	2 874 745
Return					
Net operating income / Average net assets	7,98%	9,97%	10,41%	0,44pp	
Return on average assets (ROAA)	1,49%	2,74%	4,18%	1,43pp	
Return on equity average (ROEA)	13,16%	23,88%	32,91%	9,03pp	
Operating costs / Net operating income (cost-to-income)	51,45%	43,52%	42,43%	(1,08pp)	
Net operating income per employee	5 513	6 967	7 491	7,52%	524
Credit quality					
Non-performing loans (NPL) ratio[4]	12,99%	14,21%	14,43%	0,22pp	
Overdue loan coverage by loan impairment	84,98%	87,45%	74,06%	(13,40pp)	
Cost of risk	4,22%	2,59%	0,49%	(2,10pp)	
Solvency					
Own funds[5]	16 349 818	17 434 851	19 130 473	9,73%	1 695 621
Risk-weighted assets	66 620 037	75 417 682	69 808 157	-7,44%	(5 609 525)
Total equity/assets ratio	10,78%	12,53%	13,85%	1,31pp	
Tier I Core Ratio	25,44%	24,38%	28,75%	4,4pp	
Tier II Ratio	0,01%	0,01%	0,01%	0,0pp	
Solvency Ratio[6]	24,54%	23,12%	27,40%	4,3pp	
Market Shares					
Deposits	26,43%	25,36%	25,41%	0,05pp	
Loans and advances to customers	27,40%	26,26%	24,25%	(2,00pp)	
Assets	24,39%	22,95%	23,68%	0,73pp	
Other Indicators					
No. of branches	211	210	211	0,48%	1
No. of employees	2 770	2 712	2 712	0,00%	-
No. of Customers	1 986 996	2 070 207	2 178 206	5,22%	107 999
No. of ATMs	587	539	532	(1,30%)	(7)
No. of POS	16 705	14 883	13 427	(9,78%)	(1 456)

[1] Net equity: includes share capital, legal reserve, revaluation reserves, other reserves, retained earnings and own shares.
[2] Operating costs: includes staff costs, general administrative expenditure and depreciation for the fiscal year.
[3] Impairments and provisions for the year: includes the net reinforcement of credit impairment, impairment of other assets and miscellaneous provisions for the fiscal year.
[4] Non-performing loans ratio (NPL): calculated based on the Basel II regulations (overdue loans including outstanding instalments). During the second quarter of 2020, the BoM recommended the revision of the regulatory NPL concept, which now incorporates all restructured loans that experienced delays equal to or longer than 1 day.
[5] Own funds: calculated based on the provisions of the Bank of Mozambique, which abides by the Basel II standards.
[6] Solvency ratio: calculated based on the methodology established by the Bank of Mozambique, which echoes the Basel II standards and implies stricter control of the institutions' capital adequacy levels.

BCI - WHO WE ARE

As the largest bank in the Mozambican financial system, we are committed to the Mozambican economy, our customers and our community. With a robust governance structure and a strong risk culture, the Bank's successful path has been recognised by the market.

BCI's identity is shaped by the financial and business culture of the Caixa Geral de Depósitos and Banco Português de Investimento Groups. The key features of this culture are management independence, organisational flexibility, teamwork, the ability to anticipate and innovate, rigorous risk management, and the secure creation of value.

Our Mission
To actively contribute to the economic and social development of Mozambique, creating value and generating satisfaction for customers, shareholders, employees, partners and the general community in a socially responsible and sustainable way.

Our Vision
To be a Bank that embraces Mozambican culture and a reference for the financial system in sub-Saharan Africa, by implementing best practices, competitiveness, innovation and quality of service.

BCI's activity and relationship with its stakeholders respects **Our Values:**

Proximity | Accessibility | Quality | Friendliness | Ethics and Transparency

Proximity
Being ever **closer to our Customers and potential Customers**, through a network of widespread points of sale in the main urban centres and in rural areas.

Accessibility
Permanently providing **simple and easy-to-use access channels**, allowing each Customer to choose the one most suitable for him/her at each moment.

Quality
Offering a **level of service suitable for each segment**, **promoting**, assessing and **improving Customer satisfaction**.

Friendliness
Being known for the high level of professionalism, cordiality and friendliness of our employees.

Ethics and Transparency
Acting with integrity, honesty and transparency in order to preserve the interests of the Bank and of our Customers.

The Strategic Plan 2021 - 2024 guides the initiatives and actions taken by the Bank to generate value for our stakeholders. It is based on 4 pillars:

Sustainability	Efficiency	Quality	Profitability
Strengthen the Bank's risk management and Governance model	Promote an organisational change and develop human resources	Position the Bank as a market benchmark in terms of quality of service	Increase profitability in all business areas

GOVERNING BODIES

BCI's Governance structure consists of the General Meeting, the Board of Directors and the Executive Committee, the supervisory body being the Supervisory Board. Additionally, the Corporate Governance Support Committees include the Audit and Control Committee, the Risk Committee and the Appointments, Evaluation and Remuneration Committee.

As at 31 December 2022, the composition of BCI's governing bodies was represented by the following organisational chart:

Board of the General Meeting

Chairperson: **Prof. José** Francisco **de Faria Costa**
Secretary: **Dr. Maveja** Aboobacar Ismael **Mulima**
Secretary: **Dr. Ivo** Luís Titos **Cau**

Board of Directors (CA)

Chairperson: **Dr. Carlos** António Torroaes **Albuquerque**
1st Vice-Chairperson: **Dr. Francisco** Pinto Machado **Costa**
2nd Vice-Chairperson: **Dr. Pedro** Simões Almeida Bissaia **Barreto**
3rd Vice-Chairperson: **Dr. João** Paulo **Tudela Martins**
Members: : **Dra. Ana Maria** Machado **Fernandes**
Dr. Artur Miguel Marques da **Rocha Gouveia**
Dr. André Rafael Santos **Prazeres Henriques***
Dr. Pedro Ferraz Correia dos **Reis**
Dr. José **Miguel** de Morais **Alves**
Dr. Luis Filipe Costa Reis Marques de **Aguiar**
Eng.º Rui Miguel Thereza **Garcês**
Eng.º Rogério Paulo Cabacinha **Lam**
Dr. Ibraimo Abdul Gafur Cassamo **Bhai**

Executive Committee (CE)

Chairperson – **Dr. Francisco** Pinto Machado **Costa**
Director – **Dr. Pedro Ferraz** Correia dos **Reis**
Director – **Dr.** José **Miguel** de Morais **Alves**
Director – **Dr. Luís** Filipe Costa Reis Marques de **Aguiar**
Director – **Eng.º Rui** Miguel Thereza **Garcês**
Director – **Eng.º Rogério** Paulo Cabacinha **Lam**
Director – **Dr. Ibraimo** Abdul Gafur Cassamo **Bhai**

Supervisory Board (CF)

Chairperson: **Dr. Frederico** Silva **Pinto**
Member: **Dr. José** Manuel Nunes **Liberato**
Member: **Dr. Mário** Vicente **Sitoe**
Alternate: **Dr. João** Miguel Pacheco de **Sales Luis**

Audit and Control Committee (CAC)

Chairperson – **Dr. André** Rafael Santos **Prazeres Henriques***
Member – **Dr. João** Paulo Tudela **Martins**
Member – **Dra. Ana** Maria Machado **Fernandes**

Risk Committee - (CR)

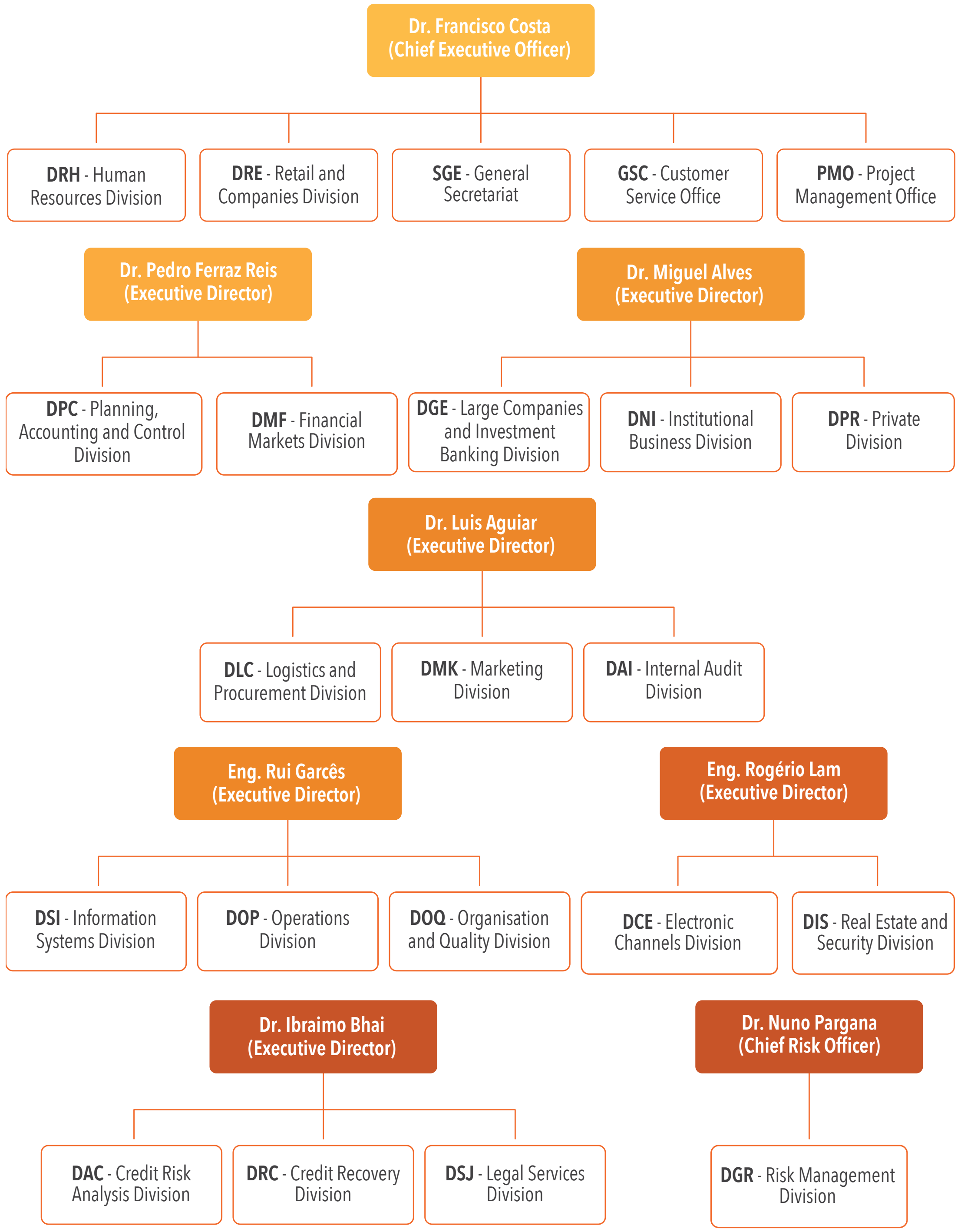
Presidente – **Dr. João** Paulo Tudela **Martins**
Member – **Dra. Ana** Maria Machado **Fernandes**
Member – **Dr. André** Rafael Santos **Prazeres Henriques***

Appointment, Evaluation and Remuneration Committee (CNAR) - CA Committee

Chairperson – **Dra. Ana Maria** Machado **Fernandes**
Member – **Dr. Artur Miguel Marques da Rocha Gouveia**
Member – **Dr. André** Rafael Santos **Prazeres Henriques***

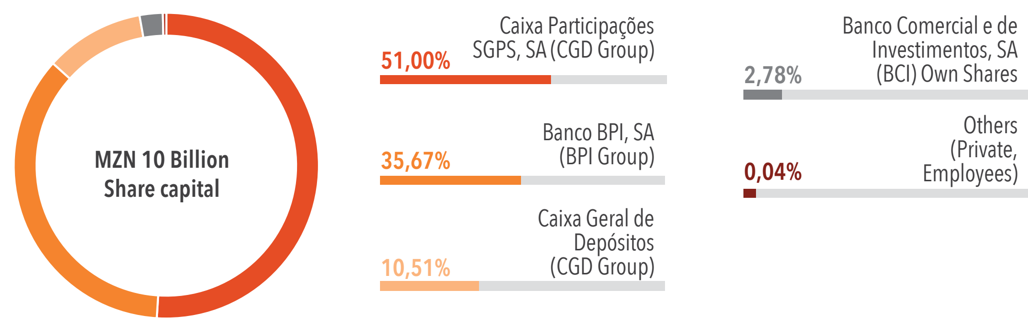
* Dr. André Rafael Santos Prazeres Henriques left office on 31 December 2022 and was replaced by Dr. Luís Miguel Gubert Morais Leitão with effect from 23 January 2023.

DEPARTMENTS OF THE EXECUTIVE COMMITTEE



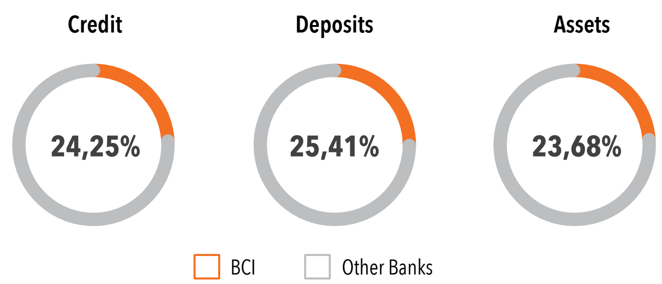
CORPORATE STRUCTURE

As at 31 December 2022, the shareholder structure of the Bank consisted of three major institutional investors (Caixa Participações SPGS, S.A., Banco BPI, SA, and Caixa Geral de Depósitos, S.A.) who collectively held 97.18% of the shares, and several other minority investors holding approximately 0.04% of the shares, and the Bank itself held 2.78% of its own shares. The Bank's share capital is comprised of 1,000,000,000 (one billion) shares with a nominal value of ten meticais each.



THE DIMENSION OF BCI

BCI Market Shares in December 2022 (%) - Consolidating Leadership.

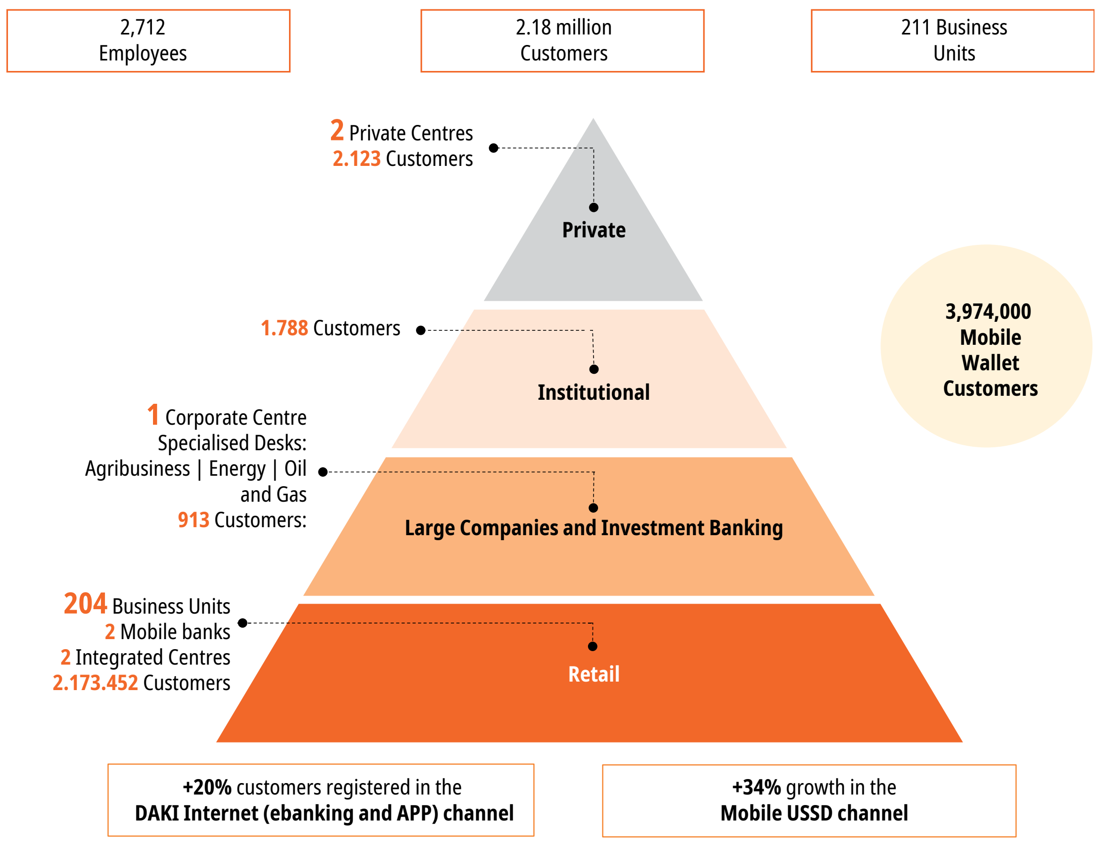


Despite a challenging macroeconomic context, with impacts on the financial system, the Bank maintained its leadership of the market, investing in the consolidation of the activity, the generation of value and customer service.

BCI serves 2.18 million customers in the domestic market and is the largest financial institution operating in the Mozambican financial system in terms of turnover (loans and deposits) and assets. In 2022, the market shares stood at 24.25% in loans, 25.41% in deposits and 23.68% in assets.

Distribution network and customer segmentation

Commercial banking is BCI's predominant area, both in terms of turnover and results. BCI offers a wide range of financial services and products for corporate, institutional and retail customers.



The business model is based on providing a complete offer of financial products and services, structured to meet the specific needs of each segment, through a specialised, omnichannel and fully integrated distribution network.

BCI has 211 commercial units in its physical network (of which 28 are BCI exclusive centres, 2 integrated centres, 1 BCI corporate centre, 2 BCI private banking centres and 2 mobile banks), as well as 532 ATMs and 13,427 POSs. BCI provides ebanking services (individuals and companies), Call Centre (BCI Directo), mobile applications (BCI and Mobile App), and WhatsApp Banking, thus ensuring the provision of banking services and products to all Customers.

AWARDS AND RECOGNITION IN 2022

BCI's activity continued to receive numerous accolades from various independent national and international organisations, which acknowledge the success of the growth and development strategy undertaken. Among other distinctions awarded to the Bank in 2022, the following deserve special mention:

Classifying entity	Awards
PMR AFRICA	• The Bank received the highest level award ('Diamond Arrow') in the categories of '**Corporate Banking,**' , ''**Credit Cards,**' , ''**Retail Banking,**' '**Most Trusted Companies/Institutions in Mozambique,**' and '**Companies/Institutions Conducting Business in the Most Ethical Manner in Mozambique.**'
International Investor Awards	• *"Best Bank - Mozambique 2022";* • *"Best Banking Digital Transformation - Mozambique 2022";* • *"Best Environmental & Social Performance - Mozambique 2022".*
Global Finance Magazine	• *"Best SME Bank in Mozambique 2022".*
World Economic Magazine	• *"Best Commercial Bank – Mozambique";* • *"Best Private Bank – Mozambique.*
Euromoney	• **Corporate Banking** received this award for its outstanding performance in the category of '**Market Leadership**'"; • BCI was also recognised for its contribution to '**Social Responsibility**' and awarded for providing the best '**Digital Solutions' in Mozambique.**
Mozambique Stock Exchange	• Largest Custodian Bank By Shareholder Registration with the CVM.

THE BCI BRAND - MAKING IT HAPPEN

Our Brand, renowned in the domestic market, is an indistinct link to Mozambican culture and underlines our commitment to being the Bank of Mozambicans, because at BCI, we Make It Happen.

INSTITUTIONAL COMMUNICATION - "COME WHAT MAY"

In order to establish a guiding line for the Bank's Institutional and Commercial Communication, the year 2022 started with an Institutional Campaign to strengthen BCI's positioning. With a strong emotional component, the central concept of this Institutional Campaign featured popular personalities in the Mozambican music scene, particularly in the Pandza rhythm.

This campaign aimed to reinforce BCI's positioning by stimulating a sense of belonging, brand appreciation, and its connection to national identity. With the aim of instilling a positive spirit and generating strong emotions in the Mozambican people, leveraging the spirit and vibrancy of our Mozambican identity, we have adopted a new way of communicating 'BCI'. The central focus of all communication is to increase motivation, enthusiasm, and encouragement among the Mozambican people, based on a very Mozambican cultural expression: **"Vai ou não Vai'** (Come what may)."

2022 was also marked by the launch of a new page on BCI's website - **BCI Properties**, where customers can access a diverse portfolio of properties that BCI has available for sale to customers and the general public at competitive prices and adjusted to the real estate market evaluation criteria.

COMMERCIAL PROMOTION AND BRAND ACTIVATION

Customer segmentation:
In order to improve the monitoring of its customer portfolio, in 2022, BCI conducted a review and implementation of segmentation criteria for individual and corporate customers. This allows BCI to provide products and services tailored to the specific needs of each segment, aiming to better serve its customers.

This effort is part of the commercial transformation strategy, focused on improving the quality of customer service. It also shows a greater dynamic in the Bank's retail activities, reaffirming BCI's position as a market leader.

BCI Customer Database Update Campaign:
Within the scope of Anti-Money Laundering and Combating the Financing of Terrorism (AML-CFT), taking into account the recommendations of the Supervisor and Auditors, and in the face of ever-present challenges, routines and procedures were consolidated or reformulated, resulting in:

- More consistent KYC processes;
- Stricter identification of the individuals or entities conducting transactions;
- Improved customer and transaction monitoring activities; and
- The enrichment of the Customer Database, through data updating campaigns.

Consumer Credit Campaign for Public Sector Employees (CEDSIF):
BCI strengthened its offering of consumer credit to its customers, particularly public sector employees, with differentiated conditions compared to the market. One of the key highlights is the fast disbursement of financing requests, with an average processing time of 48 hours. These solutions were developed to meet the needs of Individual Customers, with a new approach to the placement and management of personal financing. The repayment of the financing is done through fixed instalment payments. The credit solutions aim to facilitate the management of customers' family budgets by eliminating the unpredictability of instalment amounts.

Use of Daki Channels (ebanking/App/WhatsApp/ *124#):
In recent years, BCI has increasingly positioned itself as a leading innovator in our market, seeking to offer the best electronic banking services to its Customers. As part of a new communication strategy for the main Self-banking channels (ebanking, mobile, and app), a campaign was launched on 18 July 2022, to promote the use of electronic channels, highlighting their main advantages and functionalities for both BCI customers and non-customers (Mobile Account).

To support the promotion of this offering and convey the message that customers can reach BCI through any channel, emphasising that the bank is always available for its customers, a set of advertising materials was developed for major media outlets, in strict alignment with the institutional campaign slogan 'Banco em qualquer lugar, no BCI vai' (Your Bank anywhere, with BCI).

TOGETHER, WE PROTECT THE ENVIRONMENT
WITH THE "OPERAÇÃO CACO" PROJECT, WE CONTRIBUTE TO ENVIRONMENTAL PROTECTION AND PROMOTE SUSTAINABLE PRACTICES.

THE ECONOMY IN 2022 AN ENVIRONMENT OF UNCERTAINTY

Despite a challenging environment marked by constant change and uncertainty at the international level, the Mozambican economy demonstrated resilience. Supported by a restrictive monetary policy and exchange rate stability, 2022 ended with a slowdown in inflation and moderate economic growth

INTERNATIONAL ECONOMY

Preliminary outlook for 2022 indicated a slowdown in global economic activity due to the negative impacts arising from the conflict in Europe and the extension of the pandemic in China.

Against this background, in January 2023, the International Monetary Fund[1] (IMF) revised upwards its global growth outlook by 20 basis points to 3.4% in 2022 and 2.9% in 2023, compared to its October 2022 publication.

The IMF projects that global inflation will decelerate from the 8.8% recorded in 2022 to 6.6% in 2023, and further slow down to 4.3% in 2024. However, it is expected to remain above pre-pandemic levels (2017-2019) of around 3.5%. To cope with the acceleration in the overall price level, several central banks have adopted restrictive monetary policy measures, and it is expected that they will continue to do so in order to ensure price stability.

GDP Growth Rate - Major Trading Blocs

		Projections		Differential compared to the October disclosure	
GDP Growth Rate (%)	2021	2022	2023	2022	2023
Global economy	6,2	3,4	2,9	0,2	0,2
Developed economies	5,4	2,7	1,2	0,3	0,1
Emerging and developing economies	6,4	3,9	4,0	0,2	0,3

Source: International Monetary Fund, January 2023

[1] World Economic Outlook report, released in January 2023.

Developed economies

For the bloc of the more advanced economies, the IMF report projects a growth rate of 2.7% in 2022 and 1.2% in 2023, representing a slowdown compared to the 5.2% expansion observed in 2021. It is worth noting that around 90% of advanced economies are expected to experience a slowdown in growth pace in 2023.

For the economy of the United States of America, a decline in growth levels is projected, from 2.0% in 2022 to 1.4% in 2023, with an anticipated recovery in the second half of 2024. Regarding inflation, which reached 9.1% in June 2022 (the highest level observed since November 1981), and then steadily slowed down to 6.5% in December, as a result of the restrictive stance adopted by the Federal Reserve (Fed), it remained, however, above the target of 2%.

The economy of the Eurozone expanded by 0.1% in the fourth quarter of 2022, with an estimated annual growth of 2.0% (compared to the 5.9% recorded in the previous year), hindered by the ongoing energy crisis that continues to impact the region. This was the cause of the inflationary pressure (from 5.1% in January 2022 to 9.2% in December 2022), above the 2% target set by the European Central Bank (ECB).

GDP growth rate for developed economies

		Projections		Differential compared to the October disclosure	
GDP Growth Rate (%)	2021	2022	2023	2022	2023
Developed economies	**5,4**	**2,7**	**1,2**	**0,3**	**0,1**
USA	5,9	2	1,4	0,4	0,4
Euro Zone	5,3	3,5	0,7	0,4	0,2

Source: International Monetary Fund, January 2023

Emerging and developing economies

The outlook provided by the IMF for the economic growth of Emerging and Developing Countries indicates a decline from 6.7% in 2021 to 3.9% in 2022 and 4% in 2023.

China's economy slowed down in the fourth quarter of 2022, largely due to the impact of measures taken to contain the pandemic, which lowered the annual growth prospects to 3.0% (a 40-year low) compared to the 8.4% recorded in 2021. A recovery is expected in 2023, with a growth rate of 5.2%. Inflation accelerated and reached its peak in September (2.8%), but then slowed down to 1.8% in December, remaining below the target set by the People's Bank of China (3%).

For Sub-Saharan Africa, the IMF forecasts a growth rate of 3.9% in 2022 and 2023, compared to 4.7% in 2021. The slowdown in 2022 is due, in addition to the negative macroeconomic effects mentioned above, to climate change and regional conflicts and tensions.

Among the countries in this region, it is worth highlighting the GDP of South Africa (one of Mozambique's main trading partners), which is estimated to have grown by around 2.6% in 2022. Inflation in this country peaked in July (7.8%) and slowed down to 7.2% in December. However, it remains above the target range set by the South African Reserve Bank (SARB), which is between 3.0% and 6.0%.

Emerging and developing economies' GDP growth rate

		Projections		Differential compared to the October disclosure	
GDP Growth Rate (%)	2021	2022	2023	2022	2023
Emerging and developing economies	**6,7**	**3,9**	**4,0**	**0,2**	**0,3**
Russia	4,7	-2,2	0,3	1,2	2,6
China	8,4	3	5,2	-0,2	0,8
India	8,7	6,8	6,1	0	0
Latin America and the Caribbean	**7**	**3,9**	**1,8**	**0,4**	**0,1**
Sub-Saharan Africa	**4,7**	**3,8**	**3,8**	**0,2**	**0,1**
Nigeria	3,6	3	3,8	-0,2	0,8
South Africa	4,9	2,6	1,2	0,5	0,1

Source: International Monetary Fund, January 2023

Monetary policy

In the current year, several central banks have revised upwards their benchmark interest rates in order to contain inflation. Inflation developments, economic growth and labour market data will determine the decisions of monetary authorities in the coming months.

It should be noted that in the US, the Fed revised upwards the benchmark interest rate by 425bp over the year, bringing it to a range of 4.00% to 4.50%. In Europe, the ECB also increased the cost of borrowing by 250bp to 2.5%. In South Africa, the SARB revised upwards the Repo-Rate by 300bp to 7.00%.

However, during the same period, the People's Bank of China maintained an expansionary monetary policy and revised down its reference rate by 50bp to 3.65% in order to boost economic activity, which was affected by the resurgence of COVID-19 outbreaks.

Commodities[2]

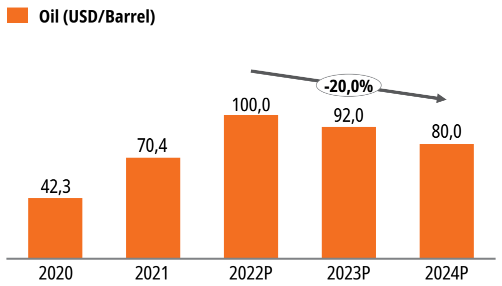
According to the World Bank[3] (WB), by October 2022, most commodity prices had appreciated. However, prices are expected to depreciate in 2023 and 2024, following concerns of a global recession.

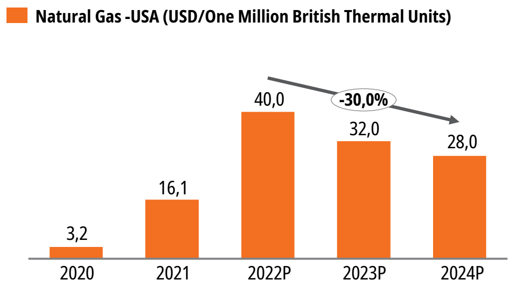
Regarding the price of **Brent**, it depreciated during the third quarter of 2022, hampered by concerns about a slowdown in global economic activity in 2023 and even tighter financing conditions. Meanwhile, OPEC revised down its global demand forecasts for 2022 and 2023.

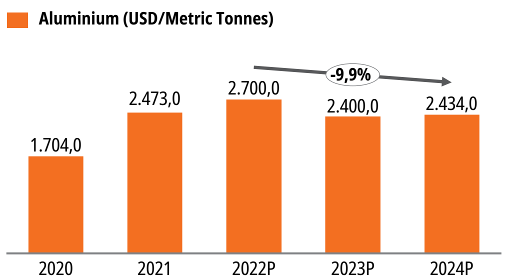
The price of **natural gas** in Europe appreciated to record levels in 2022, reflecting the reduction in supply due to decreased gas flows from Russia and the intention of several countries to replenish their reserves.

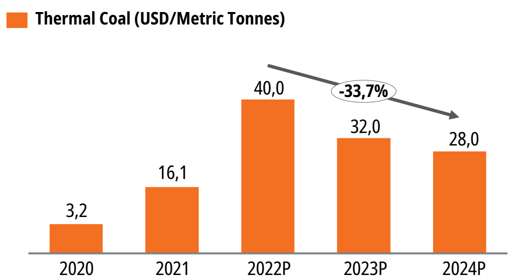
It is worth mentioning that in November, Mozambique made its first export of Liquefied Natural Gas (LNG) produced in the Rovuma Basin in the province of Cabo Delgado, through the Coral-Sul Project. It was the first under the long-term purchase and sale agreement with British Petroleum, which covers the total volumes of LNG produced in the country. Thus, Mozambique became part of the LNG exporting countries.

The price of **thermal coal** continued its upward trend in the third quarter of 2022, driven by increased demand as it serves as a substitute for natural gas.









Source: World Bank. Price forecastreleased in October 2022

[2]Closing figures.
[3]In its *Commodity Markets Outlook* report released in October 2022.

Additionally, the World Bank mentioned that after the expected 60% increase in energy commodity prices in 2022, a decline of 11% in 2023 and 12% in 2024 is expected.

This expectation of price depreciation is justified by concerns of a slowdown in global economic activity, reduced demand for gas from households, and decreased consumption in the industrial sector. However, prices in 2024 are still expected to be 50% above the average of the last five years.

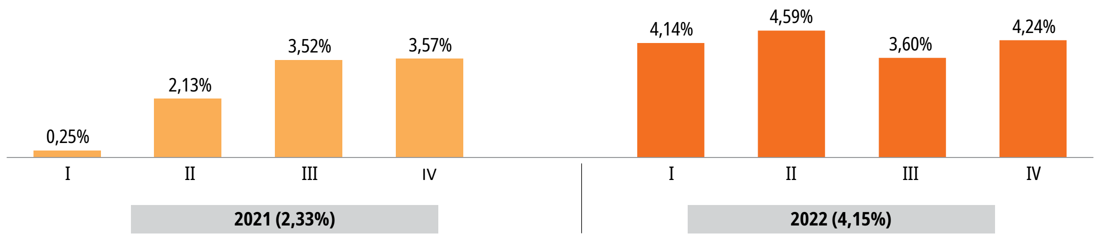
The high prices of energy commodities will continue to have inflationary implications, such as higher transportation and electricity costs for businesses.

MOZAMBIQUE'S ECONOMY

Gross Domestic Product (GDP)

According to data released by the National Statistics Institute (INE), the economy of Mozambique grew by 4.24% in the fourth quarter of 2022, compared to the 3.60% recorded in the previous quarter and the 4.59% observed in the second quarter, resulting in an accumulated growth of 4.15% for the year.

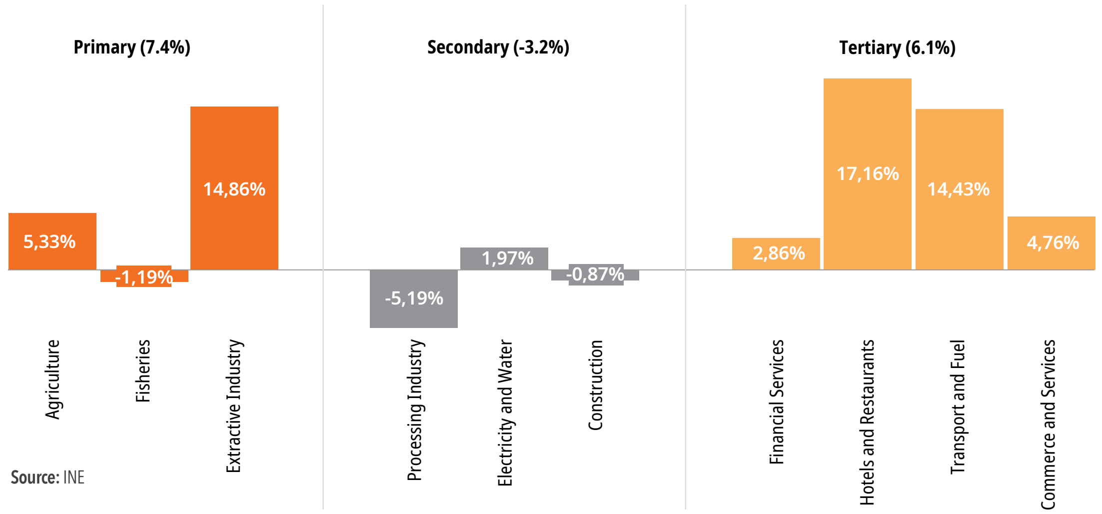
Real GDP Growth Rate



Source: INE

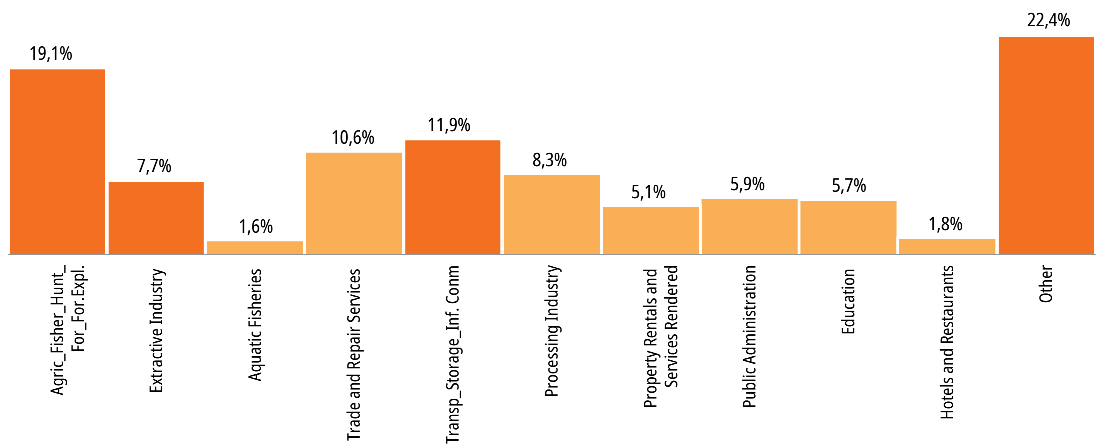
According to the Bank of Mozambique (BoM), this growth reflects the good performance of the export sector, mainly favoured by the improvement in the prices of the main export commodities.

Sectors with more dynamic growth in the economy in Q4 2022



Source: INE

Weight of economic sectors in GDP - Q4 2022



Source: INE

Economic outlook for Mozambique

After the GDP recovery in 2021, the prospects for economic growth under the Economic and Social Plan and the State Budget for 2023 indicate a real growth rate of around 5.0% (in line with the IMF's forecast of 4.9%), compared to the estimated 2.9% for 2022, primarily based on the following assumptions:

- An average annual inflation rate of 11.5%;
- A gradual recovery of economic activity, supported by the positive performance of the Extractive Industry (23.1%), Agriculture (5.2%), and Construction (5.0%) sectors, coupled with a greater openness of the economy post-pandemic and the anticipation of increased investments for post-disaster reconstruction actions;
- A significant reduction in the current account deficit, resulting from the improvement in the balance of the goods account, supported by a remarkable increase in export revenues (around USD 8,806.00 million), driven by LNG exports through the Coral Sul Project;
- A level of Net International Reserves of USD 2,936.6 million, sufficient to cover 3 months of imports;
- A slight reduction in the level of Foreign Direct Investment (FDI), influenced in part by the completion of the deployment of the Coral Sul-FLNG floating platform.

Additionally, the BoM expects that, despite expectations of a slowdown in the global economy, domestic economic activity will continue to improve in the short term, fuelled, among other factors, by the implementation of structuring energy projects in the country and the boost in aggregate demand in the context of the resumption of direct support to the state budget.

GDP evolution in Mozambique

GDP evolution	Dec-17	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec/23P
Real Growth Rate (%)	3,74%	3,44%	2,32%	-1,20%	2,33%	4,15%	4,95%

Source: INE, February 2023; IMF, World Economic Growth Outlook database released in October 2022

Inflation

In December 2022, year-on-year inflation stood at 10.91%, representing a slowdown of around 34bp from 11.25% in the previous month.

Compared to the same period in 2021 (when year-on-year inflation stood at 7.15%), there was an acceleration of 417bp, largely due to the increase in prices in the following business areas: (i) Food products and non-alcoholic beverages; and (ii) Transport, mainly due to the appreciation of fuel prices in the international market.

According to the BoM, short-term prospects indicate a slowdown in annual inflation, reflecting primarily the stability of the Metical against the Dollar and restrictive financial conditions.

Inflation rate evolution in 2022

Mozambique	dec /21	jan /22	feb /22	mar /22	apr /22	may /22	jun /22	jul /22	agu /22	sep /22	oct /22	nov /22	dec /22
Monthly	1,67%	2,01%	0,50%	0,86%	1,36%	0,87%	0,74%	0,74%	0,59%	0,62%	0,19%	0,58%	1,35%
Accumulated	7,15%	2,01%	2,52%	3,40%	4,80%	5,72%	6,50%	7,29%	7,92%	8,59%	8,80%	9,43%	10,91%
Average 12M	6,41%	6,68%	6,73%	6,72%	6,87%	7,19%	7,61%	8,15%	8,72%	9,23%	9,64%	9,97%	10,28%
Year-on-Year	7,15%	7,79%	6,62%	6,65%	8,36%	10,07%	11,49%	12,71%	12,96%	12,71%	11,83%	11,25%	10,91%

Source: INE/December 2022

Exchange rates

Throughout 2022, the Metical remained stable against the Dollar, reflecting the balance between supply and demand in the domestic market. It appreciated against the Rand (by 5.28%) and the Euro (by 8.52%), as a result of the depreciation of those currencies in the international market.

Evolution of the exchange rates of the main foreign currencies

2022 Exchange Rate Evolution	nov /21	dec /21	jan /22	fev /22	mar /22	apr /22	may /22	jun /22	jul /22	agu /22	sep /22	oct /22	nov /22	dec /22
USD/MZN	63,83	63,83	63,83	63,83	63,83	63,83	63,84	63,86	63,87	63,87	63,87	63,87	63,87	63,87
ZAR/MZN	3,98	4,02	4,11	4,14	4,40	4,02	4,10	3,92	3,87	3,75	3,56	3,48	3,77	3,77
EUR/MZN	72,46	72,27	71,26	71,36	71,00	67,35	68,43	66,59	65,19	63,9	62,51	63,30	66,24	68,18

Source: Bank of Mozambique, 2022

Interest rates

The BoM revised upwards the benchmark interest rates by a total of 400bp at its monetary policy meetings in 2022. These decisions were justified by increased uncertainties and an upward revision of the medium-term inflation outlook, following the volatility of international energy and food commodity prices in the face of the prolonged conflict between Russia and Ukraine.

Key rates evolution in 2022

2022 Key Rates Evolution	dec /21	jan /22	feb /22	mar /22	apr /22	may /22	jun /22	jul /22	aug /22	sep /22	oct /22	nov /22	dec /22
FPC	16,25	16,25	16,25	18,25	18,25	18,25	18,25	18,25	18,25	20,25	20,25	20,25	20,25
FPD	10,25	10,25	12,25	12,25	12,25	12,25	12,25	12,25	12,25	14,25	14,25	14,25	14,25
MIMO	13,25	13,25	13,25	15,25	15,25	15,25	15,25	15,25	15,25	17,25	17,25	17,25	17,25
Domestic currency minimum reserves	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50	10,50
Foreign currency minimum reserves	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50	11,50
Prime Rate System	18,60	18,60	18,60	18,60	18,60	19,10	20,60	20,60	20,60	20,60	20,60	22,50	22,60

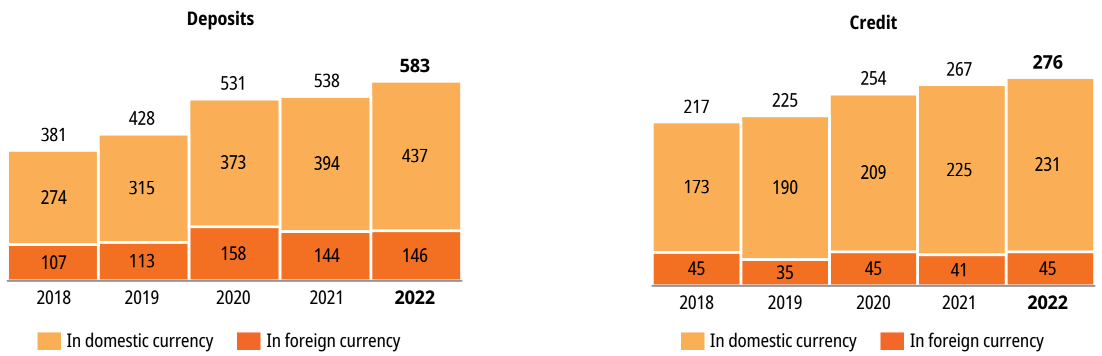
Source: Bank of Mozambique, 2022

Deposits and loans

According to data from the BoM, in December 2022, the balance of Deposits in the Financial System increased by MZN 44.97 billion to MZN 583.2 billion compared to December 2021, with a significant increase in Deposits in Domestic Currency.

