FINANCIAL STATEMENTS 2022

MOZA

O valor é teu.

1. Mensage from the Chairman of the Board of Directors

Dear Shareholders, Customers, Employees and Stakeholders in general,

I am very pleased to address you all to share our achievements and challenges during the year 2022, a year in which the world economy is still very much affected by the effects of COVID-19, a pandemic that still persists and has had some outbreaks, but that the world has ensured a greater capacity for resilience and adaptation to it.

It is estimated that in the year under review the global economy saw a real growth of 3.4%, thus reflecting a deceleration when compared to the same period in the previous financial year. In fact, already weakened by the effects of the pandemic crisis, there were still some crucial shocks, such as the acceleration of price levels around the world, the slowdown in the growth rates of the Chinese economy and the negative repercussions of the war in Ukraine.

In the national context, the country faced adversities in the first quarter of 2022, such as cyclone "Gombe", tropical storm "Ana" and tropical depression "Dumako", which affected the domestic supply of goods and services and hampered the performance of the agriculture, extractive industry, power distribution and water sectors. Still, GDP showed real growth of 4.15%, in line with forecasts of accelerating economic activity.

In 2022, average annual inflation grew to levels of 10.28% (2021: 6.74%), above the target set by the Government in its Economic and Social Plan and State Budget for 2022 (5.3%).

In what concerns Monetary Policy, the Central Bank would opt for a more restrictive strategy in order to contain inflationary pressure, imposing a strong increase in the monetary policy rate (MIMO) by 400 basis points, to 17.25% (2021: 13.25%), which led to an upward revision of the Prime Rate of the Financial System (PRFS), in the same magnitude, from 18.60% to 22.60%. It should be noted, however, that the reserve requirement remained unchanged throughout 2022, being 10.50% for local currency and 11.50% for foreign currency.

Despite the difficult context referred to above, we remained faithful to our determination to develop our business in harmony with the rigor and prudence we have shown in previous years and we consolidated our growth trajectory in line with previous years, attested to by the confidence that our customers and the market have shown in our business and performance. It should be noted that this year alone, we registered 27% growth in the number of our customers, reaching a total of 215.864 customers.

Within the framework of this positive evolution, it should also be added that in 2022, the Bank registered significant growth in the level of deposit-taking +8% (MZN +2.6 billion) than in the previous year, and total assets evolved in this direction, also increasing by 6% (MZN 2.6 billion). In spite of all this, and given the challenging macroeconomic context and high interest rates, the Bank, like the other players in the market, sought to guarantee prudent management of its credit portfolio, which resulted in a residual variation in this portfolio in relation to the previous year.

The year 2022 was also marked by the approval and start of implementation of the Strategic Plan 2022-2026, a guiding instrument that establishes the Bank's action guidelines for the period in reference, and includes guidelines to support the activity, focusing on the Bank's profitability and sustainability. In this context, in line with the defined strategy and as a means of reaffirming its commitment to the Moza project, in December 2022, the Bank's Shareholders approved another Share Capital increase operation in the amount of MZN 1,124.5 million, demonstrating their total confidence in the consolidation of the institution's activity.

True to our DNA, we assure that the strategy embodied in the new Business Plan reaffirms and consolidates our positioning as a Relational Bank that places the Customer at the centre of its strategy. This vision and approach have allowed us, on the one hand, to increase the accessibility and comprehensiveness of our services, investing heavily in improving digital channels, and on the other, to diversify our offer of products and services, creating a highly competitive and differentiated value proposition. Thus, we provide products and services that are better adapted to the reality and expectations of each Customer, while maintaining the high standards of quality and innovation that characterize us.

In 2022, we continued to invest in technology and innovation to provide our customers with a convenient, secure and reliable offer. This year, we sought to improve and consolidate the various digital solutions implemented in previous periods, namely the Whatsapp Banking service, the MOZA Já (USSD) platform, the availability and stability of our digital channels and the interoperability solution that registered a remarkable growth, revealing the confidence gained from our Customers and the market in general.

In terms of innovation, special mention goes to the launch of new cards equipped with Contactless technology. With the new technology, cardholders can make payments in an even faster, more convenient and secure way, just by bringing the card close to the payment reader, without the need to insert the card and type a password for low-value amounts. This is another unequivocal demonstration of Moza Banco's bet in providing solutions that make our Customers' day-to-day easier.

The option for this commitment in matters of innovation and technology has enabled Moza Banco to stand out in a cross-border context, with representation and participation in different forums, with emphasis on participation in Websummit, the largest digital technology fair in the world, as well as presentation in forums of reference in matters of data science and other technologies at the African level.

As far as the retail network is concerned, highlight goes to the opening of another rural Business Unit, namely, the Maríngué branch in Sofala province. This opening is in the scope of the partnership with MADER, aiming at increasing the levels of banking and promotion of rural finance which are in line with the Bank's strategy.

As a result of this performance, Moza Banco showed a significant improvement in profitability and efficiency indices in 2022 compared to the same period in 2021. Return on equity (ROE) and return on assets (ROA) reached positive 1.26% (2021: negative 9.83%) and positive 0.05% (2021: negative 0.4%), respectively. With regard to prudential ratios, at the end of 2022, the solvency ratio stood at 22.58% (2021: 23.21%), while the liquidity ratio reached 47.41% (2021: 44.50%), remaining well above the regulatory requirements established by the regulator.

In 2022, the Bank showed a significant improvement in operating efficiency, with the cost-to-income ratio standing at 74.30%, reflecting the positive effect of the ongoing strategy of optimizing and rationalizing operating and investment costs. The efficient performance of the institution led to the generation of positive pre-tax results, reaching MZN 326 million, compared to negative MZN 1.3 billion registered last year. Thus, we recorded a positive net result of MZN 90 million, as a consequence of the measures mentioned above as well as the significant increase in the volume of transactions with Customers.

Also in 2022, and in a scenario of gradual recovery of the national economy, Moza Banco maintained its determination to develop and support various social projects, in line with the Social Responsibility Policy in force at the Bank, and other sector policies, seeking to add value to the surrounding Communities and to the Country in general. As a way of providing solidarity to the families and fellow citizens directly affected by the natural disasters, we joined the Government's efforts to minimize the suffering of the affected families. In parallel, we consolidate the already demanding sector partnerships aimed at the materialization of various projects with strong transformative potential from the sectors of education, health, through the arts, culture and sports, in close collaboration with the institutions and representations of the State.

The launch of the institutional concept of the Moza Family, in which a family simulates its days to the "sound" of our Bank's products, appears to be a dynamic concept in which this family can grow, so that the correlation of its needs is satisfied by the responsiveness and existence of an adequate product.

Also inform that in 2022, Moza Banco was recognized as an "Elite Employer" for its Employee Value Proposition in the areas of: Compensation and Benefits, Career, Work Environment and Culture.

With regard to compliance with legal, regulatory, operational, ethical and conduct obligations and duties, in 2022, we will provide training sessions for Bank employees, including Members of the Board, on topics related to the prevention and detection of Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction, thus providing the Bank with the necessary knowledge to strengthen the need to comply with the Laws, regulations, standards and strengthen a good governance policy based on a more careful management.

In the context of prudence, we continue to ensure good practices in risk management and compliance, investing in the strengthening of policies and instruments that aim to provide the Bank with greater capacity for effective and efficient management.

In 2022, the Bank increased credit impairments, with the objective of ensuring greater coverage against the risks of exposures and overdue loans, in accordance with the defined strategy and with the commitment to sustain a conservative and professional policy in the exercise of risk management.

I would like to emphasize that in 2022, we maintained our commitment to good Environmental, Social and Governance (ESG) practices. We are dedicated to maintaining the highest ethical, social and environmental responsibility standards in all our activities, and this guideline is printed in the Bank's strategy for the coming years.

As is to be expected, the consolidation of our activity and the level of performance achieved has translated into a strengthening of the confidence of all stakeholders who reside in the sphere of the Institution. It is in this context that I am pleased to announce that a US$10 million line of credit has recently been approved with the European Investment Bank (EIB) to support the Bank's lending activity. This initiative is an unequivocal sign of confidence of this prestigious financial institution towards Moza Banco, as part of the Bank's international strategy to secure key and multilateral partnerships with objectives aligned with its strategy.

In closing, and on behalf of the Board of Directors, I would like to thank all those who have contributed to the consolidation and growth of Moza Banco, especially our Employees, for the committed and professional manner in which they have conducted their mission, our Customers for maintaining their confidence in this institution, our Shareholders for all the support they have given us, and also the Supervisory and Governmental Authorities for their availability and support in the process that the Bank has been developing.

João Figueiredo

João Figueiredo

Chairman of the Board of Directors

2. Main Highlights

2.1. Main Indicators

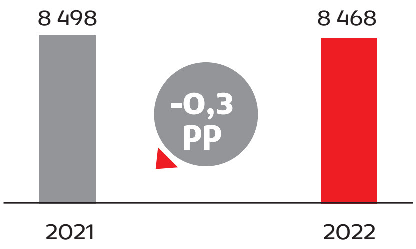
Main Indicators *(in thousands of Meticais)*	**2021**	**2022**	**Var. % 2022 - 2021**
BALANCE			
Total Assets	45 108 113	47 676 365	5,69%
Customer Credit (Net)[1]	22 070 821	21 780 971	-1,31%
Customer resources	32 753 139	35 397 414	8,07%
Transformation ratio (Credit/deposits)[3]	75%	70%	-5,59 pp
POMPETITIVE POSITIONING[2]			
Market share in Customer Credit	8,49%	8,39%	-0,09 pp
Market share of Deposits	5,67%	5,64%	-0,02 pp
Market Share of Assets	5,62%	5,56%	-0,06 pp
PROFITABILITY			
Income Before Tax	(1 249 515)	326 015	126,09%
Net Profit	(1 381 021)	90 138	106,53%
Banking Product	4 515 600	4 120 045	-8,76%
Financial Margin Ratio[5]	9,14%	8,66%	-0,48 pp
Return on Equity (ROE)	-9,83%	1,26%	11,08 pp
Return of Assets (ROA)	-0,40%	0,05%	0,45 pp
PRUDENTIAL LIMITS			
Tier I	26,42%	25,72%	-0,70 pp
Solvency Ratio	23,21%	22,58%	-0,63 pp
Liquidity Ration	44,50%	47,41%	2,91 pp
ASSETS QUALITY			
Credit overdue > 90 days	3 571 888	3 838 000	7,45%
Total Credit overdue	3 719 990	4 101 000	10,24%
Credit impairment	2 655 386	2 961 491	11,53%
Credit overdue > 90 days/Customer credit	14,64%	15,64%	1,00 pp
Credit impairment/ Credit overdue > 90 days	74%	77%	2,82 pp
Credit impairment/ Total Credit overdue	71%	72%	0,83 pp
Credit impairment/ Customer credit	11%	12%	1,18 pp
EFFICIENCY			
Operating Costs	3 398 537	3 378 030	-0,60%
Other operating expenses	1 159 876	1 158 204	-0,14%
Personnel Costs	1 733 513	1 773 280	2,29%
Amortizations	505 148	446 546	-11,60%
Operating costs/ Total Assets (%)	7,5%	7,1%	-0,44 pp
Cost-to-income	67,2%	74,3%	7,07 pp
Other Operating Costs/Banking product	25,7%	28,1%	2,42 pp
Personnel Costs/Banking product	38,4%	43,0%	4,65 pp
BUSINESS INDICATORS			
Business Units[4]	63	65	3,17%
Nº of ATMs	108	108	0%
Nº of POS	3 515	3 385	-3,70%
Nº of Employees at the end of the financial year	917	961	4,80%
Nº of Customers	169 669	215 864	27,23%
Nº of Cards in the Network	138 163	179 875	30,19%

[1] Credit portfolio less impairments
[2] Statistical information from the Banco de Moçambique, December 2022
[3] Credit = gross credit portfolio
[4] Includes Corporate and Institutional business centre
[5] Net Interest Margin Ratio= Net interest income/average productive Productive Assets= Investments in Credit Institutions + Credit + Securities
pp = percentage points

2.2. Main Highlights

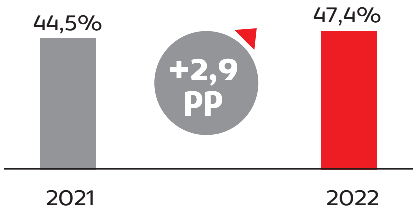
SOLIDITY

Equity
(million MZN)



Solvency Ratio

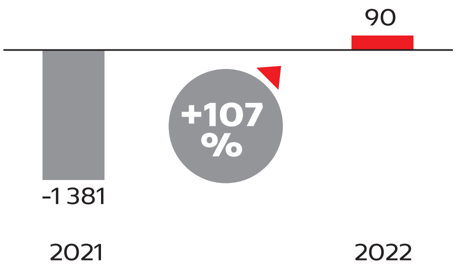
Liquidity Ratio



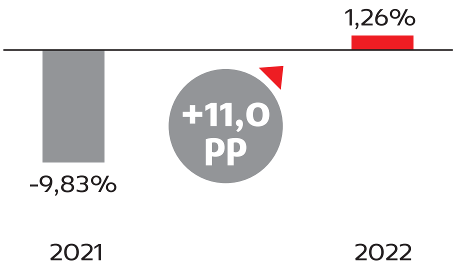
- Equity, which aggregates the share capital, reserves, retained earnings, and net income for the year, remained stable compared to 2021.
- Moza continues to present solvency levels above the required regulatory limit (12.0%), which allows the sustainable development of business activities, reinforcing the Bank's position as a robust and reliable financial institution.
- The liquidity ratio stood at 47.4%, above the regulatory minimum (25.0%), showing that the Bank is able to honor all its commitments to customers, suppliers or any other stakeholder.

ROFITABILITY

Net Income
(million MZN)



Return on Equity
(%)



- In 2022, Moza Banco achieved a net income of positive MZN 90.14 million, influenced by a number of factors, including the increase in transactional volume, the continued rationalization of costs, as well as the adoption of good Risk and Compliance management practices, which are mirrored in the optimization and efficiency of credit risk management.
- Return on equity (ROE) stood at 1.26%, a significant improvement of +11.00 pp, year-on-year, reflecting the Bank's improved results.

3. Moza Banco

Brief Description

Moza Banco, S.A. (hereinafter Moza Banco, Moza or Bank) is a Universal Retail Bank, which operates in the Mozambican market since June 16, 2008, and provides banking services with a strong national presence represented by the third largest branch network of the Mozambican Banking System, with 65 Business Units distributed throughout the country.

Moza Banco offers a wide range of banking products and services to its Customers from different segments, namely Private, Corporate, Institutional, Small and Medium Enterprises, Individuals.

Vision

Our vision is to be the reference bank in Mozambique in the provision of quality financial services to the Retail, Private, Corporate and Institutional segments in accordance with the criteria of effectiveness, efficiency and profitability established by our shareholders.

Mission

Our Mission is to provide high-quality, efficient financial products and services to our customers, aligning strategies to add value for them.

Values

The Bank's values are based on Knowledge, Rigor, Transparency, Customer Orientation, Integrity, Ethics, Innovation and Vanguard.

Moza Brand

The public is driven by identification and trust, always preferring those who inspire them, who drive their dreams and ambitions. This should be our legacy: a brand that unites a country, a brand that any family can count on, a bank with solutions for the whole family, a brand that is a single family in Mozambique, the Moza family. Because, in fact, everyone can count on Moza!

It is based on this assumption that all actions and initiatives that were developed in 2022 are based on this assumption. The externalization of what we have already assumed internally: **A Bank of all and for all**. A Bank with a deep knowledge of the local reality, with local solutions and opportunities for the financial success of its Customers, employees and Shareholders. A preferred Bank for Mozambicans.

The notoriety of the brand Moza has evolved continuously and consistently over the years, which assumes that there is an increasingly strong link with customers and the market in general, revealing recognition and trust.

2022 Main Events

The year 2022 will be marked by the materialization of numerous initiatives and projects that reflect the ambition and growth of Moza Banco, supported by its stakeholders. Among these initiatives, the following stand out:

I Quarter

- Joining the VISA program "BIN Sponsorship";
- Distinction by African Leadership Magazine;
- Inauguration of the Marínguè branch
- Participation in the XVII Annual Private Sector Conference (CASP)

II Quarter

- Signing of an agreement with MADER for financing rural undertakings;
- Launching of new Cards equipped with Contactless technology;
- Launching of the institutional campaign "*Conta com o Moza*";
- Distinction of PCA with the African Inspirational Business Leadership award

III Quarter

- Launching of works by the winners of the Fernando Leite Couto Literary Award 2022;
- Launching of the financing line to support rural undertakings;
- Participation in the Mozambique Portugal Business and Investment Forum

IV Quarter

- Participation in the 61st Session of the Parliamentary Assembly of the OEACP;
- Car Leasing Campaign in partnership with Caetano;
- 9th National Entrepreneurship Conference;
- Breakfast on Economics and Business promoted by ACIS;
- Launch of the 2nd Edition of the Journalism Award;
- Solidary Christmas

4. Shareholder Structure and Governing Bodies

4.1 Shareholder Structure

On 31 December 2022, the share capital of Moza Banco remained at MZN 5.896.250.000,00 (Five Thousand, Eight Hundred and Ninety Six Million, Two Hundred and Fifty Thousand Meticais).

In this context, the structure of Moza Banco, with regard to the Shareholders' participation in the company, remained as shown in the table below:

Shareholders	Número de Acções	Nominal Value (In Meticais)	Percentage of Capital
Kuhanha S.A	742.691	3.713.455.000	62,9799%
Arise B.V.	351.390	1.756.950.000	29,7977%
Moçambique Capitais, S.A	43.435	217.175.000	3,6833%
NB ÁFRICA, SGPS, SA	41.732	208.660.000	3,5389%
António Matos	2	10.000	0,0002%
Moza Banco	**1.179.250**	**5.896.250.000**	**100%**

The geographical distribution of the share capital, is mostly held by Mozambican entities, which represent about 66.6634% of the total number of shares.

Origin	Percentage of Capital
Mozambique	66,6634%
Netherlands	29,7977%
Portugal	3,5389%
Total	**100,0000%**

The General Meeting of Shareholders of Moza Banco, held on 01 December, approved a capital increase in the amount of MZN 1.124.500.000,00 (One Hundred and Twenty-Four Million and Five Hundred Thousand Meticais), to be carried out in February 2023.

4.2 Governing Bodies and Governance Model

The Governing Bodies of Moza Banco are the General Meeting, the Audit Committee and the Board of Directors, all elected at the Shareholders' General Meeting.

On 31 March 2022 there was a partial change in the composition of the governing bodies, with the appointment to the Board of Directors of three more non-executive directors. The composition of the Governing Bodies of Moza Banco is now as follows:

GENERAL MEETING

Chairman of the General Meeting	Lourenço Joaquim da Costa Rosário
Vice-chairwoman of the General Meeting	Maria Violante Jeremias Manuel
Secretary of the General Meeting	Sara Mondego Marques

AUDIT COMMITTEE

Chairwoman	Irene Luzidia Maurício
Vice-chairwoman	Anastácia Sebastião Chamusse Cuna
Member	Nuno Gonçalo Gomes Domingues
Alternate	Isaltina José Franco Mahumane Nhabinde

BOARD OF DIRECTORS

Chairman	João Filipe de Figueiredo Júnior
Administrator (Executive)	Manuel Jorge Mendes Soares
Administrator (Non-Executive)	Manuel Jorge Aranda da Silva
Administrator (Non-Executive)	Wilfred Jeroen Scheelbeek
Administrator (Non Executive)	Angélica Macave
Administrator (Non-Executive)	Gomes Zita
Administrator (Non-Executive)	Ruth da Pátria
Administrator (Non Executive)	Adérito Sousa

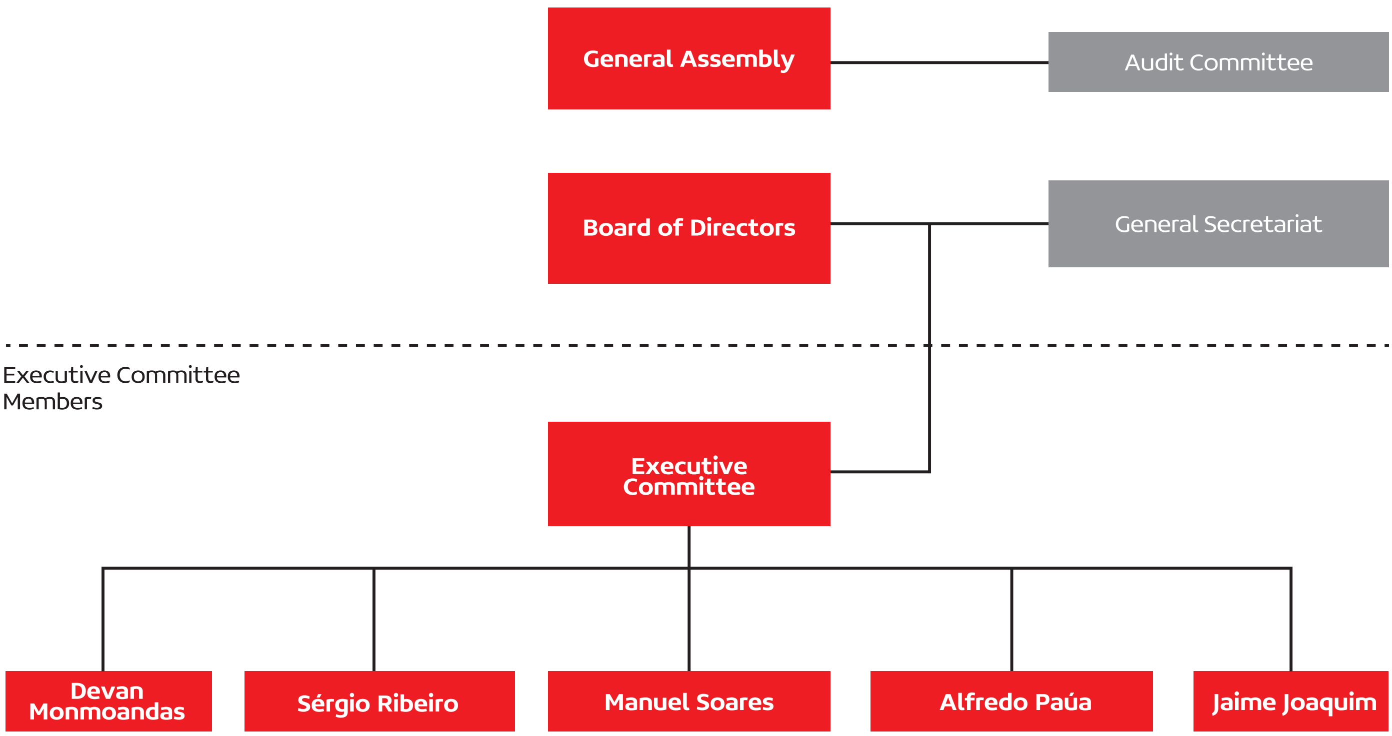
Governance Model

The General Meeting is the highest governing body of the company and represents the entire Shareholder universe. Its decisions are binding for all, Shareholders, and the Company in general, when taken under the terms of the law and the statutes.

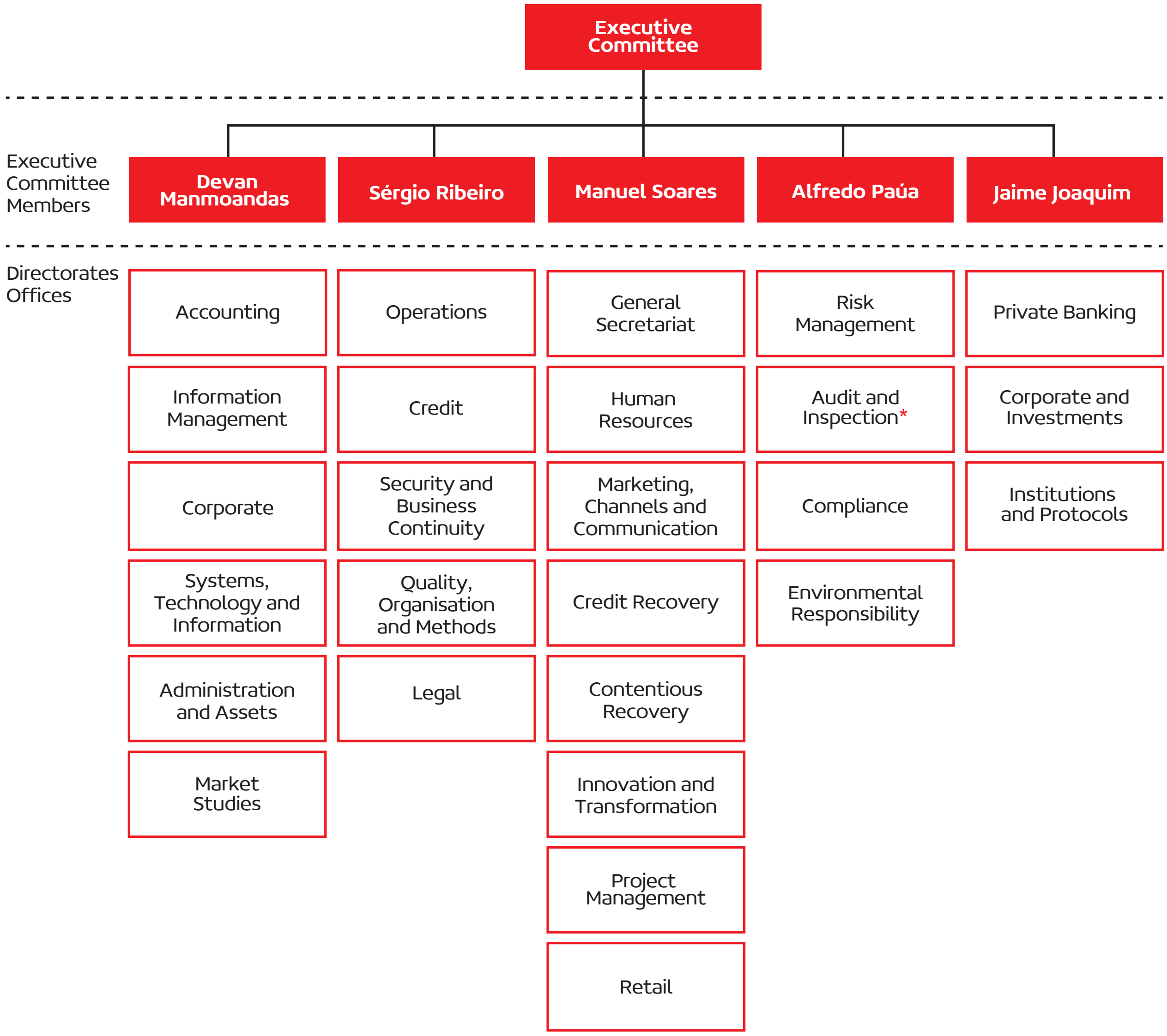
Moza Banco adopts a governance model in which responsibility for the management of the company is attributed to the Board of Directors, which delegates the day-to-day running of the business to the Executive Committee, while the Audit Committee is responsible for supervision.

The Company Secretary, whose appointment is the responsibility of the Board of Directors, has, among other activities assigned to him, the responsibility of guiding and supporting the Bank's Governing Bodies in matters of corporate governance, legality and administrative matters, in addition to supporting the meetings of the Board of Directors and other Governing Bodies.

The organizational structure of Moza Banco, at the end of financial year 2022, presented the following composition:



With regard to the distribution of powers and responsibilities among the Members of the Executive Committee by the various Departments of the Bank, as at 31 December, they were segregated as follows:



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

5. Social Responsibility

5.1 Social Responsibility

Moza Banco, in partnership with the Fernando Leite Couto Foundation, has supported various initiatives in the field of art and literature, including publishing works, promoting lectures and conversations, and implementing a broad cultural program. The Bank also collaborates with the "Um pequeno Gesto, uma grande Ajuda" Association, supporting projects to combat poverty, infrastructure and education in Mozambique, and has offered teaching materials for women in the Adult Literacy program at the Escola Comunitária Paulo Samuel Kankhomba.

In the health sector, Moza Banco donated medicines and surgical material to the Hospital Provincial de Chimoio, and held an internal blood donation campaign for the Hospital Central de Maputo Blood Bank. In the cultural sector, the Bank established a partnership with the musician Stewart Sukuma and supported the Grupo Desportivo de Maputo in the field of sports, promoting the development of young athletes.

With regards solidarity actions, Moza Banco donated food and vegetable seed kits to families affected by cyclones 'Ana' and 'Gombe', supported less-favoured children and elderly people in Inhambane, and delivered agricultural seeds to small farmers associations in Gaza. In addition, the Bank donated construction material for the 8th police station of Manga in the city of Beira and promoted a Solidarity Christmas campaign for children hospitalized in paediatric services in hospitals across the country.

In the area of citizenship, Moza Banco sponsored the construction of five bus stops on the Marracuene-Macaneta road, aiming to provide passengers with a protected and comfortable place to wait for transportation safely. These actions demonstrate the Bank's commitment to contribute to the economic and social development of the communities where it operates.

5.2. Sponsorships and Support

Sponsorship to female soccer team in Boane

Moza donated full sports equipment to the female soccer team of the Escola Secundária Filipe Jacinto Nyusi in Boane. The donation aims to promote the integration and retention of girls in schools through sports practice, as well as gender equity and equal opportunities between boys and girls.

Sponsorship to the Relaunch of Mia Couto's Work

Moza has sponsored the 2nd edition of "A Espada e Azagaia", the second book of the trilogy "As Areias do Imperador" by Mia Couto. The sponsorship aims at fostering literary creation and other cultural activities with social impact.

Support for the Rehabilitation of the Main Block of the Casa do Gaiato

Moza Banco has granted monetary support to the Casa do Gaiato in Mozambique to help rebuild the main block of the building that was destroyed in a fire. The objective is to restore the normal functioning of the institution, which provides housing, education and food for orphaned and destitute children.