Credit exposure to the economy showed an upward trend until December 2022 (increased to MZN 276.9 billion, compared to MZN 266.6 billion in December 2021), driven by the improvement in economic activity, albeit modestly, due to the restrictive stance of monetary policy.

Evolution of loans and deposits (billion meticais)



Source: INE

Financial System

In 2022, the BoM remained active in strengthening the legal framework and reinforcing the robustness of the financial system, with a view to adapting it to the growing risks inherent to its activity and the dynamics of the domestic and international economy, having issued a set of regulations (Notices and Circulars), most notably the following:

Date of Publication:	Legislation and Regulations:	Purpose:
Mar/22	*Notice no. 01/GBM/2022 of 1 March*	*Fees and Commissions to be levied in the context of conducting transactions outside the Stock Market, and the Brokerage Fees of Stock Market operators.*
Mar/22	*Circular no. 01/EFI/2022 of 24 March 2022*	*Information on Credit and Deposit Statistics*
May/22	*Notice no. 03/GBM/2022 of 16 May*	*Amendment to Articles 81 and 83 of Notice 20/GBM/2017 of 27 December - Foreign Exchange Rules and Procedures.*
May/22	*Notice no. 04/GBM/2022 of 20 May*	*Establishes the rules for the provision of information for the preparation of Resolution Plans.*
May/22	*Notice no. 02/GBM/2022 of 31 May*	*Information Elements that Recovery Plans should contain, as well as the procedures for their submission, maintenance and revision.*
Jun/22	*Circular no. 02/EFI/2022 of 23 June*	*Submission of Application for Authorisation relating to Branches of Banking Institutions and Financial Companies through the Bank Supervision Application (BSA).*
Jul/22	*Circular no. 03/EFI/22 of 29 July*	*Information Elements of Recovery Plans.*
Set/22	*Circular 04/EFI/2022 of 20 September*	*Compliance with Measures to Prevent and Contain the Spread of the COVID-19 Pandemic.*
Out/22	*Circular no. 05/EFI/2022 of 03 October*	*Procedures for Late Payment of Invoices for Importation of Goods and Services.*
Dec/22	*Notice no. 05/GBM/2022 of 17 December*	*Approves Guidelines on Preventing and Combating Money Laundering, Financing of Terrorism and Financing the Proliferation of Weapons of Mass Destruction*
Dec/22	*Circular 06/EFI/2022 of 21 December*	*Issuance of Terms of Commitment for Banking Intermediation in the Import and Export of Goods.*
Dec/22	*Circular no. 07/EFI/2022 of 21 December*	*Structure for the Presentation of Information for the Preparation of Resolution Plans.*

TOGETHER, WE PRESERVE NATURAL HERITAGE
IN PARTNERSHIP WITH BIOFUND, WE WORK ON THE CONSERVATION OF BIODIVERSITY, THE PRESERVATION OF NATURAL HERITAGE, AND THE FIGHT AGAINST ILLEGAL WILDLIFE POACHING IN MOZAMBIQUE.

THE CUSTOMER THE CORE OF OUR BUSINESS

We believe that our role is to support customers in achieving their goals and be their everyday partner, taking into account the distinct needs of each and every one of our customers. Our teams are committed to serving, always with the customer as our main focus.

RETAIL BANKING AND COMPANIES

Commercial activity during 2022 was particularly affected by two significant factors: On one hand, various international economic factors led to changes in monetary policy, including increases in interest rates and inflation, which posed a significant challenge. On the other hand, the resumption of unrestricted in-person activities had a positive impact, especially on the dynamics of trade and customer flow to our branches.

The aforementioned factors were motivating for BCI, leading to a restructuring of its specific organisational model in order to strengthen its position as a leading retail bank and provider of services to small and medium-sized enterprises in Mozambique. BCI invested heavily in improving the customer experience and in the qualification and empowerment of human resources, resulting in a growing improvement in the level of customer satisfaction.

This performance resulted in strong commercial dynamics, reflected in an 8.3% growth in total customer deposits and a 9.1% growth in loans.

At the customer level, the commercial area experienced a 5.4% increase, aiming to ensure the best customer experience in all interactions with each business unit, achieved through excellent customer service. Additionally, we have strengthened our ability to identify and address the causes of customer complaints, resulting in a 50% reduction in complaints, and a growth of customer compliments by over 100%.

In fact, by maintaining our focus on CUSTOMER SERVICE and commitment to the sustainable development of our business, in 2023 our Retail and Business Banking unit aims to further strengthen our brand as the Bank of the Country, the Bank of Mozambicans, by providing personalised banking services and ensuring an even better customer experience in their relationship with the Bank.

CORPORATE AND INVESTMENT BANKING

The Corporate (Large Companies segment) and Investment Banking areas of BCI represent priority areas in the Bank's commercial strategy. The Bank has a highly qualified team to serve the demanding segment of Large Companies in the country with high quality standards. BCI's Corporate maintains significant presence in Maputo, Beira, Nampula, and Pemba to ensure proximity to its customers.

Despite the unfavourable economic environment for a full recovery in the new post-pandemic scenario, BCI's Corporate and Investment Banking area has managed to expand its customer portfolio while maintaining high levels of service and reinforcing excellent relationships and proximity with customers. Despite the reduced demand for credit in the economy, influenced not only by the economic situation but also by the increase in interest rates, the Bank maintained high levels of lending to companies and has structured significant investment operations of strategic importance.

It was also a year of consolidating important relationships with various multinational companies involved in major projects in the country, which had a significant impact on the resource portfolio, both in domestic and foreign currency. There was also a significant increase in foreign exchange transactions and trade finance, influenced by the rising prices of certain commodities and fuels. It is also worth noting the involvement of BCI in the process of exporting the first LNG cargo under the Coral Sul Project in the Rovuma Basin.

The investment made in the training of the technical, commercial, and operational teams of the bank in foreign trade operations, increasing their capacity and efficiency in supporting our customers in clarifying doubts and processing and regularising processes, has led to an increase in the volume of import and export operations carried out through BCI.

Another initiative that allowed BCI to strengthen its relationship with the country's major economic groups, who require access to innovative, secure, and resilient digital systems, was the focus placed on developing and consolidating its customised internet banking platforms for the Corporate segment (eBanking Empresas). Efforts were also made to improve processes and enhance the integration of the bank's payment systems with companies through host-to-host integration solutions.

The approach to serving Large Companies also relies on an integrated offering of products and services, with Corporate working in coordination with the Retail and Private Banking areas of BCI to open accounts for various stakeholders within the companies.

BCI also has a highly qualified team in the Investment Banking sector, which is based in-country and has extensive experience in originating and structuring operations. It specialises in sectors that are considered essential for the country's economic growth.

The investment banking area aims to advise customers and other areas of the Bank, in analysing and developing specific investment, financing or advisory solutions, of a medium and long-term nature and/or with complex legal arrangements, in the following areas:

Project feasibility assessment	Strategic and financial consulting	Structured financing	Capital market
Market analysis, financial modelling, business plan development, investment project organisation.	Company valuation, financial restructuring, structuring, public-private partnership arrangements, mergers and acquisitions.	Structure, set-up, negotiation and placement of structured financing - Project finance, large investments in corporate risk projects, structured financing with banking unions.	Structure, set-up and placement of issues or structuring of capital market transactions - POS, PSO, commercial paper, bonds, and investment funds.

The Bank is also committed to increasing and consolidating knowledge and expertise in sectors of activity of particular strategic relevance. To this end, the Bank maintains its focus on Specialised Desks dedicated to the analysis and development of business in strategic sectors that are essential for the country's economic growth. This model allows strengthening BCI's capacity to support and respond to the specific needs of our customers, whether in terms of technical support for the development of their projects, the structuring of dedicated sectoral credit lines, the creation of strategic partnerships, among other initiatives.

Agribusiness

Financing agribusiness, with special emphasis on SMEs, remains a strategic priority for BCI, which maintains a leading position in financing this sector.

The Bank's contribution to the development of agribusiness value chains is based, among other things, on the specialised technical support of the Agrodesk team, the development of partnerships that allow the structuring of specific credit lines for the sector with unique conditions, and the participation in platforms to promote, debate and seek solutions that contribute to the sector's progress.

Renewable energies

BCI's concern with sustainability and energy efficiency issues led the Bank, from an early stage, to invest in capacity building, specialisation and acquiring know-how in the renewable energy sector, where Mozambique has great potential for development.

The strategic decision to invest in this sector aims to create conditions for the analysis and financing of projects that incorporate sustainable energy solutions, allowing an increasing number of companies to access and benefit from the economic, social, and environmental advantages of energy-efficient solutions.

The BCI Eco Ambiental Line, a partnership with KfW and the Bank of Mozambique, and the BCI SUPER Credit Line (Sustainability and Productive Use of Renewable Energy), in partnership with the United Nations Industrial Development Organisation (UNIDO) and the Energy Fund (FUNAE), are examples of the BCI's commitment to sustainability, renewable energy, and energy efficiency.

Local Content

The development of value chains for megaprojects, such as those in the Oil & Gas sector, is one of the main areas of focus for the Bank. BCI aims to contribute to facilitating access for SMEs to these value chains by developing creative solutions in partnership with the main stakeholders, both public and private, involved in these megaprojects. The goal is to bring more Mozambican SMEs into the orbit of these megaprojects.

One example is the partnership that BCI has established with the South African multinational SASOL, through the launch of a credit line exclusively dedicated to supporting Mozambican SMEs that increase business in the province where the Pande and Temane natural gas project is being developed.

The BCI Business Line SASOL is a clear example of promoting and fostering local content, which continues to provide access to bank financing, under very favourable conditions, to several dozen SMEs.

PRIVATE BANKING

Private Banking offers a differentiated approach, providing dedicated support and carefully designed services that meet the expectations of each customer. It represents the best solutions for Individual Customers in achieving their financial and personal goals.

Private Banking serves a customer base of 2,083 customers, with 15 relationship managers across four centres (Maputo, Matola, Beira, and Nampula). In 2022, with the easing of restrictions imposed to mitigate the spread of COVID-19, there was a boost to the economy, albeit still very timidly. It was a challenging year as the effects of the pandemic continue to be felt, but on a smaller scale compared to 2020 and 2021. This opening allowed us to be closer to our Customers and strengthen relationships. In order to further strengthen these relationships, several initiatives were implemented to further boost customer loyalty.

This segment is characterised by its resilience, as it has managed to maintain above-average service levels in times of pressure, and, for the second consecutive year, was named the best Private Banking by Word Economic Magazine.

BCI's Private Banking structure has enhanced its operational strategy by implementing monthly internal campaigns and leveraging synergies with other business units. The goal is to attract more customers and strengthen business acquisition for BCI as a whole. This dynamic has brought excellent results for our structure and for the Bank as a whole.

In 2022, the 'Conversas Private' (Private Talks) initiative was launched, where employees from this segment invite colleagues from other areas of the bank to share their experiences. The goal is to connect day-to-day situations with a different and enriching environment, featuring motivational testimonies and promoting a culture of self-motivation and knowledge-seeking. These talks also involve Mozambican entrepreneurs and institutional leaders who share their insights firsthand. With this creative and unique initiative, the Private Banking management follows the bank's strategy of valuing its employees, which enables us to provide a differentiated service to Private Customers.

DIGITAL AND TECHNOLOGY PROMOTING FINANCIAL INCLUSION

Our goal is to promote financial inclusion in the country by supporting the development of communities and businesses through access to banking services. We provide digital solutions to our customers, and our constant technological innovation allows us to enhance our ability to better serve customers digitally and in branches

DIGITAL CHANNELS

In a strategy of consolidation, 2022 continues to see strong growth in digital channels, with multiple strategies to transition from traditional cash payments to electronic payments and the increasing phenomenon of online payments in Mozambique and the world.

In this context, we place a new critical focus on the 'customer experience' in order to identify opportunities to improve the user experience in the various solutions offered by BCI today. This includes the introduction of satisfaction surveys on various platforms to assess the customer experience in using the solutions provided by BCI, as well as the coverage of new functionalities that are gradually made available in close coordination with the policies regarding Anti-Money Laundering and Combating the Financing of Terrorism.

*Mobile/CELULAR USSD (*124#)*

The investment in USSD technology continues to be successful at BCI, and in 2022, in a post-pandemic environment, it is a solution that provides other stakeholders with various functionalities without the need to travel to BCI Business Units, or even access the solution without the requirement of maintaining a traditional bank account (demand deposit account). The mobile service (*124#) recorded a net growth in the number of customers in 2022, with a 34% increase among non-banked customers and an 8% increase among customers with a demand deposit account at BCI. The number of transactions shows even more significant growth, with a 43% increase for Mobile Account customers (customers without a Demand Deposit Account at BCI) and a 22% increase for customers with a Demand Deposit Account at BCI. These customers appreciate the convenience and security of these channels for their day-to-day operations using the USSD solution, BCI's ATM network, or SIMOrede POS terminals.

DAKI internet (ebanking and APP)

The growth of the ebanking channels and the BCI App was also significant for the challenges of 2022, with a focus on the App channel. Several functional improvements were made, and new services/ functionalities were introduced to enhance the customer experience and ensure security in day-to-day operations. The BCI App showed a 20% increase in the customer base for both Individuals and Businesses compared to 2021, a 29% increase in billing volume, and a 29% increase in the number of transactions. This further demonstrates the digitisation of the market and the adoption of new payment habits.

In a strategy of digital transformation of the BCI customer portfolio, in line with market trends, the BCI App has shown a 27% growth in the number of customers. This growth aligns with the increasing penetration of smartphones in the market and the improved availability and quality of internet services in the country. The remote subscription process through the BCI website has been crucial in facilitating customer adoption of these digital services, as an alternative to subscribing to the service in person or reactivating the service when inactive. The volume of billing through the App has grown by 22% compared to 2021, making it one of the preferred channels for our customers. On average, 71% of the main financial transactions are conducted through the App on a daily basis. As a result, BCI has made a strong commitment to offer new services in various domains such as payment methods/cards, payment of services, inquiries, transfers to banks and other financial institutions, including Electronic Currency, among others. The App has also prioritised navigability, ensuring enhanced security with the introduction of biometric access and fraud mitigation controls, such as validating SIM card swaps with mobile operators. BCI will continue to invest in the development of new services to enhance their availability 24/7, every day of the year. Additionally, the introduction of reverse billing will further facilitate mass access to the solution.

The growing trust in new payment systems has led to a 29% growth in the volume of transactions. Specifically, in the /ebanking App service, the volume of transactions has grown by 29% compared to 2021. These services capitalise on greater convenience, ease-of-use, and most importantly, security for our customers and partners.

In 2022, BCI was internationally distinguished by the prestigious magazine EUROMONEY for having the best **digital solutions** in Mozambique. This recognition reflects BCI's efforts and commitment to providing high-quality digital solutions to its customers.

FALA DAKI

In a post-pandemic environment where restrictions on movement limit in-person interactions, BCI's Customer Support Line (Fala DAKI service) has provided a seamless extension of continuous customer service to our customer base. This service offers daily and toll-free assistance (available 24/7) to all customers in Mozambique or abroad who seek information and various support services.

As part of a customer-centred support strategy, BCI has introduced a toll-free hotline (800 224 224) that provides customers with a toll-free connection to BCI. The hotline features an improved and categorised structure of support options, focusing on the key topics covered by the Fala DAKI line. Additionally, a new Call-Back module has been implemented, enhancing call management operations and introducing the convenience of scheduling support requests. Furthermore, a new customer authentication module has been developed, utilising an SMS-based token that enables customers to perform various financial operations and access information online, which were previously only available at BCI branches or through BCI services (Mobile, Ebanking/APP, ATM, and POS).

As this channel is of the utmost importance in view of the Bank's strategic positioning, and also due to the proximity it fosters with the customer, its scope will be gradually adjusted, both in terms of resources and in terms of the number of services it provides.

In 2022, the Fala Daki service experienced a growth of 42% in inbound calls compared to 2021, with a total of 708,000 calls received. Additionally, outbound calls increased by 17% compared to 2021, totalling 28,400 calls throughout the year.

PAYMENT SYSTEMS

The introduction of a new processing system through SIMOrede has been a significant advancement in line with the strategy of consolidating the national payment system. This has prompted national banks to implement new solutions and system integrations that have gradually been secured with international networks. These certifications have, in the current context, conferred the adoption of international best practices. In this context, BCI strategically maintains its position in Electronic Banking, holding the largest ATM network in the country with a total of 532 terminals, which represents a market share of 33%. This position is also reflected in the POS network, with 13,427 terminals and a market share of 39%. Additionally, BCI is one of the main issuers of Payment Methods/Cards, reaching 1.4 million debit cards with an average market share of 46% and 68% in prepaid cards. BCI has always been the bank with the highest number of accepted payment networks in Mozambique (both in ATM and POS), including National Electronic Money Institutions (IME), SIMOrede, VISA, Mastercard, and American Express.

POS DAKI

The wide range of functionalities and solutions associated with BCI terminals make Daki POS a strong alternative and support tool for traders, particularly in terms of Treasury support solutions - namely through the 'Saldo POSitivo' financing solution, which is directly indexed to the volume of POS sales.

The focus on various sectors of activity, as well as the increasing change in payment habits, contribute to a significant increase in the number of transactions and transaction volume with each passing year.

Through BCI's point-of-sale (POS) terminals, the services currently provided to the customer/trader portfolio include, among others:

⇨ Payment of purchases with a bank card or mobile account/mobile wallets;
⇨ Balance queries;
⇨ Payment of services (top-up of prepaid cards; Payment of water and electricity bills; Payment of tuition fees, among others);
⇨ Purchase of top-ups (e.g., Credelec); and
⇨ Cash register service, allowing recording all traders' sales at the terminal regardless of the payment method used (card, cash, cheque, among others), supporting the accounting and reconciliation of sales.

POS in 2022:

Pool Market Share

13.427 #Pool

26.050.000 #Transactions

66.190.000 Volume (Thousands of MZN)

ATM DAKI

The ATM channel accompanies the business units and consolidates the commitment to self-service, ensuring a set of functions that aggregate customer service, as well as the commitment to the diversification of some equipment with the function of cash deposits.

Although in a context of restructuring of the ATM pool and strong investment in alternative channels (ebanking, Mobile USSD and WhatsApp), the number of ATM withdrawals continues to show an upward trend compared to the previous year (+9%).

ATM in 2022:

Pool Market Share

532 #Pool

45.567.000 #Transactions

35.050.000 #Withdrawals

102.677.000 Volume (Thousands of MZN)

With around 50% of BCI's branch network installed in a rural or peri-urban context, the spread of the ATM network makes it possible to keep up with the growing needs and habits of use of electronic channels throughout the country.

Payment methods/DAKI bank cards

In 2022, the operationalisation of the new transactional platform of the National Single Network - SIMOrede began, with a particular focus on payment methods. This milestone is marked by the issuance of over 120,000 cards equipped with contactless technology and under the new processing application, providing users with greater convenience and security in their payment transactions.

In our dealings with our traditional partners, we maintain a strategy of consolidation. With VISA, our largest international partner for issuing bank cards (accepted at ATMs, POS terminals, and online transactions), we have aligned our strategic goals in the development of innovative products and focused on areas such as training, education, and fraud prevention. In particular, we have strengthened some tools aimed at enhancing and improving the protection of our customers, including a new fraud monitoring system (VISA RISK MANAGER) and the implementation of the ***3D Secure service***, which provides enhanced security. This has led to significant growth in non-face-to-face payment transactions, a trend observed not only in Mozambique but worldwide.

TECHNOLOGY

2022 was a year of great focus **on Customer Service**, aiming to make it more efficient, secure, and intuitive across the various channels.

Among the new services made available, we highlight the new fixed-rate consumer credit simulator, the implementation of biometric validation in the apps, and the increase in the number of services that can be paid in real time through electronic channels, among others.

In terms of infrastructure, a substantial investment was made in the communications serving BCI branches, with a significant increase in bandwidth and the implementation of a new software-based network management approach. This enables the simultaneous use of different transport technologies, maximises installed capacity, and reduces downtime. At the same time, progress was made in renewing the server cluster and strengthening high availability mechanisms to ensure a smoother and uninterrupted service. Also with the aim of improving the flow of service provided, the implementation of a new state-of-the-art queue management solution was initiated. This solution allows for greater agility in the centralised configuration of the services available at each moment and at each point of service.

And because providing a secure and reliable service is crucial, both in digital channels and in branches, we have strengthened our cybersecurity infrastructure and implemented new services that enhance the security of transactions on mobile devices. At the same time, we have expanded the use of identity validation through the use of tokens in face-to-face and telephone operations.

Regarding Compliance, in order to ensure compliance with the increasing number of laws and regulations, as well as to effectively combat money laundering and terrorist financing, several investments were made to ensure that applications and systems support this purpose. This includes the development of a new market portal and the redesign of information provided to customers, particularly in credit agreements, to make it clearer and easier to understand. In the second aspect of this purpose, improvements have been made in the registration of suspicious individuals, the justification of funds and the digitisation of the approval and opinion flows in the opening and maintenance of accounts for high-risk Customers and PEPs.

Furthermore, **in the area of Compliance and Conduct**, it is worth highlighting the investment in the development of new e-learning programmes.

TOGETHER, WE SUPPORT SPORTS AND EDUCATION
BCI PROJECT AIMS TO DONATE THOUSANDS OF "BCI FOOTBALLS" TO PRIMARY SCHOOLS IN THE COUNTRY TO PROMOTE EDUCATION AND SPORTS.

PEOPLE
A DEDICATED AND COMMITTED TEAM

The performance of BCI is intrinsically linked to our people. A young and diverse team committed to the Bank's objectives, whose dedication and commitment are recognised, and whose potential the Bank is committed to supporting and developing.

The BCI team reflects the diversity of communities, respects diversity and equal opportunities, and non-discrimination. They also adapt to the new business environment, conducting their actions with full and rigorous compliance with the law and high ethical standards.

In 2022, Human Resources management focused on disseminating concepts aimed at ensuring ethical and transparent action in all its processes and towards the different stakeholders. This resulted in the strengthening of an organisational culture adjusted to the new requirements.

The continuous investment in the development, empowerment, and well-being of our People translates into motivation for a better response in customer interactions. In this regard, staff training was particularly focused on the areas of Compliance and Customer Orientation, which enabled a high level of awareness of their duties and responsibilities.

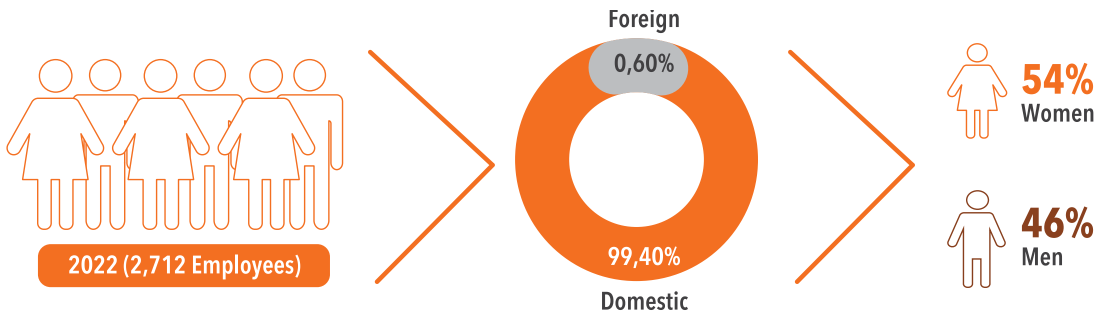
Activities, indicators and outcomes

In 2022, BCI's staff was made up of 2,712 employees, 99.4% of whom are Mozambican nationals, demonstrating a continued commitment to local staff.

BCI continued its graduate integration programme, providing a first professional experience to approximately 243 recent graduates.

The proportion of national staff in management positions (94%) confirms the Bank's commitment to the development and valorisation of local human capital, materialising in practice its brand image as a bank with a distinctly Mozambican culture.

Distribution by gender reveals a slight tendency towards women, who represent 54% of the employees.

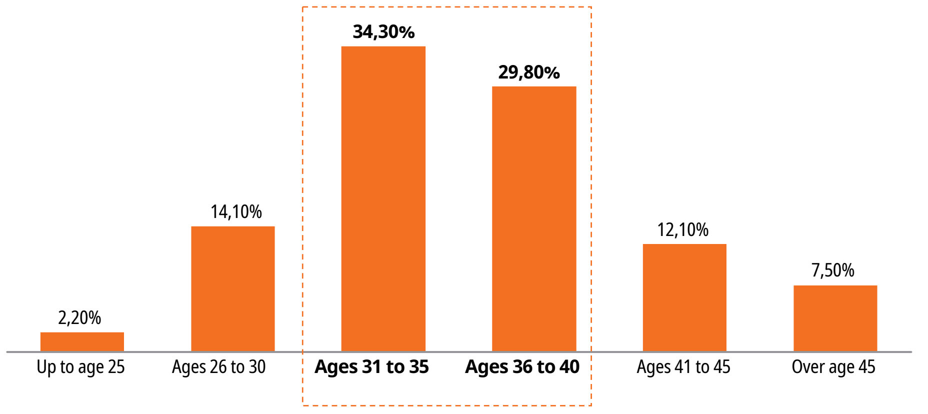


As a result of the extensive and vast network of branches, the distribution of human resources by functional area continues to show that the Commercial Area concentrates most of the staff (64.6%).

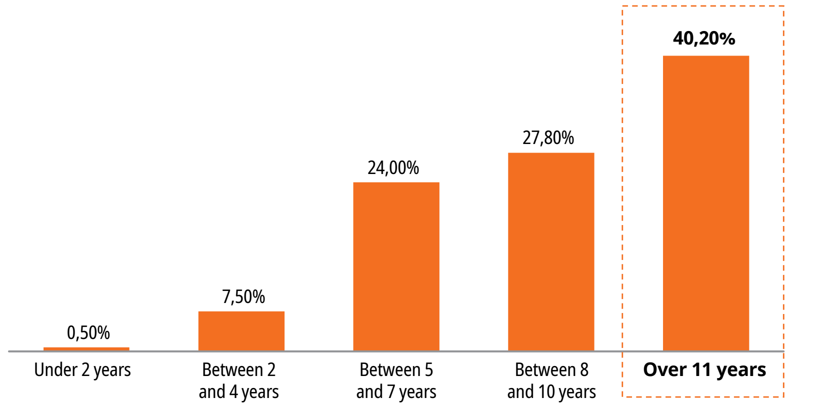
The age structure remained predominantly represented by young individuals, with 50.6% of the workforce being 35 years old or younger. The average age of the employees was 36 years and the average seniority was 10 years.

These indicators reflect the loyalty strategy and the image of a young bank, with energy, momentum and also the experience to confidently commit to customers and other stakeholders.

Age breakdown in 2022 (%)



Seniority breakdown in 2022 (%)



Remuneration, Rewards and Retention

Throughout 2022, as part of the employee retention and loyalty policy, it was possible to acknowledge and value 2,219 employees (82% of the workforce) through changes in salary and/or job position.

In order to mitigate the effects of inflation on purchasing power, an extraordinary remuneration adjustment was carried out, benefiting 776 employees (29% of the workforce), with a particular focus on those with lower salaries. Additionally, 125 employees were promoted to positions of higher responsibility across different structures and hierarchical levels within the Bank. Also, as part of the internal mobility incentive and promotion policy, 75 employees took on a new professional challenge.

2,666 employees (99.4% of the workforce) benefited from the assignment of variable remuneration, materialised by the granting of a cash prize proportional to the respective contribution to results.

In addition, 1,572 employees (58% of the workforce) were also rewarded, through cash and in-kind incentives, for achieving the commercial objectives outlined for 2022.

As part of the effort to improve employees' quality of life, the Meal and Transport allowances were revised by 12.6% and 39.2% respectively. Additionally, the Bank reviewed its loan policy for employees, significantly enhancing the conditions for accessing loans.

Human resources turnover stood at 3.7% and the resignation rate was 3.6%.

Training, Motivation and Development

Training continues to be an essential element of the human resources strategy as an instrument to develop critical business skills and also technical and regulatory support skills. 2022 marked the return to in-person training activities, which contributed to a total training volume of 100,343 hours.

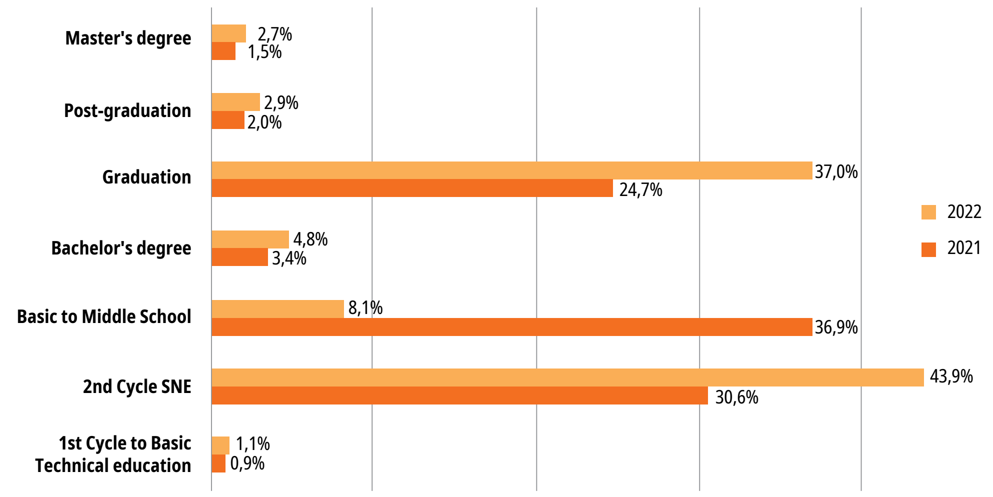
In this process, the implementation of training programmes in the areas of Know Your Customer, Compliance, and Customer Orientation stood out, representing over 70% of the total training volume. It is worth mentioning that a total of 109 training programmes took place with 18,482 participants.

Training through the in-house e-learning platform accounted for 50.1% of the training volume in 2022.

The policy of awarding scholarships to employees contributed to skills improvement and development, essentially at the higher education courses level, with a total of 44 scholarships awarded in 2022 to attend Graduate and Masters courses (+8 compared to 2021).

As a result of this investment over the years, 46% of the staff had higher education qualifications.

Employees broken down by academic qualifications



Health and welfare

The concern for the health and welfare of people as our most important asset remains a focal point for the Bank's action and strategy.

Providing employees and their families with access to health services through a wide network of providers at national level remains a distinguishing factor, especially when the Bank covers between 80% and 100% of medical and medicinal costs.

In 2022, records regarding the frequency of access to medical services point to more than 79,955 uses.

Also in the context of the pandemic, the Bank purchased and made available to employees and their families, on a voluntary basis, the booster dose (3rd dose) of vaccines against COVID-19.

RISK, COMPLIANCE AND CONDUCT A RISK CULTURE

The Bank has a strong risk culture that is present in all areas, with robust risk monitoring systems in place. It also has measures in place to ensure that the Bank and its employees comply with all applicable regulations and are governed by the highest standards of ethics and conduct.

RISK MANAGEMENT

For BCI, risk management is an extremely important activity, whose guiding principles, organisational structure, responsibilities, and evaluation and monitoring system are outlined in the Risk Management Policies and the Risk Management Programme. The Bank's risk management policy seeks to maintain an appropriate relationship between Equity, Sustainability and Profitability.

BCI's Risk Management function is supported by a governance model that aims both to comply with best practices in the field, as set out in the Risk Management Guidelines, and to ensure the soundness and effectiveness of the system for identifying, measuring, monitoring, reporting and controlling financial risks (credit, market, liquidity and balance sheet interest rate) and non-financial risks (strategy and business, operational, IT, reputational, compliance and conduct) to which the Bank is or may be exposed.

The main person responsible for BCI's risk management function is the 'Chief Risk Officer' ('CRO'), who reports hierarchically and functionally to BCI's Risk Committee and to CGD's CRO and is completely independent from the Executive Committee. The CRO is globally responsible for monitoring the Bank's risk management framework and, in particular, for ensuring the adequate and effective functioning of the Risk Management Function, being also responsible for informing and clarifying the members of the management and supervisory bodies about the risks incurred, the overall risk profile and the degree of compliance with the risk tolerance levels that have been set.

The Risk Management Division (DGR) is responsible for managing and controlling the Bank's risks with the aim of ensuring stability, solvency and financial soundness, carrying out the identification, assessment, measurement, monitoring, control and reporting of the risks to which the Bank is exposed and the inter-relationships between them, in order to ensure a consistent integration of their partial contributions, that they remain within the level of risk appetite set by the Board of Directors, and that they will not significantly affect the institution's financial situation, continuously ensuring compliance and conformity with external standards and legal and regulatory requirements in these matters. The DGR coordinates cross-cutting exercises carried out as part of regulatory processes or framed within internal initiatives; controls and promotes the resolution of recommendations identified internally and externally, contributing to the effectiveness of the Internal Control System, and disseminates and improves the risk culture throughout the Bank, increasing effectiveness and efficiency in risk management.

For an adequate and effective risk management, the Bank has formalised its risk appetite, approved by the Board of Directors in two documents (the Risk Appetite Framework and the Risk Appetite Statement), which outline the levels of risk it is willing to assume, taking into account its risk and business strategies and the respective framework of CGD Group's Risk Appetite. The RAS is updated annually, along with the other Strategic Risk Processes, which include the annual self-assessment of the risk profile. This assessment evaluates the institution's risk profile, the associated management, control, and governance structures, as well as the emergence of new risks (emerging or potential) included in the Risk Taxonomy.

2022 remained characterised by several challenges inherent to the COVID-19 pandemic and rising global inflationary pressure, stemming from the prolongation of the Russia-Ukraine conflict, with a tendency for central banks to tighten monetary conditions. These factors added to the ongoing challenges faced by the banking sector, thus reinforcing the need for Risk to be a strong pillar of the Bank's soundness and trustworthiness.

The focus of activities to minimise the domestic and economic impacts of the pandemic and the Russia-Ukraine conflict were implemented based on regulatory and corporate recommendations on this matter, as well as best practices. Despite the adverse operational and economic situation, BCI achieved its risk management objectives outlined for this year, with the following highlights:

- ⇨ Implementation of new risk management and reporting tools, including the automation of existing reports, also ensuring the integration of the risk vision in the implementation of CGD Group's 'single source of truth';
- ⇨ Full and timely compliance with regulatory reporting requirements, including the submission of the first Recovery Plan exercise in accordance with Article 111 of Law No. 20/2020, of 31 December, together with Notice 02/GBM/22, of 31 May;
- ⇨ Strengthening the governance framework of the Risk Management Function (FGR) through the review and approval of various corporate guidelines that provide practical guidance for the Risk Management Function's activities, and the implementation of quarterly Stress Testing of Interest Rate Risk in the Banking Book (IRRBB);
- ⇨ Mitigation of operational risk and the strengthening of the internal control system, in line with the Bank's Strategic Plan, were achieved through the timely implementation of Action Plans and remediation of various internal control deficiencies. The Bank also conducted a Self-Assessment Report on these deficiencies and actively disseminated a Risk Culture throughout the organisation; and
- ⇨ Strengthening of Credit Risk management tools (Ratings, Scorings, Balance Sheet Centre, Impairment Model), development of a new tool for Credit Monitoring - Predictive Model for Prioritising Contacts for Recovery purposes, and resolution of various non-performing loans in line with the objectives established in the Bank's Strategic Plan.

COMPLIANCE MANAGEMENT

In 2022, the activity of the Compliance Function was based on the implementation and consolidation of a wide set of processes and procedures to support the approved internal policies, which allowed for the improvement of legal compliance levels in various areas of the Bank's activity. In fact, BCI has implemented a compliance programme aimed at establishing internal mechanisms to avoid any regulatory and criminal liability, as well as promoting a culture committed to ethics and high standards of business conduct. The aforementioned programme includes: (i) Code of Conduct; (ii) Plan for the prevention of corruption and related offences; and (iii) Whistleblowing Channel.

Code of Conduct

BCI's Code of Conduct is a set of ethical standards that guide the behaviour of professionals in the performance of their duties within the institution.

In 2022, actions remained in place to ensure the implementation of the management model, including ongoing communication and dissemination efforts. In this regard, an e-learning course on the Code of Conduct is permanently available, in addition to the launch of an internal campaign, since December 2021, on Conduct and Ethics that was in force throughout 2022. The campaign used a set of key messages to remind employees of how they should be recognised as members of this cohesive institution, with harmonised and aligned reference standards that reflect the position that BCI holds in the country.

As part of monitoring the implementation of the Code of Conduct, a continuous improvement process has been established to identify and resolve dilemmas. Specifically, the Customer Service Office has been created to address the growing concerns of banking regulation.

Plan for the Prevention of Corruption and Related Offences

In compliance with the recommendations of national and international authorities in the field of prevention of corruption and related offences, as well as the commitment made in internal regulations, BCI has developed and implemented a plan to prevent corruption and related offences since 2019. This plan aims to minimise the risk of corruption and related offences to which the bank may be exposed. The plan, which is a dynamic management tool, is reviewed annually to accommodate and map new risks that may be identified in the course of BCI's activities, as well as the individuals responsible for implementing measures to mitigate those risks.

During the fiscal year under review, an e-learning course on the prevention of corruption and related offences was conducted, which included case studies.

Whistleblowing Channel

BCI has implemented a system for reporting irregular practices, which serves as an alternative to the regular reporting chain, enabling employees to report legitimate and significant concerns regarding matters related to the institution's activities. Reports of irregularities or whistleblowing may be made in writing, verbally or both, with confidentiality and anonymity being ensured by the Compliance Officer to whom the reports are addressed.

The channel was widely publicised among the institution's staff, including training on the topic; however, no whistleblowing cases were reported throughout the period.

Other relevant matterson Compliance

2022 saw significant legislative and regulatory changes, particularly those related to the enhancement of measures for the prevention of money laundering and combating the financing of terrorism (AML/CFT). In this regard, BCI maintained its commitment to the highest practices in the field of AML/CFT in order to comply with current legal and regulatory requirements, including the recent Law 11/2022 and Notice 5/GBM/2022, as well as the recommendations from relevant international entities on this matter.

Within this scope, a set of policies, procedures, and control systems are defined and implemented to assess and mitigate the potential risks associated with its customers and business relationships.

To this end, BCI has various IT tools that enable the monitoring of banking activity within the scope of AML/CFT. These tools include applications dedicated to the continuous and systematic monitoring of accounts and customers, based on established risk indicators. They also include tools for classifying the risk profile of customers and for screening sanctioned individuals, politically exposed persons, and holders of other political and public positions.

As part of the customer onboarding process, a differentiated due diligence is conducted based on the money laundering risk profile. This is done in accordance with the Internal Customer Acceptance Policy, which is published on the BCI's institutional website.

CONDUCT MANAGEMENT

In 2022, a Customer Service Office was created under the direct supervision of the CEO, aiming to defend the rights of our customers. This is an essential part of our code of conduct and values. The Board of Directors oversees the actions implemented by the Executive Committee to ensure that BCI and its employees adhere to the highest standards of ethics, conduct, and transparency in customer service.

To this end, BCI has defined a set of rules that must be observed in its relationships with suppliers, partners, and customers. These rules are specified in various internal regulations of the Bank, as well as in the Policy on Conduct Risk and Consumer Protection.

In protecting consumer interests, the Bank ensures that the key measures that are central to the institution's conduct management are respected. These measures include respecting customer rights, transparency, prompt service and service delivery, communication of changes or interruptions in the provision of financial services, priority service, communication of changes in terms and conditions, rectification of operations that harm the customer, collaboration with other credit institutions, responsible lending, timely handling of customer complaints, and continuous monitoring of customer satisfaction and compliance with the Code of Conduct and banking regulations.

SOCIAL RESPONSIBILITY CONTRIBUTING TO OUR COMMUNITY

Supporting our community and contributing to the common good are central to the Bank's identity. We promote various social initiatives in order to contribute to a better future for the people and the community of which we are a part.

The commitment to the values of Corporate Social Responsibility is an integral part of BCI's market strategy.

In 2022, the reflection of this positioning was reinforced through the development of various initiatives involving customers, shareholders, employees, partners, and communities in diverse areas such as culture, sports, education, health, and the promotion of social values and citizenship. The objective was to create value and satisfaction for the communities, with the following highlights:

SUPPORT FOR SOCIAL INCLUSION

As part of BCI's strategic positioning, in which Corporate Social Responsibility is a fundamental component, BCI has been supporting and carrying out initiatives that promote social inclusion for the most vulnerable groups, taking into consideration the issues affecting local communities and their expectations and development opportunities. Some of these initiatives include:

- ⇨ Visits to **orphanages where food and toys** were offered to support the children housed in these homes, as well as some goods to strengthen the efforts of these entities in the community.
- ⇨ BCI has made a public commitment to allocate a portion of the revenue generated from the use of 'Daki' Debit Cards in POS terminals to support charitable causes and social welfare institutions - the **'Daki Card Social Responsibility Fund'**, without any additional costs for cardholders. In 2022, BCI donated a total of MZN 5.8 million to various institutions in the fields of healthcare, social welfare, and education.
- ⇨ Promotion of a publicity campaign called '**Solidarity for the Victims of Cabo Delgado'** in partnership with the Portuguese Embassy. BCI and its shareholders CGD and BPI made a tripartite donation of €75,000 to support the population affected by the attacks in the Cabo Delgado Province. Furthermore, BCI set up collection points nationwide where a 'solidarity box' was made available for customers and bank employees to donate material goods.

- Solidarity action on **International Children's Day and African Children's Day**, reaching out to vulnerable children in orphanages nationwide. The initiative included providing snacks, distributing toys, and offering school supplies.
- **Institutional Social Responsibility action** that involved providing Christmas hampers to children hospitalised in the Paediatric Departments of Provincial Hospitals.
- Financial support to the **Ministério Canal da Esperança Association** for the organisation of a lunch on 22 and 23 December, for 50 orphaned and vulnerable children and 50 elderly individuals, in the locality of Mulotana-Sede, Boane district, Maputo province, as part of the festive season.

SUPPORT FOR EDUCATION

BCI provided support to various initiatives aimed at encouraging and recognising the merit and excellence of students, as a result of their enrolment in intermediate and higher education courses at the country's main universities and polytechnic institutes, as well as in scientific conferences, including:

- Sponsoring Awards for Graduating Students at the following Universities/Faculties: Save University (UniSave) (Xai Xai); Methodist University of Mozambique (Inhambane); Eduardo Mondlane University; Faculty of Environmental Engineering and Natural Resources at Zambeze University; Instituto Superior de Transportes e Comunicações (ISUTC) (Higher Institute of Transports and Communications); ISCAM; and Instituto Superior Maria Mãe de África (ISMMA) (Maria Mãe de África Higher Institute).
- **EDM Scientific Conference in partnership with A Politécnica and ISUTC,** on the occasion of the 45th anniversary celebrations of EDM. In this event, which took place in October, where students from A Politécnica and employees from EDM presented several dissertations on the energy sector and technologies, BCI awarded three students who won the competition for the best dissertation and three young talents were distinguished during the event.
- **Support to the Osuwela Association** to purchase the final prizes for the ASTROBOT Robotics competition.
- **Support for the Celebration of Teacher's Day at** the Primary School of 1st and 2nd Grades in Macunguela, Inhambane province, celebrated on 12 October.