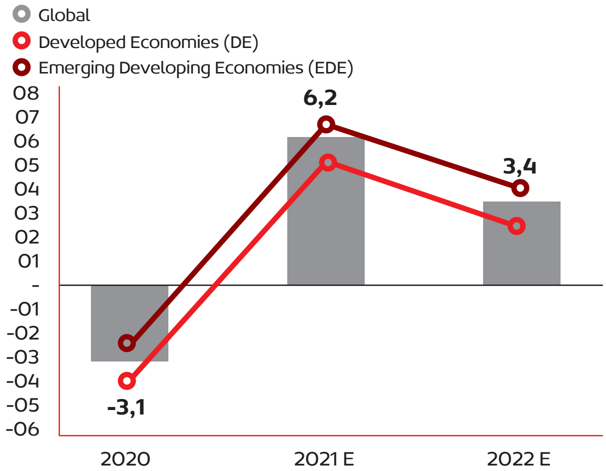
6. Macroeconomic Framework

6.1 International Economy

Economic Growth

The constraints observed in global supply chains in early 2022, still reflecting the effects of COVID-19 (e.g., shortages of raw materials, intermediate goods and labor, delays in international cargo transportation), limited the supply of imported products, generating strong inflationary pressures across economies due to increased global demand. Additionally, the invasion of Ukraine by Russia on February 24, 2022, triggered the imposition of economic sanctions on Russia mainly by the United States of America, United Kingdom and the European Union - removal of several Russian banks from the SWIFT platform; freezing of the assets of the Central Bank of Russia, with special attention to net international reserves; closure of airspace to Russia; suspension of certification of the new pipeline, called Nord Stream 2, which would carry natural gas to Germany; various trade restrictions; limitation on the sale price of Russian oil - impacting negatively on global economic activity.

Global Economic Growth (%)



Nota: E - Estimates
Fonte: FMI - *World Economic Outlook, January 2022*

It is estimated that the global economy in 2022 will have seen real growth in the order of 3.4%, reflecting a slowdown in relation to the same period in the previous year. The world economy, already weakened by the pandemic, suffered other shocks, namely: a) the acceleration of price levels above expected worldwide, which caused the tightening of financial conditions globally; b) the worse than expected slowdown in China, instigated by restrictions to combat the persistent outbreaks of COVID-19; c) the negative repercussions of the war in Ukraine.

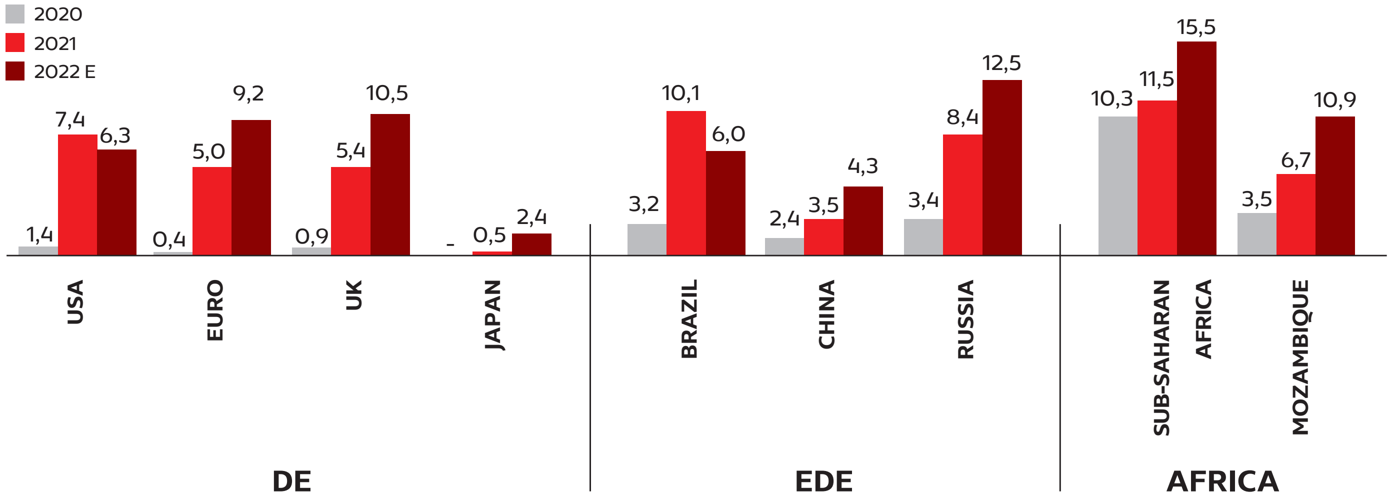
Evolution of Inflation

After the price acceleration observed in 2021, there was a global feeling of moderate inflation in 2022, reflecting the gradual recovery of economic activities as a result of the opening of economies. However, a different behaviour was observed in the course of 2022 with the price of goods and services worsening further to levels not seen for years. Headline inflation was driven by demand-side pressures (following the easing of economic restrictions in the face of COVID-19) and supply shocks, including disruptions in global supply chains and the availability of key commodities.

Inflationary pressures were compounded by surging international prices for food (particularly stemming from rising wheat and fertilizer prices, Russia being one of the largest exporters of these goods) and energy commodities (oil and natural gas).

In the advanced economies, namely the United States of America, the Euro Zone and the United Kingdom, year-on-year inflation rose from 7.4%, 5.0% and 5.4% in 2021 to 6.3%, 9.2% and 10.5% in 2022, respectively, well above the convergence target of 2% defined for these economies. In the same period, year-on-year inflation had a similar profile in emerging economies, ranging from 7.2% to 10.6% from 2021 to 2022, respectively. In Sub-Saharan Africa, annual inflation rose from 11.5% in 2021 to 15.5% in 2022. In emerging markets in Asia, annual inflation accelerated from 3.0% to 4.6% over the same period.

Inflation (%)



Fonte: FMI - *World Economic Outlook, Out. 2022*
INE - Índice de Preços ao Consumidor, Dezembro 2022

Developed Economies

Economic growth in advanced economies was also conditioned by restrictive monetary policies to contain inflation.

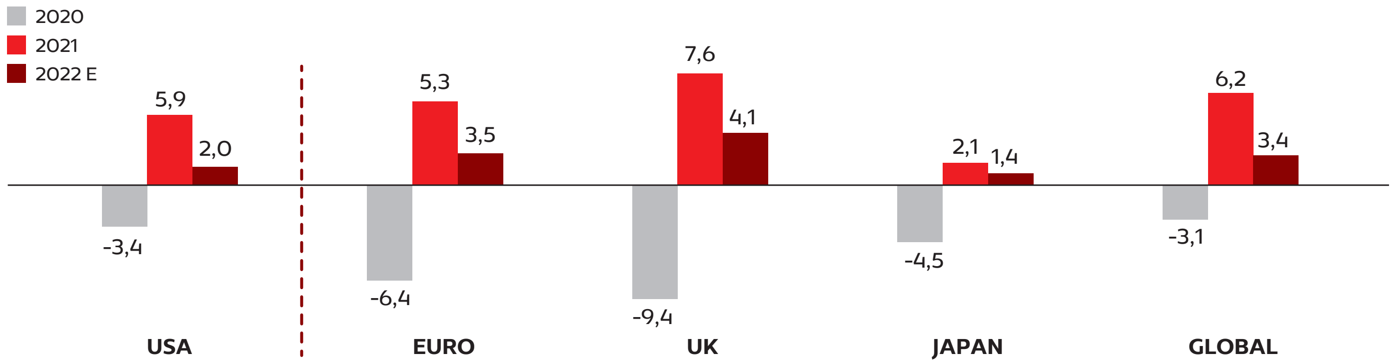
In the USA, the aggressive monetary tightening (one of the most aggressive cycles to date) conditioned economic growth, with a growth of 2.0% in 2022, despite expectations of recession throughout the year.

In the Euro Zone, the reflexes of the war in Ukraine that partly influenced the energy crisis with the cut of Russian gas exports to Europe, as well as the increase in price levels, justify the economic deceleration in the region, from 5.3% in 2021 to 3.5% in 2022.

In the UK, reduced purchasing power and continued tight monetary policy influenced the slowdown in economic growth which reduced by 350 basis points in 2022 when compared to 2021 levels, down from 7.6% to 4.1% in 2022.

Developed economies in Asia also experienced a slowdown during 2022, reflecting global financial tightening and slowing external demand. The region experienced expansion below the average rate observed over the past two decades (5.5%).

Economic Growth in Developed Economies (%)

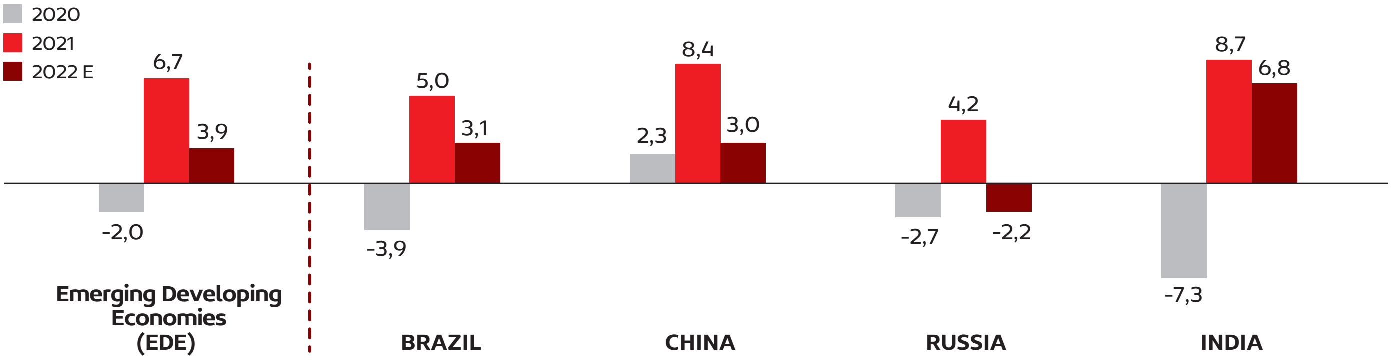


Nota: DE – Developed Economies; E-Estimates
Fonte: FMI - *World Economic Outlook, January 2023*

Emerging and Developing Economies

Emerging markets and developing economies have faced a challenging external environment. Monetary tightening and risk aversion have led to widespread currency devaluations and sharp capital outflows in the region, contributing significantly to domestic price pressures and the cost-of-living crisis in these countries. The economic shocks of 2022 exposed partially resolved post-pandemic economic conditions. In the specific case of China, the prolonged outbreaks of COVID-19 that influenced the country to maintain its blockades for longer, as well as the growing crisis in the real estate sector affected demand levels having constrained economic growth. Additionally, due to the importance of China's economy to global supply chains, its poor performance weighed heavily on global trade and economic activity.

Economic Growth of Emerging Developing Economies (%)

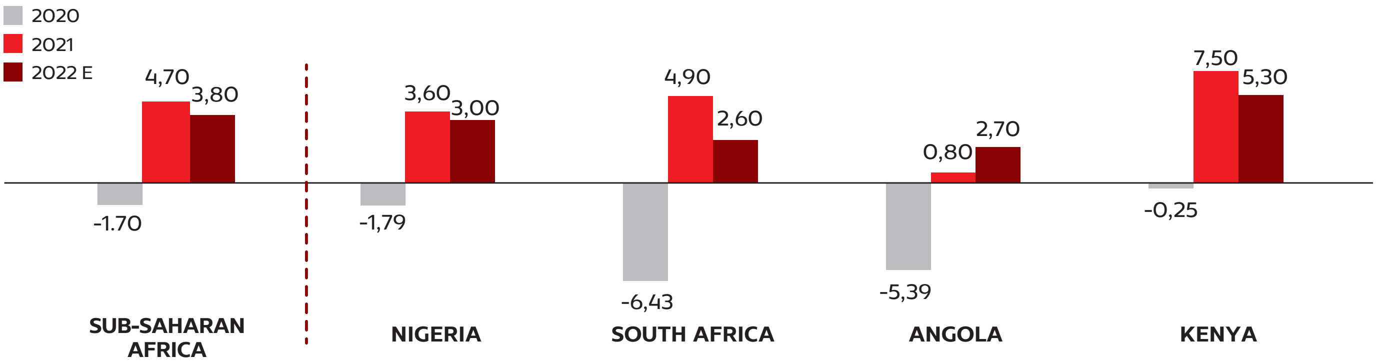


Nota: EDE- Emerging and Developing Economies
Fonte: FMI - *World Economic Outlook, January 2023*

6.2 Regional Economy

The sub-Saharan African region has been buffeted by a continuous series of shocks. Many countries in the region are still managing with the aftermath of the pandemic, with vaccination rates still below targets. Economic growth in the region was 3.8% in 2022 representing a deceleration from that observed in 2021 which was 4.7%, an attempt to recover from the economic recession seen in 2020. The slowdown observed in 2022, reflects the slowdown in the world economy, tighter global financial conditions and a dramatic acceleration in global inflation. Rising food (wheat representing a staple food source for the countries in the region) and energy prices affecting the most vulnerable in the region, and the impact of tight monetary policies to combat inflationary pressures have impacted capital flows which have increased pressures on exchange rates inducing high depreciations of national currencies and leading to more expensive imports and high price levels. On the other hand, oil-exporting countries saw an improvement in the commodity's trade, growing by about 3.3%..

GDP of the Largest Economies in Sub-Saharan Africa (%)



Fonte: FMI - *World Economic Outlook, January 2022* | FMI - *World Economic Outlook, January 2023*

Commodities

Commodity prices showed diverging behaviour in 2022 reflecting the impact of the war in Ukraine. Energy commodity prices remained high and non-energy commodity prices declined. Additionally, the strength of the U.S. currency influenced high commodity prices in some countries.

Notwithstanding the easing of restrictions on economic activity in China in late 2022, which created expectations around demand, oil prices have registered losses in recent months. However, on an annual basis, Brent crude posted a gain of approximately 8.87% from $74,31/bbl in 2021 to $80.90/bbl in 2022, and WTI increased by 9.74% from $71.53/bbl in 2021 to $76.52/bbl in 2022.

Coal prices hit a record high in the third quarter being quoted at approximately $329,82/mt in July, before starting to decline in the fourth quarter. On an annual basis, the price of coal increased by about 128.94%. The commodity's development can be explained by the fact that it has been used as a substitute for natural gas and the goal of less use of coal under environmental guidelines has been reversed.

Natural gas prices hit record highs in August ($8.79/mmbtu), having fallen in the last four months of the year to pre-Russian invasion levels (Jan.22 - $4.33/mmbtu and Dec.22 - $5.50/mbtu), influenced by filled storage levels and mild weather that reduced demand for natural gas for heating. Natural gas saw an annual gain of 47.43% for the U.S. benchmark and 27.08% for the Japan benchmark.

Notwithstanding the historical highs of the aluminium price in the first half of 2022, its annual price reduced by about 10.90%, influenced by a very volatile market - the impact of the Russia-Ukraine war, continued COVID-19 problems in China, recession fears in some economies, slowdown in global industrial activity and a reduction in production in Europe influenced by higher energy prices.

Gold observed, in accumulated terms, a slight appreciation of approximately 0.40%, notwithstanding the interest rate hikes in 2022, which impacted the metals markets, as well as the strength of the U.S. dollar, these factors tending to impact the demand for assets considered safe-haven.

The FAO Food and Agricultural Organization's Food Price Index (FFPI) which peaked in March 2022 at 159.3 points, observed consecutive declines in subsequent quarters reflecting the cooler than expected global supply of cereals and oilseeds despite the UN negotiated agreement that allowed Ukrainian grains to reach global markets. Notwithstanding the consecutive decline observed, the result for the year was 14.3% above the 2021 average value.