SUPPORT FOR HEALTH

- Financial support for the celebration of Nurse's Day at the **District Health, Women, and Social Action Service in the Maxixe district, Inhambane, and to the Rural Hospital of Nhamatanda, in the Sofala province**.
- Financial support for the organisation of a Science, Technology, and HIV/AIDS Prevention Fair at the **District Service of Education, Youth, and Technology in the Morrumbala District**, where the goal was to promote civic education in the treatment and prevention of HIV/AIDS, as well as to create opportunities for self-employment and engage young people in technical and vocational training as a solution to poverty in the district.
- **Support for the School Feeding Programme of Winnua in Lobuéz**, Mocuba District, Zambezia. The programme currently benefits around 480 children by providing a glass of milk every school day in 4 educational institutions, an orphanage, and a health centre. It contributes significantly to reducing the rate of child malnutrition and improving school performance.
- **Support to the Gastroenterology Department of Maputo Central Hospital** for the acquisition of Rubber Bands to help in the treatment of patients diagnosed with Upper Gastrointestinal (UGI) Bleeding. The Rubber Bands acquired with the support of BCI were used in 112 patients and resulted in an improvement in their quality of life.
- **Support to the Deaf Association of Mozambique (ASUMO) and the Blind and Visually Impaired Association of Mozambique (ACAMO)**.
- Financial support for the **Health Fair - Maputo Military Hospital**, as part of the celebration of the Mozambican Armed Forces Day (25 September).

ENVIRONMENT AND SUSTAINABILITY

Within the scope of environmental responsibility, the following actions carried out by BCI stand out:

- **Financial support to the Maputo Municipal Council for the mass planting of trees and the establishment of new green areas in all Municipal Districts,** through the initiative called **'Txuna Maputo com o Verde'** (Uniting Maputo with Green), which aims to restore the tree greenery in the City of Maputo and minimise the effects of climate change.

⇨ **Participation in the 5th edition of the Maratona na Selva** (Jungle Marathon), an event organised by the Gorongosa National Park, and supported by the Mozambican Athletics Federation, with the main objective of raising awareness and engaging the local communities in environmental responsibility practices, as well as promoting social practices such as gender equality and social inclusion.

SUPPORT FOR CULTURE

As regards Culture, BCI prioritised supporting activities and institutions that promote the preservation of the country's identity and cultural progress, aligning itself with initiatives of recognised value and social impact, of which we highlight:

⇨ Renewal of the partnership with the National Company of Singing and Dance;
⇨ International Chess Cup;
⇨ APETUR - Association of Small Entrepreneurs in Hospitality and Tourism - Tzoziva Gastronomic Fair;
⇨ Concert by Jimmy Dludlu and Carlos Gove under the theme celebrating Lhamanculu;
⇨ Launch of the new album (ORA CHEGOU) by singer Elvira Viegas;
⇨ Maputo Urban Festival;
⇨ 4th Edition of the Nostalgia Project; and
⇨ *Terra Sonâmbula* Symposium at UniLicungo University.

In this regard, and within the scope of the activities of the Media Library, a Unit dedicated to promoting Arts and Culture, BCI sponsored the edition and publication of several literary and scientific works, and hosted in its premises, several exhibitions of Plastic Arts, namely:

Literary works supported:

- *"O Tesouro antes Desconhecido"* by Juvenália Sengulane*;*
- *"'anual de Direito Eleitoral",* by António Chipanga*;*
- *"Usos e Costumes dos Bantu"* (reprint), by Henri Junod*;*
- *"Processo de Construção do Direito Penal Moçambicano"* by Isabel Rupia*;*
- *"Novo Regime Jurídico dos Títulos de Crédito",* by Abdulimo Issá and Rita Donato*;*
- *"Letras e Palavras",* by Sara Laisse*;*
- *"Futebol Índico e Personas non Gratas"* by Ilídio Jossai*;*
- *"O tesouro antes desconhecido"* by Juvenália Sengulane; and
- *"Pesquisa e Ensino em Línguas Moçambicanas"* - a tribute to Bento Sitoe.

Exposições de artes acolhidas:

- ***Plastic Planet,*** by the Repensar Environmental Education Co-operative***;***
- ***Africa Women's voice rising;***
- ***Photographic exhibition in honour of Galiza Matos;***
- ***45 Years of EDM;***
- ***Paths Times Desires and Solutions,*** by José Manhiça
- ***Growing, by NTSATE ATELIER;***
- ***Annual exhibition of the National School of Visual Arts;***
- ***Other Face,*** by Ancha Bucuane***;***
- ***Kanimambo Collective,*** by Hlalala, Fiche and Timana; and
- ***Exhibition by students from the Instituto Superior de Artes e Cultura (ISArC) (Higher Institute for Arts and Culture).***

SUPPORT FOR SPORT

Within the framework of encouraging sports practice, in the areas of high competition, development and recreation, we highlight the support to the **Mozambican Football Federation.** BCI contributed to the development of the national football teams, particularly the 11-a-side national team - Mambas, who secured qualification for the CHAN 2022 tournament held in Algeria in January 2023.

IMPLEMENTING THE STRATEGY FINANCIAL ANALYSIS 2022

Despite the challenging economic environment, the implementation of the Strategic Plan 2021 - 2024 has ensured a positive financial performance for BCI, enabling the generation of value for our stakeholders.

2022 was marked by an environment of macroeconomic recovery, with the progressive reopening of the Mozambican economy and the return of economic activity. This economic recovery was affected by various factors, including the increasing global inflationary pressure resulting from the war between Russia and Ukraine, which led to a slowdown in global growth, plus the ongoing military instability in Cabo Delgado and the occurrence of climatic events such as cyclones and floods.

Against this background, the Mozambican economy has shown resilience, exhibiting strong signs of recovery as a result of the upturn in economic activity. This recovery is characterised by significant progress in key macroeconomic indicators, including:

I. Accumulated economic growth of approximately 4.15% in 2022, driven by the strong performance of the extractive industry and the easing of COVID-19-related restrictions both domestically and internationally;
II. Stability of the Metical against the US Dollar and appreciation of the Metical against the South African Rand and the Euro, as a result of the restrictive monetary policy adopted by the Bank of Mozambique;
III. Resumption of financial assistance from the International Monetary Fund (IMF), World Bank, and other multilateral institutions to support the State Budget, leading to an improvement in the country's Rating; and
IV. Start of liquefied natural gas exports from the Rovuma basin.

In view of rising inflationary pressure, the Bank of Mozambique decided to revise upwards the reference rate (MIMO) by 400 bp (to 17.25%) in 2022, with a view to ensuring a return to single-digit inflation over the medium term. It should be noted that this decision implied an increase in the Prime Rate, the index for loans in domestic currency, by 4.00 pp, to 22.60%, as well as an increase in the interest rates of other financial instruments denominated in Metical.

In light of the aforementioned scenario, BCI maintained a strategy based on solid and prudent management, strict financial discipline, and rigorous risk control policies. Thus, the Bank concluded the 2022 fiscal year with strong growth in terms of Net Income, which amounted to MZN 8,078.11 million. This growth was supported by sustainable growth in Operating

Income, comfortable levels of liquidity and capitalisation, and effective control of Operating Costs, in line with the objectives of the 2021-2024 Strategic Plan.

EARNINGS AND PROFITABILITY

In December 2022, despite a high level of uncertainty, BCI concluded the year with a Net Income of MZN 8,078.11 million, representing a growth of 55.25% compared to the MZN 5,203.37 million achieved in the same period of 2021. Additionally, the Bank saw an improvement in the Return on Equity (ROE) ratio by 9.03pp, reaching 32.91% compared to the 23.88% in the same period of the previous year.

This results come from the implementation of the Strategic Plan 2021-2024. Our focus on diversifying the loan portfolio while maintaining a strong position as a bank supporting the economy through controlled-risk lending, combined with efficient cost management, has led to significant growth in Operating Income (MZN +1,420.88 million). This growth has been mainly supported by an increase in Net Interest Income (MZN +2,257.52 million) in an environment of rising reference rates and decreased credit demand. Additionally, the bank's prudent risk management practices have contributed to a favourable performance in Impairments and Provisions (MZN -3,133.63 million). In a context of continuous price increases, the cost containment measures already implemented by the Bank have allowed for controlled Operating Costs (+4.84%), which remained below the year-on-year inflation rate of 10.91%. This has resulted in an improvement in operational efficiency, with the Cost-to-Income ratio at 42.43% (-1.08 pp compared to 2021).

It should be noted that the Net Income of MZN 8,078.11 million was influenced by positive and negative extraordinary effects, related to the year 2022 and previous years. With regard to the positive extraordinary effects, it is worth mentioning the reversal of impairment occurred in a customer operation, resulting from the settlement of the operation, as well as the reversal in impairment of Other Assets resulting from the completion of the revaluation process of the Bank's own properties. Regarding the negative effects, the 2022 accounts were significantly influenced by the refund in 2022 and provision for refund in 2023 of commissions to customers, related to the periods from 2018 to 2022, as part of the inspection carried out by the Conduct Supervision Department of the Bank of Mozambique, as well as the payment and provision of amounts payable to the Mozambique Tax Authority as a result of the inspection carried out by that entity on the Models 22 for the fiscal years 2017 to 2021.

Despite the aforementioned extraordinary effects, the recurring Net Income recorded significant growth compared to 2021, reflecting the consolidation and growth of the Bank's business, in line with its strategic objectives.

(thousand meticais)

Profit and loss account	dec-21	dec-22	Variation	
			Absolute	Relative
Net interest income	13 447 550	15 705 074	2 257 524	16,79%
Complementary margin	5 447 039	4 610 395	(836 644)	-15,36%
Net operating income	**18 894 589**	**20 315 469**	**1 420 880**	**7,52%**
Staff costs	4 343 921	4 579 434	235 514	5,42%
Other administrative expenses	2 902 286	3 098 935	196 649	6,78%
Amortisation and depreciation	976 468	942 423	-34 045	-3,49%
Structure costs	**8 222 675**	**8 620 792**	**398 118**	**4,84%**
Provisions, impairment of credit and other assets	3 911 940	778 309	-3 133 631	-80,10%
Income before tax	**6 759 974**	**10 916 367**	**4 156 394**	**61,49%**
Tax	1 556 607	2 838 256	1 281 648	82,34%
Net income	**5 203 367**	**8 078 112**	**2 874 745**	**55,25%**

Net interest income

The Net Interest Income experienced a growth of MZN 2,257.52 million, representing a positive variation of 17% compared to the previous year, totalling MZN 15,705.07 million. This favourable evolution was substantiated by a significant increase in Income from Earning Assets (MZN +3,271.09 million), which was sufficient to offset the impact of the increased costs of Interest-Bearing Liabilities, particularly Interest on Customer Deposits.

The positive performance of Interest and Similar Income (+17.44%) resulted from an increase in Interest on Loans, driven by the diversification of the loan portfolio, and repricing of the portfolio due to the rise in interest rates both domestically and internationally. This ensured a continuous profitability despite the reduced demand for credit from Large Enterprises. Additionally, the reduced demand resulting from the restrictive monetary policy led to an increase in liquidity through higher household savings, contributing to the growth in Asset volumes, with a positive impact on Interest from Financial Assets and Investments in Credit Institutions.

Interest on Loans remains the component with the greatest weight in the Interest and Income structure, with a strong contribution of 53.70% in Dec-22 (although lower than the weight of Dec-21: 59.18%), having increased by 6.50%, mainly driven by Consumer Credit. Interest on Financial Assets grew significantly by 50.30% (MZN +2,415.59 million) due to the increase in the portfolio, with greater emphasis on Treasury Bills and Treasury Bonds, and the improvement in remuneration rates, resulting from the upward revision of the BoM reference rate, contributing with a weight of 33% to the total of Interest and Similar Income.

The restrictive monetary policy, given the context of high uncertainty and inflationary pressures, resulted in an increase in deposits with the Bank and the growth of Interest and Similar Expenses (+18.01%), with a particular focus on Interest on Deposits (+20.82%), and in the domestic currency, both due to volume and price effects.

(thousand meticais)

Net interest income	dec-21	dec-22	Variation	
			Absolute	Relative
Interest and similar income	18 667 862	21 924 212	3 256 350	17,44%
Interest and similar expenses	5 344 322	6 306 616	962 294	18,01%
Net commissions associated with amortised cost	124 010	87 478	(36 532)	-29,46%
Net interest income	**13 447 550**	**15 705 074**	**2 257 524**	**16,79%**
Net interest income rate	**8,40%**	**8,81%**		

Net fee and commission income

In 2022, Net Commissions decreased by 4.41% (MZN -107.98 million) compared to the same period in 2021, reflecting the increase in Commissions Paid (+14.02%), which was not offset by the evolution of Commissions Received (+0.51%). However, it is important to highlight the commissions received in 2021, which were subsequently subject to refund in 2022 as part of BoM's inspection, under the item 'Extraordinary Losses and Prior Year Adjustments of the Supplementary Margin'.

The evolution of Commission income related to the Bank's recurring business was driven mainly by the increase in commission revenue, resulting from the expansion of the customer base, as well as from the Guarantees Provided, reflecting the increase in the issuance of Bank Guarantees.

The negative performance of e-banking fees and commissions is explained by the increase in transactions, as a result of the greater use of these channels, as well as by the increase in economic activity.

(thousand meticais)

Net commissions	dec-21	dec-22	Variation	
			Absolute	Relative
For guarantees issued	310 522	320 117	9 595	3,09%
For services provided	491 179	524 886	33 707	6,86%
For operations on behalf of third parties	73 527	69 957	-3 570	-4,86%
Electronic banking	2 193 216	2 173 797	-19 419	-0,89%
Other income from commissions	272 175	268 764	-3 411	-1,25%
Commissions received	**3 340 619**	**3 357 520**	**16 901**	**0,51%**
For services provided by third parties	2 485	3 358	873	35,11%
Electronic banking	747 708	853 417	105 709	14,14%
Commissions of correspondent banks	92 049	81 762	-10 286	-11,17%
Other expenses with commissions	48 524	77 108	28 584	58,91%
Commissions paid	**890 766**	**1 015 645**	**124 880**	**14,02%**
Net commissions	**2 449 854**	**2 341 875**	**-107 979**	**-4,41%**
Net commissions/Net operating income	**12,97%**	**11,53%**		

Income from financial operations

Income from Financial Operations grew by 30.07% year-on-year (MZN +505.84 million) to stand at MZN 2,150.94 million in 2022. This positive evolution is mainly explained by the increase in currency trading business, in a context of exchange rate stability, reflecting the recovery of exports and imports.

(thousand meticais)

Income from financial operations	dec-21	dec-22	Variation	
			Absolute	Relative
Income from financial operations	**1 645 106**	**2 150 941**	505 835	30,75%
Income from financial operations	333 014 518	141 809 928	(191 204 589)	-57,4%
Losses on financial operations	331 369 412	139 658 988	(191 710 424)	-57,9%
Income from financial operations/Net operating income	**8,71%**	**10,59%**		

Other operating income

Other Operating Income decreased significantly in 2022 (MZN -1,241.17 million) compared to the same period of the previous year. This reduction was mainly impacted by the component of Other Operating Expenses (MZN +906.40 million), reflecting the higher volume of Extraordinary Losses and Prior Period Adjustments, as a result of the reimbursement of some commissions, as instructed by the Bank of Mozambique, for the period from April 2018 to December 2021, as well as adjustments for Prior Year Taxes, within the scope of the Tax Authority inspection.

At the same time, there was a reduction in Other Income (MZN -334.77 million), following the lower volume of Credit Recovery and Overdue Interest, compared to the previous year.

(thousand meticais)

Other operating income	dec-21	dec-22	Variation	
			Absolute	Relative
Operating income	1 967 573	1 632 801	(334 772)	-17,0%
Reimbursement of expenses	182 891	181 451	(1 441)	-0,8%
Recovery of bad credit and interest	951 689	475 640	(476 049)	-50,0%
Income from the Provision of Miscellaneous Services	383 974	426 106	42 132	11,0%
Other	449 019	549 605	100 586	22,4%
Operating costs	632 451	1 538 853	906 402	143,3%
Losses in the previous year and extraordinary losses	299 776	1 204 693	904 917	301,9%
Other	332 676	334 160	1 484	0,4%
Total	**1 335 122**	**93 949**	**(1 241 174)**	**-92,96%**

Structure costs

In 2022, BCI further developed a set of initiatives based on cost control and obtaining efficiency gains through process streamlining, contract renegotiations and centralised procurement, via the work of the Cost and Investment Committee.

Thus, Structure Costs, which aggregate Staff Costs, General Administrative Costs and Depreciation for the Year, totalled MZN 8,620.79 million in 2022, recording a moderate growth of 4.84%, significantly below inflation (10.91%), compared to MZN 8,222.68 million in 2021. This growth was influenced by a 5.42% increase in Staff Costs and a 6.78% increase in General Administrative Costs.

(thousand meticais)

Structure costs	dec-21	dec-22	Variation	
			Absolute	Relative
Staff costs	4 343 921	4 579 434	235 514	5,42%
Other administrative expenses	2 902 286	3 098 935	196 649	6,78%
Amortisation and depreciation	976 468	942 423	(34 045)	-3,49%
Structure costs	**8 222 675**	**8 620 792**	**398 118**	**4,84%**
Net operating income	**18 894 589**	**20 315 469**	**1 420 880**	**7,52%**
Cost-to-income	**43,52%**	**42,43%**		**(1,08pp)**

Staff costs

Staff Costs stood at MZN 4,579.43 million in December 2022, thus recording an increase of 5.42% compared to the MZN 4,343.92 million observed in 2021. This increase is associated with the impact of the annual update of the salary scale, salary adjustments resulting from promotions and merit progressions, as well as the upward revision of the Food and Transport Allowances.

As at 31 December 2022, the average number of employees of the Bank, distributed by function, is as follows:

Employees	dec-21	dec-22	Variation	
			Absolute	Relative
Board of Directors	107	119	11	10,7%
Coordination/Management	646	644	-2	-0,4%
Technicians	534	519	-15	-2,9%
Customer Manager	186	183	-3	-1,9%
Administrative staff	1 172	1 200	28	2,4%
Assistants and others	70	63	-6	-9,3%
Total average of employees	**2 716**	**2 728**	**11**	**0,4%**
No. of employees at end of period	2 712	2 712	0	0,0%
No. of branches at end of period	210	211	1	0,5%

General administrative expenditure

General Administrative Expenditure totalled MZN 3,098.94 million in December 2022, an increase of MZN 196.6 million (+6.78%) compared to the amount of MZN 2,902.29 million observed in the same period of the previous year, with emphasis on the following items:

i. Agreements and Fees, impacted by the increase in outsourcing contracts;
ii. Maintenance and Repair Material, due to the higher recording of costs for the purchase of IT materials and components;
iii. Security and Surveillance, due to the increase in surveillance stations in properties not assigned to operations and in Business Units;
iv. Data Communication, resulting from the recording of the payment of IRPC associated with costs related to international payment network connections; and
v. Travel Expenses, resulting from the increase in ticket prices in the international market, reflecting the rise in fuel prices.

The items Advertising and Publishing, Electronic Channels and Cards, Maintenance and Repairs, with an aggregate favourable evolution of MZN 137.07 million, contributed positively to the behaviour of the GAE (General and Administrative Expenses).

(thousand meticais)

General administrative expenditure	dec-21	dec-22	Variation	
			Absolute	Relative
Water, energy and fuel	195 621	193 361	(2 260)	-1,16%
Printed materials and office consumables	119 843	124 864	5 021	4,19%
Maintenance and repair material	12 564	30 617	18 053	143,69%
Rents and leases	69 747	62 198	(7 549)	-10,82%
Communication and shipping expenses	839 390	1 049 424	210 034	25,02%
Travel, accommodation and representation	67 738	78 635	10 897	16,09%
Advertising and publishing	140 760	94 607	(46 154)	-32,79%
Maintenance and repair	416 363	376 278	(40 085)	-9,63%
Staff training and development	39 836	32 147	(7 690)	-19,30%
Insurance	47 674	50 746	3 072	6,44%
Other third-party services and supplies	497 203	559 870	62 667	12,60%
Total	**2 902 286**	**3 098 935**	**196 649**	**6,78%**
GAE/Net operating income ratio	**15,36%**	**15,25%**	**(0,11pp)**	

The reduction in the General Administrative Expenditure to Operating Income ratio (-0.11 pp) compared to 2021 shows that the Bank's ongoing initiatives to maximise efficiency in terms of administrative costs are having the desired effect.

Amortisation and depreciation for the fiscal year

Amortisation and depreciation for the year amounted to MZN 942.42 million, showing a reduction of 3.49% compared to the MZN 976.47 million recorded in the same period of 2021. This decrease resulted from the disposal of a property and application development projects that were fully amortised during 2022.

Amortisation	dec-21	dec-22	Variation	
			Absolute	Relative
Tangible assets	829 795	808 769	(21 026)	-2,53%
Own Service	473 645	481 927	8 282	1,75%
Properties	87 570	89 024	1 454	1,66%
Equipment	386 075	392 903	6 828	1,77%
Works in leased buildings	37 795	38 811	1 017	2,69%
Assets under operating lease	318 356	288 031	(30 325)	-9,53%
Other	356 150	326 842	(29 308)	-8,23%
Intangible assets	146 672	133 654	(13 018)	-8,88%
Total	**976 468**	**942 423**	**(34 045)**	**-3,49%**
Amortisation/Net operating income Ratio	**5,17%**	**4,64%**	**(0,53pp)**	

Cost-to-income ratio

The Cost-to-Income Ratio reached 42.43% in 2022, reflecting an improvement in operational efficiency (-1.08 pp) due to the positive performance of Net Operating Income (+7.5%), as a result of the joint effort to optimise cost management (+4.84%), in a context of continuous price increases.

Impairment of Loans and Other Assets and Net Provisions

In 2022, Impairments and Net Provisions amounting to MZN 778.31 million were recorded, representing a reduction of 80% compared to the MZN 3,911.94 million recorded in 2021. This improvement in the cost for the year is supported by the following factors: i. anticipation of impairments made by the Bank in the previous year, as a result of increased prudence in risk management in the face of a more complex macroeconomic scenario, with uncertainties heightened by the COVID-19 pandemic, and consequent increases in impairments to mitigate potential negative impacts on the quality of the loan portfolio and properties for sale; ii. reversal of impairment on a high-value loan following its settlement; iii. reversal of impairments on other assets as a result of the completion of the evaluation process of the Bank's own properties; and iv. increase in net provisions, which include the impact of tax contingencies and increases for civil and legal proceedings against the Bank.

(thousand meticais)

Net Impairment and Net Provisions	dec-21	dec-22	Variation	
			Absolute	Relative
Provisions	150 505	852 311	701 807	466,30%
Credit impairment	2 232 643	(405 361)	-2 638 004	-118,16%
Impairment of non-current assets held for sale	170	-	-170	-100,00%
Impairment of other assets[1]	1 528 793	331 358	-1 197 435	-78,33%
Total	**3 911 940**	**778 309**	**-3 133 631**	**-80,10%**

[1] includes Impairment of Other Debtors and Other Investments, as well as Other Tangible Assets, Financial Assets and Non-Current Assets Held for Sale

BALANCE SHEET

BCI's Net Assets achieved a positive performance, with an overall growth of 8.05%, standing at MZN 202,700.25 million in December 2022, compared to the MZN 187,603.73 million recorded in 2021, reflecting the significant growth of Investments with Credit Institutions (CIs) and Public Debt Securities, due to an increase in profitability and as an investment alternative in a context of weak demand for Credit.

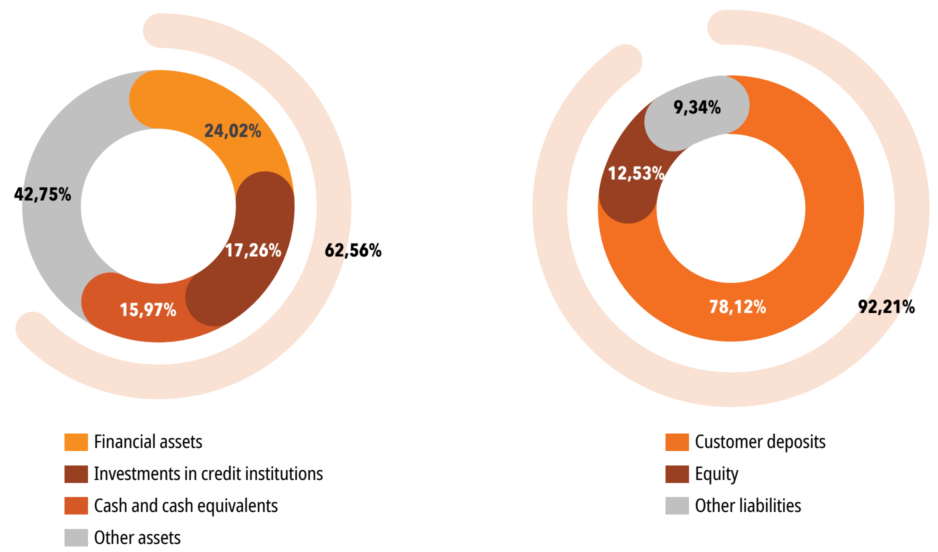
The gross loans and advances to customers portfolio, excluding loans against consigned resources, decreased by 5.49% (MZN -3,803.14 million) to MZN 65,431.86 million as at 31 December 2022, compared to MZN 69,257.98 million in the same period last year. This decline was influenced by an unfavourable macroeconomic environment characterised by reduced credit demand and a restrictive monetary policy both domestically and internationally. However, this reduction was mitigated by the growth in CEDSIF Consumer Credit (Consumer Credit to Civil Servants with withholding tax, at a fixed rate), as a result of the initiatives implemented under the Strategic Plan 2021 to 2024.

Liabilities stood at MZN 174,631.06 million at the end of 2022, an increase of 6.43% compared to the MZN 164,087.98 million observed in 2021, mainly reflecting the evolution in Customer Deposits, which reached MZN 158,848.08 million, an increase of 8.38% compared to the value recorded in December 2021 (MZN 146,563.74 million). This evolution of Deposits, combined with the reduction in Loans (excluding Loans granted against Consigned Resources), determined the increase in the commercial gap and consequent reduction of the Loan-to-Deposit Ratio, which stood at 44.52% as at 31 December 2022, compared to 51.49% in the previous year.

As for Equity, it amounted to MZN 28,069.20 million in December 2022, compared to MZN 23,515.75 million at the end of 2021, resulting in an increase of MZN 4,553.45 million.

The structure of the balance sheet thus showed that the Bank has adequate levels of liquidity, with a total of 62.56% of the assets comprising the aggregate of financial assets, investments in credit institutions and cash equivalents. Total assets were financed at 92.21% by customer deposits and equity.

Liquidity



Other assets include: Investment properties, investments in subsidiaries and associated companies, current and deferred tax assets and other assets.
Other liabilities include: Securities liabilities, other subordinated liabilities, current and deferred tax liabilities, other liabilities and provisions.

Balance sheet as at 31 December 2021 and 31 December 2022

(thousand meticais)

Balance sheet structure	dec-21	dec-22	Variation	
			Absolute	Relative
Assets				
Cash and cash equivalents	29 963 283	26 573 434	(3 389 849)	-11,3%
Investments in credit institutions	32 378 319	46 467 926	14 089 607	43,5%
Financial assets	45 060 401	53 773 011	8 712 610	19,34%
Of which with repurchase agreement	563 061	-	(563 061)	-100,00%
Loans and advances to customers	66 076 816	63 150 198	(2 926 618)	-4,4%
Of which loans against consigned resources	6 234 170	5 286 941	(947 230)	-15,2%
Non-current assets held for sale	1 177 881	1 184 195	6 315	0,5%
Property and equipment and assets under right of use	6 619 104	6 570 452	(48 653)	-0,7%
Other assets[1]	6 327 929	4 981 037	(1 346 892)	-21,3%
Total assets	**187 603 732**	**202 700 253**	**15 096 521**	**8,05%**
Liabilities				
Customer deposits	146 563 737	158 848 079	12 284 343	8,4%
Of which received as collateral with repurchase agreement	-	557 436	557 436	-
Deposits from credit institutions	1 342 163	1 192 394	(149 769)	-11,2%
Consigned resources	6 757 639	5 908 740	(848 899)	-12,6%
Other liabilities[2]	9 424 445	8 681 842	(742 603)	-7,9%
Equity	23 515 749	28 069 198	4 553 449	19,4%
Total liabilities and equity	**187 603 732**	**202 700 253**	**15 096 521**	**8,05%**

[1]Includes: Investment property, investments in subsidiaries and associated companies, current and deferred tax assets and other assets
[2]Includes: Securities liabilities, subordinated liabilities, current and deferred tax liabilities, other liabilities and provisions

Loans and advances to customers

The portfolio of loans and advances to customers (net) showed a decrease compared to the same period last year, amounting to MZN 63,150.20 million against MZN 66,076.82 million, representing a decrease of MZN 2,926.62 million (-4.43%). This reduction can be mainly attributed to the following less favourable factors:

i. Decrease in Loans in domestic currency (MZN -3,295.42 million; -5.45%), due to the lower volume of disbursements associated with the challenging macroeconomic environment and the restrictive monetary policy as a response to inflationary pressure, as well as the settlement of a significant credit operation. However, this reduction was mitigated by the growth in Consumer Credit by MZN +4,120.95 million (+25.85%); and

ii. Decrease in loans against consigned resources (MZN -947.23 million) influenced by the partial amortisation in accordance with the payment plan, which occurred in 2022.

The gross loans and advances to customers portfolio, excluding loans against consigned resources, stood at MZN 65,431.86 million on 31 December 2022, representing a decrease of 5.49% compared to the amount reported on 31 December 2021 (MZN 69,235.0 million).

(thousand meticais)

Loans and advances to customers	dec-21	dec-22	Variation	
			Absolute	Relative
Loans and advances to customers (Gross)	69 234 998	65 431 855	(3 803 142)	-5,49%
Domestic currency loans	60 299 812	57 004 388	(3 295 424)	-5,47%
Foreign currency loans	8 935 186	8 427 467	(507 719)	-5,68%
Loans against consigned resources	6 234 170	5 286 941	(947 230)	-15,19%
Accumulated credit impairment	(9 392 352)	(7 568 598)	1 823 754	-19,42%
Loans and advances to customers (Net)	**66 076 816**	**63 150 198**	**(2 926 618)**	**-4,43%**

Credit quality and impairment

The quality of the loan portfolio, assessed by the ratio of overdue loans (+90 days) to loans per disbursement, was stable at 14.43% as at 31 December 2022, compared to 14.21% in the same period of 2021. The coverage of overdue loans (+90 days) by impairment stood at 74.06% (87.45% in December 2021).

Accumulated impairment totalled MZN 7,568.60 million at the end of December 2022, a decrease of MZN 1,823.75 million compared to the same period of the previous year. This improvement was due, on the one hand, to the increase in impairments in 2021, aimed at adequately safeguarding possible impacts on the quality of the portfolio, thus maintaining the cautious stance that has always characterised the Bank in assessing

business risks, and on the other hand, reflecting the reversal of a customer's impairment, due to the settlement of a loan. This favourable evolution in the impairment of loans led to a reduction in the cost of credit risk of 2.10 p.p. to 0.49% in 2022, compared to 2.59% at the end of 2021.

(thousand meticais)

Credit quality	dec-21	dec-22	Variation
Non-performing loans (>90 days)	10 739 787	10 219 832	(519 955)
Accumulated credit impairment	9 392 352	7 568 598	(1 823 754)
NPL ratio (%)	14,21%	14,43%	0,22pp
Coverage of overdue loans by impairments (%)	87,45%	74,06%	(13,40pp)

Securities portfolio

The securities portfolio, which includes financial assets at amortised cost and financial assets at fair value through other comprehensive income, increased by approximately MZN 8,712.61 million in 2022, representing a positive variation of 19.34% compared to 2021. This evolution was boosted by the surplus of available liquidity and the consequent increase in investment in Debt Securities (Treasury Bills and Treasury Bonds), resulting from the increase in the exposure limit, which occurred in January 2022, and as an investment alternative in a context of weak demand for Credit. Financial Assets accounted for 26.55% of the Bank's Asset structure in December 2022, compared to 24.02% in 2021.

(thousand meticais)

Financial assets	dec-21	dec-22	Variation	
			Absolute	Relative
Amortised cost	**39 997 928**	**46 848 025**	**6 850 097**	**17,13%**
Treasury bills	27 750 322	31 936 388	4 186 066	15,08%
Treasury bonds	12 189 079	14 854 501	2 665 422	21,87%
Other securities	58 527	57 136	(1 391)	-2,38%
Fair value through comprehensive income	**4 692 298**	**7 156 879**	**2 464 580**	**52,52%**
Treasury bills	3 954 616	6 461 051	2 506 435	63,38%
Treasury bonds	547 955	451 551	(96 403)	-17,59%
Other securities	189 727	244 277	54 549	28,75%
Financial assets with repurchase agreement	**563 061**	**-**	**(563 061)**	**-100,00%**
Total impairment	**(192 886)**	**(231 893)**	**(39 007)**	**20,22%**
Total	**45 060 401**	**53 773 011**	**8 712 610**	**19,34%**

Investments in credit institutions (CIs)

In 2022, Investments in CIs amounted to MZN 46,467.93 million, showing a significant growth of around 43.52% compared to the value recorded on 31 December 2021 (MZN 32,378.32 million), which represents 22.94% of total Assets (+17.94% in Dec-21).

This evolution is largely due to Investments in CIs in the Country, which mostly represent Reverse Repo Investments with the BoM. These investments increased by MZN 13,267.96 million compared to December 2021, driven by the improved liquidity position in the domestic currency resulting from the increase in deposits.

Regarding the volume of investments abroad, they increased by only 5.01%, totalling MZN 16,985.56 million compared to December 2022, reflecting an improvement in the liquidity position in foreign currency.

(thousand meticais)

Investments in credit institutions	dec-21	dec-22	Variation	
			Absolute	Relative
In Mozambique	16 211 600	29 482 926	13 271 326	81,86%
At the Bank of Mozambique	16 039 879	29 307 838	13 267 960	82,72%
In other credit institutions	171 721	175 088	3 367	1,96%
Abroad	16 167 159	16 985 564	818 405	5,06%
Impairment	440	564	124	28,25%
Total	**32 378 319**	**46 467 926**	**14 089 607**	**43,52%**

Financing structure

Over the last year, the financing structure of BCI's assets showed the consolidation of the customer deposits portfolio as the main source of funding, representing 78.37%, with equity financing assets in 13.85%.

(thousand meticais)

Financing structure	dec-21	dec-22
	Weight	
Customer deposits	78,12%	78,37%
Deposits from credit institutions	0,72%	0,59%
Consigned resources	3,60%	2,92%
Other liabilities[1]	5,02%	4,28%
Equity	12,53%	13,85%
Total	**187 603 732**	**202 700 253**

[1]Includes: Securities liabilities, other subordinated liabilities, current and deferred tax liabilities, other liabilities and provisions

Customer deposits

Customer deposits amounted to MZN 158,848.08 million in December 2022 compared to MZN 146,563.74 million in 2021, reflecting a growth of 8.38% (MZN +12,284.34 million), and showing the increase in both Demand and Term Deposits. The positive performance of deposits in domestic currency (MZN +14,896.93 million) was influenced by the recovery of economic activity after the lifting of the restrictive measures associated with COVID-19, as well as by the restrictive monetary policy. However, there was a reduction in deposits in foreign currency (MZN -2,664.27 million), as a result of the reduction in foreign direct investment due to the international economic environment. BCI maintained its leadership in the Deposits ranking vis-à-vis its competitors, with a market share of 25.41% in December 2022 (25.36% in Dec-21).

(thousand meticais)

Customer deposits	dec-21	dec-22	Variation		Weight on total	
			Absolute	Relative	dec-21	dec-22
Deposits in domestic currency	**111 510 995**	**126.407.921**	**14 896 925**	**13,36%**	**76,08%**	**79,58%**
Demand	70 278 076	82.264.782	11 986 706	17,06%	47,95%	51,79%
Term	40 171 957	43.426.432	3 254 476	8,10%	27,41%	27,34%
Other deposits[1]	822 416	247.688	(574 728)	-69,88%	0,56%	0,16%
Interest payable	238 547	469.019	230 472	96,61%	0,16%	0,30%
Deposits in foreign currency	**35 018 002**	**32.353.833**	**(2 664 170)**	**-7,61%**	**23,89%**	**20,37%**
Demand	15 509 479	15.017.618	(491 861)	-3,17%	10,58%	9,45%
Term	19 462 809	17.305.713	(2 157 096)	-11,08%	13,28%	10,89%
Other deposits[1]	45 714	30.502	(15 213)	-33,28%	0,03%	0,02%
Interest payable	34 739	86.326	51 587	148,50%	0,02%	0,05%
Total	**146 563 737**	**158.848.079**	**12 284 343**	**8,38%**		

[1]Includes: Deposits redeemable at notice and other deposits

Deposits by currency and by product

At the end of the year, deposits in domestic currency accounted for 79.58% of total customer deposits, an increase of 3.49 pp compared to December 2021 (76.08%). Meanwhile, in a context of stable exchange rate revaluation, the relative weight of deposits in foreign currency decreased by 3.52 pp to 20.37% at the end of 2022, from 23.89% in 2021.

As regards the breakdown of the deposits portfolio by product, there was a growth in demand deposits of MZN 11,494.85 million (+13.40%), contributing with a weight of 61.64% over total deposits.

The recovery of economic activity allowed the weight of Term Deposits over Total Deposits to decrease compared to the same period last year, standing at 38.23% in December 2022 against 40.69% in the same period last year, a reduction of 2.46 pp. Meanwhile, the volume remained stable at 1.8% compared to 2021 (MZN +1,097.38 million).

(thousand meticais)

Customer deposits	dec-21	dec-22	Variation	
			Absolute	Relative
Demand deposits	**85 787 555**	**97 282 399**	**11 494 845**	**13,40%**
Domestic currency	70 278 076	82 264 782	11 986 706	17,1%
Foreign currency	15 509 479	15 017 618	(491 861)	-3,2%
Term deposits	**59 634 766**	**60 732 146**	**1 097 380**	**1,8%**
Domestic currency	40 171 957	43 426 432	3 254 476	8,1%
Foreign currency	19 462 809	17 305 713	(2 157 096)	-11,1%
Other deposits	**1 141 416**	**833 534**	**(307 882)**	**-27,0%**
Total	**146 563 737**	**158 848 079**	**12 284 343**	**8,4%**

Loan-to-deposit ratio

BCI has been making efforts to strengthen its position as a driving force for economic activity by granting credit to the economy while preserving a credit, liquidity and solvency risk management profile in line with the set policies, best international practices and local regulations. At the end of 2022, BCI reported a loan-to-deposit ratio, excluding loans financed by consigned resources, of 41.19%, corresponding to a reduction of 6.05 pp (47.24% achieved in 2021), showing the combination of the negative evolution of the loan portfolio (-5.49%) with the growth in customer deposits (+8.38%).

(thousand meticais)

Loan-to-deposit ratio	dec-21	dec-22	Variation	
			Absolute	Relative
Customer deposits	146 563 737	158 848 079	12 284 342,64	8,38%
Total loan (excluding consigned resources)	69 234 998	65 431 855	(3 803 142,43)	-5,49%
Loan-to-deposit ratio	**47,24%**	**41,19%**	**(6,05pp)**	

Note: by including consigned resources, the ratio would be Dec22: 44.52% vs Dec21: 51.49%

Equity and solvency

Equity totalled MZN 28,069.20 million, an increase of MZN 4,553.45 million compared to 2021 (MZN 23,515.75 million). This evolution was essentially influenced by the net income for the year and by the increase of the legal reserve and of other reserves and retained earnings. It is worth mentioning the increase in the value of own shares in 2022, which resulted from BCI buying the shares from some minority shareholders, based on their expression of interest, under conditions approved by BCI's General Meeting.

The positive evolution of equity and regulatory own funds contributed to an improvement in capital adequacy indicators, as evidenced by the Core Tier I ratio, which stood at 28.75% (Dec.21: 24.38%), as well as the overall solvency ratio (calculated in accordance with Basel II standards), which stood at 27.40% in December 2022, up from 23.12% in 2021, remaining comfortably above the minimum required by the Bank of Mozambique (14.00%).

(thousand meticais)

Equity	dec-21	dec-22	Variation	
			Absolute	Relative
Share capital	10 000 000	10 000 000	-	0,0%
Legal reserve	3 463 970	5 024 980	1 561 010	45,1%
Other reserves and retained earnings	5 185 491	5 306 494	121 004	2,3%
Revaluation reserves	-60 268	-62 328	(2 060)	3,4%
Own shares	-276 810	-278 060	(1 250)	0,5%
Income for the year	5 203 367	8 078 112	2 874 745	55,2%
Total	**23 515 749**	**28 069 198**	**4 553 449**	**19,36%**

PROPOSAL FOR THE DISTRIBUTION OF PROFITS

In accordance with Decree-Law no. 01/2022 - Commercial Code, with Law no. 20/2020, of 31 December 2020 - Law on credit institutions and financial companies, and all remaining applicable legislation, considering the Bank's own funds position, as well as the solvency and liquidity ratio significantly above prudential limits, thus ensuring a robust capital and liquidity situation in the Bank, the Board of Directors proposed to the General Shareholders' Meeting that the net profit for the year ended on 31 December 2022, in the amount of MZN 8,078,111,908.96 (eight thousand seventy-eight million, one hundred and eleven thousand, nine hundred and eight meticais, ninety-six centavos), be distributed as follows:

- ⇨ Legal Reserves (30.00%): MZN 2.423.433.572,69 (two thousand, four hundred and twenty-three million, four hundred and thirty-three thousand, five hundred and seventy-two meticais and sixty-nine centavos); and
- ⇨ Dividend Distribution (70.00%): MZN 5.654.678.336,27 (five thousand, six hundred and fifty-four million, six hundred and seventy-eight thousand, three hundred and thirty-six meticais and twenty-seven cents).

ACKNOWLEDGEMENTS AND REFERENCES

In concluding the presentation of the Bank's activities for the 2022 fiscal year, the Board of Directors of BCI expresses its gratitude to all who contributed to the consolidation of this project, in particular:

- ⇨ To our customers;
- ⇨ To the monetary and financial authorities, for their assistance and support in developing BCI's activity;
- ⇨ To the Board of the General Assembly and the Supervisory Board, for their cooperation throughout the year;
- ⇨ To our correspondents;
- ⇨ To our suppliers; and
- ⇨ To the shareholders, for their vote of confidence and for their support and collaboration.

A special acknowledgement is due to the Daqui Staff for the professional attitude and dedication shown in the performance of their duties, despite the continuing challenges of the macroeconomic environment in which BCI operates, which deserves our sincere gratitude.

APPROVAL OF THE MANAGEMENT REPORT

This Annual Management Report of Banco Comercial e de Investimentos, SA was approved by the Board of Directors on 27 February 2023 and is signed by its members:

Dr. Carlos António Torroaes Albuquerque
(Chairperson)

Dr. Luís Filipe Costa Reis Marques de Aguiar
(Member and Executive Director)

Dr. Francisco Pinto Machado Costa
(Vice-Chairperson and Chief Executive Officer)

Eng.º Rui Miguel Thereza Garcês
(Member and Executive Director)

Dr. Pedro Simões Almeida Bissaia Barreto
(Vice-Chairperson)

Eng.º Rogério Paulo Cabacinha Lam
(Member and Executive Director)

Dr. João Paulo Tudela Martins
(Vice-Chairperson)

Dr. Ibraimo Abdul Gafur Cassamo Bhai
(Member and Executive Director)

Dr. Pedro Ferraz Correia dos Reis
(Member and Executive Director)

Dra. Ana Maria Machado Fernandes
(Member)

Dr. José Miguel de Morais Alves
(Member and Executive Director)

Dr. Artur Miguel Marques da Rocha Gouveia
(Member)

Dr. Luís Miguel Gubert Morais Leitão
(Member)

TOGETHER, WE PROMOTE FEMALE LEADERSHIP
TOGETHER WITH FEMALE LEADERS, WE CONDUCT AN ACTIVATION TO CELEBRATE FEMALE TALENT AND PROMOTE THE ACTIVE ROLE OF MOZAMBICAN WOMEN AS AGENTS OF DEVELOPMENT.

FINANCIAL STATEMENTS

Consolidated and individual statement of comprehensive income for the years ended 31 December 2022 and 31 December 2021

Values expressed in meticais

	Notes	Group Dec-22	Group Dec-21	Bank Dec-22	Bank Dec-21
Interest and similar income	9.1	21 898 621 524	18 640 939 108	21 924 211 702	18 667 861 609
Interest and similar expenses	9.1	(6 295 860 930)	(5 326 979 655)	(6 306 616 071)	(5 344 321 900)
Strict net interest income		**15 602 760 594**	**13 313 959 453**	**15 617 595 631**	**13 323 539 709**
Net commissions associated with amortised cost	9.2	87 478 191	124 010 336	87 478 191	124 010 336
Net interest income		**15 690 238 785**	**13 437 969 789**	**15 705 073 822**	**13 447 550 045**
Gains/(losses) derecognition of financial assets at fair value through comprehensive income		10 985 072	16 956 949	10 985 072	16 956 949
Income from equity instruments	9.3	12 645 387	-	12 645 387	-
Fee and commission income	9.4	3 357 520 390	3 340 619 142	3 357 520 478	3 340 619 363
Fee and commission expenses	9.4	(1 015 666 516)	(890 798 101)	(1 015 645 417)	(890 765 658)
Income from financial operations	9.5	2 150 940 749	1 645 105 561	2 150 940 586	1 645 105 665
Other operating income	9.6	156 838 214	1 361 496 695	93 948 648	1 335 122 264
Operating income		**20 363 502 081**	**18 911 350 035**	**20 315 468 576**	**18 894 588 628**
Staff costs	9.7	(4 583 012 798)	(4 347 932 364)	(4 579 434 222)	(4 343 920 580)
Other administrative expenses	9.8	(3 101 998 056)	(2 904 991 806)	(3 098 934 985)	(2 902 286 294)
Impairment of loans and advances to customers and credit institutions	9.9	405 360 749	(2 232 642 827)	405 360 749	(2 232 642 827)
Impairment of other assets	9.9	(331 358 089)	(1 528 792 597)	(331 358 089)	(1 528 792 597)
Depreciation and amortisation	9.19/ 9.20/ 9.21	(923 630 102)	(949 086 319)	(942 423 150)	(976 467 721)
Net provisions	9.31	(852 311 441)	(150 504 713)	(852 311 441)	(150 504 713)
Income before tax		**10 976 552 344**	**6 797 399 409**	**10 916 367 438**	**6 759 973 896**
Tax bill:	9.10				
Current tax		(997 477 657)	(12 140 812)	(980 858 655)	-
Withholding tax		(1 857 428 874)	(1 556 707 172)	(1 857 396 874)	(1 556 607 172)
Deferred tax		104 616	(11 550 559)	-	-
Net income		**8 121 750 429**	**5 217 000 866**	**8 078 111 909**	**5 203 366 724**
Consolidated income attributable to:					
Bank's shareholders		8 089 966 588	5 193 781 563	8 078 111 909	5 203 366 724
Non-controlling interests		31 783 840	23 219 302	-	-
Earnings per share	9.11	**8,35**	**5,37**	**8,31**	**5,35**

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

Consolidated and individual statement of comprehensive income for the years ended 31 December 2022 and 31 December 2021

Values expressed in meticais

	Notes	Group Dec-22	Group Dec-21	Bank Dec-22	Bank Dec-21
Net income		**8 121 750 429**	**5 217 000 866**	**8 078 111 909**	**5 203 366 724**
Items which may be later reclassified					
to profit and loss:	9.22/ 9.28				
Fair-value income on financial assets		(2 059 958)	(61 313 908)	(2 059 958)	(61 313 908)
Deferred tax		659 187	19 620 450	659 187	19 620 450
		(1 400 771)	**(41 693 458)**	**(1 400 771)**	**(41 693 458)**
Items which cannot be later reclassified					
to profit and loss:					
Remeasurement of actuarial profit and loss					
Change occurred during the year	9.29	32 344 000	(82 842 000)	32 344 000	(82 842 000)
Tax effect	9.22/ 9.28	(10 350 080)	26 509 440	(10 350 080)	26 509 440
		21 993 920	**(56 332 560)**	**21 993 920**	**(56 332 560)**
Comprehensive income		**8 142 343 578**	**5 118 974 848**	**8 098 705 058**	**5 105 340 706**
Consolidated income attributable to:					
Bank's shareholders		**2 558 875 363**	**5 095 755 547**	**8 098 705 058**	**5 105 340 706**
Non-controlling interests		**22 134 667**	**23 219 302**	**-**	**-**
		2 581 010 030	**5 118 974 848**	**8 098 705 058**	**5 105 340 706**

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

Consolidated and individual balance sheet as at 31 December 2022 and 31 December 2021

Values expressed in meticais

	Notes	Group Dec-22	Group Dec-21	Bank Dec-22	Bank Dec-21
ASSETS					
Cash and balances with central banks	9.12	22 620 912 014	22 050 636 647	22 620 911 208	22 050 635 841
Cash balances with credit institutions	9.13	3 952 526 279	7 912 650 482	3 952 522 556	7 912 646 923
Investments in credit institutions	9.14	46 467 925 673	32 378 318 851	46 467 925 673	32 378 318 851
Financial assets at amortised cost	9.15	46 616 132 646	39 805 041 829	46 616 132 646	39 805 041 829
Financial assets at fair value through	9.15	7 156 878 592	5 255 359 330	7 156 878 592	5 255 359 330
comprehensive income					
of which with repurchase agreement		-	563 061 130	-	563 061 130
Loans and advances to customers	9.16	63 004 834 611	65 899 209 705	63 150 197 914	66 076 815 640
Financial investments	9.17	-	-	460 059	460 059
Non-current assets held for sale	9.18	1 184 195 295	1 177 880 527	1 184 195 295	1 177 880 527
Investment properties	9.19	1 157 221 862	1 063 903 931	614 397 857	795 236 719
Property and equipment and assets under right	9.20	6 574 542 066	6 881 422 387	6 570 451 681	6 619 104 402
of use	9.21				
Intangible assets	9.22	313 270 549	408 175 801	313 257 705	408 130 343
Current tax assets	9.22	533 986 660	482 011 412	523 884 611	471 950 559
Deferred tax assets	9.23	89 847 880	50 663 332	87 957 615	48 877 683
Other assets		3 014 122 923	4 136 863 410	3 441 079 494	4 603 273 560
TOTAL ASSETS		**202 686 397 050**	**187 502 137 644**	**202 700 252 906**	**187 603 732 266**
LIABILITIES					
Deposits from central banks	9.24	138 803 181	203 471 420	138 803 181	203 471 420
Deposits from credit institutions	9.25	1 053 590 740	1 138 691 443	1 053 590 740	1 138 691 443
Customer deposits	9.26	158 816 073 060	146 531 379 331	158 848 079 339	146 563 736 700
of which received as collateral with		-	557 436 403	-	557 436 403
repurchase agreement	9.27	5 908 739 846	6 757 639 299	5 908 739 846	6 757 639 299
Consigned resources	9.28				
Current tax liabilities	9.28	1 002 623 658	17 407 637	980 858 656	-
Deferred tax liabilities	9.29	68 460 195	19 689 370	68 460 195	19 689 370
Pension fund liabilities	9.30	161 841 000	167 686 689	161 841 000	167 686 689
Other liabilities	9.31	6 166 276 500	8 626 752 747	6 236 525 003	8 747 052 090
Provisions		1 234 157 397	490 016 752	1 234 157 397	490 016 752
TOTAL LIABILITIES		**174 550 565 577**	**163 952 734 688**	**174 631 055 357**	**164 087 983 763**
EQUITY					
Share capital	9.32	10 000 000 000	10 000 000 000	10 000 000 000	10 000 000 000
Reserves and retained earnings	9.33	10 247 312 537	8 578 009 742	10 269 145 842	8 589 191 982
Own shares		(278 060 202)	(276 810 202)	(278 060 202)	(276 810 202)
Income for the year		8 121 750 429	5 217 000 865	8 078 111 909	5 203 366 723
Bank's shareholders		8 089 966 586	5 193 781 560	-	-
Non-controlling interests		31 783 843	23 219 305	-	-
Non-controlling interests		44 828 709	31 202 551	-	-
TOTAL EQUITY		**28 135 831 473**	**23 549 402 956**	**28 069 197 549**	**23 515 748 503**
TOTAL LIABILITIES AND EQUITY		**202 686 397 050**	**187 502 137 644**	**202 700 252 906**	**187 603 732 266**

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

Consolidated statement of changes in equity for the year ended 31 December 2022

Values expressed in meticais

	Capital	Own shares	Fair value reserves	Legal reserve	Other reserves and retained earnings
Balance as at 1 January 2022	**10 000 000 000**	**(276 810 202)**	**(40 982 564)**	**3 465 112 763**	**5 101 273 911**
Comprehensive income for the year					
Profit	-	-	-	-	-
Fair value reserves (financial assets)	-	-	(1 400 771)	-	-
Remeasurement of actuarial profit and loss	-	-	-	-	-
	-	**-**	**(1 400 771)**	**-**	**-**
Dividends to shareholders	-	-	-	-	101 279 443
Net purchase of shares	-	(1 250 000)	-	-	(2 928 750)
	-	**(1 250 000)**	**-**	**-**	**98 350 693**
Appropriation of net income from FY 2021					
Increase in reserves through profit or loss	-	-	-	1 561 010 018	-
Increase in capital from incorporation of reserves	-	-	-	-	-
Other operations	-	-	-	-	(10 651 065)
	-	**-**	**-**	**1 561 010 018**	**(10 651 065)**
Balance as at 31 December 2022	**10 000 000 000**	**(278 060 202)**	**(42 383 335)**	**5 026 122 781**	**5 188 973 539**

	Remeasurement of actuarial profit and loss	Income for the year	Non-controlling interests	Total
Balance as at 1 January 2022	**52 605 632**	**5 193 781 560**	**54 421 856**	**23 549 402 956**
Comprehensive income for the year				
Profit	-	8 089 966 586	31 783 843	8 121 750 429
Fair value reserves (financial assets)	-	-	-	(1 400 771)
Remeasurement of actuarial profit and loss	21 993 920	-	-	21 993 920
	21 993 920	**8 089 966 586**	**31 783 843**	**8 142 343 578**
Dividends to shareholders	-	(3 642 356 705)	-	(3 541 077 262)
Net purchase of shares	-	-	-	(4 178 750)
	-	**(3 642 356 705)**	**-**	**(3 545 256 012)**
Appropriation of net income from FY 2021				
Increase in reserves through profit or loss	-	(1 551 424 855)	(9 585 163)	-
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	-	-	(7 984)	(10 659 049)
	-	**(1 551 424 855)**	**(9 593 147)**	**(10 659 049)**
Balance as at 31 December 2022	**74 599 552**	**8 089 966 586**	**76 612 552**	**28 135 831 473**

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

Consolidated statement of changes in equity for the year ended 31 December 2021

Values expressed in meticais

	Capital	Own shares	Fair value reserves	Legal reserve	Other reserves and retained earnings
Balance as at 1 January 2021	**10 000 000 000**	**(245 232 542)**	**710 894**	**3 064 358 984**	**4 698 896 135**
Comprehensive income for the year					
Profit	-	-	-	-	-
Fair value reserves (financial assets)	-	-	(41 693 458)	-	-
Remeasurement of actuarial profit and loss	-	-	-	-	-
	-	**-**	**(41 693 458)**	**-**	**-**
Dividends to shareholders	-	-	-	-	32 759 288
Net purchase of shares	-	(31 577 660)	-	-	(73 986 457)
	-	**(31 577 660)**	**-**	**-**	**(41 227 169)**
Appropriation of net income from FY 2020					
Increase in reserves through profit or loss	-	-	-	400 753 779	925 576 027
Increase in capital from incorporation of reserves	-	-	-	-	-
Other operations	-	-	-	-	(481 971 082)
	-	**-**	**-**	**400 753 779**	**443 604 945**
Balance as at 31 December 2021	**10 000 000 000**	**(276 810 202)**	**(40 982 564)**	**3 465 112 763**	**5 101 273 911**

	Remeasurement of actuarial profit and loss	Income for the year	Non-controlling interests	Total
Balance as at 1 January 2021	**(41 749 808)**	**2 662 175 736**	**31 202 552**	**20 170 361 951**
Comprehensive income for the year				
Profit	-	5 193 781 560	23 219 305	5 217 000 865
Fair value reserves (financial assets)	-	-	-	(41 693 458)
Remeasurement of actuarial profit and loss	94 355 440	-	-	94 355 440
	94 355 440	**5 193 781 560**	**23 219 305**	**5 269 662 847**
Dividends to shareholders	-	(1 335 845 931)	-	(1 303 086 643)
Net purchase of shares	-	-	-	(105 564 117)
	-	**(1 335 845 931)**	**-**	**(1 408 650 760)**
Appropriation of net income from FY 2020				
Increase in reserves through profit or loss	-	(1 326 329 805)	(1)	-
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	-	-	-	(481 971 082)
	-	**(1 326 329 805)**	**(1)**	**(481 971 082)**
Balance as at 31 December 2021	**52 605 632**	**5 193 781 560**	**54 421 856**	**23 549 402 956**

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

Individual statement of changes in equity for the year ended 31 December 2022

Values expressed in meticais

	Capital	Own shares	Fair value reserves	Legal reserve
Balance as at 1 January 2022	**10 000 000 000**	**(276 810 202)**	**(40 982 562)**	**3 463 969 786**
Comprehensive income for the year				
Profit	-	-	-	-
Fair value reserves (financial assets)	-	-	(1 400 771)	-
Remeasurement of actuarial profit and loss	-	-	-	-
	-	**-**	**(1 400 771)**	**-**
Dividends to shareholders	-	-	-	-
Net purchase of shares	-	(1 250 000)	-	-
	-	**(1 250 000)**	**-**	**-**
Appropriation of net income from FY 2021				
Increase in reserves through profit or loss	-	-	-	1 561 010 018
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	-	-	-	-
	-	**-**	**-**	**1 561 010 018**
Balance as at 31 December 2022	**10 000 000 000**	**(278 060 202)**	**(42 383 333)**	**5 024 979 804**

	Other reserves and retained earnings	Remeasurement of actuarial profit and loss	Income for the year	Total
Balance as at 1 January 2022	**52 605 628**	**52 605 628**	**5 203 366 723**	**23 515 748 503**
Comprehensive income for the year				
Profit	-	-	8 078 111 909	8 078 111 909
Fair value reserves (financial assets)	-	-	-	(1 400 771)
Remeasurement of actuarial profit and loss	21 993 920	21 993 920	-	21 993 920
	21 993 920	**21 993 920**	**8 078 111 909**	**8 098 705 058**
Dividends to shareholders	-	-	(3 642 356 705)	(3 541 077 262)
Net purchase of shares	-	-	-	(4 178 750)
	-	**-**	**(3 642 356 705)**	**(3 545 256 012)**
Appropriation of net income from FY 2021				
Increase in reserves through profit or loss	-	-	(1 561 010 018)	-
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	-	-	-	-
	-	**-**	**(1 561 010 018)**	**-**
Balance as at 31 December 2022	**74 599 548**	**74 599 548**	**8 078 111 909**	**28 069 197 549**

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

Individual statement of changes in equity for the year ended 31 December 2021

Values expressed in meticais

	Capital	Own shares	Fair value reserves	Legal reserve
Balance as at 1 January 2021	**10 000 000 000**	**(245 232 542)**	**710 896**	**3 063 216 007**
Comprehensive income for the year				
Profit	-	-	-	-
Fair value reserves (financial assets)	-	-	(41 693 458)	-
Remeasurement of actuarial profit and loss	-	-	-	-
	-	**-**	**(41 693 458)**	**-**
Dividends to shareholders	-	-	-	-
Net purchase of shares	-	(31 577 660,00)	-	-
	-	**(31 577 660,00)**	**-**	**-**
Appropriation of net income from FY 2020				
Increase in reserves through profit or loss	-	-	-	400 753 779
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	-	-	-	-
	-	**-**	**-**	**400 753 779**
Balance as at 31 December 2021	**10 000 000 000**	**(276 810 202)**	**(40 982 562)**	**3 463 969 786**

	Other reserves and retained earnings	Remeasurement of actuarial profit and loss	Income for the year	Total
Balance as at 1 January 2021	**4 701 705 229**	**(41 749 812)**	**2 671 691 862**	**20 150 341 640**
Comprehensive income for the year				
Profit	-	-	5 203 366 723	5 203 366 723
Fair value reserves (financial assets)	-	-	-	(41 693 458)
Remeasurement of actuarial profit and loss	-	94 355 440	-	94 355 440
	-	**94 355 440**	**5 203 366 723**	**5 256 028 705**
Dividends to shareholders	32 759 288	-	(1 335 845 931)	(1 303 086 643)
Net purchase of shares	(73 986 457)	-	-	(105 564 117)
	(41 227 169,00)	**-**	**(1 335 845 931,00)**	**(1 408 650 760)**
Appropriation of net income from FY 2020				
Increase in reserves through profit or loss	935 092 152	-	(1 335 845 931)	-
Increase in capital from incorporation of reserves	-	-	-	-
Other operations	(481 971 082)	-	-	(481 971 082)
	453 121 070	**-**	**(1 335 845 931)**	**(481 971 082)**
Balance as at 31 December 2021	**5 113 599 130**	**52 605 628**	**5 203 366 723**	**23 515 748 503**

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

Consolidated and individual statement of cash flows for the years ended 31 December 2022 and 31 December 2021

Values expressed in meticais

	Notes	Group		Bank	
		Dec-22	Dec-21	Dec-22	Dec-21
Operating activities					
Interest, fees, currency trading and other income received		20 552 989 563	19 189 121 246	20 405 445 997	18 700 218 450
Interest, fees and other expenses paid		(6 942 365 770)	(6 215 583 321)	(6 953 099 694)	(6 232 893 020)
Payments to staff and suppliers		(9 198 531 856)	(7 896 767 370)	(9 188 377 878)	(7 888 264 914)
Interest received from securities		6 960 602 237	4 297 969 322	6 960 602 237	4 297 969 322
Net cash flow from income and expenditure		**11 372 694 174**	**9 374 739 877**	**11 224 570 662**	**8 877 029 838**
Increases (decreases) in:					
Investments in credit institutions		(14 141 108 352)	3 309 616 052	(14 141 108 352)	3 303 721 373
Loans and advances to customers		2 077 581 599	350 637 292	2 216 556 048	854 697 314
Securities portfolio		(9 013 722 704)	(15 700 634 791)	(9 052 729 223)	(15 768 104 045)
Other assets		1 020 838 003	(783 820 664)	1 153 451 524	(1 156 311 912)
Net cash flow from operating assets		**(20 056 411 454)**	**(12 824 202 111)**	**(19 823 830 003)**	**(12 765 997 270)**
Increases (decreases) in:					
Deposits from central banks and other credit institutions		(144 067 192)	54 845 116	(79 398 953)	61 544 112
Customer deposits		12 002 641 631	(5 253 397 022)	12 002 283 541	(5 255 136 857)
Other liabilities		(3 253 348 012)	(2 993 085 225)	(3 100 116 263)	(2 997 558 495)
Net cash flow from operating liabilities		**8 605 226 427**	**(8 191 637 131)**	**8 822 768 325**	**(8 191 151 240)**
Net cash flow from operating activities		**(78 490 853)**	**(11 641 099 365)**	**223 508 984**	**(12 080 118 672)**
Investing activities					
Acquisitions of tangible and intangible assets		(505 368 927)	(985 416 389)	(807 368 927)	(546 396 983)
Disposal of property received in kind		581 464 429	156 058 411	581 464 429	156 058 411
Disposal of tangible and intangible assets		-	-	-	-
Net cash flow from investing activities		**76 095 502**	**(829 357 978)**	**(225 904 498)**	**(390 338 572)**
Financing activities					
Capital increase		-	-	-	-
Purchase of shares		(4 178 750)	(105 564 117)	(4 178 750)	(105 564 117)
Distributed dividends		(3 541 077 264)	(842 353 076)	(3 541 077 264)	(842 353 076)
Net cash flow from financing activities		**(3 545 256 014)**	**(947 917 193)**	**(3 545 256 014)**	**(947 917 193)**
Increase in cash and equivalents					
Cash and equivalents at start of period		(3 547 651 364)	(13 418 374 537)	(3 547 651 528)	(13 418 374 436)
Cash and equivalents at end of period		**29 926 762 243**	**43 345 136 780**	**29 926 757 878**	**43 345 132 314**
		26 379 110 879	**29 926 762 243**	**26 379 106 350**	**29 926 757 878**

Reconciliation with balances set out in the balance sheet:

	Notes	Group		Bank	
		Dec-22	Dec-21	Dec-22	Dec-21
Cash and equivalents		**26 379 110 879**	**29 926 762 243**	**26 379 106 350**	**29 926 757 878**
(+) Checks pending settlement on credit institutions abroad	9.13	29 290 259	25 763 845	29 290 259	25 763 845
(+) Checks pending settlement on credit institutions in Mozambique	9.13	165 037 155	10 761 041	165 037 155	10 761 041
Total		**26 573 438 293**	**29 963 287 129**	**26 573 433 764**	**29 963 282 764**
Cash and balances with central banks	9.12	22 620 912 014	22 050 636 647	22 620 911 208	22 050 635 841
Cash balances with credit institutions	9.13	3 952 526 279	7 912 650 482	3 952 522 556	7 912 646 923

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

NOTES TO THE CONSOLIDATED AND INDIVIDUAL ACCOUNTS

Summary of accounting policies

1. Introductory note

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

BCI's main activity is the provision of banking services throughout Mozambique. The subsidiaries IMOBCI, Limitada (IMOBCI) and BPI Moçambique, S.A. (BPI Moçambique) are dedicated to real estate and investment banking consultancy, respectively. The Bank and its subsidiaries are hereinafter referred to as the Group. The subsidiary BPI Moçambique, S.A. has no activity and is in the process of merging with BCI.

2. Bases of presentation

According to Bank of Mozambique Notice No. 4/GBM/2007, of 30 March 2007, the financial statements for the year ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards ('IFRS'). The IFRS include the standards issued by the International Accounting Standards Board ('IASB') and the interpretations issued by the Internacional Financial Reporting Interpretations Committee.

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

The preparation of financial statements in accordance with the IFRS requires the formulation of judgements, estimates and assumptions for the application of accounting policies, and the main estimates and uncertainties are associated with the application of the accounting policies described in Note 8.

These financial statements are expressed in meticais, rounded off to the nearest whole metical (MZN) and were approved by the Board of Directors and the Shareholders' General Meeting.

3. Declaration of conformity

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

4. Presentation of the financial statements

The Bank presents its balance sheet in order of liquidity, based on the intention and ability to recover or settle assets or liabilities, respectively, and classifies as current assets or liabilities those whose recovery/settlement is expected to occur within 12 months of the date of the report, and as non-current assets or liabilities those where it occurs more than 12 months after the reporting date.

Financial assets and liabilities on the balance sheet are generally disclosed in gross form, except where IFRS offsetting criteria are met.

5. Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those used in the previous fiscal year, except for the adoption of the following standards, amendments and revisions, which have mandatory application for the first time in the fiscal year beginning on 1 January 2022:

IBOR (Interbank Offered Rate) reform

As a result of the publication of the second phase of the work carried out by the IASB regarding the effects of the IBOR reform on financial reporting, which had an impact on IAS 39, IFRS 4, IFRS 7, IFRS 9, and IFRS 16, with effects from 1 January 2021, the Bank established a working group composed of the Risk Management Division, Financial Markets Division, Legal Services Division, and the commercial areas, in order to prepare and monitor the transition from IBOR reference rates to the applicable RFR (risk-free rate).

In terms of exposure, the Bank does not hold any hedging instruments indexed to IBOR, but it does have assets and liabilities in its portfolio indexed to USD LIBOR, with a particular focus on credit operations and customer deposits, which will be replaced by SOFR.

With the introduction of SOFR on 1 January 2022, all new contracts for assets and liabilities denominated in USD became indexed to this new reference rate. The Bank issued a communication to all its customers regarding the introduction of the new benchmark.

In view of the discontinuation of USD LIBOR on 1 July 2023, the Bank is engaging in discussions with customers who have active operations to convert the interest rate of their transactions to SOFR. This conversion will be done through the signing of an addendum to the existing contracts.

In the Bank's analysis, no material impacts on the transition to SOFR are anticipated.

IAS 16 – Property, plant and equipment (amendment) – 'Proceeds before intended use'
The amendment to IAS 16 – Property, plant and equipment now prohibits deducting, as amounts from the cost of an item of property, plant and equipment, any proceeds from selling items produced in the test phase to the book value of the asset in question.

The proceeds from selling the items obtained in the test phase, as well as the related expenses, shall be recognised in profit or loss, according to the applicable regulations.

The amendment is applied retrospectively, without restatement of comparatives, and is effective for periods beginning on or after 1 January 2022.

The Bank made no income from selling items produced in the test phase of property, plant and equipment and therefore the change had no impact on the Bank.

IFRS 16 - Leases - 'Covid-19-related rent concessions after 30 June 2021'
As a result of the global pandemic caused by the novel coronavirus (Covid-19), lessors have granted benefits to lessees on lease instalments, which can take different forms, such as reduction, forgiveness or deferment of rent.

This amendment introduces a practical expedient for lessees (but not for lessors), which exempts them from assessing whether Covid-19-related subsidies granted by lessors, and exclusively these subsidies, qualify as lease changes.

Lessees who choose to apply this exemption, account for the change to the rental payments, as variable rental payments for the period(s) in which the event or condition leading to the payment reduction occurs.

The practical expedient is only applicable when the following conditions are cumulatively met:

1. Change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately before the change;
2. Any reduction in lease payments only affects payments due on or before 30 June 2021; and
3. There are no substantive changes to other terms and conditions of the lease.

This change is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the change.

The Bank did not obtain any Covid-19-related rent subsidies; therefore, the change had no impact on the Bank.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets (Amendments) - 'Onerous Contracts – Cost of Fulfilling a Contract'
The amendment to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, specifies which costs the entity should consider when assessing whether or not a contract is onerous. Only costs directly related to fulfilling the contract are accepted, and these may include:

1. Incremental costs to fulfil the contract, such as labour and materials, and
2. The allocation of other costs that are directly related to the fulfilment of the contract, such as the allocation of the depreciation costs of a property, plant and equipment used to fulfil the contract.

The amendment shall apply to contracts which, at the beginning of the first reporting year in which the amendment is applied, still include unfulfilled contractual obligations. Any impact shall be recognised against retained earnings on the same date.

These changes to the standards had no impact on the Bank's financial statements.

IFRS 3 - Reference to the conceptual framework
This amendment updates the references to the Conceptual Framework in IFRS 3, and no changes have been made to the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be adopted for contingent assets and

liabilities under IAS 37 and IFRIC 21 and prohibits the recording of contingent assets of the acquiree in a business combination. This amendment applies prospectively. Considering that the Bank has no business combinations, this amendment should have no impact on the annual financial statements.

i) New standards and amendments and interpretations issued by the IASB with mandatory application in future fiscal years

Standards and interpretations that have been issued but are not effective as at the date of issue of the Bank's financial statements are disclosed below. The Bank will comply with the following new standards and interpretations from the established effective date.

IFRS 17 (new and amended), 'Insurance contracts'

This new standard replaces IFRS 4 and applies to all entities issuing insurance, reinsurance or investment contracts with discretionary profit-sharing features if they are also issuers of insurance contracts. Under IFRS 17, issuers of insurance contracts need to assess whether the policyholder can benefit from a particular service as part of a claim, or whether that service is independent of the claim/risk event, and separate the non-insurance component. According to IFRS 17, entities have to identify the portfolios of insurance contracts at initial recognition and split them, at a minimum, into the following groups: (i) contracts that are onerous at initial recognition; (ii) contracts that do not present a significant possibility of subsequently becoming onerous; and (iii) remaining contracts in the portfolio.

IFRS 17 requires an entity to measure insurance contracts using up-to-date estimates and assumptions that reflect the timing of cash flows and any uncertainty related to the insurance contracts. IFRS 17 requires an entity to recognise income as it provides insurance services (rather than when it receives premiums) and to provide information about the insurance contract profits it expects to recognise in the future. IFRS 17 provides three measurement methods for accounting for different types of insurance contracts: i) the General Measurement Model ('GMM'); ii) the Premium Allocation Approach ('PAA'); and iii) the Variable Fee Approach ('VFA'). IFRS 17 is applied retrospectively with some exemptions at the date of transition.

The amendment is applied retrospectively, commencing on or after 1 January 2023.

IAS 1 - Presentation of financial statements (amendments) - 'Classification of liabilities as current or non-current'

This amendment to the standard clarifies the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer their payment, at the

end of each financial reporting period. The classification of liabilities is not affected by the entity's expectations, or by events occurred after the balance sheet date, such as a breach of a given agreement. The amendment is applied retrospectively, commencing on or after 1 January 2023.

IAS 1 - Presentation of financial statements (amendments) - 'Disclosure of accounting policies'

The change to the accounting policy disclosure requirements that are now based on the definition of 'material' instead of 'significant'. Information on an accounting policy is considered material if its absence or omission would prevent users of the financial statements from understanding other financial information included in those financial statements. Immaterial information regarding accounting policies need not be disclosed. This amendment is applicable for annual periods beginning on or after 1 January 2023.

IAS 12 - Income Taxes (Amendments) - Deferred tax related to assets and liabilities arising from a single transaction

The amendments clarify that payments settling a liability are tax deductible; however, it is a matter of professional judgement whether such deductions are attributable to the liability that is recognised in the financial statements or the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability.

According to these amendments, the initial recognition exception is not applicable to transactions that originated equal taxable and deductible temporary differences, but applies only if the recognition of an asset and liability lease originates taxable and deductible temporary differences that are not equal. This amendment is of mandatory application for periods beginning on or after 1 January 2023.

IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments) - 'Disclosure of accounting estimates'

This amendment introduced the definition of an accounting estimate and how it is distinguished from changes in accounting policies.

Accounting estimates are defined as monetary amounts subject to uncertainty in their measurement, used to achieve the objective(s) of an accounting policy. This amendment is of mandatory application for periods beginning on or after 1 January 2023.

6. Bases for consolidation

(a) Subsidiary companies (IFRS 10)

BCI holds, directly and indirectly, financial interests in subsidiary companies. Subsidiaries or affiliates are those entities in which the Bank has control or the power to manage the company's financial and operating policies, is exposed, or has rights, to variable returns from its investment involvement and has the ability to affect those returns through its power over investment. In the Bank's individual financial statements, subsidiary and associated companies are valued at historical cost.

Transactions between group companies, as well as balances, revenues, and expenses from transactions between group companies, are eliminated in consolidation, along with any profits and losses resulting from transactions between group companies that are recognised in the assets. The accounting policies of associates are changed, when necessary, to ensure consistency with group policies.

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

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

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

(c) Disposal of subsidiaries

When the group ceases to have control of a subsidiary, but retains an interest in the previously controlled entity, the book value of the stake is revalued at fair value at the date of disposal. The book value is recognised in profit or loss.

(d) Associates

Associated companies are those entities over which the Bank has significant influence, but over whose management and financial policy it has no power. If the Bank holds, directly or indirectly, 20% or more of the voting rights in the entity, it is presumed to have significant influence, unless it can be clearly demonstrated otherwise. 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 have a significant influence, unless such influence can be clearly demonstrated.

Investments in associated companies are recorded using the equity method since the date the entity has significant influence.

The existence of significant influence over an entity is generally evidenced in one or more of the following ways:

1. Representation on the entity's Board of Directors or equivalent management body;
2. Participation in policy-making processes, including participation in decisions on dividends or other distributions;
3. Material transactions between the entity and the investee;
4. Exchange of management staff; and
5. Provision of key technical information.

7. Summary of significant accounting policies

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

7.1. Transactions in foreign currency (IAS 21)

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

Transactions in foreign currency are initially converted into meticais at the exchange rate published by the Bank of Mozambique prevailing at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are converted into meticais at the average daily rate published by the Bank of Mozambique and exchange differences are recognised in the statement of comprehensive income for the period to which they relate. As at 31 December 2022 and 31 December 2021 the following exchange rates were applied:

Currency	31-12-2022	31-12-2021
EUR	68,18	72,27
USD	63,87	63,83
ZAR	3,77	4,02

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

7.2. Recognition of interest and commissions

7.2.1 Interest and similar income/expenses

The financial margin comprises interest income and interest on financial instruments that are recognised in the Bank's P&L statement over the period of validity of the financial instrument. Impairment of stage 3 customers is deducted from loan interest income, in accordance with IFRS 9.

7.2.2 Fee and commission income

Income from fees and commissions comes from various services provided by the Bank to its customers. Income from fees and commissions is generally recognised 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 expenses with fees and commissions refer to the costs of transactions and services provided by third parties, which are recognised in the P&L statement over the term of the services or upon receipt of the services.

Guarantees provided: This commission results from guarantee issuance operations, where the Bank becomes the guarantor of third-party obligations and is responsible for the resulting credit risk. This commission is recognised in the P&L statement by the principle of accrual and deferral.

Services provided: This comprises several services that the Bank provides to its customers, namely: deposit, custody of securities, brokerage. These commissions are recognised in the P&L statement upon the provision of the service.

Electronic banking: In this item, the Bank records commissions from ATM transactions, card annuities, POS transactions and top-up purchases. These commissions are recognised in the P&L statement upon provision of the service, except for card annuities which are specialised for 12 months.

Investment banking: Commissions charged as part of financial advice provided to customers in the setting up and structuring of financial transactions. These commissions are recognised in the P&L statement upon provision of the service.

7.3. Earnings per share (IAS 33)

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

7.4. Cash and cash equivalents

For statement of cash flows purposes, 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 include cash and cash equivalents with other credit institutions.

7.5. Financial assets (IFRS 9)

Financial assets can be classified in three categories, using different measurement criteria (fair value through profit or loss, fair value through comprehensive income, and amortised 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:

<u>A financial asset is measured at amortised cost ('AC') if the following criteria are met:</u>

- The asset is maintained for the purpose of receiving contractual cash flows; and
- The contractual cash flows of the assets represent solely payments of principal and interest ('SPPI').

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

<u>A financial asset is measured at fair value through comprehensive income ('FVTCI') if the following criteria are met:</u>

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

Additionally, on initial recognition of an equity instrument that is not held for trading, and where there is no contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, the Group may irrevocably choose to classify it under the FVTCI category. This option is exercised on a case-by-case, investment-by-investment basis and is available only for financial instruments that meet the definition of an equity instrument under IAS 32, and may not be used for financial instruments that are classified as an equity instrument at issuer level under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

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

Debt instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in the fair value of these financial assets are recorded against other comprehensive income and, at the time of their sale, the respective accumulated gains or losses in other comprehensive income are reclassified to profit or loss.

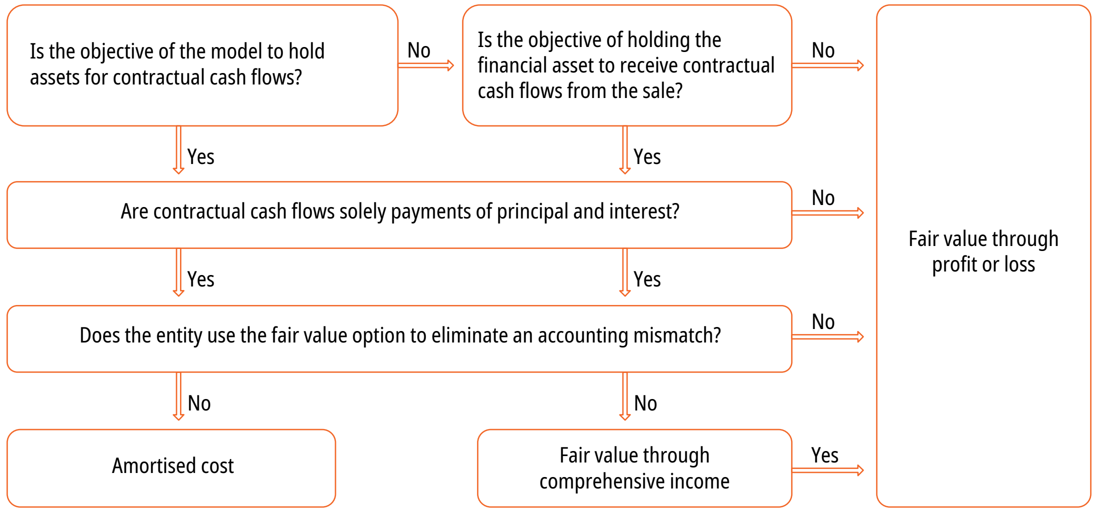
Debt instruments at fair value through other comprehensive income are also subject, since their initial recognition, to the calculation of impairment losses for expected credit losses. Estimated impairment losses are recognised in the P&L statement, against other comprehensive income, and do not reduce the carrying amount of the financial asset in the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised based on the effective interest rate method.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in the fair value of these financial assets are recorded against other comprehensive income. Dividends are recognised in the income statement when the right to receive them is attributed. No impairment is recognised for equity instruments at fair value through other comprehensive income, and the respective gains or losses relating to changes in fair value are transferred to 'Retained earnings' when derecognised.

<u>The Fair Value Through Profit or Loss ('FVTPL') category is the residual category.</u> Financial assets should be classified as FVTPL if they do not fulfil the FVTCI or AC criteria. Financial assets included in the FVTPL category must be measured at fair value with all changes recognised in the net income.

The following image represents the classification process used by the Bank:



Impairment of financial assets:

The Bank calculates impairment for financial assets at amortised cost and financial assets at fair value through other comprehensive income (debt instruments) in accordance with IFRS 9, which establishes a calculation model based on expected losses. The methodology applied by the Bank is disclosed in Note 9.36.

7.6. Leases (IFRS 16)

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 the payment of a consideration and that assumption affects only the lessee.

Classification and measurement

a) Classification

The standard provides for an option on whether or not to classify as lease contracts of low value or with term of up to 1 year. The Bank chose to classify as lease only the contracts with a term greater than 1 year and excluded from the classification the leases of ATM spaces because they are of low value. The term used in every analysis is the number of rents to be paid from the entry into force of the standard until the end of each contract, taking into account the probability of its renewal within a timeframe equivalent to two Strategic Plans of the Bank (6 years).

b) Measurement

The lease asset should be measured initially at cost, that includes: the initial measurement of the lease liability, plus payment or deduction of incentives made on or before the date of entry into force, plus initial direct costs and estimated costs to disassemble, remove or rehabilitate the asset at the end. Subsequently, the asset should be measured at cost minus 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 to account for any identified impairment loss. The Bank's lease assets are recorded at cost.

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

7.7. Non-current assets held for sale (IFRS 5)

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

- The sale is highly probable;
- The asset is available for immediate sale at its current status;
- 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 exceptions apply:

  a) When an entity commits to plan the sale of a non-current asset (or disposal group), it reasonably expects other entities (non-buyers) to impose conditions on the transfer of the asset (or disposal group) that extend the period required for the sale to be completed; and i. The actions necessary to meet 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 the sale to be completed; and i. Timely actions were taken to meet the conditions; and ii. A favourable 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 by the end of that period; and 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.

Should any of these exceptions apply, the asset may remain classified in this item for a period longer than one year.

The assets recorded in this item are not amortised and are valued at the lowest value between the acquisition cost and the fair value minus costs to be incurred in the sale. The fair value of these assets is determined based on valuations made by specialised entities. Should the amount recorded in the balance sheet be lower than the fair value minus selling costs, 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 lawsuits are concluded, against the credit value.

7.8. Impairment of non-financial assets (IAS 36)

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

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

7.9. Investment properties (IAS 40)

The Bank considers investment properties to be properties (land and buildings) that are held to earn rent, 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 used for tangible assets.

7.10. Property, Plant and Equipment (IAS 16)

The tangible assets used by the bank in the course of its business are recorded at cost minus accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only if it is probable that future economic benefits will flow to the Bank. Maintenance and repair expenses and other expenses associated with their use are recognised in the income 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:

Type of property, plant and equipment	Years of useful life
Properties	50
Works in leased buildings	10 a 50
Equipment	4 a 14

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

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

Periodically, an analysis is carried out to identify evidence of impairment in tangible assets. Whenever the net book value of the tangible assets exceeds their recoverable value, an impairment loss is recognised as a result in the income statement. The Bank reverses impairment losses in the P&L statement for the period up to the production of the acquisition value, minus accumulated depreciation as if the asset had not been subject to impairment, should there be a subsequent increase in the asset's recoverable value.

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

7.11. Intangible assets (IAS 38)

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

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

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

7.12. Financial liabilities (IAS 32 and IFRS 9)

The classification of financial instruments at initial recognition depends on their objectives and characteristics.

Financial liabilities are recognised 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 transaction costs are immediately recognised in the income statement.

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

A financial liability is no longer recognised when the related obligation is met, cancelled 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 recognised 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 realise the asset and settle the liability at the same time.

7.13. Taxes on profits (IAS 12)

Current tax

The current tax, asset or liability, is estimated based on the expected value recoverable or payable to the tax authorities. The legal tax rate used to calculate the amount is the one that is in force at the balance sheet date.
Current tax is calculated on the basis of taxable profit for the year, which differs from the accounting result due to adjustments to the tax base resulting from expenses or income that are not relevant for tax purposes or that will only be considered in other accounting periods.

Deferred tax

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

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

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

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

7.14. 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 4 December 2003.
The extinct Banco de Fomento subscribed to the Collective Labour Agreement (ACT) of 30 December 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 Social Security Institute, the Bank's responsibilities are to pay for supplements of the respective retirement pensions. As of 31 December 2021, these supplements covered 68 employees of the former Banco de Fomento, according to note 9.27.

The value of past service liabilities is determined annually by specialised actuaries using the Projected Unit Credit method and actuarial assumptions considered appropriate.

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 recognised in equity under the item 'Remeasurement reserves of actuarial gains and losses'.

The Bank does not have an asset plan in accordance with IAS 19. As such, the liability is directly recognised 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 profit and loss since the beginning of the plans.

7.15. Provisions and contingent liabilities (IAS 37)

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

7.16. Guarantees (IFRS 9)

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

7.17. Own shares (IAS 32)

The Bank's own shares are deducted from shareholders equity and no gain or loss realised at the time of sale is recognised in the financial statements. The remunerations received are recognised in the financial statements under the item 'own shares reserves.

7.18. Dividends on ordinary shares (IAS 10)
Dividends on ordinary shares are recognised as liabilities and deducted from equity when they are declared and are no longer available to the Bank.

7.19. Going concern
The financial statements were prepared on a going concern basis.

The Board of Directors have reviewed the Bank's budgets and cash flow forecasts for the next three years and believe that the Bank is able to continue to operate on a going concern basis under current and forecast economic conditions. These budgets and cash flow forecasts include projections of the impact on the Bank's capital, financing, and liquidity needs, all of which remained within internal targets and above regulatory requirements.