Commodity Price Evolution (2020-2022)

Commodities	Real			∆ Annual (%)	
	Dec-20	Dec-21	Dec-22	Dec-21	Dec-22
Brent crude Oil (USD/Barrel)	49,9	74,3	80,9	49%	9%
WTI Crude Oil (USD/Barrel)	47,7	71,5	76,5	52%	7%
Aluminum (USD/MT)	2 014,7	2 695,5	2 401,7	34%	-11%
Gold (USD/Ounce)	1 858,4	1 790,4	1 797,6	-4%	0%
Gas (USD/Millions of UTB)	2,5	3,7	5,5	47%	47%
Thermal Coal (USD/MT)	85,2	142,5	325,2	67%	129%
Maize (USD/MT)	198,8	264,5	302,3	33%	14%
Wheat (USD/MT)	251,2	327,8	386,3	31%	18%
Rice (USD/MT)	520,0	400,0	467,0	-23%	17&
Sugar (USD/MT)	0,6	0,8	0,8	29%	-1%
Cotton (USD/MT)	1,8	2,6	2,2	48%	-16%
Tobacco (USD/MT)	4 446,8	4 213,3	4 134,3	-5%	-2%

Nota: Prices based on annual averages
Fonte: World Bank - Commodity Price Data, January 2023

6.3 National Economy

Evolution of the GDP

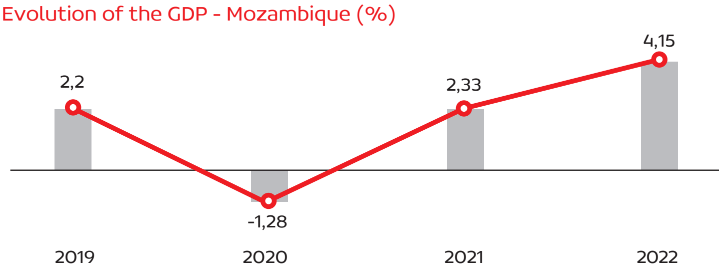
After the intense period of the COVID-19 pandemic (in 2020), in which the Mozambican economy recorded the first technical recession, at least since 2007, a recovery in economic growth was observed in 2021, having reached 2.16% (source: Instituto Nacional de Estatística, INE), with a good performance from the second quarter of 2021, consolidating the forecasts of acceleration in economic activity in 2022.

The country was affected in the first quarter of 2022 by natural disasters, among them cyclone Gombe, tropical storm 'Ana' and tropical depression 'Dumako', causing widespread flooding, damage to public infrastructure and private homes, as well as interruption of basic services (water and power), displaced people, injuries and deaths. These constraints affected domestic supply levels of goods and services, negatively influencing the performance of the agriculture, extractive industry, and electricity and water sectors.

However, the national economic activity grew in real terms by 4.15%, reflecting the growth of the primary sector, whose greatest highlight goes to the mining industry branch, influenced by the combined effect of the increase in the quantities produced and the prices of the country's main export commodities, which reflected the rise in prices at the international level. The secondary and tertiary sectors also showed favourable performances in 2022, reflecting the recovery of sectors severely affected by COVID-19, and natural disasters namely: tourism, construction, transport and communications.

Additionally, the resumption of foreign aid from bilateral partners (IMF, World Bank) in direct support to the State Budget and the start of natural gas exports from the Coral Sul project, led by ENI in the Rovuma Basin, in Cabo Delgado province, with the first cargo transported at the end of 2022, influenced the positive performance of economic growth throughout the year.

Evolution of the GDP - Mozambique (%)



Fonte: INE - Instituto Nacional de Estatística, Contas Nacionais de Moçambique (IV Trimestre 2022)

Inflation

The level of inflation over the third quarter accelerated to levels observed over 5 years (close to the maximum of 14.13% recorded in August 2017). The acceleration in inflation is justified by the increase in food prices in the international market, by the increase in prices of administered goods (Net Fuels), as well as their transfer to the prices of other goods and services.

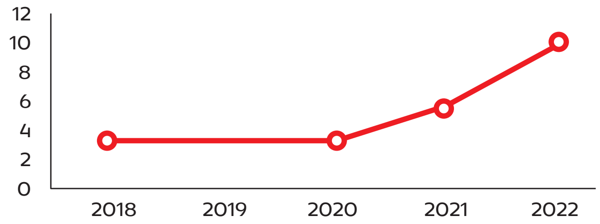
In the fourth quarter, annual inflation decelerated, reaching 10.91% in December, reflecting the combined effect of the restrictive monetary policy adopted by the Banco Central throughout the year (two increases of 200 base points in the MIMO rate, from 13.25% in January 2022 to 17.25% in December 2023), and the relative exchange rate stability that has been observed since June 2021.

The acceleration in year-on-year inflation corresponds to an increase of 418 basis points (bp) when compared to the same period last year.

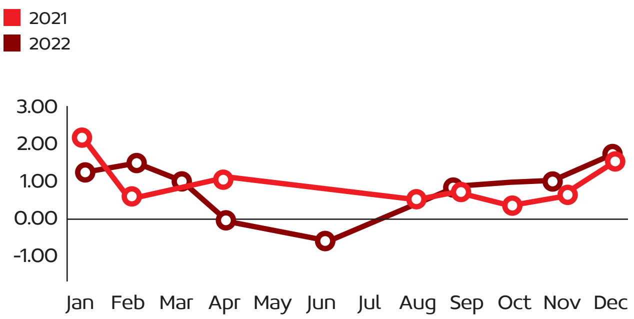
The average annual inflation of 10.28% remains above the target set by the Government for 2022 (5.3%), through its Economic and Social Plan and State Budget (PESOE) 2022.

[1]Barril; [2]milhões de toneladas.

Yearly Inflation Evolution (%)



Monthly Inflation Evolution (%)



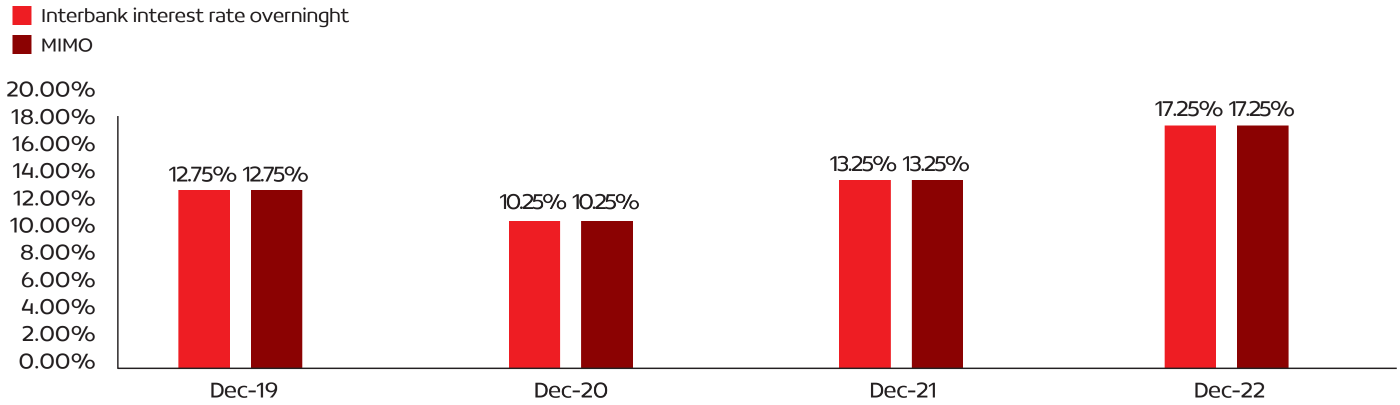
Fonte: INE - Índice de Preços ao Consumidor, Fevereiro 2023

Currency Market

After the upward adjustment (+200 basis points) of the MIMO rate at the 2nd CPMO session in March 2022, the monetary policy rate remained unchanged at 15.25% between the second and third quarter of 2022. However, at the 5th CPMO session on September 30, the Monetary Authority adjusted the MIMO rate by another 200 basis points to 17.25% (the second increase over the year). This measure is part of a restrictive monetary policy strategy aimed at controlling inflation to single-digit levels in the medium and long term, in a scenario of continued volatility in energy and food prices internationally, given the ongoing conflict between Russia and Ukraine.

The rise in the MIMO rate led to an upward revision of the Prime Rate of the PRSF Financial System, by the same magnitude, from 18.60% to 22.60%.

MIMO Rate and Interbank Money Market



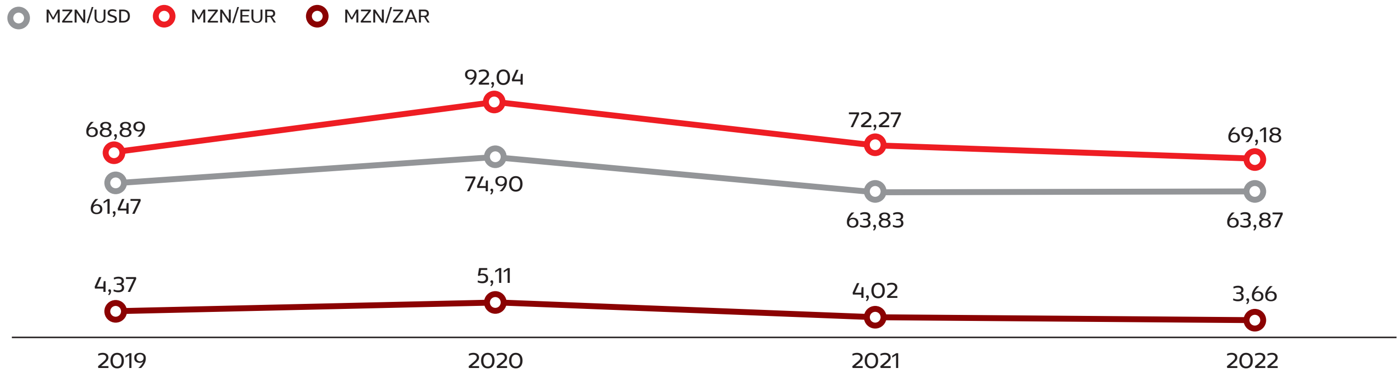
Fonte: Banco de Moçambique, Dezembro 2022

Foreign Exchange Market

The metical remained stable against the dollar throughout 2022, having fixed itself during the second half at USD/MZN 63.87, consolidating the stability of the metical against the US currency that has been observed since June 2021 (18 months). On the other hand, a slight fluctuation was observed for the ZAR/MZN with an appreciation movement of the national currency, in annual terms of approximately 6.22%, going from ZAR/MZN 4.02 in December 2021 to ZAR/MZN 3.77 in December 2022. This evolution of the metical derives from: a) the more conservative stance in the definition of rates in the foreign exchange market; b) the increase in the quantity of foreign currency in the national foreign exchange market, which reflects the positive behaviour of the trade balance influenced by the increase in both quantities and prices of the country's main export products.

The annual USD rate in December 2022 increased by 0.06% compared to 2021, against the reduction of the ZAR rate by 6.20% for the same period.

Metical Exchange Rate



Source: Banco de Moçambique, December 2022

Financial Stability

According to Banco de Moçambique, the banking sector remained solid and resilient in the first half of 2022, showing growth in results and adequate levels of capitalization and liquidity. However, the non-performing loan ratio was above the 5.0% target, reaching the 10.02% mark.

The financial stability index stood at 40.97% in June 2022, an increase of 3.13 percentage points (pp), in comparison to December 2021, influenced by the increase in the risk sub-indices of the macroeconomic risk and market risk categories. However, systemic risk remained at the moderate level.

In the same period, the solvency ratio registered an annual increase of 116 bp, to 26.76%, assets grew by 6.13% (to MZN 847 billion) and the market remained liquid, allowing for the continuity of financing operations, influenced by the increase in deposits (7.07%) at a rate higher than the growth in credit (1.27%).

6.4 Economic Prospects for 2023

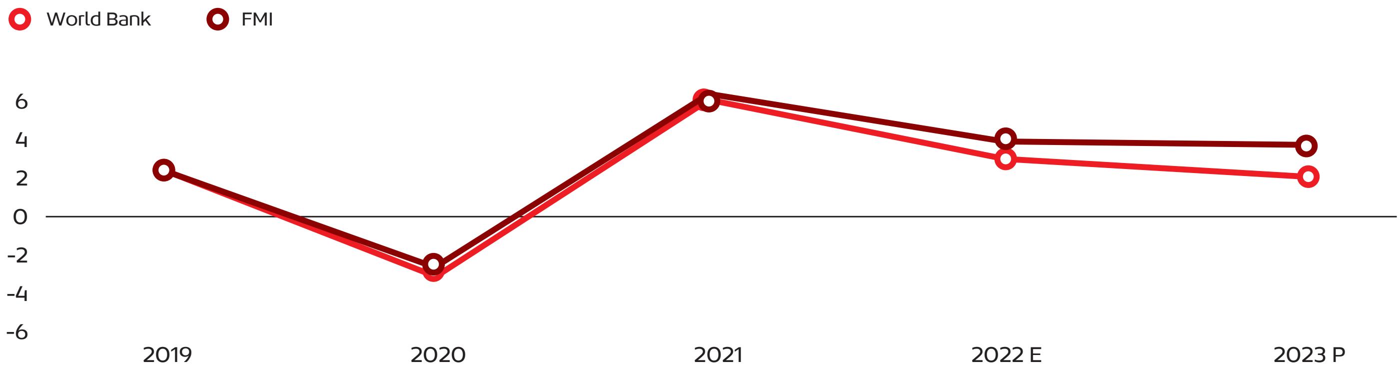
a) Global Economy

The International Monetary Fund (IMF) forecasts for 2023 a world economic growth of 2.7% representing a slowdown from the growth projected for 2022 (3.2%). The prospect of slowing global economic growth stems from the following factors:

- tightening global financial conditions in most regions, coupled with expectations of continued tight monetary policies by major central banks to combat inflation;
- a sharp slowdown in the Chinese economy influenced by prolonged blockades to combat persistent outbreaks of COVID-19 and a worsening property market crisis.

The IMF predicts that more than a third of economies will contract between 2022 and 2023. Russia's invasion of Ukraine continues to significantly destabilize the global economy and has accentuated the energy crisis in Europe causing a drastic increase in living costs and damaging economic activity.

Global Economy GDP (%)



Source: World Bank - Global Economic Prospects, January 2023
FMI - World Economic Outlook, January 2023
Note: E- Estimates; P - Projection

The geopolitical conflict between Russia and Ukraine has generated broader and more persistent pressures on the price level with the greatest focus on food and energy commodities, and increasingly extending beyond these. However, the IMF expects some 84% of countries globally, to have lower nominal inflation in 2023 than in 2022. Global inflation could fall from 8.8% in 2022 to 6.6% in 2023, remaining above pre-pandemic (2017-19) levels of around 3.5%. The slowdown in inflation reflects, in part, the fall in international fuel and commodity prices due to weak global demand. It also reflects the effect of the financial tightening seen in 2022 to contain inflation, which globally decelerated in Q4 2022. Still, returning inflation to desired levels could still take longer, depending on the mix of monetary and fiscal policies.

Developed Economies

For advanced economies, economic growth is expected to fall sharply from 2.7% in 2022 to 1.2% in 2023, where about 90% of economies will show a reduction in growth. GDP in the United States could settle at 1.4% in 2023 versus 2% in 2022. This decline could reflect the effects of a reduction in domestic demand in 2023 and potential sharper increases in Federal Reserve rates, to a peak of about 5.1% in 2023. In the Eurozone, growth could bottom out at 0.7% in 2023, influenced by severe power supply disruptions and high prices associated with the conflict in Ukraine. Growth in the UK is expected to be -0.6% in 2023, reflecting tighter fiscal and monetary policies and still high financial conditions and energy prices impacting household budgets.