Based on this review, and considering the current financial position and the history of profitable transactions, the Board of Directors are satisfied that the Bank has adequate resources to continue in business for the foreseeable future and, therefore, the going concern assumption is maintained, is applicable and has been adopted in the preparation of these annual financial statements.

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 judgements 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 judgements 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 analysed as follows:

Impairment of loans and advances to customers
Impairment losses on loans and advances to customers are determined in accordance with the methodology set out in note 9.36 a. Credit risk. Accordingly, the determination of the impairment of individually analysed assets results from a specific valuation carried out by the Bank based on the knowledge of the reality of the customers and the guarantees associated with the operations in question.

The impairment by collective analysis is determined on the basis of historical parameters established 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 set forth by IFRS 9.

Fair value of financial instruments
When the fair value of the financial assets and liabilities recognised 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, judgements 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 (i.e. as prices) or indirectly (i.e. 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 non-observable 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 benchmark interest rates, credit spreads and other premiums used to estimate discount rates, treasury bonds and bills prices 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, i.e., what would have been determined by market participants acting on a commercial basis.

As at 31 December 2022, financial instruments measured at fair value, using the fair value hierarchy, were as follows:

	Level 1	Level 2	Level 3
Bonds and other securities			
Treasury bills	-	6 401 615 442	-
Treasury bonds	-	510 986 532	-
Other securities	-	244 276 618	-
	-	**7 156 878 592**	-

As at 31 December 2021, financial instruments measured at fair value, using the fair value hierarchy, were as follows:

	Level 1	Level 2	Level 3
Bonds and other securities			
Treasury bills	-	3 947 499 570	-
Treasury bonds	-	555 071 219	-
Securities with repurchase agreement	-	563 061 130	-
Other securities	-	189 727 411	-
	-	**5 255 359 330**	

Employee benefits

BCI's liabilities for post-employment benefits granted to its employees are determined annually based on actuarial assessments carried out by independent experts. These actuarial valuations incorporate financial and actuarial assumptions related 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 behaviour 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 set forth 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 that were recorded are the result of the Bank's better understanding regarding the adequate framework of its operations, which may be revised depending on the position and interpretation of the Tax Authorities.

9. Other notes to the consolidated and individual accounts

9.1 Strict net interest income

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Interest and similar income				
Interest on cash balances	2 800 304	14 740 359	2 800 304	14 740 359
Interest on investments in credit institutions	2 938 534 448	2 803 985 297	2 938 534 448	2 803 985 297
Interest on loans and advances to customers	11 739 713 689	11 020 233 520	11 765 303 867	11 047 156 021
Interest on financial assets	7 217 573 083	4 801 979 932	7 217 573 083	4 801 979 932
Other interest and similar income	-	-	-	-
	21 898 621 524	**18 640 939 108**	**21 924 211 702**	**18 667 861 609**
Interest and similar expenses				
Interest on deposits from central banks	12 596 673	19 629 116	12 596 673	19 629 116
Interest on deposits with other credit institutions	58 506 603	44 311 049	58 506 603	44 311 049
Interest on customer deposits	5 793 424 893	4 795 063 299	5 793 425 006	4 795 063 402
Interest on consigned resources	384 940 929	310 128 671	384 940 929	310 128 671
Interest on financial liabilities	6 001 244	103 293 154	6 001 244	103 293 154
Other interest and similar expenses	40 390 588	54 554 366	51 145 616	71 896 508
	6 295 860 930	**5 326 979 655**	**6 306 616 071**	**5 344 321 900**
	15 602 760 594	**13 313 959 453**	**15 617 595 631**	**13 323 539 709**

9.2 Net commissions associated with amortised cost

This item is broken down as follows:

Values expressed in meticais

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Commissions received associated with amortised cost				
From loans and advances to customers	114 189 194	130 540 681	114 189 194	130 540 681
From other operations	-	-	-	-
	114 189 194	**130 540 681**	**114 189 194**	**130 540 681**
Commissions paid associated with amortised cost				
From loans and advances to customers	-	-	-	-
From other operations	26 711 003	6 530 345	26 711 003	6 530 345
	26 711 003	**6 530 345**	**26 711 003**	**6 530 345**
	87 478 191	**124 010 336**	**87 478 191**	**124 010 336**

9.3 Income from equity instruments

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Income				
In resident entities				
Emose	12 645 387	-	12 645 387	-
	12 645 387	**-**	**12 645 387**	**-**

9.4 Net fee and commission income

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Fee and commission income				
For guarantees issued	320 116 846	310 521 841	320 116 846	310 521 841
For services provided	524 885 772	491 179 058	524 885 860	491 179 279
For operations on behalf of third parties	69 957 088	73 527 475	69 957 088	73 527 475
Electronic banking	1 636 089 974	1 810 682 084	1 636 089 974	1 810 682 084
Commissions from investment banking	-	49 829 301	-	49 829 301
Other income from commissions	806 470 710	604 879 383	806 470 710	604 879 383
	3 357 520 390	**3 340 619 142**	**3 357 520 478**	**3 340 619 363**
Fee and commission expenses				
For services provided by third parties	3 378 762	2 517 551	3 357 663	2 485 108
Electronic banking	792 581 197	724 607 608	792 581 197	724 607 608
Commissions of correspondent banks	81 762 379	92 048 529	81 762 379	92 048 529
Other expenses with commissions	137 944 178	71 624 413	137 944 178	71 624 413
	1 015 666 516	**890 798 101**	**1 015 645 417**	**890 765 658**
	2 341 853 874	**2 449 821 041**	**2 341 875 061**	**2 449 853 705**

9.5 Income from financial operations

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Income from financial operations				
Foreign exchange operations	141 753 583 516	333 000 582 677	141 753 583 353	333 000 582 781
Other operations	56 345 051	13 934 917	56 345 051	13 934 917
	141 809 928 567	**333 014 517 594**	**141 809 928 404**	**333 014 517 698**
Losses on financial operations				
Foreign exchange operations	139 658 187 260	331 368 694 234	139 658 187 260	331 368 694 234
Other operations	800 558	717 799	800 558	717 799
	139 658 987 818	**331 369 412 033**	**139 658 987 818**	**331 369 412 033**
Net income from financial operations	**2 150 940 749**	**1 645 105 561**	**2 150 940 586**	**1 645 105 665**

9.6 Other operating income

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Other operating income				
Administrative expenditure	272 097 298	248 254 391	272 097 298	248 254 391
Issue of statements and cheques	9 437 078	7 641 765	9 437 078	7 641 765
Chequebooks/saving passbooks	144 571 777	128 078 280	144 571 777	128 078 280
Provision of miscellaneous services	-	-	-	-
Reimbursement of expenses	118 347 794	126 830 748	118 347 794	126 830 748
Recovery of bad credit and interest	475 639 683	951 688 781	475 639 683	951 688 781
Other operating income	679 109 586	533 238 968	612 707 689	505 079 377
	1 699 203 216	**1 995 732 933**	**1 632 801 319**	**1 967 573 342**
Other operating expenses				
Subscriptions and donations	3 523 189	3 998 191	3 523 189	3 998 191
Taxes and charges	13 907 129	11 165 562	10 501 115	9 402 557
Losses on other tangible assets	3 772 830	5 476 065	3 772 830	5 476 065
Account closures	259 376 233	229 413 424	259 376 233	229 413 424
Other operating expenses	1 261 785 621	384 182 996	1 261 679 304	384 160 841
	1 542 365 002	**634 236 238**	**1 538 852 671**	**632 451 078**
	156 838 214	**1 361 496 695**	**93 948 648**	**1 335 122 264**

The amount of MZN 612,707,689 in the line 'Other operating income' includes the income generated by investment properties amounting to MZN 71,662,580.

The item 'Other operating expenses', amounting to MZN 1,261,679,304, was influenced by negative extraordinary effects relating to the year 2022 and previous years, and significantly influenced by the refund and provision for refund, in 2023, of commissions to customers, related to the periods from 2018 to 2022, as part of the inspection carried out by the Conduct Supervision Department of the Bank of Mozambique, as well as the payment and provision of amounts payable to the Mozambique Tax Authority as a result of the inspection carried out by that entity on the Models 22 for the fiscal years 2017 to 2021.

9.7 Staff costs

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Remuneration paid to management and audit bodies	275 854 624	233 300 119	275 854 624	233 300 119
Employee remuneration	3 744 759 926	3 575 104 026	3 741 797 015	3 571 950 372
Mandatory social contributions	171 445 328	157 226 615	171 312 676	157 084 924
Optional social contributions	274 316 418	275 361 697	274 316 418	275 361 697
Pension liabilities	28 844 000	39 105 000	28 844 000	39 105 000
Other staff costs	87 792 502	67 834 907	87 309 489	67 118 468
	4 583 012 798	**4 347 932 364**	**4 579 434 222**	**4 343 920 580**

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

- MZN 175,207,148 (2021: MZN 168,568,306) relating to monthly remunerations; and
- MZN 100,647,476 (2021: MZN 82,669,307) relating to other remunerations.

The value of the Bank's contribution to social security amounts to MZN 160,611,351 (2021: MZN 157,754,015). Liabilities with pensions represent a burden on the Bank and reinforce the responsibilities for past services.

Employees

In 2022 and 2021, the number of permanent staff, on average and at the end of the period, was as follows:

	Dec-22		Dec-21	
	Average for the period	End of the period	Average for the period	End of the period
Senior managers	121	127	107	109
Other managers	1 366	1 358	1 392	1 384
Administrative staff	1 219	1 190	1 169	1 177
Other employees	40	37	43	42
	2 746	**2 712**	**2 711**	**2 712**

Source: HRD-GRH03, Process and Information Management Unit

9.8 Other administrative expenses

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Third-party supplies				
Water, energy and fuel	193 502 503	195 689 018	193 361 003	195 620 626
Office consumables	124 864 237	119 843 194	124 864 237	119 843 194
Other third-party supplies	53 478 274	26 779 499	53 478 274	26 779 499
	371 845 014	**342 311 711**	**371 703 514**	**342 243 319**
Third-party services				
Information services	-	-	-	-
IT	265 264 415	290 031 971	265 204 629	289 965 182
Travel, accommodation and representation	78 635 051	67 738 178	78 635 051	67 738 178
Advertising and publishing	94 606 581	140 760 316	94 606 581	140 760 316
Maintenance and repair	376 278 436	416 842 064	376 278 436	416 363 037
Consultancy services	268 635 172	171 487 705	266 758 526	170 019 366
Cleaning services	62 500 556	75 378 517	62 500 556	75 378 517
Rents and leases	62 714 133	70 102 465	62 198 488	69 747 193
Communication and shipping expenses	1 049 424 339	839 390 488	1 049 424 339	839 390 488
Security and surveillance	143 720 790	124 825 119	143 720 790	124 825 119
Fund transfers	97 144 348	100 773 023	97 144 348	100 773 023
Training	32 146 784	39 836 358	32 146 784	39 836 358
Insurance	50 745 806	47 673 884	50 745 806	47 673 884
Recruitment	122 801	-	122 801	-
Database	39 636 362	38 740 944	39 636 362	38 740 944
Other third-party services	108 577 468	139 099 063	108 107 974	138 831 370
	2 730 153 042	**2 562 680 095**	**2 727 231 471**	**2 560 042 975**
	3 101 998 056	**2 904 991 806**	**3 098 934 985**	**2 902 286 294**

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

9.9 Impairment of assets

Variations in impairment for the Group during the periods ended 31 December 2022 and 31 December 2021 were as follows:

	Balance as at 31.12.2021	Creation\Increase	Reversals	Use	Transfers	Balance as at 31.12.2022
Impairment of loans and advances to customers (Note 9.16)	9 392 352 303	3 001 350 148	(9 240 357 878)	(1 843 520 945)	425 225 837	7 568 598 045
Impairment of investments in credit institutions (Note 9.14)	439 697	241 372	(142 971)	(222 497)	248 294	563 895
Impairment of financial assets (Note 9.15)	192 886 055	51 506 928	(9 218 414)	(3 281 996)	-	231 892 573
Impairment of tangible assets (Note 9.20)	472 454 753	-	(357 723 260)	(17 238 248)	-	97 493 245
Properties in use	-	-	-	-	-	-
Impairment of non-current assets held for sale (Note 9.18)						
Properties	514 887 907	727 087 800	(4 972 657)	(10 299 251)	-	1 226 703 799
Impairment of investment properties (Note 9.19)	-	43 163 826	-	-		43 163 826
Impairment of intangible assets (Note 9.21)	12 994 729	4 177 341	-	-	-	17 172 070
Impairment of other assets (Note 9.23)	921 499 496	123 222 944	(245 886 419)	(57 095 404)	-	741 740 617
	11 507 514 940	3 950 750 359	(9 858 301 599)	(1 931 658 341)	425 474 131	9 927 328 070

	Balance as at 31.12.2020	Creation\Increase	Reversals	Use	Transfers	Balance as at 31.12.2020
Impairment of loans and advances to customers (Note 9.16)	8 387 424 846	7 683 897 496	(5 451 264 785)	(1 419 122 474)	191 417 220	9 392 352 303
Impairment of investments in credit institutions (Note 9.14)	656 623	808 763	(798 647)	(227 042)	-	439 697
Impairment of financial assets (Note 9.15)	125 416 802	170 249 780	(100 832 065)	(1 948 462)	-	192 886 055
Impairment of tangible assets (Note 9.20)	-	-	-	-	-	-
Properties in use	450 018 118	473 388 895	(433 074 060)	(17 878 200)	-	472 454 753
Impairment of non-current assets held for sale (Note 9.18)	-	-	-	-	-	514 887 907
Properties	230 092 810	284 795 097	-	-	-	-
Impairment of investment properties (Note 9.19)	-	-	-	-	-	-
Impairment of intangible assets (Note 9.21)	-	12 994 729	-	-	-	12 994 729
Impairment of other assets (Note 9.23)	278 672 269	1 229 211 889	(107 941 668)	(478 442 994)	-	921 499 496
	9 472 281 468	9 855 346 649	(6 093 911 225)	(1 917 619 172)	191 417 220	11 507 514 940

Variations in impairment for the Bank during the periods ended 31 December 2022 and 31 December 2021 were as follows:

	Balance as at 31.12.2021	Creation\Increase	Reversals	Use	Transfers	Balance as at 31.12.2021
Impairment of loans and advances to customers (Note 9.16)	9 392 352 303	3 001 350 148	(9 240 357 878)	(1 843 520 945)	425 225 837	7 568 598 045
Impairment of investments in credit institutions (Note 9.14)	439 697	241 372	(142 971)	(222 497)	248 294	563 895
Impairment of financial assets (Note 9.15)	192 886 055	51 506 928	(9 218 414)	(3 281 996)	-	231 892 573
Impairment of tangible assets (Note 9.20)	-	-	-	-	-	-
Properties in use	472 454 753	727 087 800	(357 723 260)	(17 238 248)	-	97 493 245
Impairment of non-current assets held for sale (Note 9.18)	-	-	-	-	-	-
Properties	514 887 907	43 163 826	(4 972 657)	(10 299 251)	-	1 226 703 799
Impairment of investment properties (Note 9.19)	-	-	-	-	-	43 163 826
Impairment of intangible assets (Note 9.21)	12 994 729	4 177 341	-	-	-	17 172 070
Impairment of other assets (Note 9.23)	916 893 206	123 222 944	(245 886 419)	(57 095 404)	-	737 134 327
	11 502 908 650	3 950 750 359	(9 858 301 599)	(1 931 658 341)	425 474 131	9 922 721 780

	Balance as at 31.12.2020	Creation\Increase	Reversals	Use	Transfers	Balance as at 31.12.2020
Impairment of loans and advances to customers (Note 9.16)	8 387 424 846	7 683 897 496	(5 451 264 785)	(1 419 122 474)	191 417 220	9 392 352 303
Impairment of investments in credit institutions (Note 9.14)	656 623	808 763	(798 647)	(227 042)	-	439 697
Impairment of financial assets (Note 9.15)	125 416 802	170 249 780	(100 832 065)	(1 948 462)	-	192 886 055
Impairment of tangible assets (Note 9.20)	-	-	-	-	-	-
Properties in use	450 018 118	473 388 895	(433 074 060)	(17 878 200)	-	472 454 753
Impairment of non-current assets held for sale (Note 9.18)	-	-	-	-	-	-
Properties	230 092 810	284 795 097	-	-	-	514 887 907
Impairment of investment properties (Note 9.19)	-	-	-	-	-	-
Impairment of intangible assets (Note 9.21)	-	12 994 729	-	-	-	12 994 729
Impairment of other assets (Note 9.23)	274 065 979	1 229 211 889	(107 941 668)	(478 442 994)	-	916 893 206
	9 467 675 178	9 855 346 649	(6 093 911 225)	(1 917 619 172)	191 417 220	11 502 908 650

It should be noted that the amount of MZN 1,843,520,945 of loan impairment uses corresponds to loan write-offs made during the period.

The difference between the amounts mentioned in this note for the impairment of loans and advances to customers line (reversals and provisions) and the amounts in the P&L Statemen is a result of the accounting treatment of impairments on accrued interest in stage 3, in accordance with IFRS 9.

9.10 Tax bill

After the adjustments made to the taxable income, the Bank calculated an effective tax payable in 2022 of MZN 980,858,655.

	Bank	
	Dec-22	Dec-21
Earnings Before Tax (EBT)	**8 078 111 909**	**5 203 366 724**
Tax at nominal rate (32%)	**2 584 995 811**	**1 665 077 352**
Tax adjustments		
Non-deductible provisions and impairment losses	565 035 518	548 990 564
Reduction in the market value of investment tangible assets	231 076 846	91 134 431
Corporate Income Tax	432 603 109	11 973 107
Interest-free withholding tax on treasury bills, treasury bonds and liquidity swaps	594 070 055	498 114 295
Other non-tax-deductible items	(579 800)	281 891 016
Replacement of taxed provisions	(292 978 311)	(173 125 033)
Interest on treasury bills, treasury bonds and liquidity swaps	(3 133 364 573)	(2 433 074 283)
Effective tax payable	**980 858 655**	**490 981 449**
Use of tax losses	**-**	**(425 207 882)**
Current tax	**980 858 655**	**65 773 566**

Variations in tax loss carry forwards were as follows:

	Bank	
	Dec-22	Dec-21
Opening balance	-	(1 328 774 632)
Use of tax losses	-	1 328 774 632
Tax losses	-	-
Closing balance	**-**	**-**

9.11 Earnings per share

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Income for the year (A)	8 121 750 429	5 217 000 866	8 078 111 909	5 203 366 724
Total number of shares (B)	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
Number of own shares (C)	27 806 020	27 681 020	27 806 020	27 681 020
Average number of shares excluding own shares (B-C)	972 193 980	972 318 980	972 193 980	972 318 980
Earnings per share [A/(B-C)]	**8,35**	**5,37**	**8,31**	**5,35**

Earnings per share are obtained by dividing the earnings for the year by the average number of shares (total number of shares excluding own shares). In the year under review, there were no convertible instruments, so the diluted earnings are the same as the basic earnings per share.

Throughout 2022, the Bank acquired shares from minority shareholders who expressed their interest in selling at the price set by the Bank.

9.12 Cash and balances with central banks

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Cash	7 448 602 719	6 855 282 376	7 448 601 913	6 855 281 570
Deposits with the Bank of Mozambique	15 172 309 295	15 195 354 271	15 172 309 295	15 195 354 271
	22 620 912 014	**22 050 636 647**	**22 620 911 208**	**22 050 635 841**

The item 'Cash balances with the Bank of Mozambique' includes deposits made to meet the requirements for constituting mandatory reserves. The scheme in force on 31 December 2022, as provided under the Bank of Mozambique Notice No. 08/GBM/2019, determines the maintenance of deposits in domestic currency with the Central Bank at a rate of 10.50%, and 11.50% in foreign currency, based on the average balance of deposits held by residents, non-residents, and the State. No interest is paid on these balances.

9.13 Cash balances with credit institutions

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Demand deposits and other cash balances				
In credit institutions in Mozambique	3 723	3 559	-	-
In credit institutions abroad	3 758 195 142	7 876 122 037	3 758 195 142	7 876 122 037
	3 758 198 865	**7 876 125 596**	**3 758 195 142**	**7 876 122 037**
Cheques collectable				
In credit institutions in Mozambique	165 037 155	10 761 041	165 037 155	10 761 041
In credit institutions abroad	29 290 259	25 763 845	29 290 259	25 763 845
	194 327 414	**36 524 886**	**194 327 414**	**36 524 886**
	3 952 526 279	**7 912 650 482**	**3 952 522 556**	**7 912 646 923**

9.14 Investments in credit institutions

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Investments in credit institutions in Mozambique				
Interbank money market	29 200 002 855	15 955 557 083	29 200 002 855	15 955 557 083
Loans - short term	1 154 726	1 204 859	1 154 726	1 204 859
Loans - medium and long term	4 677 304	1 366 572	4 677 304	1 366 572
Deposits	169 255 500	169 149 500	169 255 500	169 149 500
Interest receivable	107 835 426	84 321 601	107 835 426	84 321 601
	29 482 925 811	**16 211 599 615**	**29 482 925 811**	**16 211 599 615**
Investments in credit institutions abroad				
Very-short-term investments	-	-	-	-
Deposits	16 898 892 422	16 163 150 572	16 898 892 422	16 163 150 572
Interest receivable	86 671 335	4 008 361	86 671 335	4 008 361
	16 985 563 757	**16 167 158 933**	**16 985 563 757**	**16 167 158 933**
Impairment (Note 9.9)	**(563 895)**	**(439 697)**	**(563 895)**	**(439 697)**
	46 467 925 673	**32 378 318 851**	**46 467 925 673**	**32 378 318 851**

At the balance sheet date, the maturity profile of investments in credit institutions was as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Up to 1 month	40 536 963 000	24 585 304 570	40 536 963 000	24 585 304 570
Between 1 and 3 months	5 740 712 823	5 553 294 960	5 740 712 823	5 553 294 960
Between 3 months and 1 year	186 131 478	2 239 244 367	186 131 478	2 239 244 367
Between 1 and 3 years	3 970 290	-	3 970 290	-
More than 3 years	711 977	914 651	711 977	914 651
	46 468 489 568	**32 378 758 548**	**46 468 489 568**	**32 378 758 548**
Impairment (Note 9.9)	**(563 895)**	**(439 697)**	**(563 895)**	**(439 697)**
	46 467 925 673	**32 378 318 851**	**46 467 925 673**	**32 378 318 851**

Source: Reconciliation Unit

9.15 Financial assets at amortised cost / at fair value through comprehensive income

In accordance with IFRS 9, the Bank classifies its securities portfolio into two groups:

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

Financial assets at amortised cost - The Bank classifies and measures a financial asset at amortised cost when it is managed on the basis of a business model whose objective is achieved through the receipt of all contractual cash flows and these cash flows can be regarded as payments of principal and interest on the principal outstanding;

Financial assets at fair value through other comprehensive income (FVTOCI) - The Bank classifies and measures a financial asset at fair value through other comprehensive income ('FVTOCI') when it belongs to a portfolio managed on the basis of a business model whose objective is achieved either through the receipt of contractual cash flows constituting payments of principal and interest on the principal outstanding or through sale.

In the year under analysis, the item 'Financial assets at amortised cost' is broken down as follows for the Group and the Bank:

Financial assets at amortised cost

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Debt instruments				
Issued by domestic entities				
Treasury bonds	14 854 501 353	12 189 079 217	14 854 501 353	12 189 079 217
Treasury bills	31 936 387 619	27 750 321 779	31 936 387 619	27 750 321 779
Issued by foreign entities				
FAST FERRY bonds	57 136 247	58 526 888	57 136 247	58 526 888
	46 848 025 219	**39 997 927 884**	**46 848 025 219**	**39 997 927 884**
Equity instruments				
Issued by domestic entities				
Debt instruments	-	-	-	-
Issued by foreign entities				
Debt instruments	-	-	-	-
	-	-	-	-
Other securities				
Shares	-	-	-	-
	-	-	-	-
Impairment (Note 9.9)	**(231 892 573)**	**(192 886 055)**	**(231 892 573)**	**(192 886 055)**
	46 616 132 646	**39 805 041 829**	**46 616 132 646**	**39 805 041 829**

Source: Reconciliation Unit

In the year under analysis, the item 'Financial assets at fair value through comprehensive income' is broken down as follows for the Group and the Bank:

Financial assets at fair value through comprehensive income

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Debt instruments				
Issued by domestic entities				
Treasury bonds	510 986 532	555 071 219	510 986 532	555 071 219
Treasury bills	6 401 615 442	3 947 499 570	6 401 615 442	3 947 499 570
Sovereign bonds	-	-		
Issued by foreign entities				
FAST FERRY bonds	-	-		
	6 912 601 974	**4 502 570 789**	**6 912 601 974**	**4 502 570 789**
Equity instruments				
Issued by domestic entities				
Sovereign bonds			-	-
Issued by foreign entities				
Debt instruments	-	-	-	-
	-	-	-	-
Other securities (shares)				
EMOSE	216 034 113	135 263 620	216 034 113	135 263 620
SIMO	28 008 806	54 230 092	28 008 806	54 230 092
GCI	233 699	233 699	233 699	233 699
	244 276 618	**189 727 411**	**244 276 618**	**189 727 411**
Impairment (Note 9.9)	**-**	**-**	**-**	**-**
	7 156 878 592	**4 692 298 200**	**7 156 878 592**	**4 692 298 200**

Source: Reconciliation Unit

As regards equity instruments, their breakdown is as follows:

EMOSE shares - The bank holds 12,707,889 shares of EMOSE - Empresa Moçambicana de Seguros, which are classified at fair value through other comprehensive income, and whose fair value on 31/12/2022 stood at **MZN 216,034,113**;

SIMO shares - The Bank holds 971,643 shares of SIMO - Sociedade Interbancária de Moçambique, which are classified at fair value through other comprehensive income, and whose fair value on 31/12/2022 stood at **MZN 28,008,806**;

GCI shares - The bank holds 18,899 shares of GCI - Sociedade Gestora de Capital de Risco, a Group company, which are classified at fair value through other comprehensive income, and whose fair value on 31/12/2022, stood at **MZN 233,699**;

In the year under analysis, the item 'Financial assets with repurchase agreement' is broken down as follows for the Group and the Bank:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Transfer with repurchase agreement				
Acquisition value	-	563 456 719	-	563 456 719
	-	563 456 719	-	563 456 719
Positive/negative fair value	**-**	**(395 589)**	**-**	**(395 589)**
	-	**563 061 130**	**-**	**563 061 130**

Source: Reconciliation Unit

In terms of residual maturity, financial assets are distributed as follows:

Financial assets at amortised cost

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Maturity of 1 month	3 329 597 504	963 799 190	3 329 597 504	963 799 190
Maturity between 1 and 6 months	18 462 959 489	14 331 072 598	18 462 959 489	14 331 072 598
Maturity between 6 and 12 months	11 193 809 774	13 257 516 474	11 193 809 774	13 257 516 474
Maturity longer than 12 months	13 861 658 452	11 445 539 622	13 861 658 452	11 445 539 622
	46 848 025 219	**39 997 927 884**	**46 848 025 219**	**39 997 927 884**
Impairment (Note 9.9)	**(231 892 573)**	**(192 886 055)**	**(231 892 573)**	**(192 886 055)**
	46 616 132 646	**39 805 041 829**	**46 616 132 646**	**39 805 041 829**

Financial assets at fair value through comprehensive income

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Maturity of 1 month	279 641 279	392 864 433	279 641 279	392 864 433
Maturity between 1 and 6 months	3 822 552 288	3 083 303 931	3 822 552 288	3 083 303 931
Maturity between 6 and 12 months	2 355 367 196	558 615 054	2 355 367 196	558 615 054
Maturity longer than 12 months	699 317 829	657 514 782	699 317 829	657 514 782
	7 156 878 592	**4 692 298 200**	**7 156 878 592**	**4 692 298 200**
Impairment (Note 9.9)	**-**	**-**	**-**	**-**
	7 156 878 592	**4 692 298 200**	**7 156 878 592**	**4 692 298 200**

9.16 Loans and advances to customers

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

	Group					
	Dec-22			Dec-21		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Outstanding loans						
Companies						
Loans	10 136 212 530	11 183 541 527	21 319 754 057	14 688 010 746	11 967 950 753	26 655 961 498
Current account loans	1 939 515 764	1 059 599 717	2 999 115 481	2 345 816 688	1 704 238 136	4 050 054 824
Financial leasing - equipment	700 930 400	-	700 930 400	736 828 698	-	736 828 698
Financial leasing - property	2 552 848 424	-	2 552 848 424	2 917 673 546	-	2 917 673 546
Credit cards	177 262 973	-	177 262 973	172 079 082	-	172 079 082
Discounted bills and	258 656 800	47 583 150	306 239 950	237 214 030	252 860 747	490 074 777
promissory notes	404 633 904	196 455 664	601 089 568	454 096 915	353 994 796	808 091 710
Bank overdrafts	**16 170 060 795**	**12 487 180 059**	**28 657 240 853**	**21 551 719 705**	**14 279 044 431**	**35 830 764 136**
Individual customers	1 559 211 234	122 206 057	1 681 417 291	1 844 853 762	158 929 694	2 003 783 456
Housing	24 747 365 764	7 305 301	24 754 671 065	19 537 902 976	10 890 248	19 548 793 224
Consumption	1 091 937 503	-	1 091 937 503	1 497 374 292	-	1 497 374 292
Other loans	**27 398 514 501**	**129 511 358**	**27 528 025 860**	**22 880 131 030**	**169 819 942**	**23 049 950 972**
Loans to non-residents						
	43 568 575 296	**12 616 691 417**	**56 185 266 713**	**44 431 850 735**	**14 448 864 374**	**58 880 715 108**
Interest receivable, net of deferred income	484 629 578	213 603 380	698 232 958	1 501 753 745	139 072 775	1 640 826 520
			56 883 499 671			**60 521 541 628**
Commissions associated with amortised cost (net)	(68 755 286)	(26 352 462)	(95 107 748)	(85 333 534)	(26 246 870)	(111 580 404)
Overdue loans and interest	12 873 738 917	911 301 816	13 785 040 733	14 273 935 252	607 665 532	14 881 600 784
Impairment (Note 9.9)	6 459 467 673	1 109 130 372	(7 568 598 045)			(9 392 352 303)
			63 004 834 611			**65 899 209 705**

Source: GDR

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

	Bank					
	Dec-22			Dec-21		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Outstanding loans						
Companies						
Loans	10 136 212 530	11 183 541 527	21 319 754 057	14 688 010 746	11 967 950 753	26 655 961 498
Current account loans	2 083 149 358	1 059 599 717	3 142 749 075	2 522 479 994	1 704 238 136	4 226 718 130
Financial leasing - equipment	700 930 400	-	700 930 400	736 828 698	-	736 828 698
Financial leasing - property	2 552 848 424	-	2 552 848 424	2 917 673 546	-	2 917 673 546
Credit cards	177 262 973	-	177 262 973	172 079 082	-	172 079 082
Discounted bills and	258 656 800	47 583 150	306 239 950	237 214 030	252 860 747	490 074 777
promissory notes	404 633 904	196 455 664	601 089 568	454 096 915	353 994 796	808 091 710
Bank overdrafts	**16 313 694 389**	**12 487 180 059**	**28 800 874 447**	**21 728 383 011**	**14 279 044 431**	**36 007 427 442**
Individual customers						
Housing	1 559 211 234	122 206 057	1 681 417 291	1 844 853 762	158 929 694	2 003 783 456
Consumption	24 747 365 764	7 305 301	24 754 671 065	19 537 902 976	10 890 248	19 548 793 224
Other loans	1 091 937 503	-	1 091 937 503	1 497 374 292	-	1 497 374 292
	27 398 514 501	**129 511 358**	**27 528 025 860**	**22 880 131 030**	**169 819 942**	**23 049 950 972**
Loans to non-residents						
	43 712 208 890	**12 616 691 417**	**56 328 900 307**	**44 608 514 041**	**14 448 864 374**	**59 057 378 414**
nterest receivable, net of deferred income	486 359 287	213 603 380	699 962 667	1 502 696 374	139 072 775	1 641 769 149
			57 028 862 974			**60 699 147 563**
Commissions associated with amortised cost (net)	(68 755 286)	(26 352 462)	(95 107 748)	(85 333 534)	(26 246 870)	(111 580 404)
Overdue loans and interest	12 873 738 917	911 301 816	13 785 040 733	14 273 935 252	607 665 532	14 881 600 784
Impairment (Note 9.9)	6 459 467 673	1 109 130 372	(7 568 598 045)			(9 392 352 303)
			63 150 197 914			**66 076 815 640**

Source: GDR

On 31 December 2022 and 31 December 2021, the sectoral distribution of the Bank's loans portfolio was as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Agriculture and fisheries	1 250 650 140	1 345 405 020	1 250 650 140	1 345 405 020
Industry	1 163 624 460	826 201 275	1 163 624 460	826 201 275
Energy	2 366 865 384	3 326 822 382	2 366 865 384	3 326 822 382
Construction	5 665 352 642	7 053 158 215	5 665 352 642	7 053 158 215
Hotels and tourism	1 261 944 666	1 967 914 635	1 261 944 666	1 967 914 635
Commerce and services	9 521 093 300	12 463 095 197	9 521 093 300	12 463 095 197
Transport	10 435 127 234	11 135 957 957	10 435 127 234	11 135 957 957
Non-monetary financial institutions	161 099 635	196 691 093	161 099 635	196 691 093
Individual customers	31 575 056 024	27 651 444 295	31 575 056 024	27 651 444 295
Other	6 466 471 691	7 795 625 822	6 610 105 285	7 972 289 128
	69 867 285 177	**73 762 315 892**	**70 010 918 771**	**73 938 979 198**
Interest receivable, net of deferred income	801 255 227	1 640 826 520	802 984 936	1 641 769 149
Commissions associated with amortised cost (net)	(95 107 748)	(111 580 404)	(95 107 748)	(111 580 404)
Impairment (Note 9.8)	(7 568 598 045)	(9 392 352 303)	(7 568 598 045)	(9 392 352 303)
	63 004 834 611	**65 899 209 705**	**63 150 197 914**	**66 076 815 640**

Source: GDR

On 31 December 2022 and 31 December 2021, the residual maturity of outstanding loans, including accrued interest, was as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Up to three months	9 541 671 981	10 456 557 217	9 687 035 284	10 634 163 152
More than three months and less than a year	10 493 490 699	10 350 207 357	10 493 490 699	10 350 207 357
More than a year and less than five years	28 177 217 350	30 610 011 784	28 177 217 350	30 610 011 784
More than five years	8 671 119 641	9 104 765 270	8 671 119 641	9 104 765 270
	56 883 499 671	**60 521 541 628**	**57 028 862 974**	**60 699 147 563**

Source GDR

In the same period, the seniority of overdue loans and past due interest was structured as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Up to three months	3 565 208 269	4 435 475 175	3 565 208 269	4 435 475 175
From three to six months	468 999 600	1 127 976 829	468 999 600	1 127 976 829
From six months to one year	1 129 675 723	609 639 933	1 129 675 723	609 639 933
From one to three years	2 183 753 112	7 913 158 040	2 183 753 112	7 913 158 040
More than three years	6 437 404 029	795 350 807	6 437 404 029	795 350 807
	13 785 040 733	**14 881 600 784**	**13 785 040 733**	**14 881 600 784**

Source: GDR

9.17 Financial investments

On 31 December 2022 and 31 December 2021, the financial information of the subsidiaries was as follows:

		Group				Bank			
		Dec-22		Dec-21		Dec-22		Dec-21	
	Type	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)	Equity stake (%)	Amount (MZN)
Subsidiaries									
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
			460 059		**460 059**		**460 059**		**460 059**
Impairment									
			460 059		**460 059**		**460 059**		**460 059**
Consolidation adjustments			(460 059)		(460 059)		-		-
			-		-		**460 059**		**460 059**

The aforementioned consolidation adjustments refer to the elimination of intra-group balances between BCI and IMOBCI, given that BPI Moçambique has no activity.

Despite the Bank's 10% ownership in IMOBCI, it exercises control over this entity through its exposure and rights to variable returns by means of its relationship and ability to affect those returns. According to IFRS 10, this requires the Bank to consolidate IMOBCI using the full consolidation method and to treat it as a subsidiary.

Below is a short description of the subsidiary companies:

IMOBCI, Limitada, incorporated on 28 February 1997, with registered office at Avenida 25 de Setembro, no. 1465, Maputo, Mozambique. IMOBCI's main corporate object is the management of real estate investments, in all its modalities, namely, urban development plans, allotment plans and real estate developments; the purchase, sale, construction, maintenance and restoration of properties; the management and operation of any real estate properties; the measurement and marketing of real estate properties; the development of studies, and the provision of consultancy and related services.

Regarding the fiscal year 2022, IMOBCI had:

Items:	Dec-22
Net profit for the year	35 315 379
Total current and non-current assets	640 036 270
Total current and non-current liabilities	554 911 213

BPI Moçambique, Sociedade de Investimento, S.A., is a public limited liability company, incorporated on 22 July 1999, under the name BPI Dealer - Sociedade Financeira de Corretagem (Moçambique), SA, for an indefinite period, and transformed into an investment company on 12 July 2013, whose activity began on 17 April 2014, after approval by the Bank of Mozambique, and has its registered office in Maputo, at Rua dos Desportistas 833, JAT V Building - 1, 1st floor in Maputo.

The company currently has no activities and is in the process of closing down.

In the fiscal year 2022, BPI Moçambique had:

Items:	Dec-22
Net profit for the year	(254 145)
Total current and non-current assets	42 851 202
Total current and non-current liabilities	69 459 560

9.18 Non-current assets held for sale

This item records the properties that were obtained through debt recovery, at the conditions established in IFRS 5. On 31 December 2022 and 31 December 2021, it was broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Gross amount				
Start of the period	1 692 768 434	1 582 646 908	1 692 768 434	1 582 646 908
Acquisitions	-	-	-	-
Disposals and write-offs	(54 243 621)	(55 984 849)	(54 243 621)	(55 984 849)
Reclassifications	772 374 281	166 106 375	772 374 281	166 106 375
	2 410 899 094	**1 692 768 434**	**2 410 899 094**	**1 692 768 434**
Impairment (Note 9.9)	(1 226 703 799)	(514 887 907)	(1 226 703 799)	(514 887 907)
Book value	**1 184 195 295**	**1 177 880 527**	**1 184 195 295**	**1 177 880 527**

Source: Fixed Assets Unit

9.19 Investment properties

The item 'Investment properties' showed the following developments, relative to gross values and depreciation, in the years ended on 31 December 2022 and 31 December 2021:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Gross amount				
Start of the period	1 186 781 227	1 316 534 663	876 368 746	1 006 122 182
Acquisitions	284 569 818	-	-	-
Disposals and write-offs	(481 281 337)	(341 218 094)	(481 281 337)	(341 218 094)
Reclassifications	400 281 337	211 464 658	400 281 337	211 464 658
	1 390 351 045	**1 186 781 227**	**795 368 746**	**876 368 746**
Accumulated depreciation				
Start of the period	122 877 296	104 476 131	81 132 027	67 573 747
Depreciation for the period	69 653 060	86 893 468	59 240 035	82 050 583
Disposals and write-offs	(71 031 946)	(19 281 419)	(71 031 946)	(19 281 419)
Reclassifications	68 466 947	(49 210 884)	68 466 947	(49 210 884)
	189 965 357	**122 877 296**	**137 807 063**	**81 132 027**
Impairment (Note 9.9)	**(43 163 826)**	**-**	**(43 163 826)**	**-**
Book value	**1 157 221 862**	**1 063 903 931**	**614 397 857**	**795 236 719**

Source: Fixed Assets Unit

The Bank holds a portfolio of investment properties measured at cost, whose fair value as at 31 December 2022 amounted to MZN 1,010,998,727 for the Bank and MZN 1,295,568,545 for the Group. These properties generated rental income in the amount of MZN 71,662,580.

Income from these properties is recorded under Other operating income (Note 9.6).

9.20 Property and equipment and assets under right of use

On 31 December 2022 and 31 December 2021, this item was broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Properties in use	5 889 320 023	5 904 355 883	5 882 499 975	5 897 535 835
Assets under right of use	1 175 674 747	1 236 354 707	1 322 835 742	1 439 641 852
Equipment				
Furniture and material	449 483 542	445 131 230	448 901 241	444 458 910
Machines and tools	154 221 231	136 047 409	154 221 231	136 047 409
IT equipment	1 781 352 152	1 887 703 172	1 778 616 440	1 885 057 480
Interior facilities	12 320 903	12 320 903	12 320 903	12 320 903
Vehicles	489 104 901	466 358 094	478 164 609	455 417 802
Security equipment	338 858 352	376 553 492	338 858 352	376 553 492
Other equipment	1 568 282 364	1 557 668 576	1 566 614 191	1 556 000 402
Other tangible assets	12 564 881	12 564 881	12 564 881	12 564 881
Assets in progress	409 672 448	673 636 114	346 993 319	308 956 985
	12 280 855 544	**12 708 694 461**	**12 342 590 884**	**12 524 555 951**
Accumulated depreciation	(5 608 820 233)	(5 354 817 321)	(5 674 645 958)	(5 432 996 796)
Accumulated impairment (Note 9.9)	(97 493 245)	(472 454 753)	(97 493 245)	(472 454 753)
	6 574 542 066	**6 881 422 387**	**6 570 451 681**	**6 619 104 402**

Source: Fixed Assets Unit

The variations in the Group's properties and equipment and assets under right of use during the years under analysis were as follows:

	Properties in use	Equipment	Other tangible assets	Assets in progress	Assets under right of use	Total
Cost						
1 January 2021	**5 771 232 436**	**4 532 983 298**	**1 066 008 254**	**764 312 069**	**1 439 691 531**	**13 574 227 588**
Acquisitions	-	28 056 446	-	763 489 669	-	791 546 115
Disposals and write-offs	-	(43 066 965)	-	-	-	(43 066 965)
Revaluations	-	-	-	-	(46 932 212)	(46 932 212)
Reclassifications	48 158 970	(5 720 000)	(1 441 306 758)	(11 807 665)	(156 404 612)	(1 567 080 065)
Transfers	84 964 477	369 530 097	387 863 385	(842 357 959)	-	-
31 December 2021	**5 904 355 883**	**4 881 782 876**	**12 564 881**	**673 636 114**	**1 236 354 707**	**12 708 694 461**
Acquisitions	-	-	-	431 520 149	-	431 520 149
Disposals and write-offs	(113 906 658)	(394 866 849)	-	(14 686 350)	-	(523 459 857)
Revaluations	-	(23 343 232)	-	(251 876 017)	(61 100 155)	(336 319 404)
Reclassifications	-	-	-	-	420 195	420 195
Transfers	98 870 798	330 050 650	-	(428 921 448)	-	-
31 December 2022	**5 889 320 023**	**4 793 623 445**	**12 564 881**	**409 672 448**	**1 175 674 747**	**12 280 855 544**
Accumulated depreciation and impairment						
1 January 2021	**1 198 620 055**	**3 380 609 749**	**271 754 152**	**-**	**416 090 843**	**5 267 074 799**
Depreciation for the period	125 364 359	387 291 254	-	-	202 819 325	715 474 938
Impairment for the period	272 454 753	-	(250 018 118)	-	-	22 436 635
Disposals and write-offs	-	(41 343 394)	-	-	-	(41 343 394)
Revaluations	-	-	-	-	(91 553 033)	(91 553 033)
Reclassifications	(4 353)	1 469 526	-	-	(46 283 044)	(44 817 871)
Transfers	-	-	-	-	-	-
31 December 2021	**1 596 434 814**	**3 728 027 135**	**21 736 034**	**-**	**481 074 091**	**5 827 272 074**
Depreciation for the period	127 835 420	393 095 650	-	-	240 951 818	761 882 888
Impairment for the period	(374 961 508)	-	-	-	-	(374 961 508)
Disposals and write-offs	(17 344 769)	(385 285 929)	-	-	-	(402 630 698)
Revaluations	-	-	-	-	133 358	133 358
Reclassifications	353 323	(7 746 021)	-	-	(97 989 938)	(105 382 636)
Transfers	-	-	-	-	-	-
31 December 2022	**1 332 317 280**	**3 728 090 835**	**21 736 034**	**-**	**624 169 329**	**5 706 313 478**
Net amount						
31 December 2022	**4 557 002 743**	**1 065 532 610**	**(9 171 153)**	**409 672 448**	**551 505 418**	**6 574 542 066**
31 December 2021	**4 307 921 069**	**1 153 755 741**	**(9 171 153)**	**673 636 114**	**755 280 616**	**6 881 422 387**

The variations in the Bank's properties and equipment and assets under right of use during the years under analysis were as follows:

	Properties in use	Equipment	Other tangible assets	Assets in progress	Assets under right of use	Total
Cost						
1 January 2021	**5 764 412 388**	**4 517 056 820**	**1 066 008 254**	**701 632 940**	**1 642 978 676**	**13 692 089 078**
Acquisitions	-	28 056 446	-	461 489 669	-	489 546 115
Disposals and write-offs	-	(43 066 965)	-	-	-	(43 066 965)
Revaluations	-	-	-	-	(46 932 212)	(46 932 212)
Reclassifications	48 158 970	(5 720 000)	(1 441 306 758)	(11 807 665)	(156 404 612)	(1 567 080 065)
Transfers	84 964 477	369 530 097	387 863 385	(842 357 959)	-	-
31 December 2021	**5 897 535 835**	**4 865 856 398**	**12 564 881**	**308 956 985**	**1 439 641 852**	**12 524 555 951**
Acquisitions	-	-	-	733 520 149	-	733 520 149
Disposals and write-offs	(113 906 658)	(394 866 849)	-	(14 686 350)	-	(523 459 857)
Revaluations	-	(23 343 232)	-	(251 876 017)	(117 226 305)	(392 445 554)
Reclassifications	-	-	-	-	420 195	420 195
Transfers	98 870 798	330 050 650	-	(428 921 448)	-	-
31 December 2022	**5 882 499 975**	**4 777 696 967**	**12 564 881**	**346 993 319**	**1 322 835 742**	**12 342 590 884**
Accumulated depreciation and impairment						
1 January 2021	**1 202 102 455**	**3 376 777 714**	**250 018 118**	**-**	**483 062 673**	**5 311 960 960**
Depreciation for the period	125 364 359	386 075 174	-	-	236 305 240	747 744 773
Impairment for the period	272 454 753	-	(250 018 118)	-	-	22 436 635
Disposals and write-offs	-	(40 319 916)	-	-	-	(40 319 916)
Revaluations	-	-	-	-	(91 553 033)	(91 553 033)
Reclassifications	(4 353)	1 469 527	-	-	(46 283 044)	(44 817 870)
Transfers	-	-	-	-	-	-
31 December 2021	**1 599 917 214**	**3 724 002 499**	**-**	**-**	**581 531 836**	**5 905 451 549**
Depreciation for the period	127 835 420	392 903 048	-	-	228 790 670	749 529 138
Impairment for the period	(374 961 508)	-	-	-	-	(374 961 508)
Disposals and write-offs	(17 344 769)	(385 285 929)	-	-	-	(402 630 698)
Revaluations	-	-	-	-	133 358	133 358
Reclassifications	353 323	(7 746 021)	-	-	(97 989 938)	(105 382 636)
Transfers	-	-	-	-	-	-
31 December 2022	**1 335 799 680**	**3 723 873 597**	**-**	**-**	**712 465 926**	**5 772 139 203**
Net amount						
31 December 2022	**4 546 700 295**	**1 053 823 370**	**12 564 881**	**346 993 319**	**610 369 816**	**6 570 451 681**
31 December 2021	**4 297 618 621**	**1 141 853 899**	**12 564 881**	**308 956 985**	**858 110 016**	**6 619 104 402**

As a result of IFRS 16, in the fiscal year ended 31 December 2022, the Bank incurred lease interest expenses in the amount of **MZN 49,497,733** and lease asset depreciation in the amount of **MZN 228,790,670**.

Variations in the Bank's lease liabilities during the period (included under 'Other liabilities' in Note 9.30):

	Dec-22	Dec-21
On 1 January	**984 797 515**	**1 219 755 845**
Additions	-	-
Accrued interest	49 497 733	64 052 664
Payments	(332 678 346)	(299 010 994)
End of the period	**701 616 902**	**984 797 515**

9.21 Intangible assets

On 31 December 2022 and 31 December 2021, this item was broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Automatic data processing system	771 148 467	771 148 467	770 555 884	770 555 884
Other intangible assets	423 823 634	423 823 634	423 823 634	423 823 634
Intangible assets in progress	226 160 720	183 202 041	225 953 466	182 994 786
	1 421 132 821	**1 378 174 142**	**1 420 332 984**	**1 377 374 304**
Accumulated amortisation	(1 090 690 202)	(957 003 612)	(1 089 903 209)	(956 249 232)
Accumulated impairment (Note 9.9)	(17 172 070)	(12 994 729)	(17 172 070)	(12 994 729)
	313 270 549	**408 175 801**	**313 257 705**	**408 130 343**

Source: Fixed Assets Unit

The variations in the Group's intangible assets during the years under analysis were as follows:

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1 January 2021	**703 598 569**	**418 337 219**	**197 147 835**	**1 319 083 623**
Acquisitions	-	-	56 850 869	56 850 869
Disposals and write-offs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	59 980 741	5 486 415	(63 227 506)	2 239 650
Transfers	7 569 157	-	(7 569 157)	-
31 December 2021	**771 148 467**	**423 823 634**	**183 202 041**	**1 378 174 142**
Acquisitions	-	-	73 848 777	73 848 777
Disposals and write-offs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	-	(30 890 098)	(30 890 098)
Transfers	-	-	-	-
31 December 2022	**771 148 467**	**423 823 634**	**226 160 720**	**1 421 132 821**
Amortisation and impairment				
1 January 2021	**436 572 345**	**370 732 578**	**-**	**807 304 923**
Amortisation for the period	115 950 697	30 743 108	30 826	146 724 631
Impairment (Note 9.8)	12 994 729	-	-	12 994 729
Reclassifications	2 974 058	-	-	2 974 058
Disposals	-	-	-	-
31 December 2021	**568 491 829**	**401 475 686**	**30 826**	**969 998 341**
Amortisation for the period	116 016 050	17 639 714	30 826	133 686 590
Impairment (Note 9.8)	4 177 341	-	-	4 177 341
Reclassifications	-	-	-	-
Disposals	-	-	-	-
31 December 2022	**688 685 220**	**419 115 400**	**61 652**	**1 107 862 272**
Net amount				
31 December 2022	**82 463 247**	**4 708 234**	**226 099 068**	**313 270 549**
31 December 2021	**202 656 638**	**22 347 948**	**183 171 215**	**408 175 801**

Source: Fixed Assets Unit

The variations in the Bank's intangible assets during the years under analysis were as follows:

	Automatic data processing system	Other intangible assets	Intangible assets in progress	Total
Cost				
1 January 2021	**703 005 986**	**418 337 219**	**196 940 580**	**1 318 283 785**
Acquisitions	-	-	56 850 869	56 850 869
Disposals and write-offs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	59 980 741	5 486 415	(63 227 506)	2 239 650
Transfers	7 569 157	-	(7 569 157)	-
31 December 2021	**770 555 884**	**423 823 634**	**182 994 786**	**1 377 374 304**
Acquisitions	-	-	73 848 778	73 848 778
Disposals and write-offs	-	-	-	-
Revaluations	-	-	-	-
Reclassifications	-	-	(30 890 098)	(30 890 098)
Transfers	-	-	-	-
31 December 2022	**770 555 884**	**423 823 634**	**225 953 466**	**1 420 332 984**
Amortisation and impairment				
1 January 2021	**435 923 355**	**370 679 454**	**-**	**806 602 809**
Amortisation for the period	115 929 257	30 743 108	-	146 672 365
Impairment (Note 9.8)	12 994 729	-	-	12 994 729
Reclassifications	2 974 058	-	-	2 974 058
Disposals	-	-	-	-
31 December 2021	**567 821 399**	**401 422 562**	**-**	**969 243 961**
Amortisation for the period	116 014 263	17 639 714	-	133 653 977
Impairment (Note 9.8)	4 177 341	-	-	4 177 341
Reclassifications	-	-	-	-
Disposals	-	-	-	-
31 December 2022	**688 013 003,00**	**419 062 276,00**	**-**	**1 107 075 279,00**
Net amount				
31 December 2022	**82 542 881**	**4 761 358**	**225 953 466**	**313 257 705**
31 December 2021	**202 734 485**	**22 401 072**	**182 994 786**	**408 130 343**

Source: Fixed Assets Unit

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

The Bank holds 3 intangible assets with perpetual life. The annual impairment test was performed in accordance with the assumptions established in the accounting standard, and the following conclusions were reached:

- One of the assets was impaired, which led to an impairment of around MZN 12,994,729.00 in 2021, and this asset was maintained as an intangible asset with perpetual useful life;

- One of the assets no longer meets the initial conditions that had determined its recognition as an intangible asset with perpetual useful life, and therefore a useful life has been established and the respective amortisation started in 2021 and ended in 2022.
- For the remaining asset, it was concluded that it was not impaired and continued to meet the conditions to be classified as an intangible asset with perpetual useful life.

9.22 Tax assets

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Current tax assets				
Corporate tax rebate	533 986 660	482 011 411	523 884 611	471 950 559
Deferred tax assets				
By temporary differences	89 847 880	50 663 333	87 957 615	48 877 683
	623 834 540	**532 674 744**	**611 842 226**	**520 828 242**

The variations in the Group's deferred tax assets during the years under analysis were as follows:

Group						
		By results		By own funds		
	Dec-21	Cost	Income	Increase	Decrease	Dec-22
Deferred tax assets						
Fair value of financial assets	21 082 163	-	-	39 079 932	-	60 162 095
Remeasurement of actuarial profit and loss	27 795 520	-	-	-	-	27 795 520
Impairment of securities - transition to IFRS 9	-	-	-	-	-	-
Impairment of loans - transition to IFRS 9	-	-	-	-	-	-
Tax losses	1 785 650	-	104 615	-	-	1 890 265
	50 663 333	**-**	**104 615**	**39 079 932**	**-**	**89 847 880**

		By results		By own funds		
	Dec-19	Cost	Income	Increase	Decrease	Dec-20
Deferred tax assets						
Fair value of financial assets	14 371 996	-	-	6 710 167	-	21 082 163
Remeasurement of actuarial profit and loss	54 304 960	-	-	-	(26 509 440)	27 795 520
Impairment of securities - transition to IFRS 9	3 448 327	-	-	-	(3 448 327)	-
Impairment of loans - transition to IFRS 9	478 522 755	-	-	-	(478 522 755)	-
Tax losses	13 336 208	-	(11 550 558)	-	-	1 785 650
	563 984 246	**-**	**(11 550 558)**	**6 710 167**	**(508 480 522)**	**50 663 333**

The variations in the Bank's deferred tax assets during the years under analysis were as follows:

	Bank				
		By results		By own funds		
	Dec-21	Cost	Income	Increase	Decrease	Dec-22
Deferred tax assets						
Fair value of financial assets	21 082 163	-	-	39 079 932	-	60 162 095
Remeasurement of actuarial profit and loss	27 795 520	-	-	-	-	27 795 520
Impairment of securities - transition to IFRS 9	-	-	-	-	-	-
Impairment of loans - transition to IFRS 9	-	-	-	-	-	-
	48 877 683	**-**	**-**	**39 079 932**	**-**	**87 957 615**

		By results		By own funds		
	Dec-19	Cost	Income	Increase	Decrease	Dec-20
Deferred tax assets						
Fair value of financial assets	14 371 996	-	-	6 710 167	-	21 082 163
Remeasurement of actuarial profit and loss	54 304 960	-	-	-	(26 509 440)	27 795 520
Impairment of securities - transition to IFRS 9	3 448 327	-	-	-	(3 448 327)	-
Impairment of loans - transition to IFRS 9	478 522 755	-	-	-	(478 522 755)	-
	550 648 038	**-**	**-**	**6 710 167**	**(508 480 522)**	**48 877 683**

9.23 Other assets

The 'other assets' item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Debtors and other investments				
Debtors shareholders	1 419 000 000	-	1 419 000 000	-
Debtors group companies	-	-	448 013 044	455 186 891
Other resident debtors	1 280 634 821	1 400 427 026	1 272 530 838	1 408 891 243
Non-resident debtors	139 734 933	149 057 121	138 814 933	148 137 121
	2 839 369 754	**1 549 484 147**	**3 278 358 815**	**2 012 215 255**
Income receivable				
Other income receivable	53 198 815	56 949 424	53 198 815	56 949 424
	53 198 815	**56 949 424**	**53 198 815**	**56 949 424**
Deferred expenses				
Rents	22 754 306	10 024 286	7 120 526	10 102 038
Insurance	18 093 796	16 923 515	18 093 796	16 923 515
Other deferred expenses	148 982 028	125 651 794	148 982 028	125 651 794
	189 830 130	**152 599 595**	**174 196 350**	**152 677 347**
Other offset accounts				
Foreign exchange operations	-	-	-	-
Clearing accounts	221 585 012	2 680 445 546	221 585 012	2 680 445 546
Transfers	-	-	-	-
Other internal accounts	451 879 829	618 884 194	450 874 829	617 879 194
	673 464 841	**3 299 329 740**	**672 459 841**	**3 298 324 740**
Impairment (Note 9.9)	**(741 740 617)**	**(921 499 496)**	**(737 134 327)**	**(916 893 206)**
	3 014 122 923	**4 136 863 410**	**3 441 079 494**	**4 603 273 560**

Source: UPCDF

9.24 Deposits from central banks

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Deposits from central banks				
Loans	138 483 767	202 960 096	138 483 767	202 960 096
Interest payable	319 414	511 324	319 414	511 324
	138 803 181	**203 471 420**	**138 803 181**	**203 471 420**

9.25 Deposits from credit institutions

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Deposits from credit institutions in Mozambique				
Deposits	382 528 931	294 048 143	382 528 931	294 048 143
Interest payable	923 229	22 266 893	923 229	22 266 893
	383 452 160	**316 315 036**	**383 452 160**	**316 315 036**
Deposits from credit institutions abroad				
Deposits	668 252 870	611 035 045	668 252 870	611 035 045
Loans	-	203 247 890	-	203 247 890
	1 885 710	8 093 472	1 885 710	8 093 472
	670 138 580	**822 376 407**	**670 138 580**	**822 376 407**
	1 053 590 740	**1 138 691 443**	**1 053 590 740**	**1 138 691 443**

9.26 Customer deposits

With regard to the Group, this item is broken down as follows:

	Dec-22			Dec-21		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Demand deposits	82 232 775 462	15 017 617 575	97 250 393 037	70 245 718 392	15 509 478 904	85 755 197 296
Deposits redeemable at notice	52 924 587	29 782 510	82 707 097	48 564 987	38 713 158	87 278 145
Term deposits	43 426 432 330	17 305 713 380	60 732 145 710	40 171 956 698	19 462 809 151	59 634 765 849
Other deposits	-	-	-	557 436 402	-	557 436 402
Cheques and other payables	194 763 148	719 049	195 482 197	216 414 512	7 001 206	223 415 718
	125 906 895 527	**32 353 832 514**	**158 260 728 041**	**111 240 090 991**	**35 018 002 419**	**146 258 093 410**
Interest payable	469 018 914	86 326 105	555 345 019	238 547 139	34 738 782	273 285 921
	126 375 914 441	**32 440 158 619**	**158 816 073 060**	**111 478 638 130**	**35 052 741 201**	**146 531 379 331**

With regard to the Bank, this item is broken down as follows:

	Dec-22			Dec-21		
	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total
Demand deposits	82 264 781 684	15 017 617 632	97 282 399 316	70 278 075 704	15 509 478 961	85 787 554 665
Deposits redeemable at notice	52 924 587	29 782 510	82 707 097	48 564 987	38 713 158	87 278 145
Term deposits	43 426 432 330	17 305 713 380	60 732 145 710	40 171 956 698	19 462 809 151	59 634 765 849
Other deposits	-	-	-	557 436 402	-	557 436 402
Cheques and other payables	194 763 148	719 049	195 482 197	216 414 512	7 001 206	223 415 718
	125 938 901 749	**32 353 832 571**	**158 292 734 320**	**111 272 448 303**	**35 018 002 476**	**146 290 450 779**
Interest payable	469 018 914	86 326 105	555 345 019	238 547 139	34 738 782	273 285 921
	126 407 920 663	**32 440 158 676**	**158 848 079 339**	**111 510 995 442**	**35 052 741 258**	**146 563 736 700**

In the year under analysis, the item 'Deposits received as collateral with repurchase agreement' is broken down as follows for the Group and the Bank:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Deposits received as collateral	-	557 436 403	-	557 436 403
	-	**557 436 403**	**-**	**557 436 403**

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

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Up to 1 month	33 771 086 621	36 694 745 378	33 771 086 621	36 694 745 378
Between 1 and 3 months	11 445 675 651	8 977 312 250	11 445 675 651	8 977 312 250
Between 3 months and 1 year	15 002 068 999	13 485 783 323	15 002 068 999	13 485 783 323
Between 1 and 3 years	254 748 018	245 199 441	254 748 018	245 199 441
More than 3 years	341 273 518	319 003 602	341 273 518	319 003 602
	60 814 852 807	**59 722 043 994**	**60 814 852 807**	**59 722 043 994**

9.27 Consigned resources

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
USAID	12 631 089	12 631 089	12 631 089	12 631 089
National Treasury Directorate	470 000 012	470 000 000	470 000 012	470 000 000
ANE/Fundo de Estradas (Road Fund)	5 286 940 633	6 234 170 190	5 286 940 633	6 234 170 190
Other	19 664 332	17 065 051	19 664 332	17 065 051
	5 789 236 066	**6 733 866 330**	**5 789 236 066**	**6 733 866 330**
Interest payable	119 503 780	23 772 969	119 503 780	23 772 969
	5 908 739 846	**6 757 639 299**	**5 908 739 846**	**6 757 639 299**

Source: Reconciliation Unit

The funds allocated to ANE/Fundo de Estradas refer to funds for financing the development of infrastructure under the management of the National Road Administration. These were obtained from CGD, and disbursements were made directly by CGD to pay the invoices of the contractors who carried out the works. BCI is a mere intermediary, with the function of guaranteeing the operational management in Mozambique, thus having no credit risk in this operation.

9.28 Tax liabilities

This item is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Current tax liabilities	1.002.623.658	17.407.637	980.858.656	-
Corporate income tax				
Deferred tax liabilities	68.460.195	19.689.370	68.460.195	19.689.370
By temporary differences				
	1.071.083.853	**37.097.007**	**1.049.318.851**	**19.689.370**

Source: Reconciliation Unit

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

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

Group						
		By results		By own funds		
	Dec-21	Cost	Income	Increase	Decrease	Dec-22
Deferred tax liabilities						
Fair value of financial assets	1 796 250	-	-	-	38 420 745	40 216 995
Remeasurement of actuarial profit and loss	17 893 120	-	-	10 350 080	-	28 243 200
	19 689 370	**-**	**-**	**10 350 080**	**38 420 745**	**68 460 195**

		By results		By own funds		
	Dec-20	Cost	Income	Increase	Decrease	Dec-21
Deferred tax liabilities						
Fair value of financial assets	14 706 534	-	-	-	(12 910 284)	1 796 250
Remeasurement of actuarial profit and loss	-	-	-	17 893 120	-	17 893 120
	14 706 534	**-**	**-**	**17 893 120**	**(12 910 284)**	**19 689 370**

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

Bank						
		By results		By own funds		
	Dec-21	Cost	Income	Increase	Decrease	Dec-22
Deferred tax liabilities						
Fair value of financial assets	1 796 250	-	-	-	38 420 745	40 216 995
Remeasurement of actuarial profit and loss	17 893 120	-	-	10 350 080	-	28 243 200
	19 689 370	**-**	**-**	**10 350 080**	**38 420 745**	**68 460 195**

		By results		By own funds		
	Dec-20	Cost	Income	Increase	Decrease	Dec-21
Deferred tax liabilities						
Fair value of financial assets	14 706 534	-	-	-	(12 910 284)	1 796 250
Remeasurement of actuarial profit and loss	-	-	-	17 893 120	-	17 893 120
	14 706 534	**-**	**-**	**17 893 120**	**(12 910 284)**	**19 689 370**

9.29 Pension fund liabilities

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

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Number of participants				
Current employees	59	64	59	64
Retirees	9	4	9	4
	68	**68**	**68**	**68**

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 analysed as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Liabilities for past services	64 966 000	19 658 000	64 966 000	19 658 000
Liabilities for retirees	96 875 000	148 028 689	96 875 000	148 028 689
Liabilities for pensioners	-	-	-	-
Liabilities for total services	161 841 000	167 686 689	161 841 000	167 686 689
Cost for the period	**28 844 000**	**39 105 000**	**28 844 000**	**39 105 000**

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

	Dec-22	Dec-21
Wages growth rate	5,00%	5,00%
Pensions growth rate	3,00%	3,00%
Discount rate	17,25%	13,25%
Mortality table	TV - 73/77	TV - 73/77
Standard retirement age		
Men	60	60
Women	55	55

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

Past service liabilities are calculated in accordance with IAS 19. The pension fund does not have an asset plan in accordance with IAS 19 and, therefore, every calculated liability is fully assumed based on the Bank's assets.

A set benefit plan is a pension plan that establishes 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.

The average age of the employees who benefit from this pension supplement is 46.5 years and the pension can be calculated for another 11.9 years.

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Liability on 01 January	167 686 689	269 686 000	167 686 689	269 686 000
Current servicing cost	5 996 000	10 509 000	5 996 000	10 509 000
Interest cost	22 848 000	28 596 000	22 848 000	28 596 000
Actuarial profit and loss on liabilities	45 091 000	(52 471 000)	45 091 000	(52 471 000)
Pensions paid by the fund	(2 488 689)	(2 417 311)	(2 488 689)	(2 417 311)
Change in discount rate	(77 292 000)	(86 216 000)	(77 292 000)	(86 216 000)
Liability on 31 December	**161 841 000**	**167 686 689**	**161 841 000**	**167 686 689**

Sensitivity analysis

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

Discount rate	Actuarial (gains)/losses	
	Value	%
1.0% increase	13 007 434	-8,0%
1.0% decrease	(15 042 213)	9,3%
2.5% increase	(29 437 051)	-18,2%
2.5% decrease	42 394 120	26,2%
5.0% increase	(50 642 618)	-31,3%
5.0% decrease	106 109 597	65,6%

9.30 Other liabilities

The item 'Other liabilities' is broken down as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Creditors				
Suppliers	217 118 243	197 223 021	217 118 243	197 223 021
Lease liabilities (IFRS 16)	629 069 655	860 345 353	701 616 902	984 797 515
Other creditors	20 345 689	19 335 989	20 345 689	19 335 989
Retained tax	219 250 029	192 721 236	217 746 789	191 673 390
	1 085 783 616	**1 269 625 599**	**1 156 827 623**	**1 393 029 915**
Costs payable				
Staff costs	391 390 734	393 979 109	391 390 734	392 673 271
Rents	8 198 055	2 184 870	8 428 055	2 414 870
Other costs payable	725 585 395	2 177 395 988	724 559 894	2 175 366 857
	1 125 174 184	**2 573 559 967**	**1 124 378 683**	**2 570 454 998**
Deferred revenue				
Other deferred revenue	211 065 889	249 068 746	211 065 889	249 068 746
	211 065 889	**249 068 746**	**211 065 889**	**249 068 746**
Other offset accounts				
Foreign exchange operations	-	-	-	-
Clearing accounts	365 015 824	1 012 595 859	365 015 824	1 012 595 859
Transfers	-	-	-	-
Other internal accounts	3 379 236 987	3 521 902 576	3 379 236 984	3 521 902 572
	3 744 252 811	**4 534 498 435**	**3 744 252 808**	**4 534 498 431**
	6 166 276 500	**8 626 752 747**	**6 236 525 003**	**8 747 052 090**

The item 'Other liabilities' includes, mainly:

(i) Lease liabilities: updated amount of the lease liabilities (variations occurred during the period);

(ii) Other liabilities: the amount related to transactions with third parties pending settlement;

(iii) Staff costs: mainly made up of the amount of the holiday allowance payable in the following year;

(iv) Other costs payable: payables related to services provided by several suppliers;

9.31 Provisions

The variations in Provisions during the years under analysis were as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Provisions for guarantees and commitments				
On 1 January	152 943 601	64 741 045	152 943 601	64 741 045
Net increase in provision for the period	(59 641 463)	87 437 246	(59 641 463)	87 437 246
Use	-	-	-	-
Adjustments	153 222	765 310	153 222	765 310
	93 455 360	**152 943 601**	**93 455 360**	**152 943 601**
Provisions for qualified operations				
On 1 January	12 929 655	12 929 655	12 929 655	12 929 655
Net increase in provision for the period	-	-	-	-
Use	-	-	-	-
Adjustments	-	-	-	-
	12 929 655	**12 929 655**	**12 929 655**	**12 929 655**
Other provisions				
On 1 January	324 143 497	349 045 500	324 143 497	349 045 500
Net increase in provision for the period	911 952 904	63 067 467	911 952 904	63 067 467
Use	(108 324 018)	(47 729 733)	(108 324 018)	(47 729 733)
Adjustments	-	(40 239 738)	-	(40 239 738)
	1 127 772 383	**324 143 497**	**1 127 772 383**	**324 143 497**
	1 234 157 397	**490 016 752**	**1 234 157 397**	**490 016 752**

Provisions for guarantees and commitments:

At closing date, the bank held MZN 152,943,601 in impairments related to Guarantees Provided, Import Documentary Credits, and Unused Credit Lines, whose Exposure at Default (EAD) is calculated using Credit Conversion Factors (CCF).

Provisions for qualified operations:

The amount of MZN 12,929,655 is related to provisions made under the due diligence carried out during the merger process by incorporation of Banco de Fomento into BCI (30.11.2003). In this process, some operations were identified in the credit portfolios of both banks with divergent levels of collectability, which required agreement and confirmation from both parties. The current balances in the provisions account represent the potential reimbursement to shareholders due to the recoveries occurred in this group of customers.

Other provisions:

On 31/12/2022, 'Other provisions' were broken down as follows:

- Provision of MZN 138,773,182 - refers to amounts debited from the account held by BCI with CGD, following a corporate decision whereby the remuneration of employees on service missions to branches and subsidiaries should be fully paid by the latter. BCI's Board of Directors only agreed with this principle as of January 2018, having requested the reimbursement of amounts paid before that date.
- Provision of MZN 952,091,052 - aimed at covering the potential loss that may arise from some lawsuits in which the Bank is involved;
- Provision in the amount of MZN 36,908,148 - to cover the potential loss that may arise from some lawsuits that may constitute possible fraud and that are still under investigation on the reporting date.

9.32 Share capital

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

	Dec-22			Dec-21		
	No. of shares	%	Value	No. of shares	%	Value
Shareholder						
PARBANCA, SGPS, S.A.	510 000 000	51,00%	5 100 000 000	510 000 000	51,00%	5 100 000 000
BPI	356 731 952	35,67%	3 567 319 520	356 731 952	35,67%	3 567 319 520
Caixa Geral de Depósitos, S.A.	105 074 967	10,51%	1 050 749 670	105 074 967	10,51%	1 050 749 670
BCI (own shares)	27 806 020	2,78%	278 060 200	27 681 020	2,77%	276 810 200
Other	387 061	0,04%	3 870 610	512 061	0,05%	5 120 610
	1 000 000 000	**100%**	**10 000 000 000**	**1 000 000 000**	**100%**	**10 000 000 000**

BCI's accounts are consolidated by the Caixa Geral de Depósitos, S.A. Group, the entity that controls the Bank.

In the year ended 31 December 2022, the Bank purchased shares from minority shareholders, upon their expression of interest, under the conditions approved by the BCI General Meeting, in the amount of MZN 1,250,000.

9.33 Reserves and retained earnings

The variations in the Group during the period under analysis were as follows:

	Legal reserve	Fair value reserves	Other reserves and retained earnings	Remeasurement of actuarial profit and loss	Total
Balance 1 January 2021	**3 064 358 984**	**710 894**	**4 698 896 135**	**(41 749 808)**	**7 722 216 205**
Retained earnings 2020	400 753 779	-	443 604 945	-	844 358 724
Share purchase premium	-	-	(73 986 457)	-	(73 986 457)
Other transactions	-	(41 693 458)	32 759 288	94 355 440	85 421 270
Balance 31 December 2021	**3 465 112 763**	**(40 982 564)**	**5 101 273 911**	**52 605 632**	**8 578 009 742**
Balance 1 January 2022	**3 465 112 763**	**(40 982 564)**	**5 101 273 911**	**52 605 632**	**8 578 009 742**
Retained earnings 2021	1 561 010 018	-	90 628 378	-	1 651 638 396
Share purchase premium	-	-	(2 928 750)	-	(2 928 750)
Other transactions	-	(1 400 771)		21 993 920	20 593 149
Balance 31 December 2022	**5 026 122 781**	**(42 383 335)**	**5 188 973 539**	**74 599 552**	**10 247 312 537**

The variations in the Bank during the period under analysis were as follows:

	Legal reserve	Fair value reserves	Other reserves and retained earnings	Remeasurement of actuarial profit and loss	Total
Balance 1 January 2021	**3 063 216 007**	**710 894**	**4 701 705 231**	**(41 749 812)**	**7 723 882 320**
Retained earnings 2020	400 753 779	-	485 880 358	-	886 634 137
Share purchase premium	-	-	(73 986 457)	-	(73 986 457)
Other transactions	-	(41 693 458)	-	94 355 440	52 661 982
Balance 31 December 2021	**3 463 969 786**	**(40 982 564)**	**5 113 599 132**	**52 605 628**	**8 589 191 982**
Balance 1 January 2022	**3 463 969 786**	**(40 982 564)**	**5 113 599 132**	**52 605 628**	**8 589 191 982**
Retained earnings 2021	1 561 010 018	-	101 279 443	-	1 662 289 461
Share purchase premium	-	-	(2 928 750)	-	(2 928 750)
Other transactions	-	(1 400 771)	-	21 993 920	20 593 149
Balance 31 December 2022	**5 024 979 804**	**(42 383 335)**	**5 211 949 825**	**74 599 548**	**10 269 145 842**

There are no statutory restrictions on the distribution of free reserves and/or retained earnings.

The proposed appropriation of 2022 profits approved by the General Meeting is detailed in the Management Report.

For the year ended 31 December 2022, the Bank held the following reserves:

Legal reserve

The legal reserve is mandatory, in accordance with Law 15/2020 (Law on Credit Institutions and Financial Companies), and is composed of a portion of the net profit for the year;

Fair value reserve

The fair value reserve records the cumulative net change in deferred tax of financial assets at fair value through other comprehensive income.

Remeasurement of actuarial profit and loss (Actuarial reserve)

The remeasurement of actuarial profit and loss (Actuarial reserve) includes the actuarial variation in pension plans under the Collective Labour Agreement (ACT) in force in the banking sector, which had been subscribed by the now extinct Banco de Fomento;

Free reserves

Free reserves are those that do not have a predetermined use by the shareholders, are set up when the shareholders decide to do so, and can be used to cover losses, for investments, and for distribution to the shareholders; and

Own shares reserves

Own shares reserves records the amount of dividends that remunerate the Bank's own shares.

9.34 Commitments and contingent liabilities

Contingent liabilities

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

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

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Contingent liabilities				
Financial guarantees	10 740 892 416	9 690 699 289	10 740 892 416	9 690 699 289
Letters of credit	1 269 450 957	489 068 008	1 269 450 957	489 068 008
Unused credit lines	8 729 282 864	8 711 757 316	8 729 282 864	8 711 757 316
	20 739 626 237	**18 891 524 613**	**20 739 626 237**	**18 891 524 613**

Documentary credits oblige the Bank to make payments on behalf of its customers to face a specific situation, usually related to the import or export of goods. Documentary guarantees and credits, due to their nature, are exposed to a similar credit risk.

9.35 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 staff: 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. The transactions carried out during the year with related parties and their balances as at 31 December 2022 are as follows:

	Shareholders	Associates	Key staff	Total
Assets				
Cash balances in credit institutions (i)	810 242 315	-	-	810 242 315
Investments in credit institutions (ii)	638 700 000	-	-	638 700 000
Loans (iii)	-	143 633 594	551 360 791	694 994 385
Other debtors	1 419 726 238	450 169 182	-	1 869 895 420
Other	-	-	-	-
	2 868 668 553	**593 802 776**	**551 360 791**	**4 013 832 120**
Liabilities				
Deposits from credit institutions (iv)	662 630 591	-	-	662 630 591
Consigned resources (v)	5 286 940 633	-	-	5 286 940 633
Deposits	1 455	32 006 222	483 410 483	515 418 160
Other creditors	121 389 490	72 777 247	-	194 166 737
Other	-	-	-	-
Subordinated loans (vi)	-	-	-	-
	6 070 962 169	**104 783 469**	**483 410 483**	**6 659 156 121**
Income				
Interest	25 512 257	25 579 241	63 644 523	114 736 021
Commissions and expenses	-	88	751 738	751 826
	25 512 257	**25 579 329**	**64 396 261**	**115 487 847**
Costs				
Interest	301 607 427	10 755 028	13 648 956	326 011 411
Commissions and expenses	5 573 183	-	637 556	6 210 739
	307 180 610	**10 755 028**	**14 286 512**	**332 222 150**
Off-balance sheet				
Guarantees received	269 394 905	262 103 512	1 250 966 266	1 782 464 683
Guarantees provided	417 085 097	-	13 637	417 098 734
Commitments to third parties	130 768 913	-	-	130 768 913
	817 248 915	**262 103 512**	**1 250 979 904**	**2 330 332 331**

Key staff loans include housing loans, consumer loans, credit cards, guarantees provided, documentary credits and other credits on the balance sheet.

Loans granted to the key staff of the Bank are in accordance with the conditions approved for all the employees, in terms of terms and rates. Rates are indexed to the Prime Rate of the system and are subsidised according to the term and purpose of the loan.

(i) Cash balances at other credit institutions correspond to demand deposits with the CGD Group, in the amount of MZN 810,242,310 (equivalent to USD 12,685,804);

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

a. Short-term loan in the Interbank Money Market at the following credit institution:

✓ CGD Group: MZN 638,700,000 (equivalent to USD 10,000,000) remunerated at a 4.15% rate;

(iii) The loan granted to associates corresponds to the current account credit to IMOBCI of MZN 143,633,594.

(iv) The amount of MZN 1,419,726,238 in other debtors relates to balances from CGD and BPI Portugal amounting to MZN 922,224,838 and MZN 497,501,400 respectively.

(v) Deposits from credit institutions relate to shareholders' deposits in the Bank coming from Caixa Geral de Depósitos, in the total amount of MZN 662,630,591, of which MZN 643,465,000 refer to a CGD term deposit remunerated at a 10.55% rate, and the remaining MZN 19,165,591 refer to a CGD demand deposit.

(vi) The amount of MZN 5,286,940,633 of consigned resources refers to the line of financing granted to ANE Fundo de Estradas, by the CGD, in which BCI is merely an intermediary.

On 31 December 2021, the total amount of assets, liabilities, expenses, income, and off-balance sheet items related to transactions with related parties and key management members was as follows:

	Shareholders	Associates	Key staff	Total
Assets				
Cash balances in credit institutions (i)	1 681 948 426	-	-	1 681 948 426
Investments in credit institutions (ii)	1 340 430 000	-	-	1 340 430 000
Loans (iii)	-	176 663 306	575 364 045	752 027 351
Other debtors	1 117	456 606 614	-	456 607 731
Other	-	-	-	-
	3 022 379 543	**633 269 920**	**575 364 045**	**4 231 013 508**
Liabilities				
Deposits from credit institutions (iv)	610 824 248	-	-	610 824 248
Consigned resources (v)	6 263 953 891	-	-	6 263 953 891
Deposits	3 979	32 357 312	525 916 302	558 277 593
Other creditors	739 480 852	124 682 162	-	864 163 014
Other	-	-	-	-
Subordinated loans (vi)	-	-	-	-
	7 614 262 970	**157 039 474**	**525 916 302**	**8 297 218 746**
Income				
Interest	1 245 203	26 922 501	63 715 848	91 883 552
Commissions and expenses	-	221	1 141 142	1 141 363
	1 245 203	**26 922 722**	**64 856 990**	**93 024 915**
Costs				
Interest	347 936 638	17 342 142	18 248 289	383 527 069
Commissions and expenses	33 833 303	-	900 983	34 734 286
	381 769 941	**17 342 142**	**19 149 272**	**418 261 355**
Off-balance sheet				
Guarantees received	328 267 649	277 103 512	1 219 969 840	1 825 341 001
Guarantees provided	802 399 830	82 103 513	32 331	884 535 674
Commitments to third parties	-	-	-	-
	1 130 667 479	**359 207 025**	**1 220 002 171**	**2 709 876 675**

Key staff loans include housing loans, consumer loans, credit cards, guarantees provided, documentary credits and other credits on the balance sheet.

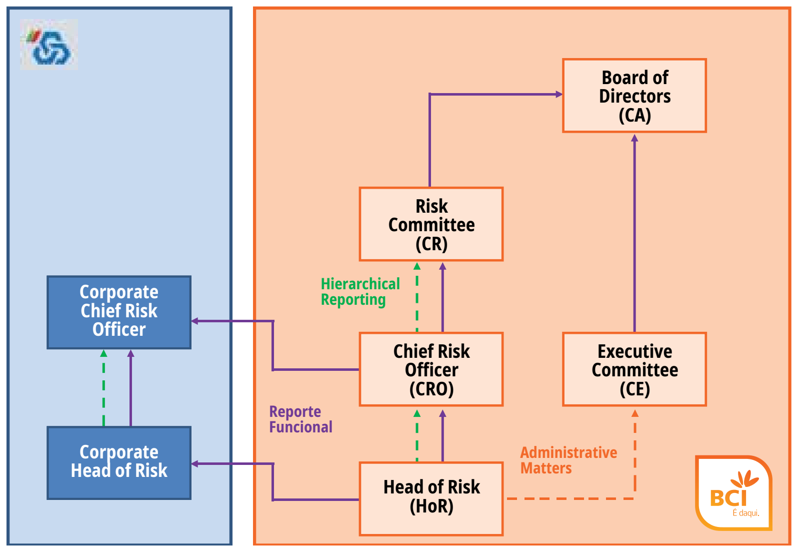
9.36 Risk management

The Board of Directors (CA) ensures that the risk management system implemented, as well as the processes and measures designed to ensure that defined risk limits are adhered to, are appropriate for the proper development of the business strategy, taking into account the profile and size of the Bank. In accordance with the best practices and to ensure control of the risks incurred, the Bank has formalised its risk appetite, approved by the Board of Directors in two documents (the Risk Appetite Framework and the Risk Appetite Statement), which identify the relevant risks, outline the metrics for their assessment and indicate the limits, the levels of tolerance for their control and the respective recovery triggers.

For BCI, risk management is an extremely important activity, whose guiding principles, organisational structure, responsibilities, and evaluation and monitoring system are outlined in the Risk Management Policies and in its Risk Management Programme. The Bank's risk profile is prudent, both due to the characteristics of the governance models of the institution and its main financial shareholders (CGD and BPI), and due to its size and age, as well as to the regulatory internal and external supervision requirements. The Bank's risk management policy seeks to maintain an appropriate relationship between equity, sustainability and profitability. In this context, risk monitoring and control are particularly relevant.

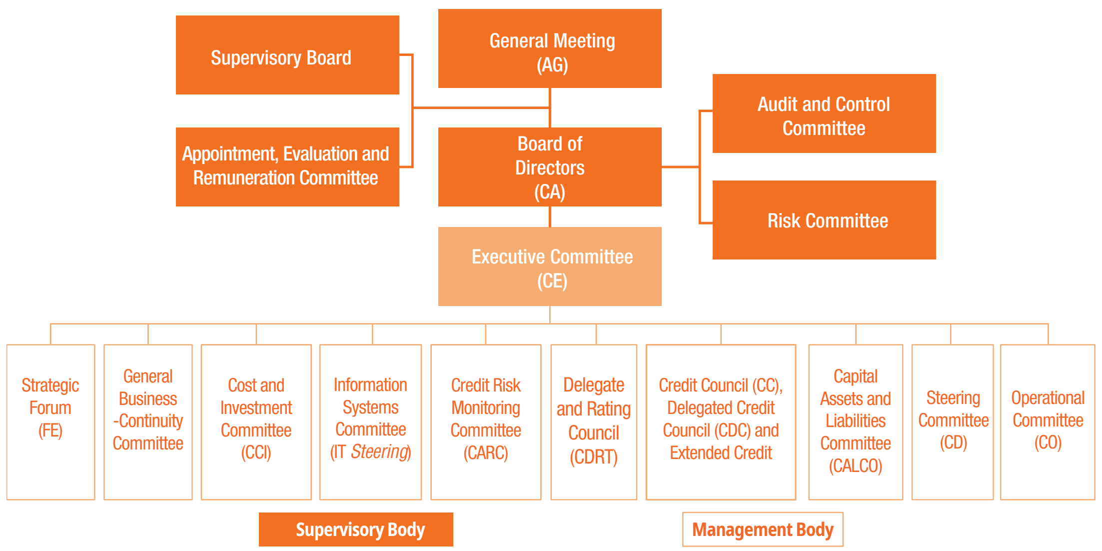
BCI's risk management function is part of the Base Model for organising the CGD Group's corporate risk function and aims to comply with the best practices in this area, while ensuring the solidity and effectiveness of the system for identifying, measuring, monitoring, reporting and controlling financial (credit, market, liquidity and balance sheet interest rate) and non-financial (strategy and business, operational, IT and reputational) risks to which the Bank is or may come to be exposed.

The main person responsible for BCI's risk management function is the 'Chief Risk Officer' ('CRO'), who reports hierarchically and functionally to BCI's Risk Committee and to CGD's CRO and is completely independent from the Executive Committee. The CRO is globally responsible for monitoring the Bank's risk management framework and, in particular, for ensuring the adequate and effective functioning of the Risk Management Function, being also responsible for informing and clarifying the members of the management and supervisory bodies about the risks incurred, the overall risk profile and the degree of compliance with the risk tolerance levels that have been set.



Risk control and monitoring is carried out by a dedicated structure, the Risk Management Division (DGR), under the direct responsibility of the 'Head of Risk' (HoR). The Risk Management Division is responsible for managing and controlling the Bank's risks with the aim of ensuring stability, solvency and financial soundness, carrying out the identification, assessment, measurement, monitoring, control and reporting of the risks to which the Bank is exposed and the inter-relationships between them, in order to ensure a consistent integration of their partial contributions, that they remain within the level of risk appetite set by the Board of Directors, and that they will not significantly affect the institution's financial situation, continuously ensuring compliance and conformity with external standards and legal and regulatory requirements in these matters. The DGR coordinates the cross-cutting exercises, as part of regulatory processes or framed within internal initiatives; controls and promotes the resolution of recommendations identified internally and externally, contributing to the effectiveness of the Internal Control System, and disseminates and improves the risk culture throughout the Bank, increasing effectiveness and efficiency in risk management.