Emerging and Developing Economies

Economic growth in emerging markets and developing economies is projected to increase slightly, from 3.9% in 2022 to 4.0% in 2023, however, at least half of these economies will show lower growth in 2023 when compared to 2022. China's real GDP decelerates in 2022 to approximately 3.0%, the second time in more than 40 years that China's economic growth is below the global average. China is projected to grow by 5.2% in 2023, reflecting the impact of rapidly improving mobility and access to markets. In emerging and developing Europe, the outlook is for economic growth in 2023 of 1.5%, being a reflection of economic contraction in Russia in 2022 and modest positive growth in 2023 of 0.3%.

[3] Boletim de Estabilidade Financeira - Dezembro 2022

GDP outlook / Global Economy (In %)	2020	2021	2022	2023 P
World	**3.1**	**6,2**	**3,4**	**2,9**
Developed Economies	**4,5**	**5,4**	**2,7**	**1,2**
USA	3,4	5,9	2,0	1,4
Euro Zone	6,4	5,3	3,5	0,7
Japan	4,5	2,1	1,4	1,8
Emerging and Developing Economies	**2,0**	**6,7**	**3,9**	**4,0**
China	2,3	8,4	3,0	5,2
Russia	2,7	4,7	2,2	0,3
Brazil	3,9	5,0	3,1	1,2
Sub-Saharan Africa	1.7	4,7	3,7	3,8

Source: FMI - World Economic Outlook, January 2023
Note: E - Estimates; P – Projection

b) Regional Economy

The Sub-Saharan African region had been showing progress in terms of growth that was interrupted by the recent global turbulence (COVID-19). However, an attempt at recovery was observed in 2021 that was halted in 2022 by the constraints caused by the war in Ukraine (inflation, financial sraits, and a highly valued dollar). For 2023, growth is projected to remain subdued at 3.8% due to lingering consequences of the COVID-19 pandemic and the effects of the geopolitical conflict. The slight upward revision in the region's economic growth for 2023 reflects the impact of Nigeria's growth in the same year, derived from measures to deal with insecurity issues in the oil sector. On the other hand, in South Africa, projected growth for 2023 fell to 1.2%, reflecting weaker external demand, energy crisis and structural constraints.

c) National Economy

For 2023, a 5.5% growth of the national economy is expected due to the following factors: a) more expressive increase in export revenues compared to imports; b) resumption of foreign aid from bilateral partners (IMF, World Bank and other partners) in direct support to the State Budget; c) the beginning of natural gas exports from the Coral Sul project led by ENI, in the Rovuma Basin, Cabo Delgado province (the first shipments of Liquefied Natural Gas were transported in the fourth quarter of 2022) and d) recovery of the country's confidence in the international market (Moody's raised the outlook for the Mozambican economy to positive).

The International Monetary Fund in its World Economic Outlook of October 2022, also forecasts growth for the Mozambican economy of around 5% in 2023, pointing to natural gas projects in the country as the biggest catalyst, which will boost exports and government revenues, making room for more spending.

In the monetary component, given the increase in the MIMO rate by 200 bp in September 2022, as well as the prospects of inflation returning to single digits in the medium term, the Economic Studies Department projects that the MIMO Rate will remain at 17.25% until the end of the year, taking into account:

- the prospects of deceleration in oil prices, which reflect the expectation of slowdown in external demand (restrictive monetary policies to contain inflationary pressures), remaining, however, at high levels when compared to the pre-pandemic period;
- expectations of a slowdown in food prices in the international market, as a result of the agreement on cereal and fertilizer exports from Ukraine in order to contribute to supplies in the international market;
- the maintenance of exchange rate stability between the metical and the dollar in line with the return of financial support from cooperation partners.

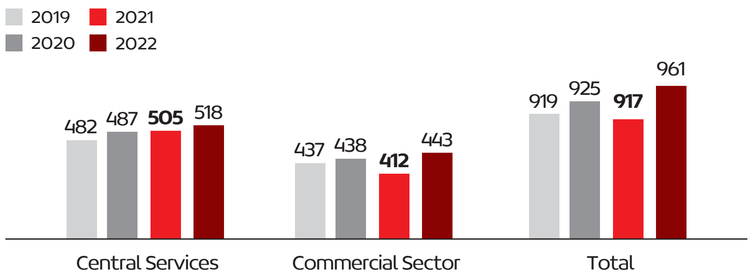
Exchange rate stability in 2023 will be influenced by increased export revenues from the extractive industry in general as a result of increased global demand, the resumption of support for the state budget and several community-based projects by international partners, the maintenance of a conservative stance by banks in setting exchange rates, and a likely introduction of new measures by the Banco de Moçambique in the foreign exchange market.

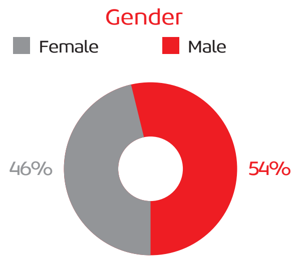
Regarding credit to the economy, in 2023, it will remain timid, limited by the monetary policy in force that configures an environment of high commercial interest rates. Additionally, it may be conditioned by the impact of the country's economic growth as well as by the impact of fiscal policy measures that may affect the financial situation of companies and families.

7. Business Support Activities

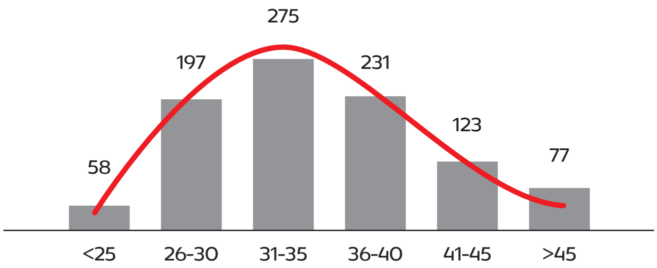
7.1 Human Resources Management

In 2022, the Bank presented a moderate evolution in the number of employees, with the workforce increasing from 917 to 961 (up 5%). This growth reflects the need to respond to the implementation of new projects and the reinforcement of teams in specific Organic Units, with a view to the continuous improvement of service levels.





The gender structure remained virtually unchanged compared to the same period last year.



On the other hand, a predominantly young workforce has been maintained, in line with a recurrent focus on creating job opportunities particularly for Employees with high development potential, as a corollary of Internship Programs developed with accredited public and private entities of recognized prestige.

In fact, the largest concentration of employees (about 73%) is between 25 and 40 years old, with an average age of 35.

Training

Investment in the continuous training of its staff is a priority guideline for Moza Banco in a context of multiple demands imposed both by the need for continuous adaptation to new challenges of the financial market and by regulatory, technological and motivational imperatives, professional growth and increased productivity.

With increasing use of new training approaches based on digital platforms, Moza Banco assured the realization of 216 training actions, totalling 13,468 hours. The actions were directed to the fulfilment of strategic guidelines, namely, the promotion of cost optimization and rationalization, regulatory compliance, improvement of skills in the field of applications and processes, ethics and conduct, conflicts of interest, whistle-blower management, and Prevention and Combating of Money Laundering, Terrorist Financing and Financing of the Proliferation of Weapons of Mass Destruction.

Of note is the institution's continued investment in internal trainers who have increasingly taken on a more prominent role in monitoring a significant part of these courses, combining their experience and in-depth knowledge of the Bank's needs with the desirable quality and applicability of the knowledge shared.

Social Actions

Moza's approach to issues associated with people management transcends the traditional technical dimension that underlies it, and includes raising employees' awareness of various social aspects, including relevant aspects linked to Health, Welfare and Citizenship.

In this context, during 2022, the Bank promoted or facilitated various activities, in close partnership with official entities, such as the holding of Health and Socio-educational Lectures, with emphasis on literary lectures in partnership with the Fernando Leite Couto Foundation, the promotion of female entrepreneurship in partnership with the MUVA Association, lectures on hypertension and occupational stress; massive tax payment campaigns and services to issue official documents (identity cards and passports) for employees and direct dependents and others.

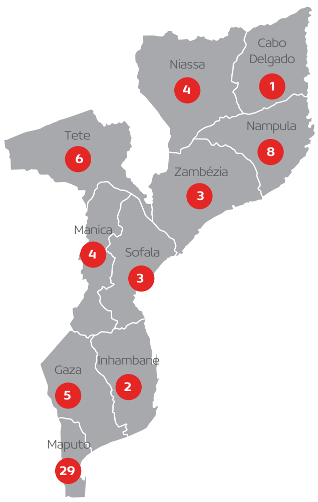
In a particularly noteworthy and differentiating initiative for the quality of life of employees, Moza Banco decided to extend access to the local Medical Post to members of employees' households, at no extra cost to them.

7.2 Distribution Network

At the end of 2022, Moza had a network of 65 Business Units, distributed in 63 Branches, 1 Corporate Center and 1 Institutional Center.

It is important to highlight the opening, in 2022, of the Marínguè branch in Sofala Province.

In this sense, the geographical coverage of the Moza Business Units was distributed as described below:



7.3 Business Activity

Notwithstanding the recovery of the sectors most affected by the COVID-19 pandemic, in 2022 business activity was carried out in a difficult context characterized by instability in the North of the country, natural disasters and external inflationary pressures. Despite these challenges, the Bank registered a positive evolution in the main indicators.

We remained faithful to the determination to evolve our activity in harmony with the rigor and prudence we have employed in previous years. On the other hand, we have also remained faithful to our DNA of Relationship Bank, which is inspired in the Customer as the Center of its Strategic Positioning.

This approach and perspective have made it possible, firstly, to expand the accessibility and reach of our services, with a strong investment in improving digital channels. Secondly, they allowed us to diversify our product and service offering, establishing a highly competitive and distinctive value proposition. This was achieved by creating products and services more tailored to the reality and expectations of each Customer, always maintaining the high quality and innovation that characterize us.

7.3.1 Business Lines

Moza Banco's business activity focuses on the Business Lines of Retail Banking, Private Banking, Corporate Banking, Institutional Customers (Public and Private) and, finally, Investment Banking.

In keeping with its mission to be a universal retail bank, the Bank strengthened its proximity to the customer, growing substantially in the number of users of digital channels; here, the product of choice for customers was Moza Já (USSD channel), which allows them to carry out everyday transactions in the comfort and simplicity of their own phone.

Also noteworthy in this area was the remarkable growth of Credit for Civil Servants and the Bank's gradual orientation towards the SME Customer market - a sector that needs attention, service levels and offer in line with its real business needs. To assist this segment, Moza customized its current treasury support solutions to better serve SMEs integrated in the main value chains of the national economy.

In business support, the tested and successful formulas of 2021 have proven to be equally useful and effective in 2022, with highlights including:

- Development of internal programs to support and boost business activities, seeking to ensure proactivity and focus on monitoring Customers and their needs;
- Active role of the Moza Call Center in initiatives to create and stimulate business, thus supporting the Business Areas in achieving their objectives, and contributing to the growth of the number of customers using digital channels and means of payment;
- External campaigns for adherence to and use of Digital Channels, Data Bailing and Car Leasing;
- Automation of business processes, which optimized the use of resources, fostering greater efficiency and quality in customer service and reducing the Bank's exposure to operational risk;
- Adoption of data communication technology in all of the Bank's Business Units, allowing an improvement in the availability of the systems, thus reinforcing the trust placed by Customers in the Bank's electronic channels and increasing security in the transmission of information;

7.3.2 Offer initiatives

In a less favourable macroeconomic context resulting from the recovery from the impact of the COVID-19 pandemic, instability in the North of the country and external inflationary pressures, the Bank registered a slight variation in its loan portfolio. For 2022, MZN 5.326 million were disbursed, with emphasis on public employee credit and the SME credit line, reflecting the Bank's strategy. In absolute terms, at the end of 2022, the gross loan portfolio totalled MZN 24.544 million, compared to MZN 24.301 million at the end of 2021.

7.3.3 Results obtained by the business areas

Customer Credit

In a less favourable macroeconomic context resulting from the recovery from the impact of the COVID-19 pandemic, instability in the North of the country and external inflationary pressures, the Bank registered a slight variation in its loan portfolio. For 2022, MZN 5.326 million were disbursed, with emphasis on public employee credit and the SME credit line, reflecting the Bank's strategy. In absolute terms, at the end of 2022, the gross loan portfolio totalled MZN 24.544 million, compared to MZN 24.301 million at the end of 2021.

Customer Resources

Customer resources totalled MZN 35.397 million Meticais at the end of 2022, compared to 32.753 million Meticais at the end of 2021. This growth is a result of the Bank's solid capacity to attract new deposits and new depositors and mirrors the Customers' confidence in the Bank.

Digital Channels

The Bank has been strengthening its security policies and focusing on improving the customer experience, highlighting, in 2022, the implementation of two-factor authentication on the Internet Banking platform. This implementation is in line with the best international practices regarding security in digital solutions.

Additionally, a solution was implemented that allows the remote recovery of access to the Moza Já channel.

As a way to encourage Customers to experience the convenience and ease of use of Moza's digital channels, the Bank launched an incentive campaign offering Customers the chance to win Apple's latest smartphone model, the iPhone 14. Through these campaigns it was possible to generate positive feedback on social networks and considerably leverage the use of the channels.

Interoperability with Mobile Wallets

Since 2020, Moza has been working on interoperability with M-Pesa and E-Mola, enabling the bank's Customers and digital wallet users to perform financial transactions with each other. This achievement is of great importance for both Moza and the banking industry, as it promotes making transactions fast, easy and secure, contributing significantly to financial inclusion.

In addition to interoperability services, Moza and M-Pesa have started a project, currently in the pilot phase, which aims to make microfinance available to mobile wallet users in a simplified, secure and real-time way. With this initiative, Moza and M-Pesa aim to boost the local economy and improve the financial lives of service users.

As a result of the actions implemented throughout 2022, the growth in the number and total volume of transactions stands out, registering increases of 59% and 69%, respectively. In relation to financing, there was an evolution of the portfolio by 40% compared to 2021.

Thus, the Bank shows its commitment to continue developing innovative solutions that meet customers' needs, promote financial inclusion, and leverage the local economy.

Means and Electronic Channels

The year 2022 was characterized by the process of integration of the Bank's electronic means and channels, such as Cards, POS and ATM, in the new SIMO processing platform (Euronet), which culminated with the implementation of new cards equipped with Contactless technology, made available to Customers as from May.

Despite the challenges faced during the integration process, several efforts were made in commercial and collaborative actions to promote the use of electronic means and channels, reflected in a positive evolution of the business.

Electronic Cards (E-Cards)

The efforts undertaken in 2022 contributed to significant business growth compared to 2021, both in relation to the active park and the number and volume of transactions, with a positive variation of about 10%, 12% and 5%, respectively.

Contributing to this increase in business were Debit card products with an 11% growth in the active park, and pre-Paid cards with a 28% growth in the number of transactions. The generalized increase in the use of electronic cards is in line with the Bank's strategy of making the customer experience more secure and efficient.

POS

There was a remarkable growth compared to 2021, both in commissions and in the number and volume of transactions, with a positive variation of 18%, 22% and 25%, respectively. This result was achieved by means of several commercial stimulation initiatives.

In addition to these implemented initiatives, a new model of this channel was acquired, enabling the modernization of the park, with the aim of improving customer satisfaction and ensuring a seamless service, aligned with the bank's strategy.

ATM

The year 2022 registered an improvement in the performance of this channel, reflecting the strategy of continuous improvement of the means of payment platforms. There was a growth in the number and volume of transactions compared to 2021 of 24% and 36%, respectively, revealing the confidence placed by Customers in the Bank's electronic channels.