To better separate the supervisory and management functions, as recommended by best practices, the Audit and Control and Risk Committees report directly to the Board of Directors and the Strategic Forum (FE), the General Business Continuity Committee (CCN), the Steering Committee (CD), the Credit Council (CC), the Delegated Credit Council (CDC), the Extended Credit Council (CAC), the Capital, Assets and Liabilities Committee (CALCO), the Information Systems Committee (IT Steering), the Operational Committee (CO); the Credit Risk Monitoring Committee (CARC); the Delegated Rating Council (CDRT) and the Costs and Investment Committee (CCI) of the Executive Committee.



a. Credit risk

Credit risk is the possibility of negative impacts on income statements and/or capital due to the inability of a counterparty to meet its financial commitments to the Bank.

BCI has established a risk identification, assessment, and control system for its portfolio that covers all customer segments and is active, both at the time of granting loans and in monitoring risk throughout the life of the operations.

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

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

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

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

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

The level of credit approval competence is determined by:

- The customer/group accumulated limit;
- The verification of exclusion conditions of the delegation of competencies, (e.g. existence of irregular credit, correlated credit).

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

Problem loans, the degree of their coverage by impairments/provisions, the evolution of write-offs and recoveries are also regularly analysed.

During the year, the quest to continuously improve internal processes and procedures, and for the best practices and tools for identifying, assessing, managing and controlling credit risk, remained one of the main objectives to increase the quality of the loan portfolio and consequently reduce the probability of default. This led to the calibration of the impairment models in use, the rating model, the balance sheet centre, the scoring models, as well as the start of the development of a new model for prioritising customer contact in case of financial difficulties.

In addition, as part of credit risk management and control and compliance with the institution's risk appetite, the various inherent regulations were updated and the evolution of the portfolio was continuously monitored, with particular focus on analysis of loan concentration (customer/group, product, maturity, residual maturity, activity sector and region), loan correlation (shareholders, subsidiary and group companies, and employees) and large risk loans (loans to customers/groups with exposure equal to or greater than 10% of the Bank's own funds), Loan Portfolio affected by the Covid Pandemic and Default Loans (NPL/NPE).

Loan-related risks

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

Maximum exposure to credit risk without taking into account any collateral

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

The maximum exposure per financial asset on 31 December 2022 and 31 December 2021 is as follows:

	Group		Bank	
	Dec-22	Dec-21	Dec-22	Dec-21
Cash and balances with central banks	22 620 912 014	22 050 636 647	22 620 911 208	22 050 635 841
Cash balances with credit institutions	3 952 526 279	7 912 650 482	3 952 522 556	7 912 646 923
Financial assets at amortised cost	46 616 132 646	39 805 041 829	46 616 132 646	39 805 041 829
Financial assets at fair value through comprehensive income	7 156 878 592	5 255 359 330	7 156 878 592	5 255 359 330
Investments in credit institutions	46 467 925 673	32 378 318 851	46 467 925 673	32 378 318 851
Loans and advances to customers - Retail banking				
Mortgage loans	1 821 579 718	2 089 264 040	1 821 579 718	2 089 264 040
Instalment sales and financial leases	28 581 178 798	23 756 875 125	28 581 178 798	23 756 875 125
Loans - Card	479 021 464	446 303 288	479 021 464	446 303 288
Other loans and advances	10 526 207 206	12 481 328 488	10 526 207 206	12 481 328 488
Loans and advances to customers - Corporate and Investment Banking				
Loans to major enterprises	29 260 553 219	34 988 544 952	29 405 916 522	35 165 208 258
Exposures to credit risk on off-balance sheet items:				
- Unused credit lines	7 003 533 213	7 058 835 648	7 003 533 213	7 058 835 648
- Letters of credit	1 358 959 834	1 094 766 775	1 358 959 834	1 094 766 775
- Financial guarantees	10 221 729 790	9 351 811 959	10 221 729 790	9 351 811 959
	216 067 138 445	**198 669 737 414**	**216 212 497 219**	**198 846 396 355**

The table above represents the Group's and the Bank's worst exposure scenario in terms of credit risk as at 31 December 2022 and 31 December 2021. For the assets presented in the balance sheet, the above disclosure is made based on the gross accounting value.

The Board of Directors is confident in its ability to continue to control and sustain minimum exposure levels in terms of credit risk arising from its loans and advances to customers portfolio and financial investments based on the following:

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

Out of all financial assets, 70.99% (2021: 70.93%) were issued by the Bank of Mozambique and 28.45% (2021: 28,52%) were issued by the Government of Mozambique, including instruments issued and/or guaranteed by the Treasury.

Guarantees and/or collaterals

To address credit risk, the Bank may accept Guarantees and/or Collateral, the type and value of which depend on the assessment of the counterparty's credit risk.

These guarantees and/or collaterals are subject to possible devaluation during the life cycle of the associated credit, resulting in a deterioration of their coverage level. To monitor the degree of coverage, frequent assessments (by independent assessors) should be carried out in line with Notice 11/GBM/2013 (maximum every 3 years) or at the Bank's discretion.

The table below shows the main types of collateral:

Description of guarantees and/or collaterals	Countervalue
Mortgages on industrial and/or commercial real estate	57 951 288 311
State guarantees	23 258 779 053
Endorsement and/or guarantee of the partners/shareholders and/or third parties	14 717 259 395
Mortgages on own housing	20 001 343 111
Pledge of deposits with BCI and/or together with financial shareholders (CGD/BPI)	10 602 267 465
Comfort letter from parent companies	4 055 876 439
Guarantees provided by other credit institutions	2 406 426 102
Securities pledge	86 104 142
Grand total	**133 079 344 019**

Credit quality by asset class

Loans and advances with maturities of less than 90 days are not considered to have their recoverable value reduced unless there is information to the contrary. For 31 December 2022, the amount was MZN 2,828,227,537 (2021: MZN 4,435,475,175).

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

	Amount due without individual impairment	Amount overdue without individual impairment	Total loans without individual impairment	Amount due and overdue with individual impairment
Loans and advances to banks	-	-	-	-
Loans and advances to customers	54 102 349 531	10 572 856 824	64 675 206 355	5 993 334 049
Retail banking	33 036 383 440	5 226 526 524	38 262 909 964	3 145 077 221
Mortgage loans	1 690 464 836	122 255 292	1 812 720 128	8 859 590
Instalment sales and financial leases	24 980 939 199	3 560 027 040	28 540 966 239	40 212 559
Credit cards	442 416 236	35 356 147	477 772 383	1 249 081
Other loans and advances	5 922 563 168	1 508 888 046	7 431 451 214	3 094 755 991
Corporate and investment banking	21 065 966 092	5 346 330 300	26 412 296 392	2 848 256 827
Loans to major enterprises	21 065 966 092	5 346 330 300	26 412 296 392	2 848 256 827
On 31 December 2022	**54 102 349 531**	**10 572 856 824**	**64 675 206 355**	**5 993 334 049**
On 31 December 2021	**54 307 427 135**	**11 113 455 938**	**65 420 883 073**	**8 344 004 250**

	Total loans	Net guarantees against loans	Total impairment	Loans net of impairment
Loans and advances to banks	-	-	-	-
Loans and advances to customers	70 668 540 404	2 389 880 887	7 568 598 045	63 099 942 359
Retail banking	41 407 987 185	1 375 907 881	4 608 222 035	36 799 765 150
Mortgage loans	1 821 579 718	83 635 537	49 225 989	1 772 353 729
Instalment sales and financial leases	28 581 178 798	377 617 622	1 141 316 240	27 439 862 558
Credit cards	479 021 464	-	48 739 482	430 281 982
Other loans and advances	10 526 207 206	914 654 721	3 368 940 324	7 157 266 881
Corporate and investment banking	29 260 553 219	1 013 973 006	2 960 376 010	26 300 177 209
Loans to major enterprises	29 260 553 219	1 013 973 006	2 960 376 010	26 300 177 209
On 31 December 2022	**70 668 540 404**	**2 389 880 887**	**7 568 598 045**	**63 099 942 359**
On 31 December 2021	**73 764 887 323**	**20 633 350 091**	**9 392 791 999**	**64 372 095 324**

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

	Amount due without individual impairment	Amount overdue without individual impairment	Total loans without individual impairment	Amount due and overdue with individual impairment
Loans and advances to banks	-	-	-	-
Loans and advances to customers	54 247 712 834	10 572 856 824	64 820 569 658	5 993 334 049
Retail banking	33 036 383 440	5 226 526 524	38 262 909 964	3 145 077 221
Mortgage loans	1 690 464 836	122 255 292	1 812 720 128	8 859 590
Instalment sales and financial leases	24 980 939 199	3 560 027 040	28 540 966 239	40 212 559
Credit cards	442 416 236	35 356 147	477 772 383	1 249 081
Other loans and advances	5 922 563 168	1 508 888 046	7 431 451 214	3 094 755 991
Corporate and investment banking	21 211 329 395	5 346 330 300	26 557 659 695	2 848 256 827
Loans to major enterprises	21 211 329 395	5 346 330 300	26 557 659 695	2 848 256 827
On 31 December 2022	**54 247 712 834**	**10 572 856 824**	**64 820 569 658**	**5 993 334 049**
On 31 December 2021	**54 484 090 441**	**11 113 455 938**	**65 597 546 379**	**8 344 004 250**

	Total loans	Net guarantees against loans	Total impairment	Loans net of impairment
Loans and advances to banks	-	-	-	-
Loans and advances to customers	70 813 903 707	2 389 880 887	7 568 598 045	63 245 305 662
Retail banking	41 407 987 185	1 375 907 881	4 608 222 035	36 799 765 150
Mortgage loans	1 821 579 718	83 635 537	49 225 989	1 772 353 729
Instalment sales and financial leases	28 581 178 798	377 617 622	1 141 316 240	27 439 862 558
Credit cards	479 021 464	-	48 739 482	430 281 982
Other loans and advances	10 526 207 206	914 654 721	3 368 940 324	7 157 266 881
Corporate and investment banking	29 405 916 522	1 013 973 006	2 960 376 010	26 445 540 512
Loans to major enterprises	29 405 916 522	1 013 973 006	2 960 376 010	26 445 540 512
On 31 December 2022	**70 813 903 707**	**2 389 880 887**	**7 568 598 045**	**63 245 305 662**
On 31 December 2021	**73 941 550 629**	**20 633 350 091**	**9 392 791 999**	**64 548 758 630**

Breakdown of overdue loans

On 31 December 2022, overdue loans and interest were broken down as follows by class of default:

	Up to three months	From three to six months	From six months to one year	From one to three years	More than three years	Total
Overdue loans						
Gross amount	3 565 208 269	468 999 600	1 129 675 723	2 183 753 112	6 437 404 029	13 785 040 733
Impairment	**(381 435 983)**	**(273 612 566)**	**(946 046 301)**	**(1 630 770 715)**	**(1 682 649 806)**	**(4 914 515 371)**
	3 183 772 286	**195 387 034**	**183 629 422**	**552 982 397**	**4 757 757 223**	**8 870 525 362**

Does not include provisions for non-performing loans and for the risk of the country.

On 31 December 2021, overdue loans and interest were broken down as follows by class of default:

	Up to three months	From three to six months	From six months to one year	From one to three years	More than three years	Total
Overdue loans						
Gross amount	4 435 475 175	1 127 976 829	609 639 933	7 913 158 040	795 350 807	14 881 600 784
Impairment	**(556 458 655)**	**(672 742 240)**	**(255 479 310)**	**(2 711 088 031)**	**(534 572 602)**	**(4 730 340 838)**
	3 879 016 520	**455 234 589**	**354 160 623**	**5 202 070 009**	**260 778 205**	**10 151 259 946**

Does not include provisions for non-performing loans and for the risk of the country.

Impairment

The loan impairment model, developed by BCI under IFRS 9, allows for the measurement of expected losses (impairment) according to borrowers' credit quality and taking into account the level of existing collaterals, by allocating loans to the following macro segments:

- **Stage 1** – Non-defaulting loan, with no evidence of significant deterioration in credit risk;
- **Stage 2** – Non-defaulting loan, but where criteria regarding the significant degradation of credit risk have been identified. This segment includes restructurings due to customer's financial difficulties that have not triggered default criteria;
- **Stage 3** – Default loan.

The risk factors used in the credit impairment model (12-month PD, lifetime PD, LGD, Behavioural Maturity and Credit Conversion Factor) are updated annually and are subject to backtesting and point-in-time adjustments to ensure that they appropriately reflect market conditions.

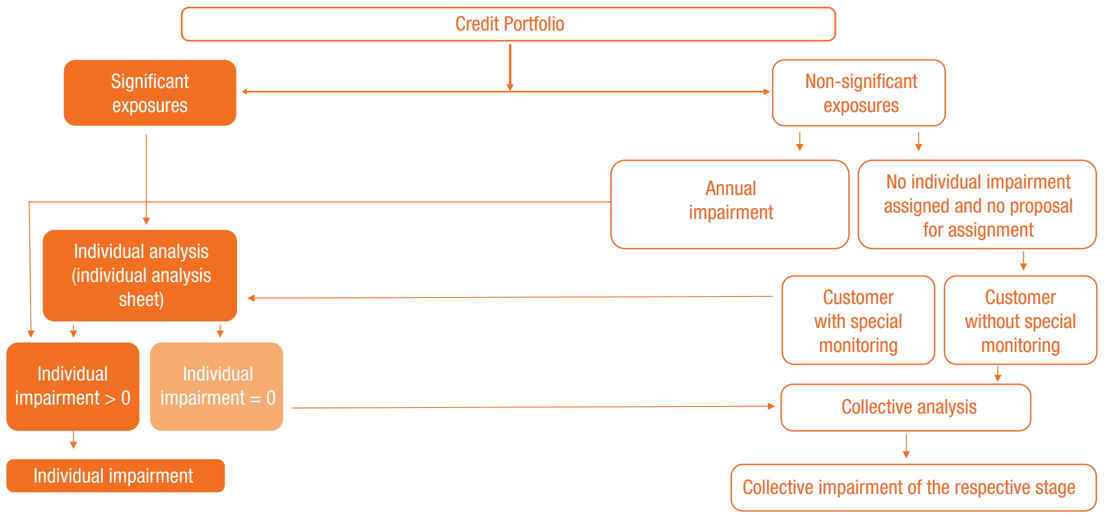
The macroeconomic scenarios that support the forward-looking side of risk factors are also updated annually, considering the most recent macroeconomic projections made available by CGD jointly with other institutions: the IMF, World Bank and Bank of Mozambique. Three macroeconomic scenarios (favourable, central and adverse) are considered in the calculation of impairment, whose weighting is established by the Research Office of CGD/BCI.

The loan impairment model maintains the concepts of collective impairment and individual impairment, as described below:

- **Collective impairment analysis** - for exposures individually considered as not significant, the expected loss is determined by risk sub-segments, which include assets with similar risk characteristics (credit segment, type of credit or purpose, payment behaviour history, among others);
- **Individual impairment analysis** - an individual analysis is made for customers with exposures considered individually significant. The process involves the Bank's commercial areas, the Recovery Division, the Credit Risk Division and the Risk Management Division, with a final validation by the Extended Credit Council (CAC).

Impairment assessment

In accordance with the IFRS 9, all receivables are required to undergo impairment assessment. The scheme below summarises BCI's impairment calculation process.



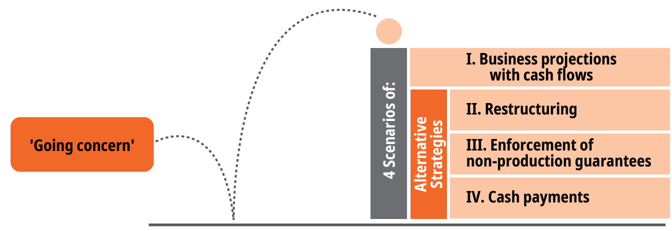
Individual analysis

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

In terms of individual impairment analysis methodology, BCI observes the following dimensions:

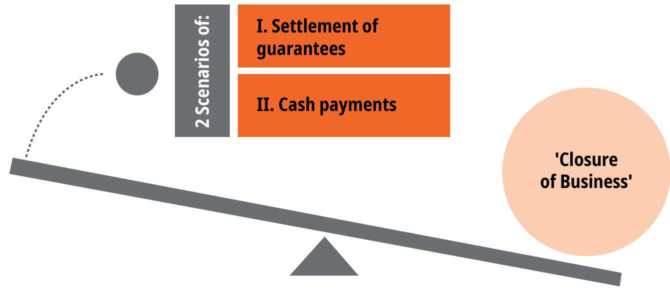
- Going Concern approach (company operating with no foreseeable liquidation) - the debtor will continue to generate operational cash flows which can be used to repay the debt to all creditors. Additionally, collateral can be considered to the extent that it does not influence operational cash flows. This approach is considered more likely if the debtor's future cash flows are material and can be reliably estimated and/or if the level of collateralisation of the exposure is limited.

  In summary, the image below highlights the four possible strategies in this approach:



- Gone Concern approach (company in liquidation or at risk of liquidation) - the collateral is executed and the entity's operational cash flows cease. This approach is considered most likely in the following cases:

  In summary, the image below summarises possible strategies:



In the collateral enforcement scenario, the analyst responsible for the individual analysis should estimate the parameters below to determine the cash flows (NPV) that will cover the outstanding amount:

- o Replacement time;
- o Expected future value;
- o Additional time to sell;
- o Sale discount; and
- o Costs incurred.

Individual analysis sheets have an annual validity for exposures classified in Stage 1 and quarterly for exposures classified in Stages 2 and 3; however, an extraordinary update maybe made, provided there are events of loss or significant changes in the customer's surroundings that so determine.

In the context of the individual analysis of large exposure customers impairment, the analysis is essentially focused on the following dimensions:

- Compliance with the contractual conditions agreed with the Bank;
- Evaluation of the current and prospective economic and financial situation;
- Perspectives on the evolution of customer activity;
- Verification of the existence of overdue credit and interest operations in the financial system;
- Adequacy of guarantees and collaterals to mitigate the loan granted;
- Analysis of historical information on the customer's proper payment behaviour.

For individually assessed significant exposures where no objective situations of impairment have been identified, a collective impairment is calculated in accordance with the risk factors determined for loans with similar characteristics.

Collective analysis

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

The assessment is carried out by the breakdown of loans into homogeneous risk segments. The calculation of ECL through collective analysis is based on risk parameters such as credit conversion factor (CCF), probability of default (PD), loss given default (LGD) and behavioural maturity (BM) and entails a projection of cash flows associated with the contract to calculate exposure in a certain period.

Probability of default

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

The PD curves are calculated based on the historical information of the Bank's credit operations (7.5 years).

The behaviour of past credits and the observed default rates (ODR) adjusted based on macroeconomic forecasts, are aspects used to estimate the future performance of operations with similar characteristics, i.e., of the same risk segment.

Currently, the Bank has established the following segments:

- Financial institutions, public sector, group and institutional companies
- Large and medium-sized enterprises
- Small businesses
- Consumption
- Housing
- Credit cards
- Bank overdrafts
- Other loans

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

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

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

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

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

In addition, 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 that segment, since losses are calculated on the basis of the difference between the amount outstanding each month after the default date;
- LGD collateral - LGD determined based on the calculation of the future amount that is expected to be recovered through the collateral, updated to the current moment.

Credit conversion factor

The credit conversion factor (CCF) represents the percentage of off-balance sheet exposure that can be converted into equity exposures up to default. The methodology developed by the Bank is applied to operations with revolving loan utilisation limits, such as credit cards, overdrafts and current accounts. For bank guarantees and documentary credits, the regulatory CCFs are used.

Behavioural maturity

Behavioural maturity (BM) is used to identify the period of time during which the institution is exposed to credit risk. This parameter is typically calculated for operations where the transaction's due date is not established (e.g. revolving loans). Thus, the established methodology assumes that behavioural 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-22	Dec-21	Dec-22	Dec-21
On-balance sheet impairment				
- Individual impairment	3 719 419 959	5 548 491 038	3 719 419 959	5 548 491 038
- Portfolio impairment	3 849 178 086	3 843 861 265	3 849 178 086	3 843 861 265
	7 568 598 045	**9 392 352 303**	**7 568 598 045**	**9 392 352 303**
Off-balance sheet impairment	93 455 360	152 606 050	93 455 360	152 606 050
	93 455 360	**152 606 050**	**93 455 360**	**152 606 050**

The analysis of gross loans and advances to customers by class is as follows:

Loans and advances to customers 31 December 2022

	Total	*Stage 1*	*Stage 2*	*Stage 3*
Housing loans	1 821 579 718	1 646 036 218	66 235 252	109 308 248
Of which restructured	14 746 695	-	5 730 777	9 015 918
Consumer loans	28 581 178 798	25 925 718 581	1 914 426 981	741 033 236
Of which restructured	338 828 367	1 335 757	101 695 838	235 796 772
Other loans to individual customers	1 442 404 404	1 031 004 754	168 612 773	242 786 877
Of which restructured	183 334 727	-	81 478 780	101 855 947
Total loans to individual customers	**31 845 162 920**	**28 602 759 553**	**2 149 275 006**	**1 093 128 361**
Loans to large and medium-sized enterprises	28 059 430 877	15 275 620 037	6 879 331 932	5 904 478 908
Of which restructured	7 672 920 031	4 184 334	5 712 473 344	1 956 262 353
Loans to small businesses	814 204 790	324 230 905	117 906 512	372 067 373
Of which restructured	272 030 217	194 566	66 593 636	205 242 015
Loans to institutions	10 095 105 120	10 092 754 095	2 299 217	51 808
Of which restructured	-	-	-	-
Total loans to enterprises	**38 968 740 787**	**25 692 605 037**	**6 999 537 662**	**6 276 598 090**
Total	**70 813 903 707**	**54 295 364 588**	**9 148 812 668**	**7 369 726 451**

Loans and advances to customers 31 December 2021

	Total	Stage 1	Stage 2	Stage 3
Housing loans	2 099 171 695	1 900 147 037	105 092 703	93 931 955
Of which restructured	11 897 502	-	-	11 897 502
Consumer loans	23 952 199 709	21 726 296 479	1 493 126 100	732 777 129
Of which restructured	393 255 346	7 149 017	123 173 110	262 933 219
Other loans to individual customers	1 851 971 941	1 376 919 719	138 712 501	336 339 721
Of which restructured	333 070 505	449 938	55 850 489	276 770 078
Total loans to individual customers	**27 903 343 345**	**25 003 363 235**	**1 736 931 305**	**1 163 048 805**
Loans to large and medium-sized enterprises	35 238 227 407	15 273 483 715	11 022 354 697	8 942 388 996
Of which restructured	13 020 274 381	11 724 172	6 942 075 044	6 066 475 165
Loans to small businesses	1 304 280 018	594 612 192	343 652 756	366 015 070
Of which restructured	395 323 112	2 896 749	228 885 226	163 541 137
Loans to institutions	11 988 705 655	11 987 547 274	1 111 843	46 538
Of which restructured	-	-	-	-
Total loans to enterprises	**48 531 213 081**	**27 855 643 181**	**11 367 119 296**	**9 308 450 603**
Total	**76 434 556 426**	**52 859 006 416**	**13 104 050 602**	**10 471 499 408**

Impairments by class are presented as follows:

Impairment of loans and advances to customers as at 31 December 2022

	Total	Stage 1	Stage 2	Stage 3
Housing loans	49 225 989	10 863 167	4 981 605	33 381 217
Of which restructured	7 572 910	-	423 487	7 149 423
Consumer loans	1 141 316 240	397 177 298	284 857 573	459 281 369
Of which restructured	169 920 178	20 701	15 940 309	153 959 168
Other loans to individual customers	260 918 581	48 555 957	23 628 045	188 734 579
Of which restructured	87 493 068	-	10 162 611	77 330 458
Total loans to individual customers	**1 451 460 810**	**456 596 422**	**313 467 224**	**681 397 165**
Loans to large and medium-sized enterprises	5 658 913 598	452 570 707	1 691 217 380	3 515 125 511
Of which restructured	2 690 864 874	90 370	1 070 158 919	1 620 615 586
Loans to small businesses	320 029 281	7 556 756	10 086 513	302 386 012
Of which restructured	192 096 510	6 006	6 884 859	185 205 645
Loans to institutions	138 194 356	138 118 959	26 422	48 975
Of which restructured	-	-	-	-
Total loans to enterprises	**6 117 137 235**	**598 246 422**	**1 701 330 315**	**3 817 560 498**
Total	**7 568 598 045**	**1 054 842 844**	**2 014 797 539**	**4 498 957 662**

Impairment of loans and advances to customers as at 31 December 2021

	Total	Stage 1	Stage 2	Stage 3
Housing loans	67 798 600	8 321 052	9 827 877	49 649 672
Of which restructured	6 899 477	-	-	6 899 477
Consumer loans	1 092 698 933	371 558 996	267 357 826	453 782 111
Of which restructured	206 228 530	128 092	21 467 042	184 633 397
Other loans to individual customers	288 465 593	33 962 843	19 908 091	234 594 659
Of which restructured	197 392 602	18 296	13 491 657	183 882 649
Total loans to individual customers	**1 448 963 126**	**413 842 891**	**297 093 793**	**738 026 442**
Loans to large and medium-sized enterprises	7 408 875 651	230 937 788	2 026 263 794	5 151 674 069
Of which restructured	3 603 905 525	208 556	1 062 244 628	2 541 452 342
Loans to small businesses	361 785 367	10 633 354	22 646 543	328 505 471
Of which restructured	154 879 900	84 593	9 664 642	145 130 666
Loans to institutions	173 167 855	173 141 159	3 408	23 289
Of which restructured	-	-	-	-
Total loans to enterprises	**7 943 828 873**	**414 712 300**	**2 048 913 745**	**5 480 202 829**

Loans and advances to customers by sector, at stage 3, is as follows:

Sector	Dec-22		Dec-21	
	Loans - Stage 3	Impairments Stage 3	Loans - Stage 3	Impairments Stage 3
Agriculture	806 964 993	496 008 004	545 411 890	512 610 864
Commerce and services	4 086 023 127	2 268 025 051	6 281 571 406	3 666 631 216
Construction	75 793 344	53 536 126	232 698 162	133 331 499
Teaching and education	504 743 897	311 726 138	698 742 192	419 396 130
Hotels and tourism	441 693 015	360 687 033	847 839 769	193 925 706
Industry	16 237 798	13 257 253	170 661 458	112 109 968
Other business sectors	239 976 535	219 583 490	284 435 083	274 370 462
Individual customers	1 092 974 007	681 267 561	1 158 858 132	736 159 268
Transport	105 319 735	94 867 005	251 281 316	169 694 158
Total	**7 369 726 451**	**4 498 957 661**	**10 471 499 408**	**6 218 229 271**

Loans and advances to customers by products, at stage 3, is as follows:

Sector	Dec-22		Dec-21	
	Loans - Stage 3	Impairments Stage 3	Loans - Stage 3	Impairments Stage 3
Credit cards	31 939 596	24 339 325	29 231 107	21 303 597
Secured current accounts	646 657 218	635 476 302	602 372 698	587 063 433
General credit/financing	2 626 346 317	673 378 002	5 272 683 342	2 441 707 209
Rent credit	3 602 230 386	2 754 380 309	4 308 877 256	2 939 724 311
Bank overdrafts	151 219 041	146 920 004	44 548 938	34 728 320
Promissory notes	300 777 643	257 636 775	175 697 964	167 889 639
Leasing	10 556 250	6 826 944	38 088 103	25 812 762
Total	**7 369 726 451**	**4 498 957 661**	**10 471 499 408**	**6 218 229 271**

Loans and advances to customers by collateral, at stage 3, is as follows:

Sector	Dec-22			Dec-21		
	Loans - Stage 3	Collateral	Impairments *Stage 3*	Loans - Stage 3	Collateral	Impairments *Stage 3*
Endorsement (other)	369 216 316	765 987 164	313 705 164	507 742 969	787 257 796	402 196 047
Endorsement by credit institutions	721 271	7 389 888	1 947	-	-	-
State endorsement	1 813 662 377	3 866 322 931	212 199 455	1 990 413 266	3 863 901 560	232 879 402
Property mortgages	3 243 482 392	3 355 498 833	2 411 802 696	4 255 346 147	3 436 699 889	2 663 932 545
Other guarantees	738 047 151	976 635 175	446 020 005	733 647 310	943 593 136	448 099 862
Other financial pledges	-	-	-	1 664 864 400	895 075 047	1 629 887 955
Pledge of deposits with BCI	2 601 987	2 956 851	68 084	91 351 322	51 146 353	22 155 178
Pledge of equipment	231 284 054	245 902 497	229 776 242	238 859 759	50 661 674	238 859 759
Without guarantee	970 710 903	74 514 215	885 384 068	989 274 235	-	580 218 523
Total	**7 369 726 451**	**9 295 207 554**	**4 498 957 661**	**10 471 499 408**	**10 028 335 455**	**6 218 229 271**

Amounts recovered by collateral

Type of Collateral	Dec-22	Dec-21
Property Mortgages	323 968 497	456 860 729
Pledge of deposits with BCI	147 000 000	-

Transfer between stages is as follows:

	Total	*Stage 1*	*Stage 2*	*Stage 3*
Opening balance	9 392 791 999	824 116 300	2 350 446 428	6 218 229 271
Stage 1				
Transfer from Stage2 to 1	(263 798 245)	102 511 165	(366 309 410)	-
Transfer from Stage3 to 1	(181 064 163)	4 472 592	-	(185 536 755)
Stage 2				
Transfer from Stage1 to 2	169 515 459	(27 702 891)	197 218 350	-
Transfer from Stage3 to 2	(125 778 817)	-	30 046 168	(155 824 985)
Stage 3				
Transfer from Stage1 to 3	327 944 422	(7 883 683)	-	335 828 105
Transfer from Stage2 to 3	557 550 039	-	-88 358 528	645 908 567
Loans written off	(1 843 520 845)			(1 843 520 845)
Increase and decrease in impairments	(465 041 804)	159 329 362	-108 245 469	(516 125 697)
Closing balance	**7 568 598 045**	**1 054 842 845**	**2 014 797 539**	**4 498 957 661**

Sensitivity analysis

In order to promote the reliability of the estimates obtained in calculating portfolio impairment, the following sensitivity analyses are performed regarding collective impairment:

- Increase of 5% in PD curves;
- Increase of 5% in LGD curves.

	Approved scenario	Scenario PD increase	Scenario LGD increase
Consolidated impairment	3 546 508 248	3 601 781 988	3 639 819 870
Impacts	-	55 273 739	93 311 622
Total impact		**148 585 361**	

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

	Mortgage loans	Instalment sales and financial leases	Cards loans	Other loans and advances	Loans to major enterprises	Total
Overdue loans						
Opening balance	33 053 416	512 606 350	4 986 645	196 147 248	3 172 039 778	3 918 833 437
Closure of impaired accounts	-	-	-	-	1 843 520 945	1 843 520 945
Net impairment for the period	(3 636 469)	26 837 760	9 241 384	276 349 340	(1 156 631 025)	(847 839 010)
On 31 December 2022	**29 416 947**	**539 444 110**	**14 228 029**	**472 496 588**	**3 858 929 698**	**4 914 515 371**
Outstanding loans						
Opening balance	34 745 184	580 092 583	11 414 093	437 702 974	4 410 003 728	5 473 958 562
Net impairment for the period	(14 936 142)	21 779 547	23 097 360	(377 991 181)	(2 471 825 472)	(2 819 875 888)
On 31 December 2022	**19 809 042**	**601 872 130**	**34 511 453**	**59 711 793**	**1 938 178 256**	**2 654 082 674**
	49 225 989	**1 141 316 240**	**48 739 482**	**532 208 381**	**5 797 107 953**	**7 568 598 045**

b. Liquidity risk

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

The management and control of liquidity risk is based on the analysis of the residual maturities of the different assets and liabilities of the balance sheet in order to show the difference between the cash inflow and outflow volumes as well as their respective liquidity gaps. In addition, the degree of coverage of short-term liabilities by the liquid asset reserve is used as a basis for managing and controlling liquidity, as a way of showing the ease with which obligations can be met when they fall due, without incurring additional costs by turning to the market.

The management policy and strategy related to liquidity risk is outlined by the Board of Directors and monitored by the Capital, Assets and Liabilities Committee (CALCO), and is implemented by the Financial Markets Division (DMF) and controlled by the Risk Management Division (DGR).

Liquidity risk analyses are conducted in the weekly liquidity and market risk meetings, as well as in the monthly CALCO meetings. The balances of DO accounts (for the analyses of liquidity gaps by residual maturity) are broken down by maturity according to a replication key. The key was established based on a historical stability study of DO balances. International practices recommend this approach in order to reflect the nature and structure of the balance sheet in the management of gaps.

Regarding the management of excess liquidity, the Bank has invested in treasury bills with a repurchase agreement (reverse repo), with the Bank of Mozambique (BoM), in the maturities that provide greater profitability, as well as in liquidity lending to other credit institutions (OIC). Therefore, on 31 December 2022, the Bank had approximately MZN 29,200 billion invested in reverse repos, which indicates a largely comfortable liquidity position.

It should be noted that, until the period in question, the Bank of Mozambique intervened in the market on a weekly basis, selling treasury bills with repurchase agreement (Repo), according to market needs.

Additionally, the Bank has made investments in auctions of treasury bills and treasury bonds, which allow accessing the marginal lending facility (FPC), available for commercial banks to borrow funds from the BoM; these funds are made available up to the discounted value of the eligible securities portfolio and for a period of one (1) day. So, on 31 December 2022, the Bank had approximately MZN 53,704 billion in securities available to access the FPC.

Regarding the management of the excess liquidity position, the Bank has made transfers to OICs, as well as investments in reverse repo whenever they allow for greater profitability, taking into account the trend of the yield curve in meticais. This may result in changes in the composition of the assets, depending on the maturities whose volume is more concentrated.

Summary of the Group's balance sheet items by maturity dates, as at 31 December 2022 and 31 December 2021:

31 December 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year
Cash and balances with central banks	22 620 912 014	-	-
Cash balances with credit institutions	3 984 528 835	-	-
Investments in credit institutions	40 631 109 897	5 843 801 560	193 573 349
Financial assets	28 876 229 908	19 120 416 047	8 198 696 522
Loans and advances to customers	8 245 590 702	4 224 428 978	17 601 493 022
Total assets	**104 358 371 356**	**29 188 646 585**	**25 993 762 893**
Deposits from central banks	138 803 181	-	-
Deposits from other credit institutions	825 396 497	232 750 648	76 493
Customer deposits	73 195 988 966	13 581 531 274	24 918 643 937
Consigned resources	87 204 068	180 012 566	1 792 288 826
Total liabilities	**74 247 392 712**	**13 994 294 488**	**26 711 009 256**
Liquidity GAP in MZN	**30 110 978 644**	**15 194 352 097**	**(717 246 363)**
Accumulated liquidity GAP	**30 110 978 644**	**45 305 330 741**	**44 588 084 378**

31 December 2021	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year
Total assets	**79 523 269 729**	**10 180 721 820**	**28 461 734 643**
Total liabilities	**31 811 203 030**	**17 064 077 911**	**32 681 515 403**
Liquidity GAP in MZN	**47 712 066 699**	**(6 883 356 091)**	**(4 219 780 760)**
Accumulated liquidity GAP	**47 712 066 699**	**40 828 710 608**	**36 608 929 848**

31 December 2022	Between 1 and 3 years	More than 3 years	Book value
Cash and balances with central banks	-	-	22 620 912 014
Cash balances with credit institutions	-	-	3 984 528 835
Investments in credit institutions	-	-	46 668 484 806
Financial assets	1 896 545 500	205 714 900	58 297 602 877
Loans and advances to customers	33 570 373 227	31 170 274 718	94 812 160 647
Total assets	**35 466 918 727**	**31 375 989 618**	**226 383 689 179**
Deposits from central banks	-	-	138 803 181
Deposits from other credit institutions	-	-	1 058 223 638
Customer deposits	21 275 346 148	30 908 211 707	163 879 722 032
Consigned resources	2 484 264 220	1 877 071 053	6 420 840 733
Total liabilities	**23 759 610 368**	**32 785 282 760**	**171 497 589 584**
Liquidity GAP in MZN	**11 707 308 359**	**(1 409 293 142)**	**54 886 099 595**
Accumulated liquidity GAP	**56 295 392 737**	**54 886 099 595**	**-**

31 December 2021	Between 1 and 3 years	More than 3 years	Book value
Total assets	**26 408 370 751**	**31 030 221 558**	**175 604 318 501**
Total liabilities	**19 182 690 116**	**60 539 556 018**	**161 279 042 478**
Liquidity GAP in MZN	**7 225 680 635**	**(29 509 334 460)**	**14 325 276 023**
Accumulated liquidity GAP	**43 834 610 483**	**14 325 276 023**	**-**

Summary of the Bank's balance sheet items by maturity dates, as at 31 December 2022 and 31 December 2021:

31 December 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year
Cash and balances with central banks	22 620 911 208	-	-
Cash balances with credit institutions	3 952 522 556	-	-
Investments in credit institutions	40 631 109 897	5 843 801 560	193 573 349
Financial assets	28 876 229 908	19 120 416 047	8 198 696 522
Loans and advances to customers	8 390 954 005	4 224 428 978	17 601 493 022
Total assets	**104 471 727 574**	**29 188 646 585**	**25 993 762 893**
Deposits from central banks	138 803 181	-	-
Deposits from other credit institutions	825 396 497	232 750 648	76 493
Customer deposits	73 227 995 245	13 581 531 274	24 918 643 937
Consigned resources	87 204 068	180 012 566	1 792 288 826
Subordinated loans	-	-	-
Debt securities	-	-	-
Total liabilities	**74 279 398 991**	**13 994 294 488**	**26 711 009 256**
Liquidity GAP in MZN	**30 192 328 583**	**15 194 352 097**	**(717 246 363)**
Accumulated liquidity GAP	**30 192 328 583**	**45 386 680 680**	**44 669 434 317**

31 December 2021	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year
Total assets	**66 379 485 764**	**14 865 338 638**	**39 161 227 810**
Total liabilities	**71 973 451 614**	**11 637 140 693**	**22 498 199 328**
Liquidity GAP in MZN	**(5 593 965 850)**	**3 228 197 945**	**16 663 028 482**
Accumulated liquidity GAP	**(5 593 965 850)**	**(2 365 767 905)**	**14 297 260 577**

31 December 2022	Between 1 and 3 years	More than 3 years	Book value
Cash and balances with central banks	-	-	22 620 911 208
Cash balances with credit institutions	-	-	3 952 522 556
Investments in credit institutions	-	-	46 668 484 806
Financial assets	1 896 545 500	205 714 900	58 297 602 877
Loans and advances to customers	33 570 373 227	31 170 274 718	94 957 523 950
Total assets	**35 466 918 727**	**31 375 989 618**	**226 497 045 397**
Deposits from central banks	-	-	138 803 181
Deposits from other credit institutions	-	-	1 058 223 638
Customer deposits	21 275 346 148	30 908 211 707	163 911 728 311
Consigned resources	2 484 264 220	1 877 071 053	6 420 840 733
Subordinated loans	-	-	-
Debt securities	-	-	-
Total liabilities	**23 759 610 368**	**32 785 282 760**	**171 529 595 863**
Liquidity GAP in MZN	**11 707 308 359**	**(1 409 293 142)**	**54 967 449 534**
Accumulated liquidity GAP	**56 376 742 676**	**54 967 449 534**	**-**

31 December 2021	Between 1 and 3 years	More than 3 years	Book value
Total assets	**28 650 324 234**	**32 466 608 447**	**181 522 984 893**
Total liabilities	**19 868 463 340**	**28 916 587 646**	**154 893 842 620**
Liquidity GAP in MZN	**8 781 860 894**	**3 550 020 802**	**26 629 142 272**
Accumulated liquidity GAP	**23 079 121 471**	**26 629 142 272**	**-**

c. Interest rate risk

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

The management and control of the interest rate risk of the balance sheet and the banking portfolio are supported by a set of guidelines that include limits for variables considered significant, taking into account the level of exposure to this type of risk. The aim of complying with these guidelines is to ensure that the Bank is always able to manage the profitability-risk trade-off in terms of balance sheet management, while being able to set the most appropriate level of exposure and control the results of the different policies and risk positions undertaken.

The management and control of the interest rate risk is based on simplified interest rate gap models (aggregation in residual interest rate revision intervals of all the assets and liabilities sensitive to interest rate variation, thereby obtaining the corresponding mismatches) and robust models of simulation techniques which include the Economic Value of Equity at Risk (impact on the economic value of equity of adverse variations in interest rates).