7.4 Compliance, Preventing and Combating Money Laundering, Terrorist Financing, and Financing of Proliferation of Weapons of Mass Destruction

In 2022, the Bank's compliance function was based on the continuity in the fulfilment of its main mission of promoting and ensuring that Moza complies with the applicable legal, regulatory, statutory, normative, ethical, good conduct requirements and good national and international banking practices, within the framework of the institutional control and supervision environment defined by the competent regulatory entities and the legal regulations to which they are subject.

Furthermore, and within the scope of Mozambique's insertion in the FATF (Financial Action Task Force) list of jurisdictions with reinforced surveillance, the so-called grey list, the Bank initiated efforts to assist in strengthening the integrity of the national financial system, also strengthening measures within the scope of preventing and combating money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

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Regulatory Compliance

With regard to **Regulatory Compliance**, within the scope of the activity of analysis and monitoring of the legal provisions disclosed, 2022 is considered to have been an intense year as a result of the changes in legal terms, with emphasis on:

- Law No. 11/2022, of July 7 - which approves the new Law on Preventing and Combating Money Laundering, Financing Terrorism and Proliferation of Weapons of Mass Destruction;
- Notice No. 05/GBM/2022, of November 17 - approving the Guidelines on Preventing and Combating Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction;
- Law No. 13/2022, of July 8 - Legal Regime for Preventing, Suppressing and Combating Terrorism and Proliferation of Weapons of Mass Destruction, among others.

Training on Compliance Topics

Training sessions were given for Bank employees, including members of senior management, on topics relating to the prevention and detection of Money Laundering, Terrorist Financing and Financing the Proliferation of Weapons of Mass Destruction.

It should be noted that the training sessions were given by specialized internal teams, providing the employees covered with the necessary knowledge on prevention, detection and combating of these crimes, Code of Ethics and Conduct, Conflicts of Interest, Whistleblowing, reinforcement of the need to comply with the Laws, regulations, norms, etc.

8. Risk Management

8.1 Introduction

Risk management is seen at Moza Banco as a fundamental process to respond to dangers and uncertainties in the most varied domains, which comprise the activities that affect its risk profile. Closely associated with risk, Moza Banco is permanently aware of the vulnerabilities that characterize the potential losses that can occur in its business, resulting from the impact of unexpected events on its assets. In this perspective Risk Management assumes an increased importance, where the principle of Corporate Governance is privileged. The definition, monitoring and application of the Bank's risk management policy involves all the areas in the management of materially relevant risks, with a view to supporting the Governing Bodies.

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

With a view to meeting strategic objectives and given the risk profile to which Moza Banco is exposed, its management is conducted in accordance with the Risk Management model implemented in the institution, from which existing and potential risks are identified. This process includes analysis, monitoring, measurement, and control, as well as determining the positive or negative impact of these risks on results and/or capital.

The conceptual risk management framework of Moza Banco comprises nine types of risk, namely: Credit Risk; Liquidity Risk; Interest Rate Risk; Exchange Rate Risk; Operational Risk; Strategic Risk; Reputational Risk; Compliance Risk; and Information Technology Risk, including the processes, systems, and procedures for their management, as well as the attributions and responsibilities of the bodies involved. Also included in this framework is Concentration Risk, regulated by Bank of Mozambique, through Circular number 3/SCO/2013 of 31 December.

Within the conceptual framework, Moza Banco has started the process of drafting and implementing policies on Social Risk and Environmental Risk, which henceforth involves analyzing the social and environmental risks of its financing operations, thus extending management to twelve risk typologies.

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

- Monitoring of the Governing Bodies and Top Management and at the level of the Risk Committee.
- Definition and disclosure of policies, procedures and limits.
- Measurement, follow-up and management information systems.
- Internal Control System.

The Risk Management Department (RMD) is responsible for coordinating the execution of all risk identification, measurement, control, and monitoring processes and for implementing risk controls in all business areas or functional areas that support the business. In terms of reporting and communication lines, the RMD supports the Risk Committee and the Executive Committee, in line with the strategic guidelines defined by the Board of Directors.

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

8.2 Bank's Risk Profile

In monitoring the various risks, Moza Banco keeps in mind the risks considered materially relevant that constitute its risk profile, whose management is considered essential to ensure the development, profitability and sustainability of the Bank's business and activity and simultaneously ensure compliance with regulatory and legal requirements.

Moza Banco continuously and prudently monitors its risk profile and compliance with the limits defined in relation to the activity risks.

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

To respond to the increasingly demanding regulations and with a view to being in line with best practices, in 2022 the Bank developed a series of relevant actions in risk management sector, of which we highlight the following:

- The review of the Bank's Risk Management Governance Model in line with best practices, observing the principle of segregation of functions between origination and management/control and reporting of the risks assumed;
- Effective implementation of the new functions and responsibilities of the Risk Management Department, considering the risk management framework approved by the Bank's Board of Directors, which incorporates new Tools, Models, Methodologies, Metrics, Policies and Procedures for the balanced management of risks inherent to the Bank's activity;
- Effective implementation of the Bank's Risk Management Principles and Procedures Manual;
- Definition of an ESG (Environmental, Social and Governance) Policy, among others;
- Implementation of training programs on Credit, Market, Liquidity and operational risks for the Bank's employees.

Risk Management Governance and Lines of Defence

Moza Banco adopts the 3 (three) lines of defence model for the management of different risks, which ensures transparency about the responsibilities assigned to each of the parties involved in risk management:

1. The first line of defense are the Business Units and the Units that generate Exposures to Risks (risk takers), whose responsibilities are: to identify, monitor and mitigate business risks, maintaining efficient controls.
2. The second line of defense is composed of the following Directorates:
   - Risk Management Department (RMD), whose main functions: ensure the protection of the Institution's capital, with regard to exposure to credit, market (interest and exchange rate), liquidity and operational risks, among others, checking at all times that the Bank's risk remains within the limits defined by the Board of Directors, operating in conjunction with the different Business Units in order to ensure that the first line of defence (business areas) identifies, assesses and reports the risks of their activities correctly.
   - Compliance Department, whose main mission is to ensure that Moza Banco complies with applicable legal, regulatory, statutory, ethical, good conduct and good national and international banking practices requirements, through institutional control and supervision defined by the regulatory authority and internal regulations (including issues related to Preventing and Combating Money Laundering, Financing Terrorism, and Financing the Proliferation of Weapons of Mass Destruction).
3. The third line of defense is the Audit Department, which is responsible for independently reviewing the internal controls in place, through audits of the business processes, identifying the areas of greatest risk and in assessing the effectiveness, efficiency, and regularity of the procedures in the structural and support bodies.

9. Financial Analysis

9.1 Introductory Note

Business activity in the year 2022 was strongly influenced by the tightening of financial conditions, associated with the restrictive monetary policy by the Banco Central to combat inflation, as well as the effects of the conflict between Russia and Ukraine. Moza's economic activity was developed in a challenging and uncertain environment, however, several initiatives were implemented in line with the strategic objectives defined by the Bank.

The Gross Loan Portfolio stood at MZN 24.5 billion, showing an increase of MZN 243 million compared to the same period of the previous year. This increase results from the increase in disbursements of credit operations, with particular emphasis on Public Employees Credit, which had a contribution of 39%.

Moza Banco registered an 8% increase in Customer resources, reaching MZN 35.4 billion, compared to MZN 32.8 billion registered in the same period of 2021. This growth is a result of the Bank's efforts to attract new deposits and depositors. With this development, Moza Banco has consolidated its position among the five largest financial institutions in the market in terms of deposits, with a market share of 5.64% (2021: 5.67%).

The overall transformation ratio, measured by the gross loan portfolio over total customer funds, stood at 70% at the end of 2022, an improvement of 6 pp compared to 2021, reflecting the strategy of balance sheet optimization and more prudent posture towards lending activity.

Also in 2022, the Bank reinforced impairments and carried out the recovery of some overdue credit operations that were already fully covered, in light of the regulatory framework of Notice 16/GBM/2013, evidencing efforts in their recovery, in accordance with regulatory guidelines.

Activity and Results

As a result of the increase in the volume of transactions in various channels and services, the continuity of the cost rationalization and investment strategy, as well as the optimization of the balance sheet and efficiency in credit risk management, the Bank obtained in 2022 a positive net income of approximately MZN 90.14 million.

The Bank's Assets totalled MZN 47.7 billion, reflecting a growth of 6% over the previous year. This growth is driven by the positive evolution of the investment portfolio, as a consequence of the greater prudence in granting credit.

Moza's liabilities were characterized by an increase in the order of 7%, rising from MZN 36.6 billion in 2021 to MZN 39.2 billion in 2022, with emphasis on the 8% increase in the Customer deposits item.

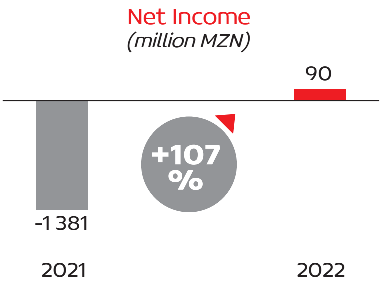
With regard to prudential indicators, at the end of 2022, the Solvency Ratio stood at 22.58%, above the regulatory minimum requirement of 12%. Additionally, the Liquidity Ratio stood at 47.41% (2021: 44.50%), also above the regulatory minimum level of 25%. These levels are considered adequate in relation to the requirements and benchmarks, allowing the Bank to cover the current and future risks to which its activity may be subject.

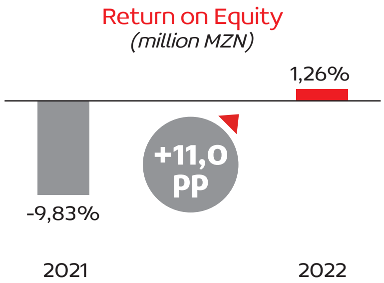
9.2 Analysis of profitability

Net income of the FY

In 2022, Moza Banco achieved a positive net income of MZN 90.14 million, resulting from several factors, namely, the growth in business volume and transactional history, the continued focus on the cost rationalization strategy, as well as the adoption of optimization and efficiency measures in credit risk management.

Return on equity (ROE) stood at 1.26%, a significant improvement of 11 pp year-on-year, reflecting the Bank's improved results.

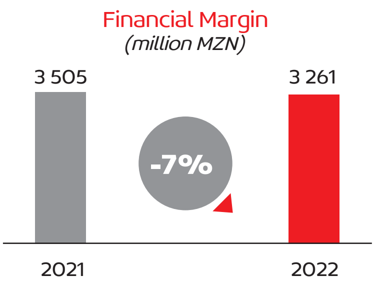




Income Statements *(Thousands of Meticais)*	**2021**	**2022**	**Var.**
Interest and similar earnings	5 307 010	5 370 712	1%
Interest and similar expenses	-1 802 351	-2 110 169	17%
Financial Margin	**3 504 659**	**3 260 543**	**-7%**
Services and Net commissions	519 701	573 638	10%
Net financial transactions	491 240	285 864	-42%
Banking Product	**4 515 600**	**4 120 045**	**-9%**
Personnel Costs	-1 733 513	-1 773 280	2%
Other operating costs	-1 159 876	1 158 204	0%
Other operating earnings	538 405	425 103	-21%
Gross operating profit or loss	**2 160 616**	**1 613 664**	**-25%**
Depreciations and Amortizations	-505 148	-446 546	-12%
Impairment and provisions for the financial year	- 2 904 983	-841 103	-71%
Income before taxes	**-1 249 515**	**326 015**	**126%**
Tax	-131 506	-235 877	79%
Net result	**-1 381 021**	**90 138**	**107%**

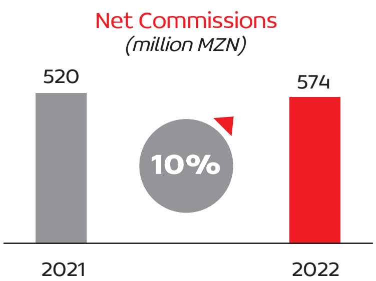
Financial Margin

The financial margin reached MZN 3 261 million, a 7% decrease from 2021, due to the increase in financing costs resulting from the upward adjustment of the MIMO rate by about 400 basis points, which led to an increase in interest payable. However, this increase contributed to the slowdown in demand for credit disbursement, which influenced the maintenance of the levels of interest receivable compared to the same period last financial year.



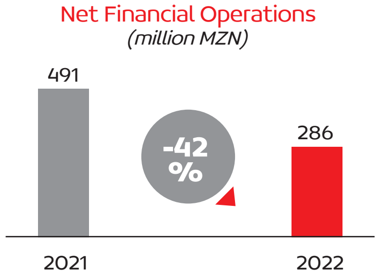
Net Commissions

Net commissions reached MZN 574 million, representing an increase of 10% compared to MZN 520 million in the same period of 2021. This increase was driven by the improvement in business and transaction volumes in the various channels and services provided by the Bank.



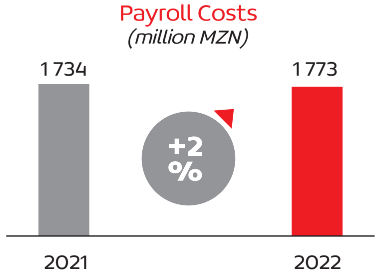
Net Financial Transactions

Net financial transactions, which aggregate foreign exchange results, trading and hedging operations, totalled MZN 286 million in 2022, representing a 42% reduction compared to the previous financial year (2021: MZN 491 million). This reduction results from the reversal, of MZN 306 million, that occurred in 2021, of the foreign exchange revaluation gains on lease liabilities denominated in foreign currency, in accordance with IFRS 16, due to the stability of the Metical against the US dollar.



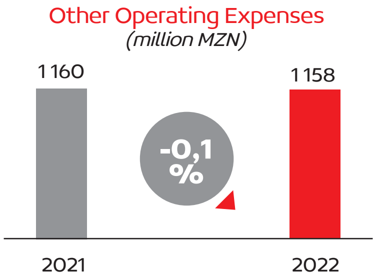
Personnel Costs

Personnel costs totalled MZN 1,773 million, representing a 2% increase over the same period of 2021, mirroring the growth in the Bank's number of employees.



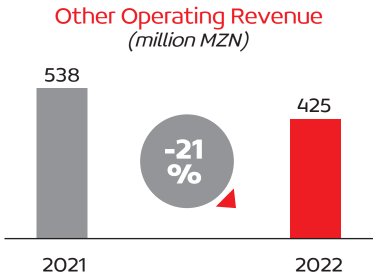
Other Operational Expenses

Regarding other operational expenses, it was noted that they remained in line, MZN 1.158 million in 2022 compared to the same period last financial year, as a result of the continued implementation of cost control and rationalization measures, in a context of rising inflation.



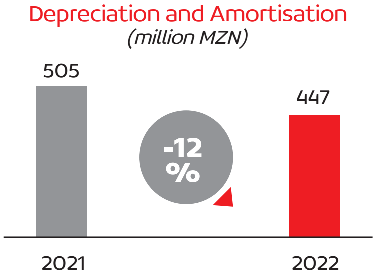
Other Operational Income

The Other Operational Income item mainly comprises adjustments related to prior financial year accounts. During 2022, the Bank undertook several initiatives that culminated in the recovery of overdue loans and other assets, giving rise to the recognition of extraordinary income. Other Operational Income reached a positive amount of MZN 425 million, which means a 21% decrease compared to 2021.