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

Summary of the Group's balance sheet items sensitive to changes in the interest rate, as at 31 December 2022 and 31 December 2021:

31 December 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years
Cash and balances with central banks	-	-	-	-
Cash balances with credit institutions	3 473 949 248	-	-	-
Investments in credit institutions	40 569 016 119	5 718 671 132	180 238 422	-
Financial assets	25 857 554 237	16 437 674 274	7 947 751 000	1 845 095 500
Loans and advances to customers	6 995 420 240	2 546 251 740	10 493 490 699	21 097 510 308
Total assets	**76 895 939 844**	**24 702 597 146**	**18 621 480 121**	**22 942 605 808**
Deposits from central banks	-	-	-	-
Deposits from other credit institutions	817 916 002	232 749 028	75 667	-
Customer deposits	58 590 397 508	11 354 853 138	15 241 408 724	38 922 555
Consigned resources	87 204 068	178 744 669	1 586 416 182	2 230 783 544
Total liabilities	**59 495 517 578**	**11 766 346 835**	**16 827 900 573**	**2 269 706 099**
Interest rate GAP	**17 400 422 266**	**12 936 250 311**	**1 793 579 548**	**20 672 899 709**
Accumulated interest rate GAP	**17 400 422 266**	**30 336 672 577**	**32 130 252 125**	**52 803 151 834**

31 December 2021	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years
Total assets	**43 348 465 476**	**10 367 302 838**	**28 381 771 686**	**25 904 585 815**
Total liabilities	**30 092 660 709**	**14 141 744 637**	**22 977 236 596**	**928 900 243**
Interest rate GAP	**13 255 804 767**	**(3 774 441 799)**	**5 404 535 090**	**24 975 685 572**
Accumulated interest rate GAP	**13 255 804 767**	**9 481 362 968**	**14 885 898 058**	**39 861 583 630**

31 December 2022	More than 3 years	Not sensitive to interest rate	Book value
Cash and balances with central banks	-	22 620 912 014	22 620 912 014
Cash balances with credit institutions	-	510 579 587	3 984 528 835
Investments in credit institutions	-	-	46 467 925 673
Financial assets	205 714 900	-	52 293 789 911
Loans and advances to customers	21 872 161 622	-	63 004 834 609
Total assets	**22 077 876 522**	**23 131 491 601**	**188 371 991 042**
Deposits from central banks	-	138 803 181	138 803 181
Deposits from other credit institutions	-	2 850 043	1 053 590 740
Customer deposits	216 974 879	72 580 831 228	158 023 388 032
Consigned resources	1 795 062 870	30 528 513	5 908 739 846
Total liabilities	**2 012 037 749**	**72 753 012 965**	**165 124 521 799**
Interest rate GAP	**20 065 838 773**	**(49 621 521 364)**	**23 247 469 243**
Accumulated interest rate GAP	**72 868 990 607**	**23 247 469 243**	**-**

31 December 2021	More than 3 years	Not sensitive to interest rate	Book value
Total assets	**30 518 617 072**	**37 083 575 615**	**175 604 318 502**
Total liabilities	**715 469 477**	**92 423 030 815**	**161 279 042 477**
Interest rate GAP	**29 803 147 595**	**(55 339 455 200)**	**14 325 276 025**
Accumulated interest rate GAP	**69 664 731 225**	**14 325 276 025**	**-**

Summary of the Bank's balance sheet items sensitive to changes in the interest rate, as at 31 December 2022 and 31 December 2021:

31 December 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years
Cash and balances with central banks	-	-	-	-
Cash balances with credit institutions	3 441 942 969	-	-	-
Investments in credit institutions	40 569 016 119	5 718 671 132	180 238 422	-
Financial assets	25 857 554 237	16 437 674 274	7 947 751 000	1 845 095 500
Loans and advances to customers	7 140 783 543	2 546 251 740	10 493 490 699	21 097 510 308
Total assets	**77 009 296 868**	**24 702 597 146**	**18 621 480 121**	**22 942 605 808**
Deposits from central banks	-	-	-	-
Deposits from other credit institutions	817 916 002	232 749 028	75 667	-
Customer deposits	58 622 403 787	11 354 853 138	15 241 408 724	38 922 555
Consigned resources	87 204 068	178 744 669	1 586 416 182	2 230 783 544
Total liabilities	**59 527 523 857**	**11 766 346 835**	**16 827 900 573**	**2 269 706 099**
Interest rate GAP	**17 481 773 011**	**12 936 250 311**	**1 793 579 548**	**20 672 899 709**
Accumulated interest rate GAP	**17 481 773 011**	**30 418 023 322**	**32 211 602 870**	**52 884 502 579**

31 December 2021	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years
Total assets	**36 873 209 069**	**14 982 842 810**	**39 054 210 735**	**28 159 514 398**
Total liabilities	**71 989 877 428**	**11 667 976 835**	**22 682 750 213**	**19 820 240 583**
Interest rate GAP	**(35 116 668 358)**	**3 314 865 975**	**16 371 460 522**	**8 339 273 815**
Accumulated interest rate GAP	**(35 116 668 358)**	**(31 801 802 384)**	**(15 430 341 862)**	**(7 091 068 047)**

31 December 2022	More than 3 years	Not sensitive to interest rate	Book value
Cash and balances with central banks	-	22 620 911 208	22 620 911 208
Cash balances with credit institutions	-	510 579 587	3 952 522 556
Investments in credit institutions	-	-	46 467 925 673
Financial assets	205 714 900	-	52 293 789 911
Loans and advances to customers	21 872 161 622	-	63 150 197 912
Total assets	**22 077 876 522**	**23 131 490 795**	188 485 347 260
Deposits from central banks	-	138 803 181	138 803 181
Deposits from other credit institutions	-	2 850 043	1 053 590 740
Customer deposits	216 974 879	72 580 831 228	158 055 394 311
Consigned resources	1 795 062 870	30 528 513	5 908 739 846
Total liabilities	**2 012 037 749**	**72 753 012 965**	165 156 528 078
Interest rate GAP	**20 065 838 773**	**(49 621 522 170)**	23 328 819 182
Accumulated interest rate GAP	**72 950 341 352**	**23 328 819 182**	-

31 December 2021	More than 3 years	Not sensitive to interest rate	Book value
Total assets	**32 077 313 780**	**30 375 894 101**	**181 522 984 893**
Total liabilities	**28 732 997 561**	**-**	**154 893 842 620**
Interest rate GAP	**3 344 316 218**	**30 375 894 101**	**26 629 142 272**
Accumulated interest rate GAP	**(3 746 751 829)**	**26 629 142 272**	**-**

The sensitivity of net interest income and economic value are complementary measures that provide an overview of the structural interest rate risk, in the short term and medium-long term, respectively.

The table below shows the sensitivity of net interest income and the economic value of sensitive assets and liabilities to interest rate risk as at 31 December 2022, for an instantaneous variation in rates of 50 bps:

Values in % of the base scenario	Impact of Δ -50bps	RAS limit
Impact on Profit and Loss of the Repricing Gap (Δ 50bps)	171.79	<350
Economic value of venture capital at % of OF	1.94%	<5.00%

d. Exchange rate risk

Foreign Exchange Risk is the possibility of negative impacts on P&L 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 set forth by the Board of Directors, accompanied by the Capital, Assets and Liabilities Committee (CALCO), implemented by the Financial Markets Division (DMF) and controlled by the Risk Management Division (DGR).

Currency positions are controlled, daily, based on the internal limits established by 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 authorised limit. These positions are controlled daily by both the Bank's Risk Management Division and CGD's Risk Management Division. The latter calculates daily VaR and market value 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 behaviour. 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).

On 31 December 2022 and 31 December 2021, the Group's exposure to foreign exchange risk is as follows:

31 December 2022	USD	EUR	ZAR
Cash and balances with central banks	4 896 226 731	364 034 701	100 153 960
Cash balances with credit institutions	3 030 606 615	597 539 514	29 160 326
Investments in credit institutions	15 689 665 500	511 350 000	867 132 422
Financial assets	-	57 136 200	-
Loans and advances to customers	6 872 703 746	5 354 857 886	193 443 658
Other assets	161 893 156	298 587 493	7 424 426
Total assets	**30 651 095 747**	**7 183 505 793**	**1 197 314 792**
Deposits from central banks	-	-	-
Deposits from other credit institutions	4 917 335	35 760	167
Customer deposits	29 683 849 166	1 579 177 007	966 744 240
Consigned resources	-	5 288 379 620	-
Other liabilities	748 242 274	259 037 768	269 413 782
Total liabilities	**30 437 008 775**	**7 126 630 154**	**1 236 158 189**
Total own funds	**-**	**-**	**-**
Total liabilities and own funds	**30 437 008 775**	**7 126 630 154**	**1 236 158 189**
Currency spread	**214 086 972**	**56 875 639**	**(38 843 397)**

31 December 2021	USD	EUR	ZAR
Total assets	**34 568 933 306**	**9 205 585 356**	**1 013 509 855**
Total liabilities	**33 821 507 389**	**9 141 046 515**	**1 018 274 895**
Total own funds	**-**	**-**	**-**
Total liabilities and own funds	**33 821 507 389**	**9 141 046 515**	**1 018 274 895**
Currency spread	**747 425 917**	**64 538 842**	**(4 765 040)**

31 December 2022	Other currencies	Operations not sensitive to foreign exchange variation	Book value
Cash and balances with central banks	-	17 260 496 623	22 620 912 014
Cash balances with credit institutions	130 090 166	165 129 658	3 952 526 279
Investments in credit institutions	-	29 399 777 751	46 467 925 673
Financial assets	-	53 715 875 039	53 773 011 238
Loans and advances to customers	-	50 583 829 321	63 004 834 611
Other assets	-	12 399 282 160	12 867 187 235
Total assets	**130 090 166**	163 524 390 552	**202 686 397 051**
Deposits from central banks	-	138 803 181	138 803 181
Deposits from other credit institutions	-	1 048 637 478	1 053 590 740
Customer deposits	123 343 111	126 462 959 537	158 816 073 060
Consigned resources	-	620 360 226	5 908 739 846
Other liabilities	698 228	7 355 966 698	8 633 358 751
Total liabilities	**124 041 339**	**135 626 727 119**	**174 550 565 578**
Total own funds	**-**	**28 135 831 473**	**28 135 831 473**
Total liabilities and own funds	**124 041 339**	**163 762 558 592**	**202 686 397 051**
Currency spread	**6 048 827**	**(238 168 041)**	**-**

31 December 2021	Other currencies	Operations not sensitive to foreign exchange variation	Book value
Total assets	**147 866 106**	**142 566 243 020**	**187 502 137 644**
Total liabilities	**138 405 046**	**119 833 500 843**	**163 952 734 688**
Total own funds	**-**	**23 549 402 956**	**23 549 402 956**
Total liabilities and own funds	**138 405 046**	**143 382 903 799**	**187 502 137 644**
Currency spread	**9 461 060**	**(816 660 778)**	**-**

On 31 December 2022 and 31 December 2021, the Bank's exposure to foreign exchange risk is as follows:

31 December 2022	USD	EUR	ZAR
Cash and balances with central banks	4 896 226 731	364 034 701	100 153 960
Cash balances with credit institutions	3 030 606 615	597 539 514	29 160 326
Investments in credit institutions	15 689 665 500	511 350 000	867 132 422
Financial assets	-	57 136 200	-
Loans and advances to customers	6 872 703 746	5 354 857 886	193 443 658
Other assets	161 893 156	298 587 493	7 424 426
Total assets	**30 651 095 747**	**7 183 505 793**	**1 197 314 792**
Deposits from central banks	-	-	-
Deposits from other credit institutions	4 917 335	35 760	167
Customer deposits	29 683 849 166	1 579 177 007	966 744 240
Consigned resources	-	5 288 379 620	-
Other liabilities	748 242 274	259 037 768	269 413 782
Total liabilities	**30 437 008 775**	**7 126 630 154**	**1 236 158 189**
Total own funds	**-**	**-**	**-**
Total liabilities and own funds	**30 437 008 775**	**7 126 630 154**	**1 236 158 189**
Currency spread	**214 086 972**	**56 875 639**	**(38 843 397)**

31 December 2021	USD	EUR	ZAR
Total assets	**34 568 933 306**	**9 205 585 356**	**1 013 509 855**
Total liabilities	**33 821 507 389**	**9 141 046 515**	**1 018 274 895**
Total own funds	**-**	**-**	**-**
Total liabilities and own funds	**33 821 507 389**	**9 141 046 515**	**1 018 274 895**

31 December 2022	Other currencies	Operations not sensitive to foreign exchange variation	Book value
Cash and balances with central banks	-	17 260 495 817	22 620 911 208
Cash balances with credit institutions	130 090 166	165 125 935	3 952 522 556
Investments in credit institutions	-	29 399 777 751	46 467 925 673
Financial assets	-	53 715 875 039	53 773 011 238
Loans and advances to customers	-	50 729 192 624	63 150 197 914
Other assets	-	12 267 779 242	12 735 684 317
Total assets	**130 090 166**	**163 538 246 408**	**202 700 252 907**
Deposits from central banks	-	138 803 181	138 803 181
Deposits from other credit institutions	-	1 048 637 478	1 053 590 740
Customer deposits	123 343 111	126 494 965 816	158 848 079 339
Consigned resources	-	620 360 226	5 908 739 846
Other liabilities	698 228	7 404 450 199	8 681 842 252
Total liabilities	**124 041 339**	**135 707 216 899**	**174 631 055 358**
Total own funds	**-**	**28 069 197 549**	**28 069 197 549**
Total liabilities and own funds	**124 041 339**	**163 776 414 448**	**202 700 252 907**
Currency spread	**6 048 827**	**(238 168 041)**	**-**

31 December 2021	Other currencies	Operations not sensitive to foreign exchange variation	Book value
Total assets	**147 866 106**	**142 667 837 643**	**187 603 732 266**
Total liabilities	**138 405 046**	**119 968 749 918**	**164 087 983 763**
Total own funds	**-**	**23 515 748 503**	**23 515 748 503**
Total liabilities and own funds	**138 405 046**	**143 484 498 421**	**187 603 732 266**

The exchange rate risk is mitigated and/or controlled by setting exposure limits, which are embodied in the VaR consumption and own funds limits.

In December 2022, the size of the exposure to exchange rate risk maintains compliance with the respective risk appetite level established in BCI's Risk Appetite Statement, in line with its corporate policies, ensuring a level of exchange rate risk that is controlled and aligned with the focus of commercial banking.

The table below shows the values of the exchange rate metrics as at 31 December 2022:

Metrics	Unit	Dec-22
Total absolute net exposure to foreign exchange risk - global regulatory	%	1.64
VaR of the exchange position	M MZN	38.45

9.37 Capital

BCI maintains active capital management that allows it to hedge the risks inherent to 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, fully complying 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 maximise shareholder value.

Through changes in the economic conditions and risk characteristics of the Bank's activity, the capital structure may be adjusted to better adapt to the new situation. 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.

Solvency risk

Capital and reserves without impairment are evidence of the shareholders' commitment to ensuring the continuity of operations and the Bank's solvency. Insolvency risk is measured by the 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 31 December 2022, the solvency ratio was 27.40% (2021: 23.12%). It remained above that minimum required by the Bank of Mozambique (15%), which confirms 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-22	Dec-21
Basic 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	12 538 395 468	10 854 112 087
Negative revaluation reserves, intangible assets and other deductible items	(3 665 089 523)	(3 752 738 459)
Tier I total capital	**19 737 571 072**	**17 965 638 755**
Subordinated loans	-	-
Other	7 540 986	8 448 127
Tier II total capital	**7 540 986**	**8 448 127**
Deduction from total own funds	(614 816 817)	(539 235 644)
Eligible own funds	**19 130 295 241**	**17 434 851 237**
Risk-weighted assets		
Balance sheet	61 746 890 360	66 976 535 346
Off-balance sheet	5 351 896 552	5 375 728 911
Operational risk	2 448 688 660	2 210 290 915
Market risk	260 681 331	855 126 434
Basic own funds (Tier I) adequacy ratio	28,27%	23,82%
Basic own funds (Tier II) adequacy ratio	0,01%	0,01%
Solvency ratio	**27,40%**	**23,12%**

Market risk

	Dec-22		Dec-21	
	Net positions		Net positions	
	Long	Short	Long	Short
CURRENCIES:				
USD	227 292 308	-	839 140 728	-
EUR	27 412 708	-	9 138 514	-
ZAR	-	37 307 898	-	2 445 329
GBP	4 107 485	-	3 571 084	-
DKK	369 959	-	495 886	-
JPY	109 231	-	445 799	-
NOK	348 438	-	505 669	-
SEK	297 855	-	570 808	-
CHF	415 695	-	670 148	-
AUD	184 250	-	587 798	-
CNY	143 402	-	-	106 760
Total	**260 681 331**	**37 307 898**	**855 126 434**	**2 552 089**
Exchange risk hedging		**260 681 331**		**855 126 434**

Operational risk

	Year n-2	Year n-1	Year n	Year n-2	Year n-1	Year n
Interest and similar income (+)	16 788 077 440	16 235 989 064	18 667 861 609	16 788 077 440	16 788 077 440	16 235 989 064
Interest and similar expenses (-)	6 642 877 546	5 473 067 720	5 344 321 899	6 642 877 546	6 642 877 546	5 473 067 720
Income from equity instruments (+)	2 304 297	1 839 450	-	2 304 297	2 304 297	1 839 450
Commissions received (+)	2 908 221 975	2 686 557 999	3 471 160 044	2 908 221 975	2 908 221 975	2 686 557 999
Commissions paid (-)	646 031 782	711 018 231	897 296 003	646 031 782	646 031 782	711 018 231
Income from financial operations (+)	1 591 418 392	1 545 917 706	1 662 062 614	1 591 418 392	1 591 418 392	1 545 917 706
Other operating income (+)	738 119 493	1 039 141 747	1 349 714 556	738 119 493	738 119 493	1 039 141 747
Total activities at basic indicator approach	**14 739 232 269**	**15 325 360 015**	**18 909 180 921**	**14 739 232 269**	**14 739 232 269**	**15 325 360 015**
Average for calculating minimum capital requirements			**16 324 591 068**			**14 735 272 767**
Weighting rate			**15%**			**15%**
Operational risk			**2 448 688 660**			**2 210 290 915**

9.38 Accounting classification and fair value of financial assets and liabilities

On 31 December 2022 and 31 December 2021, the accounting classification and fair value of the Group's financial assets and liabilities were as follows:

31 December 2022	At fair value	At amortised cost	Book value
Cash and balances with central banks	-	22 620 912 014	22 620 912 014
Cash balances with credit institutions	-	3 952 526 279	3 952 526 279
Investments in credit institutions	-	46 467 925 673	46 467 925 673
Loans and advances to customers	-	63 004 834 611	63 004 834 611
Financial assets	7 156 878 592	46 616 132 646	53 773 011 238
Total	**7 156 878 592**	**182 662 331 223**	**189 819 209 815**
Deposits from central banks	-	138 803 181	138 803 181
Deposits from credit institutions	-	1 053 590 740	1 053 590 740
Customer deposits	-	158 816 073 060	158 816 073 060
Consigned resources	-	5 908 739 846	5 908 739 846
Total	**-**	**165 917 206 827**	**165 917 206 827**

31 December 2021	At fair value	Loans and accounts receivable	Book value
Cash and balances with central banks	-	22 050 636 647	22 050 636 647
Cash balances with credit institutions	-	7 912 650 482	7 912 650 482
Investments in credit institutions	-	32 378 318 851	32 378 318 851
Loans and advances to customers	-	65 899 209 705	65 899 209 705
Financial assets	5 255 359 330	39 805 041 829	45 060 401 159
Total	**5 255 359 330**	**168 045 857 514**	**173 301 216 844**
Deposits from central banks	-	203 471 420	203 471 420
Deposits from credit institutions	-	1 138 691 443	1 138 691 443
Customer deposits	-	146 531 379 331	146 531 379 331
Consigned resources	-	6 757 639 299	6 757 639 299
Total	**-**	**154 631 181 493**	**154 631 181 493**

The Board of Directors assumes that the fair value of financial instruments approximates the amount by which they are recognised in the financial statements.

On 31 December 2022 and 31 December 2021, the accounting classification and fair value of the Bank's financial assets and liabilities were as follows:

31 December 2022	At fair value	At amortised cost	Book value
Cash and balances with central banks	-	22.620.911.208	22.620.911.208
Cash balances with credit institutions	-	3.952.522.556	3.952.522.556
Investments in credit institutions	-	46.467.925.673	46.467.925.673
Loans and advances to customers	-	63.150.197.914	63.150.197.914
Financial assets	7.156.878.592	46.616.132.646	53.773.011.238
Total	**7.156.878.592**	**182.807.689.997**	**189.964.568.589**
Deposits from central banks	-	138.803.181	138.803.181
Deposits from credit institutions	-	1.053.590.740	1.053.590.740
Customer deposits	-	158.848.079.339	158.848.079.339
Consigned resources	-	5.908.739.846	5.908.739.846
Total	**-**	**165.949.213.106**	**165.949.213.106**

31 December 2021	At fair value	At amortised cost	Book value
Cash and balances with central banks	-	22.050.635.841	22.050.635.841
Cash balances with credit institutions	-	7.912.646.923	7.912.646.923
Investments in credit institutions	-	32.378.318.851	32.378.318.851
Loans and advances to customers	-	66.076.815.640	66.076.815.640
Financial assets	5 255 359 330	39.805.041.829	45.060.401.159
Total	**5 255 359 330**	**168.223.459.084**	**173.478.818.414**
Deposits from central banks	-	203.471.420	203.471.420
Deposits from credit institutions	-	1.138.691.443	1.138.691.443
Customer deposits	-	146.563.736.700	146.563.736.700
Consigned resources	-	6.757.639.299	6.757.639.299
Total	**-**	**154.663.538.862**	**154.663.538.862**

The Board of Directors assumes that the fair value of financial instruments approximates the amount by which they are recognised in the financial statements.

9.39 Events after the balance sheet date

After the balance sheet date and up to the date on which the consolidated and individual financial statements were authorised for issue, no favourable or unfavourable events occurred.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

These annual financial statements of Banco Comercial e de Investimentos, S.A., were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Francisco Pinto Machado Costa
(Chief Executive Officer)

Pedro Ferraz Correia dos Reis
(Financial Department Director)

TOGETHER, WE PROMOTE LOCAL TALENTS
TOGETHER WITH OUR EMPLOYEES, WE ORGANIZE THE DAQUI ECO-MODA TALENTOS EVENT TO AWAKEN TALENTS AND PROMOTE THE USE OF SUSTAINABLE FASHION.

INDEPENDENT
AUDITOR'S
REPORT

pwc

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

BCI - Banco Comercial e de Investimentos, SA

Our opinion

In our opinion, the attached consolidated and individual financial statements fairly reflect, in all material respects, the consolidated and individual financial position of Banco Comercial e de Investimentos, S.A. (the Bank) and its subsidiaries (collectively, the Group) as at 31 December 2022, and its consolidated and individual financial performance and cash flows for the year ended on the aforementioned date, in accordance with the International Financial Reporting Standards (IFRS).

What we audited

The consolidated and individual financial statements of Banco Comercial e de Investimentos, S.A., set out on pages 85 to 170, which comprise:

- the consolidated and individual balance sheet as at 31 December 2022;
- the consolidated and individual statement of income for the year then ended;
- the consolidated and individual statement of comprehensive income for the year then ended;
- the consolidated and individual statement of cash flows for the year then ended;
- the consolidated and individual statement of changes in equity for the year then ended; and
- the notes to the consolidated and individual financial statements which include a summary of significant accounting policies.

Basis for the opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under these standards are outlined in the Auditor's Responsibilities for Auditing the Consolidated and Individual Financial Statements section of this report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent from the Group, in compliance with the requirements of the IESBA (International Ethics Standards Board for Accountants) Code of Ethics and other relevant ethical requirements for auditing financial statements in Mozambique. We comply with the remaining ethical responsibilities in line with the IESBA Code of Ethics and other ethical requirements applicable to the performance of audits in Mozambique.

Other information

The Board of Directors is responsible for other information. Other information comprises the information included in the document entitled 'Annual Report 2022'.

The other information does not comprise the consolidated and individual financial statements or our audit report on the consolidated and individual financial statements. Our opinion on the consolidated and individual financial statements does not extend to the other information and we do not express an audit opinion or any other form of assurance on it.

In auditing the consolidated and individual financial statements, our responsibility is to read the other information identified above and, accordingly, assess the extent to which the other information is materially inconsistent with the consolidated and individual financial statements, or with our understanding obtained in the audit, or whether it appears to be materially misstated.

If, based on the work carried out, we conclude that there is a material misstatement in other information, we are required to report it. We have nothing to report on this subject.

Responsibility of the Board of Directors and Governance Officers for the consolidated and individual financial statements

The Board of Directors is responsible for the preparation and appropriate presentation of these consolidated and individual financial statements in accordance with the International Financial Reporting Standards (IFRS) and for the internal control it deems necessary to make it possible to prepare consolidated and individual financial statements free from material misstatement, whether due to fraud or error.

When preparing consolidated and individual financial statements, the Board of Directors is responsible for assessing the Group's and the Bank's ability to maintain going concern, disclosing, where applicable, matters relating to going concern and applying the going-concern assumption, unless the Board of Directors intends to wind up the Group or the Bank or to cease operations, or has no realistic alternative but to do so.

The Governance Officers are responsible for supervising the financial reporting process of the Bank.

Responsibilities of the Auditor for Auditing the Consolidated and Individual Financial Statements

We aim to achieve reasonable assurance that the consolidated and individual financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue a report stating our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit carried out in accordance with ISAs will always detect a material misstatement when it exists. Misstatements may be the result of fraud or error and are considered material if, either individually or jointly, they can reasonably be expected to influence economic decisions made by users on the basis of such consolidated and individual financial statements.

As part of an audit in line with the ISAs, we render professional judgements and maintain professional scepticism during the audit, and also:

- Identify and assess the risks of material misstatement of consolidated and individual financial statements due to fraud or error, design and implement audit procedures that address such risks, and obtain audit evidence that provides a sufficient and appropriate basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of a misstatement due to error as fraud may involve collusion, falsification, intentional omissions, false statements or overlap to internal control.

- We gather an understanding of internal control relevant to the audit with the aim of designing audit procedures that are appropriate considering the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- We evaluate the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors.

- We reach a conclusion on the Board of Directors' use of the going-concern assumption and, on the basis of the audit evidence gathered, whether there is material uncertainty related to events or conditions that may call into question the ability of the Group and of the Bank to continue its operations. If we conclude that there is material uncertainty, we shall draw attention in our report to such disclosures contained in the consolidated and individual financial statements or, if those disclosures are not appropriate, revise our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report, however, future events or conditions may cause the Group and/or the Bank to cease operations.

- We evaluate the overall presentation, structure and content of the consolidated and individual financial statements, including the disclosures, and whether they portray the underlying transactions and events in a manner that provides a fair presentation.

- We gather sufficient and appropriate audit evidence regarding the financial information of the entities or activities within the Group so as to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and execution of the Group's audit, as well as ultimately responsible for our audit opinion.

We communicate to the Governance Officers, among other matters, the scope and planned schedule of the audit, and the relevant audit matters including any internal control deficiencies identified during the audit.

PricewaterhouseCoopers, Lda.

Certified Auditing Firm 11/SAC/OCAM/2014,

represented by:

José Azevedo
Certified Auditor 10/CA/OCAM/2012

Maputo, 28 February 2023

APPENDIX TO CIRCULAR NO. 3/SHC/2007

Appendix to Circular no. 3/SHC/2007

Items	Assets	A. IAS/IFRS consolidation perimeter: 1 Amount before impairment and amortisation	A. IAS/IFRS consolidation perimeter: 2 Impairment and amortisation	A. IAS/IFRS consolidation perimeter: 3 = 1 - 2 Net amount	B. Adjustment B=A-(C+D+E)
10 + 3300	Cash and balances with central banks	22 620 887 396	-	22 620 887 396	-
11 + 3301	Cash balances with other credit institutions	3 952 526 283	-	3 952 526 283	(32 006 279)
153 (1) + 158 (1) + 16	Financial assets held for trading	-	-	-	-
153 (1) + 158 (1) + 17	Other financial assets at fair value through profit or loss	-	-	-	-
154 + 158 (1) + 18 + 34888 (1) - 53888 (1)	Financial assets available for sale	7 156 878 590	-	7 156 878 590	-
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300	Investments in credit institutions	46 468 489 560	563 900	46 467 925 660	-
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018	Loans and advances to customers	70 613 549 994	7 568 598 040	63 044 951 954	(145 363 303)
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303	Investments held to maturity	46 616 132 650	-	46 616 132 650	-
155 + 158 (1) + 159 (1) + 20 + 3306 + 3310 (1) + 3408 (1) - 354 - 3523 - 5210 (1) - 5308 (1)	Assets with repurchase agreements	-	-	-	-
21	Hedge derivatives	-	-	-	-
25 - 3580	Non-current assets held for sale	2 410 899 090	1 226 703 800	1 184 195 290	-
26 - 3581 (1) - 360 (1)	Investment properties	1 338 192 755	-	1 338 192 755	-
27 - 3581 (1) - 360 (1)	Other tangible assets	12 405 545 663	5 953 110 090	6 452 435 573	-
29 - 3583 - 361	Intangible assets	1 420 345 824	1 107 075 280	313 270 544	-
24 - 357	Invest. in subsidiaries, associated comp. and jointly cont. entities	1	-	1	(460 059)
300	Current tax assets	533 986 659	-	533 986 659	-
301	Deferred tax assets	89 847 875	-	89 847 875	-
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	3 751 292 983	737 134 330	3 014 158 653	(453 775 035)
	Total assets	**219 378 575 323**	**16 593 185 440**	**202 785 389 883**	**(631 604 676)**

(1) Applicable portion of these items' balance.
(2) Item 50 should be recorded in assets if it has a debit balance and in liabilities if it has a credit balance.
(3) The debit balances of items 542 and 548 are recorded in assets, and the credit balances are recorded in liabilities.

MODEL I
Balance sheet - consolidated accounts (assets)

Assets	31-Dec-22						31-Dec-21
	C. Banking activity			D. Other activities			
	1 Amount before impairment and amortisation	2 Impairment and amortisation	3 = 1 - 2 Net amount	1 Amount before impairment and amortisation	2 Impairment and amortisation	3 = 1 - 2 Net amount	IAS/IFRS consolidation perimeter
Cash and balances with central banks	22 620 886 590	-	22 620 886 590	806	-	806	22 050 611 596
Cash balances with other credit institutions	3 952 522 560	-	3 952 522 560	32 010 002	-	32 010 002	7 912 650 489
Financial assets held for trading	-	-	-	-	-	-	-
Other financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Financial assets available for sale	7 156 878 590	-	7 156 878 590	-	-	-	4 692 298 190
Investments in credit institutions	46 468 489 560	563 900	46 467 925 660	-	-	-	32 378 318 850
Loans and advances to customers	70 758 913 297	7 568 598 040	63 190 315 257	-	-	-	65 899 279 668
Investments held to maturity	46 616 132 650	-	46 616 132 650	-	-	-	39 805 041 830
Assets with repurchase agreements	-	-	-	-	-	-	563 061 130
Hedge derivatives	-	-	-	-	-	-	-
Non-current assets held for sale	2 410 899 090	1 226 703 800	1 184 195 290	-	-	-	1 177 880 520
Investment properties	795 368 750	-	795 368 750	542 824 005	-	542 824 005	1 145 035 962
Other tangible assets	12 342 590 880	5 953 110 090	6 389 480 790	62 954 783	-	62 954 783	6 903 119 755
Intangible assets	1 420 332 980	1 107 075 280	313 257 700	12 844	-	12 844	408 175 798
Invest. in subsidiaries, associated comp. and jointly cont. entities	460 060	-	460 060	-	-	-	1
Current tax assets	523 884 610	-	523 884 610	10 102 049	-	10 102 049	482 011 413
Deferred tax assets	87 957 610	-	87 957 610	1 890 265	-	1 890 265	50 663 329
Other assets	4 178 249 554	737 134 330	3 441 115 224	26 818 464	-	26 818 464	4 668 538 417
Total assets	**219 333 566 781**	**16 593 185 440**	**202 740 381 341**	**676 613 218**	**-**	**676 613 218**	**188 136 686 948**

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Items (Indicative references to the banking activity column)
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)
43 (1)
43 (1)
39 - 3311 (1) - 3411 + 5201 + 5211 (1) + 5318 (1)
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311
42 - 3311 (1) - 3414 + 5204 + 5211 (1) + 5312
44
45
47
490
491
481 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)
480 + 488 +/- 489 (1) - 3311 (1) - 3416 (1) + 5206 (1) + 5211 (1) + 5314 (1)
51 - 3311 (1) - 3417 - 3418 + 50 (1) (2) + 5207 + 5208 + 5211 (1) + 528 + 538 - 5388 + 5318 (1) + 54 (1) (3)
55
602
57
-56
58 + 59
60 - 602 + 61
64
-63
62

MODEL I (LIABILITIES)
Balance sheet - consolidated accounts (liabilities)

Liabilities	31-Dec-22				31-Dec-21
	A. IAS/IFRS consolidation perimeter	B. Adjustment B=A-(C+D+E)	C. Banking activity	E. Other activities	
Deposits from central banks	138 803 180	-	138 803 180	-	203 471 420
Financial liabilities held for trading	-	-	-	-	-
Other finan. liabilities at fair value through profit or loss	-	-	-	-	-
Deposits from other credit institutions	1 053 579 070	(145 363 303)	1 053 579 070	145 363 303	911 307 560
Customer deposits and other loans	158 816 073 051	(32 006 279)	158 848 079 330	-	146 736 710 011
Debt securities	-	-	-	-	-
Hedge derivatives	-	-	-	-	-
Non-current liabilities held for sale and discontinued	-	-	-	-	-
operations	1 234 157 400	-	1 234 157 400	-	490 016 750
Provisions					
Current tax liabilities	1 002 623 662	-	980 858 660	21 765 002	17 407 637
Deferred tax liabilities	68 460 190	-	68 460 190	-	19 689 370
Equity-type instruments	-	-	-	-	-
Other subordinated liabilities	-	-	-	-	-
Other liabilities	12 344 439 144	(453 775 035)	12 347 245 962	450 968 217	16 208 681 243
Total liabilities	**174 658 135 697**	**(631 144 617)**	**174 671 183 792**	**618 096 522**	**164 587 283 991**
Capital	10 000 000 000	(142 276 500)	10 000 000 000	142 276 500	10 000 000 000
Issue premiums	864 265 130	-	864 265 130	-	864 265 130
Other equity instruments	-	-	-	-	-
Own shares	(278 060 200)	-	(278 060 200)	-	(276 810 200)
Revaluation reserves	(42 383 340)	-	(42 383 340)	-	(40 982 570)
Other reserves and retained earnings	9 425 430 745	96 987 732	9 447 264 050	(118 821 037)	7 754 727 180
Income for the year	8 113 173 142		8 078 111 909	35 061 233	5 217 000 866
(Advance dividends)	-	-	-	-	-
Non-controlling interests	44 828 709	44 828 709	-	-	31 202 551
Total capital	**28 127 254 186**	**(460 059)**	**28 069 197 549**	**58 516 696**	**23 549 402 957**
Total liabilities + capital	**202 785 389 883**	**(631 604 676)**	**202 740 381 341**	**676 613 218**	**188 136 686 948**

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Items
79 + 80
66 + 67
82
81
68
- 692 - 693 - 695 (1) - 696 (1) - 698 - 69900 - 69910 + 832 + 833 + 835 (1) + 836 (1) + 838 + 83900 + 83910
-694 + 834
- 690 + 830
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)
- 695 (1) - 696 (1) - 69901 - 69911 - 75 - 720 - 721 - 725 (1) - 726 (1) - 728 + 835 (1) + 836 (1) + 83901 + 83911 + 840 + 843 (1) + 844 (1) + 848
70
71
77
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888
760 + 7610 + 7618 + 7620 + 76210 + 76211 + 7623 + 7624 + 7625 + 7630 + 7631 + 765 + 766 - 870 - 8720 - 8710 - 8718 - 87210 - 87211 - 8723 - 8724 - 8726 - 8730 - 8731 - 875 - 876
768 + 769 (1) - 877 - 878
650
651
74 - 86
640
- 72600 - 7280 + 8480 + 84400
641

(1) Applicable portion of these items' balance.

MODEL II
Profit-and-loss statement - consolidated accounts

	31-Dec-22				31-Dec-21
	A. IAS/IFRS consolidation perimeter	B. Adjustment B=A-(C+D+E)	C. Banking activity	D. Other activities	IAS/IFRS consolidation perimeter
Interest and similar income	22 012 810 836	(25 590 173)	22 038 400 896	113	18 771 479 809
Interest and similar expenses	(6 322 572 051)	36 345 201	(6 333 327 074)	(25 590 178)	(5 333 510 005)
Net interest income	**15 690 238 785**	**10 755 028**	**15 705 073 822**	**(25 590 065)**	**13 437 969 804**
Income from equity instruments	12 645 387	-	12 645 387	-	-
Income from services and commissions	3 357 520 390	(88)	3 357 520 478	-	3 340 619 169
Costs of services and commissions	(1 015 666 516)	88	(1 015 645 417)	(21 187)	(890 798 103)
Income from assets and liabilities at fair value through profit or loss	191 610	-	191 610	-	-
Income from financial assets available for sale	10 985 070	-	10 985 070	-	16 956 950
Income from foreign exchange revaluations	2 095 396 253	-	2 095 396 090	163	1 631 888 446
Income from disposal of other assets	109 584 620	-	109 584 620	-	120 732 500
Other operating income	102 606 484	(31 609 940)	39 716 918	94 499 506	1 253 981 297
Net operating income	**20 363 502 083**	**(20 854 912)**	**20 315 468 578**	**68 888 417**	**18 911 350 063**
Staff costs	(4 583 012 806)	-	(4 579 434 230)	(3 578 576)	(4 347 932 364)
General administrative expenditure	(3 101 998 041)	-	(3 098 934 970)	(3 063 071)	(2 904 991 832)
Depreciation for the period	(923 630 112)	29 432 199	(942 423 160)	(10 639 151)	(949 086 328)
Provisions net of recoveries and cancellations	(852 311 430)	-	(852 311 430)	-	(150 504 710)
Impairment of other financial assets net of reversals and recoveries	363 072 220	-	363 072 220	-	(2 302 060 530)
Impairment of other assets net of reversals and recoveries	(289 069 570)	-	(289 069 570)	-	(1 459 374 890)
Income before tax	**10 976 552 344**	**8 577 287**	**10 916 367 438**	**51 607 619**	**6 797 399 409**
Taxes					
Current	(2 854 874 531)	-	(2 838 255 529)	(16 619 002)	(1 568 747 984)
Tax adjustments for past years	(32 000)		-	(32 000)	(100 000)
Deferred	104 616	-	-	104 616	(11 550 559)
Income after tax	**8 121 750 429**	**8 577 287**	**8 078 111 909**	**35 061 233**	**5 217 000 866**
Of which: net income after tax on discontinued operations					
Non-controlling interests					-
Consolidated income for the period	**8 121 750 429**	**8 577 287**	**8 078 111 909**	**35 061 233**	**5 217 000 866**

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Items
10 + 3300
11 + 3301
153 (1) + 158 (1) + 16
153 (1) + 158 (1) + 17
154 + 158 (1) + 18 + 34888 (1) - 53888 (1)
13 + 150 + 158 (1) + 159 (1) + 3303 + 3310 (1) + 3408 (1) - 350 - 3520 - 5210 (1) - 5300
14 + 151 + 152 + 158 (1) + 3304 + 3310 (1) + 34000 + 34008 - 3510 - 3518 - 35210 - 35211 - 5210 (1) - 53010 - 53018
156 + 158 (1) + 159 (1) + 22 + 3307 + 3310 (1) + 3402 - 355 - 3524 - 5210 (1) - 5303
155 + 158 (1) + 159 (1) + 20 + 3306 + 3310 (1) + 3408 (1) - 354 - 3523 - 5210 (1) - 5308 (1)
21
25 - 3580
26 - 3581 (1) - 3602 (1)
27 - 3581 (1) - 360 (1)
29 - 3583 - 361
24 - 357
300
301
12 + 157 + 158 (1) + 159(1) + 31 + 32 + 3302 + 3308 + 3310 (1) + 338 + 3408 (1) + 348 (1) - 3584 - 3525 + 50 (1) (2) - 5210 (1) - 5304 - 5308 (1) + 54 (1) (3)

(1) Applicable portion of these items' balance.
(2) Item 50 should be recorded in assets if it has a debit balance and in liabilities if it has a credit balance.
(3) The debit balances of items 542 and 548 are recorded in assets, and the credit balances are recorded in liabilities.

MODELO III
Balanço - Contas Individuais (Activo)

Assets	31-Dec-22			31-Dec-21
	Amount before provisions, impairment and amortisation	Provisions, impairment and amortisation	Net amount	
Cash and balances with central banks	22 620 886 590	-	22 620 886 590	22 050 610 790
Cash balances with other credit institutions	3 952 522 560	-	3 952 522 560	7 912 646 930
Financial assets held for trading	-	-	-	-
Other financial assets at fair value through profit or loss	-	-	-	-
Financial assets available for sale	7 156 878 590	-	7 156 878 590	4 692 298 190
Investments in credit institutions	46 468 489 560	563 900	46 467 925 660	32 378 318 850
Loans and advances to customers	70 758 913 297	7 568 598 040	63 190 315 257	66 076 885 603
Investments held to maturity	46 616 132 650	-	46 616 132 650	39 805 041 830
Assets with repurchase agreements	0	-	0	563 061 130
Hedge derivatives	-	-	-	-
Non-current assets held for sale	2 410 899 090	1 226 703 800	1 184 195 290	1 177 880 520
Investment properties	795 368 750	-	795 368 750	876 368 750
Other tangible assets	12 342 590 880	5 953 110 090	6 389 480 790	6 537 972 370
Intangible assets	1 420 332 980	1 107 075 280	313 257 700	408 130 340
Invest. in subsidiaries, assoc. companies and jointly controlled entities	460 060	-	460 060	460 060
Current tax assets	523 884 610	-	523 884 610	471 950 560
Deferred tax assets	87 957 610	-	87 957 610	48 877 680
Other assets	4 178 249 554	737 134 330	3 441 115 224	5 134 948 567
Total assets	**219 333 566 781**	**16 593 185 440**	**202 740 381 341**	**188 135 452 170**

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MODEL III (LIABILITIES)
Balance sheet - Individual accounts (liabilities)

Items	Liabilities	31-Dec-22	31-Dec-21
38 - 3311 (1) - 3410 + 5200 + 5211 (1) + 5318 (1)	Deposits from central banks	138 803 180	203 471 420
43 (1)	Financial liabilities held for trading	-	-
43 (1)	Other financial liabilities at fair value through profit or loss	-	-
39 - 3311 (1) - 3411 + 5201 + 5211 (1) + 5318 (1)	Deposits from other credit institutions	1 053 579 070	911 307 560
40 + 41 - 3311 (1) - 3412 - 3413 + 5202 + 5203 + 5211 (1) + 5310 + 5311	Customer deposits and other loans	158 848 079 330	146 769 067 380
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	1 234 157 400	490 016 750
490	Current tax liabilities	980 858 660	-
491	Deferred tax liabilities	68 460 190	19 689 370
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	12 347 245 962	16 226 151 186
	Total liabilities	**174 671 183 792**	**164 619 703 666**
	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	Own shares	(278 060 200)	(276 810 200)
58 + 59	Revaluation reserves	(42 383 340)	(40 982 570)
60 - 602 + 61	Other reserves and retained earnings	9 447 264 050	7 765 909 420
64	Income for the year	8 078 111 909	5 203 366 724
-63	(Advance dividends)	-	-
62	Non-controlling interests	-	-
	Total capital	28 069 197 549	23 515 748 504
	Total liabilities + capital	**202 740 381 341**	**188 135 452 170**

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MODEL IV
Profit-and-loss statement - individual accounts

Items		31-Dec-22	31-Dec-21
79 + 80	Interest and similar income	22 038 400 896	18 798 402 310
66 + 67	Interest and similar expenses	(6 333 327 074)	(5 350 852 250)
	Net interest income	**15 705 073 822**	**13 447 550 060**
82	Income from equity instruments	12 645 387	-
81	Income from services and commissions	3 357 520 478	3 340 619 390
68	Costs of services and commissions	(1 015 645 417)	(890 765 660)
- 692 - 693 - 695 (1) - 696 (1) - 698 - 69900 - 69910 + 832 + 833 + 835 (1) + 836 (1) + 838 + 83900 + 83910	Income from assets and liabilities at fair value through profit or loss	191 610	-
- 694 + 834+832	Income from financial assets available for sale	10 985 070	16 956 950
- 690 + 830	Income from foreign exchange revaluations	2 095 396 090	1 631 888 550
- 691 - 697 - 699 (1) - 725 (1) - 726 (1) + 831 + 837 + 839 (1) + 843 (1) + 844 (1)	Income from disposal of other assets	109 584 620	120 732 500
- 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	39 716 918	1 227 606 866
	Net operating income	**20 315 468 578**	**18 894 588 656**
70	Staff costs	(4 579 434 230)	(4 343 920 580)
71	General administrative expenditure	(3 098 934 970)	(2 902 286 320)
77	Depreciation for the period	(942 423 160)	(976 467 730)
784 + 785 + 786 + 788 - 884 - 885 - 886 - 888	Provisions net of recoveries and cancellations	(852 311 430)	(150 504 710)
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	363 072 220	(2 302 060 530)
768 + 769 (1) - 877 - 878	Impairment of other assets net of reversals and recoveries	(289 069 570)	(1 459 374 890)
	Income before tax	**10 916 367 438**	**6 759 973 896**
	Taxes		
650	Current	(2 838 255 529)	(1 556 607 172)
651	Tax adjustments for past years	-	-
74 - 86	Deferred	-	-
640	**Income after tax**	**8 078 111 909**	**5 203 366 724**
- 72600 - 7280 + 8480 + 84400	Of which: net income after tax on discontinued operations		

(1) Applicable portion of these items' balance.

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