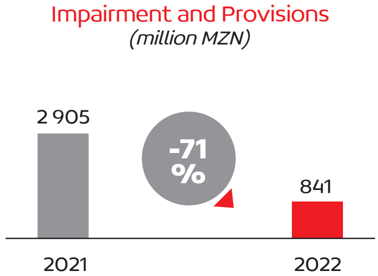
Depreciation and Amortization

Depreciation and amortization for the financial year showed a 12% decrease compared to the previous year, totalling MZN 447 million (2021: MZN 505 million). This decrease was driven by tangible assets reaching their useful life in 2022, as well as the process of disposing of properties recorded under investment properties.



Impairment and Provisions of the FY

Impairments and provisions include appropriations with credit impairments, impairments of assets available for sale, impairments of other assets, namely assets received as a gift arising from the resolution of contracts with Customers, as well as appropriations with other provisions..



In 2022, costs with impairments and provisions showed a significant reduction of MZN 2.064 million compared to the same period, due to the reinforcement in 2021 of impairments in a large matured transaction in the amount of MZN 1.486 million. On the other hand, throughout 2022, the Bank implemented improvements in the management and constitution of credit impairment, as well as the reversal of impairments of Securities.

(In millions of Meticais)	**2021**	**2022**	**Var.**
Global Impairment and Provisions	**2 905**	**841**	**-71%**
Credit Impairment	2 659	801	**-70%**
Assets available for sale	193	(39)	**-120%**
Other assets	81	57	**-29%**
Provisions	(28)	22	**-178%**

Credit Impairment

Throughout 2022, in the context of credit risk management and the balance sheet optimization strategy, Moza strived to continuously improve the effectiveness of risk management and ensure adequate levels of protection against potential risks. In this perspective, the Bank increased credit impairments, with the objective of safeguarding against exposure risks and overdue loans, in accordance with the strategy established by the Management Bodies. This approach evidences the Bank's commitment to sustain a conservative, cautious and professional policy in the exercise of risk management.

Quality of Customer Credit	Annual Evolution				
	2019	2020	2021	2022	Variation
Credit impairment/Total of Overdue Loan	132,2%	101,9%	71,4%	72,2%	0,83 pp
Credit impairment/Overdue Loan > 90 days	139,9%	103,3%	74,3%	77,2%	2,82 pp
Average cost of impairment	2,9%	-0,7&	9,9%	3,2%	-6,6 pp
Overdue loan/Total Credit	12,8%	15,7%	15,2%	16,7%	1,46 pp
Accrued impairments on the Balance Sheet/ Total Credit	16,9%	16,0%	10,9%	12,1%	1,18 pp

At the end of 2022, the overdue loans ratio stood at 16.7%, representing an increase of 1.46 pp year-on-year. This evolution shows the impact of the tightening of financial conditions with a view to controlling inflation, translating into a lower appetite for lending by financial institutions.

The ratio of coverage of overdue credit by impairment shows an increase of 0.83 pp, in relation to the same period the previous year, settling at 72.2%, which demonstrates a balance in the coverage of credit exposures at risk.

Impairment of assets available for sale

During 2022, there was a partial reversal of the impairments of the securities held by Moza in the amount of MZN 156 million, as a result of the change in the management model of financial assets from amortized cost to the following: (1) fair value through other comprehensive income and (2) fair value through profit and loss.

Other Impairments and Provisions

The Bank set up provisions totalling about MZN 22 million, with the aim of safeguarding against possible future charges of a judicial nature, and in line with the prudent stance the Bank has taken.

9.3 Balance Sheet Analysis

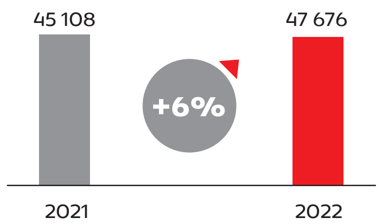
Total Asset

The Bank presents a 6% growth in its Total Assets, when compared to the same period in the previous year, reaching MZN 47 676 million in 2022, surpassing the MZN 45 108 million registered in 2021. This growth is explained by the application of liquidity in lower risk financial instruments, which represent 34% of Total Assets.

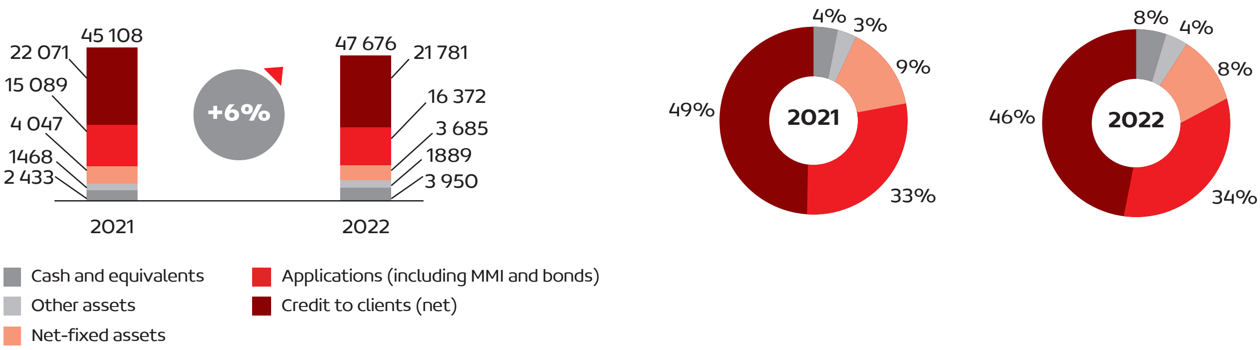
The banking sector in 2022 continued to face challenges arising from the Banco Central's restrictive monetary policy measures, maintaining a more prudent posture in relation to credit activity, leading banks to direct their excess liquidity to investment in high yielding, lower risk assets.

At the end of 2022, Moza Banco remained in 5th position in the ranking of financial institutions in Mozambique in terms of assets, with a market share of 5,56% .

Total Assets
(million MZN)



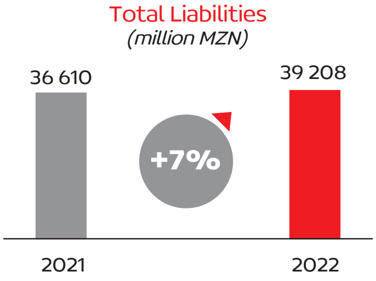
Structure of Assets
(million MZN)

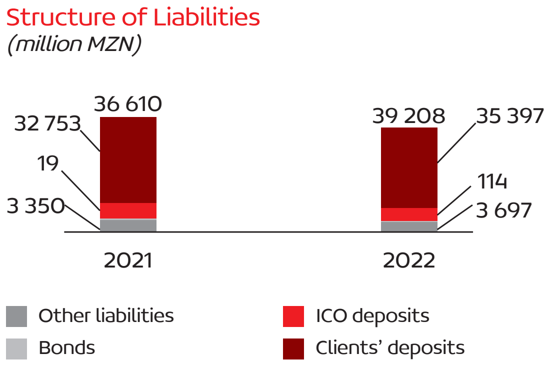


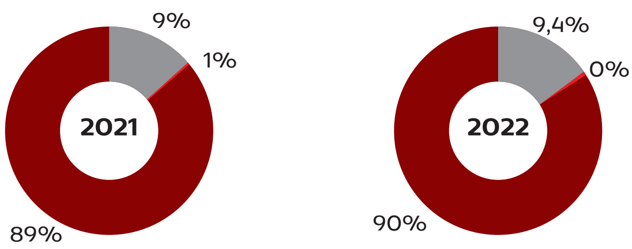
[4]Fonte: Banco de Moçambique

Total liability

The Bank's liabilities reached MZN 39.208 million, representing a 7% increase compared to 2021. This growth is the result of the Bank's efforts to attract new deposits and depositors, thus consolidating its position among the five largest financial institutions in the market.





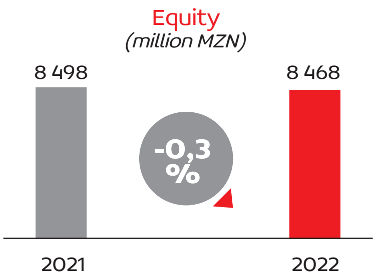


In the period under review, Customer deposits continued to be the main source of funding for the Bank's activity, representing 90% of total liabilities, standing at MZN 35 397 million. This result reflects the trust that the Customers place in the Bank.

Other liabilities, which include consigned resources and lease liabilities (IFRS 16), current and deferred taxes and other liabilities, total MZN 3 812 million, compared to MZN 3.857 million in the same period last year.

Equity

In 2022, the shareholders' equity, which aggregates the share capital, reserves, retained earnings, and net income for the financial year, remained stable in relation to the same period of the previous year, totalling MZN 8 468 million, translating into a reduction of 0.3%, as a result of the change in the management model for financial assets from amortized cost to fair value.



Capital Adequacy

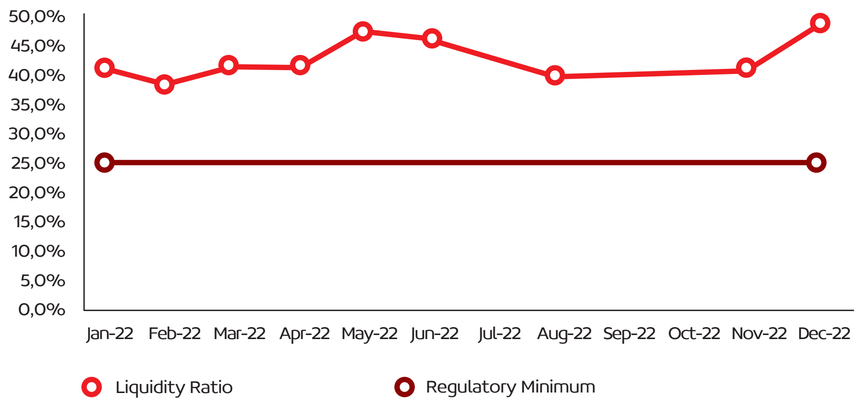
In 2022, regulatory own funds show a reduction of 4% in relation to 2021, standing at MZN 5 367 million. In turn, the Tier 1 ratio shows a reduction of 0.7 pp. Even so, the Bank maintains consistent soundness.

Throughout 2022, Moza Banco continued to present an adequate solvency situation, with the solvency ratio standing at 22.58%, above the required Regulatory limit (12.0%), which allowed the sustainable development of commercial activities, reinforcing the Bank's position as a stable financial institution.

(Million of Meticais)	2021	2022	Variação
Total Regulatory Own Funds	**5 585**	**5 367**	**-4%**
Basic Own Funds	6 358	6 114	-4%
Additional Own Funds	3	1	-51%
Other Deductions	-776	-748	-4%
Risk Weighted Assets	**24 061**	**23 771**	**-1%**
Core Capital Ratio (Tier I)	**26,42%**	**25,72%**	**-0,7pp**
Solvency Ratio	**23,21%**	**22,28%**	**-0,6pp**

Liquidity

At the end of 2022, Moza Banco had a liquidity ratio in the order of 47.41% (minimum: 25%), demonstrating a robust position.



10. Proposal for the Appropriation of Results

The financial year ended on 31 December 2022 generated positive results after tax of **90.136.246 Meticais** (Ninety million, one hundred and thirty-six thousand, two hundred and forty-six Meticais). Considering this fact, as well as the legal and statutory provisions in force, the Board of Directors of Moza Banco, SA hereby proposes, for approval by the General Meeting, the following application of the result for the financial year:

- 30% of the 2022 Economic Financial Year Result, in the amount of 27.040.874 MZN (Twenty-seven million, forty thousand, eight hundred and seventy-four Meticais) be applied in legal reserves.
- 70% of the positive Result of the 2022 economic year, in the amount of 63,095,372 MZN (Sixty-three million, ninety-five thousand, three hundred and seventy-two Meticais) be applied in retained earnings.

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

		Proposal			
Shareholders	**Balance as at 31. Dec. 2022**	**Legal reserve (30%)**	**Use of the share premium**	**Retained Earnings**	**Balance as at 31. Dec. 2022**
Capital	5 896 250 000	-	-	-	5 896 250 000
Legal Reserve	4 661 842 992	27 040 874	-	-	4 688 883 866
Issue premium	1 993 740 399	-	-	-	1 993 740 399
Fair Value Reserve	119 567 744	-	-	-	119 567 744
Previous FY retained earnings	4 054 013 162	-	-	63 095 372	-
Income Statement	90 136 246	27 040 874	-	63 095 372	-
	8 468 388 731	**-**	**-**	**-**	**8 468 388 731**

Statement of Responsibility from the Directors

The Directors are responsible for the preparation and fair presentation of the Financial Statements of Moza Banco, S.A, which comprise the statement of financial position as at 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

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

The Directors have assessed the Bank's ability to continue to operate on a going concern basis and have found no reason to disbelieve that the Bank will continue to operate on a going concern basis in the foreseeable future.

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

Approval of the Financial Statements

The Financial Statements, as mentioned in the first paragraph, were approved by the Board of Directors on 28 March 2023 and are signed on your behalf, by:

Manuel Soares
Director of the Board of Directors

João Figueiredo
Chairman of the Board of Directors

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
Interest and similar income	6	5 370 712	5 307 010
Interest and similar expenses	6	(2 110 169)	(1 802 351)
Financial Margin	**6**	**3 260 543**	**3 504 659**
Income from services and commissions	7	798 250	667 316
Service charges and commissions	7	(224 612)	(147 615)
Services and Net Commissions	**7**	**573 638**	**519 701**
Net financial transactions	8	285 864	491 240
Operational income		4 120 045	4 515 600
Net impairment for the year	19,20,21,22,30	(819 343)	(2 933 034)
Net Operational Income		**3 300 702**	**1 582 566**
Personnel Costs	9	(1 773 280)	(1 733 513)
Depreciation and Amortisation	21,22,23	(446 546)	(505 148)
Other operational expenses	10	(1 158 204)	(1 159 876)
Other operational income	11	425 103	538 405
Provisions	12	(21 760)	28 051
Income before taxes		**326 015**	**(1 249 515)**
Income tax			
IRPC - Restitution fee	14	(235 877)	(131 506)
Profit/loss for the financial year		**90 138**	**(1 381 021)**
Earnings per share			
Basics	15	0,08	(1,68)
Diluted	15	0,08	(1,68)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

	Note	2022	2021
Profit/loss for the FY		90 138	(1 381 021)
		90 138	**(1 381 021)**
Items that can be subsequently reclassified to profit and loss			
Financial assets fair value reserve		(175 835)	-
Deferred Tax (32%)	13	56 267	-
		(29 430)	**(1 381 021)**

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022

	Notes	2022	2021
ASSETS			
Cash and Deposits at the Central Bank	16	3 469 028	2 250 359
Claims on credit institutions	17	480 809	182 543
Loans and advances to credit institutions	18	6 591 707	8 344 160
Financial Assets	19	9 779 840	6 744 716
Loans and advances to customers	20	21 753 640	22 070 821
Other assets	21	1 132 133	856 148
Non-current assets held for sale	22	788 292	837 106
Investment property	23	237 705	351 936
Tangible Assets	24	2 462 191	2 706 547
Intangible Assets	25	224 572	151 503
Current Tax	26	605 181	517 274
Deferred Tax	13	151 267	95 000
Total Assets		**47 676 365**	**45 108 113**
LIABILITIES			
Credit institutions Resources	27	113 708	19 102
Deposits and current accounts	28	35 397 414	32 753 139
Consigned resources	29	577 659	354 281
Provisions	30	219 124	151 932
Other Liabilities	31	2 794 533	2 778 860
Bond Loans	32	-	487 674
Current Taxes	33	96 699	56 467
Deferred Taxes	13	8 839	8 839
Total Liabilities		**39 207 976**	**36 610 294**
EQUITY			
Share capital	34	5 896 250	5 896 250
Legal reserve and other reserves	35	4 542 275	4 661 843
Share premium	35	1 993 740	1 993 740
Retained Earnings		(3 963 876)	(4 054 014)
Total Equity		**8 468 389**	**8 497 819**
Total Equity and Liabilities		**47 676 365**	**45 108 113**

STATEMENT OF CHANGES IN EQUITY

	Share capital (note 30)	Legal Reserve and other reserves (note 31)	Share Premium (note 31)	Retained Earnings (note 31)	Total Equity
Balance at 1 January 2021	**3 943 250**	**4 661 843**	**1 993 740**	**(2 672 993)**	**7 925 840**
Increase of the share capital	1 953 000	-	-	-	1 953 000
Loss of the Financial Year	-	-	-	(1 381 021)	(1 381 021)
Balance at 31 December 2021	**5 896 250**	**4 661 843**	**1 993 740**	**(4 054 014)**	**8 497 819**
Fair Value Reserve	-	(175 835)	-	-	(175 835)
Deferred Tax Asset	-	56 267	-	-	56 267
Profit for the Period	-	-	-	90 138	90 138
Balance at 31 December 2022	**5 896 250**	**4 542 275**	**1 993 740**	**(3 963 876)**	**8 468 389**

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2022

	2022	2021
Cash flow from operational activities		
Profit/loss before tax	90 138	(1 381 021)
Adjustments from:		
Depreciation and amortization	446 546	505 148
Loan impairment losses	819 343	2 933 034
Movements in:		
Loans and advances	(511 499)	(319 340)
Financial assets	(3 046 696)	(2 564 752)
Other assets	(275 985)	(616 618)
Available-for-sale non-current assets	115 164	(241 602)
Deposits from credit institutions	94 606	(8 212)
Deposits and current accounts	2 644 275	(2 397 039)
Other liabilities	(66 510)	(1 043 277)
Fair value reserve through other comprehensive income	(119 568)	-
Net cash flow from operational activities	**189 814**	**(5 133 679)**
Cash flow from investing activities		
Acquisition of investment property	101 175	521 202
Acquisition of tangible assets	(167 129)	31 217
Acquisition of intangible assets	(95 074)	(31 795)
Net cash flow from investing activities	**(161 028)**	**520 624**
Cash flow from financial activities		
Repayment of consigned funds	223 378	42 356
Repayment of bond loans	(487 674)	369 035
Share capital increase	-	1 953 000
Net cash flow from financial activities	**(264 296)**	**2 364 391**
Increase in cash and cash equivalents	(235 510)	(2 248 664)
Cash and cash equivalents at the beginning of the financial year	10 777 062	13 025 726
Cash and cash equivalents the end of the financial year	**10 541 552**	**10 777 062**

Cash and Cash Equivalents are presented as follows:

	2022	2021
Cash and Deposits at the Central Bank	3 469 028	2 250 359
Claims on credit institutions	480 809	182 543
Investments in credit institutions	6 591 707	8 344 160
	10 541 544	**10 777 062**

Certified Accountant

David Zavale

OCAM n° 888/CC/OCAM/2013

The Administration

Manuel Soares

1. Introduction

Moza Banco, S.A. (hereinafter Moza Banco) is a Commercial Universal Retail Bank, established in 2007, with head office in Maputo, having as shareholders KUHANHA-Sociedade Gestora do Fundo de Pensões do Banco de Moçambique, ARISE B.V, Moçambique Capitais, S.A., Novo Banco Africa S.G.P.S, S.A. (Portuguese Bank) and Dr. António Almeida Matos.

The Bank provides financial services oriented to corporate and individual customers, with special focus on the Retail, Corporate and Institutional segments.

During the year ending December 31, 2022, the Bank made a strong commitment to its internal remodeling and restructuring, as well as to the redefinition of its future strategic objectives with a view to consolidating and increasing its position in the Mozambican banking system.

Currently the Bank has 65 Business Units and 108 ATM's distributed throughout all provinces of Mozambique (2021: 63 business units), and it should also be noted that 17 of these branches are located in rural areas and the remaining ones in urban areas.

1.1. Basis of Presentation

The Financial Statements were prepared in accordance with International Financial Reporting Standards (IFRS).

The Financial Statements of Moza Banco, SA for the year ended December 31, 2022, were approved at the Annual General Meeting held on April 28, 2023.

1.2. Functional and presentation currency

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

1.3. Use of estimates and judgements

In preparing the Financial Statements, Management has used judgments, estimates and presumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, revenues and expenses. The results may differ from actual results.

The underlying estimates and assumptions are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Critical accounting estimates and judgments are reviewed as follows:

i) Judgements

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

- **Not3 3 (b) (ii)** – classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI (Solely Payments of Principal and Interest) over the outstanding principal amount.
- **Not3 5.1** – establishes the criteria for determining whether the credit risk of a financial asset has increased significantly since initial recognition, determining the methodology

ii) Presumptions

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

Deferred tax assets - recognition of deferred tax assets through the availability of future taxable income against which reportable tax losses can be utilized. During financial year 2022, the Bank recognized deferred tax asset on the fair value of financial assets.

Information about presumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to asset/liability values is included in the following notes:

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

2. Change in accounting policies

During the 2022 financial year, the Bank changed the business model for bond and equity securities, with the primary objective now being to collect contractual cash flows until maturity to:

- Bonds - business model changed to having the main objective of collecting contractual cash flows and selling them;
- Shares - business model changed to having as its main objective to be held for sale.

3. Summary of significant accounting policies

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

a) Transactions in foreign currency

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

The exchange rates used for the translation of balances denominated in foreign currency were as follows:

	2022	2021
Dólar Norte-Americano	63,87	74,90
Euro	68,18	92,04
Rand Sul africano	3,77	4,04

The foreign exchange profit or loss on monetary items is the difference between the amortized cost of the functional currency at the beginning of the year, adjusted for interest, impairments and actual payments during the year, and the amortized cost in foreign currency at the spot exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate on the date the fair value is determined.

Non-monetary items that are measured on a historical cost basis in a foreign currency are translated using the spot exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss.

b) Financial assets and liabilities

i) Initial recognition and measurement

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

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

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

ii) Classification

Financial Assets

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

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

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

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

iii) Business Valuation Model

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

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income by maintaining a specific interest rate profile, matching the duration of the financial assets with the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is assessed and reported to the Bank's management;

- the risks affecting the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- and how business managers are compensated (for example, whether remuneration is based on the fair value of assets managed or on contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information on sales activity is not considered in isolation but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realised.

The Bank's Retail Banking and Corporate Banking activities include mainly loans to customers that are held for the collection of contractual cash-flows. In Retail banking, loans comprise those for housing, overdrafts, consumer loans without a mortgage and credit card facilities. Sales of loans from these portfolios are very rare.

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

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

ii) collect contractual cash flows and sell - this classification includes Treasury Bonds;

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

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

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

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

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

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

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

The Bank has determined that the contractual cash flows on these loans are SPPI considering that the option varies the interest rate in a manner that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

c) Reclassifications

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

d) Derecognition

i) Financial Assets

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

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

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

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

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

In transactions where the Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and retains control over the asset, the Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

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

ii) Financial Liabilities

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

e) Changes in Financial assets and liabilities

i) Financial assets

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

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

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

- costs that are considered in determining the fair value of the new asset and costs that represent the reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other costs are included in profit or loss as part of the gain or loss on derecognition.

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

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

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

ii) Financial liabilities

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

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

iii) Compensation

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

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

f) Fair Value Measurement

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

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

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

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

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

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

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

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

g) Financial instruments impairment

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

- Financial assets that are debt instruments;
- Leases receivable;
- Financial guarantee contracts issued; and
- Loan commitments issued

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

- investment guarantees for debt that are determined to have low credit risk at the reporting date; and
- other financial instruments (except lease receivables) over which the credit risk has not increased significantly since initial recognition.

Provisions for losses on leases receivable are always measured at an amount equal to the expected lifetime credit loss.

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

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

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

Financial instruments for which lifetime credit loss is recognised and which are impaired are referred to as “Phase 3 financial instruments”.

i) Measurement of Expected Credit Losses

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

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- Credit-impaired financial assets at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Unrealised loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- Financial guarantee contracts: the expected payments to repay the holder less the amounts the Bank expects to recover.

For discounting future cash flows, the following rates are used:

- Other financial assets not arising from or not originating from credit impairment, financial assets and lease receivables: the original effective interest rate or an approximation thereof.
- Undrawn loan commitments: the effective interest rate, or an approximation thereof, that would be applied to the financial asset resulting from the loan commitment.
- Financial guarantee contracts issued: the rate that reflects the current market assessment of the time value of money and the risks specific to the cash flows; and
- Assets (Credit Impairments): the effective interest rate adjusted for credit

ii) Restructured financial assets

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

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows from the modified financial asset are included in the calculation of the cash shortfalls of the existing asset.
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is recognised as the ultimate cash outflow of the existing financial asset at derecognition. This amount is included in the calculation of cash shortfalls of the existing financial asset that are discounted from the expected date of derecognition to the reporting date, using the original effective interest rate of the existing financial asset

iii) Impaired financial assets

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

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as an event of default or maturity;
- the restructuring of a loan or advance from the Bank on terms that the Bank would not otherwise consider;
- the borrower is likely to declare bankruptcy or another financial reorganisation; or
- the disappearance from an active market of a security due to financial difficulties.

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

In assessing whether an investment in sovereign debt is impaired, the Bank has considered the following factors:

- The assessment of market risk, as reflected in the yield on securities.
- The rating agencies’ assessments of creditworthiness.
- The ability of the country to access capital markets for new debt issues.
- The likelihood of the debt being restructured resulting in losses to holders through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as “lender of last resort” to that country, as well as the intention, reflected in public statements, of governments and agencies to use these mechanisms. This included an assessment of the depth of these mechanisms and, irrespective of political intention, whether there was capacity to meet the required criteria.

iv) Presentation of the provision for Expected Credit Losses in the Statement of Financial Position

Provisions in respect of expected credit losses are presented in the statement of financial position as follows:

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

v) Derecognition

Loans and debt securities are derecognised (partially or wholly) when there is no reasonable expectation of recovering all or part of a financial asset. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flow to repay the amounts subject to write-off. This assessment is made at the individual asset level.

Recoveries of amounts previously written off are included in "impairment losses on financial instruments" in the Statement of Profit or Loss and Other Comprehensive Income.

Financial assets that are written off may still be subject to monitoring activities to comply with the Bank's procedures for the recovery of amounts due.

vi) Financial guarantee contracts

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

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

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

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

h) Recognition of revenue and expenses

Revenue is recognised when it is probable that future economic benefits will flow to the Bank and these benefits can be reliably measured. Revenue is recognised in accordance with the following criteria by item.

i) Interest

Effective interest rate

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

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

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

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

j) Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial value and the maturity value and, for financial assets, adjusted for any provision for expected credit loss.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

k) Calculation of Interest income and expenditure

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

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

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

l) Presentation

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

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

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

Interest expense presented in the statement of income and other comprehensive income includes financial liabilities measured at amortised cost and interest on lease liabilities.

Interest income and expense on other financial assets and liabilities at fair value through profit and loss is presented under net income on other financial instruments at fair value through profit and loss.

m) Commissions

- Income from services and commissions

  The Bank earns income from services and commissions through a diversified network of services it provides to its Customers. Commissions can be classified into two categories:

- Commissions that are charged for services rendered over a given period of time

  These are obtained as the services are provided and are recognised in profit and loss over the period in which the services are provided. These commissions include amounts charged for services rendered such as the issuance of Bank Guarantees and Letters of Credit.

- Commissions charged for services rendered

  Revenue from fees and commissions from Contracts with Customers is measured based on the remuneration specified in a contract with a customer. The Bank recognises revenue when the service is provided.

  Other fee and commission expenses mainly relate to transaction and service fees, which are accounted for as expenses when the services are received.

- Net income on financial operations

  Net income on financial operations includes gains and losses on foreign currency transactions and conversion operations of monetary items denominated in foreign currency. In addition, the Bank recognises fair value gains and losses.

n) IFRS 16 - Leases

At the inception of a lease, the Bank assesses whether a contract is or contains a lease by starting from the definition set out in IFRS 16 which states "a contract constitutes or contains a lease if it carries the right to control the use of an identified asset for a certain period of time in exchange for consideration". This policy is applied to contracts entered into (or updated) on or after 01 January 2019.

The Bank is applying the amendment of IFRS 16 related to the treatment of leases at the time of pandemic Covid 19, with effective application on 01 January 2021.

i) Bank from the Lessee's perspective

At the inception or upon updating of a contract containing the lease component, the Bank allocates the consideration in the contract to each lease component based on its relative stand-alone price. However, for branch and office leases, the Bank has elected not to separate the non-lease components and to account for the lease and non-lease components as a single lease component.

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

The asset under right of use is subsequently depreciated on the straight-line method from the commencement date to the end of the lease term. Additionally, the asset under right of use is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liabilities.

Lease liabilities are initially measured at the present value of lease payments that have not yet been made at the inception date, discounted at the implicit lease interest rate or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

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

Lease payments included in the measurement of lease liabilities comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, measured initially using the index or rate at the commencement date;
- Amounts expected to be paid under a residual value guarantee; and
- Exercise price of a purchase option that the Bank expects to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

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

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

Short-term leases and leases of low value assets

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

ii) Bank from the Lessor's perspective

At the inception or on revaluation of a contract containing a lease component, the Bank allocates the consideration in the contract to each lease component based on their relative stand-alone selling prices.

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

o) Cash and cash equivalents

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

p) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale whenever it is expected that their carrying amount will be recovered principally through sale and that sale is considered highly probable. For an asset (or disposal group) to be classified in this caption the following requirements must be fulfilled:

1. The probability of sale is high;
2. The asset is available for sale in its current state; and
3. the sale is expected to be completed within one year of the asset's classification under this heading. However, events or circumstances may extend the period to complete the sale beyond one year.

The assets recorded in this item are not amortized, being valued at the lowest value between the acquisition cost and their fair value, less the cost to be incurred on the sale. The fair value of these assets is determined based on appraisals by specialized entities.

The Administration undertakes to make every effort to ensure that their sale occurs within a maximum period of one year after their classification in this category.

To materialize the objectives of expanding the distribution network of the Bank's services, through the opening of a branch, in 2022 the Bank decided to change the plan to sell 2 (two) properties located in the Platinium condominium under the names 'Loja A' and 'B', with a total value of 152.033 thousand meticais, transferring them to tangible assets in progress

q) Tangible Assets

• Property and equipment

Property and equipment are measured at acquisition cost, less the respective accumulated depreciation. and impairment losses.

Maintenance, repair and other expenses associated with their use are recognized in profit or loss in the period in which they are incurred. Purchased software that is integral to the functionality of related equipment is capitalized as part of that equipment.

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

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

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

	Years
Property	25
Rented Buildings	10
Equipments	10
Right-of-use assets	10
Others	4-5

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

- **Investment Properties**

Investment property is initially measured at cost and depreciated on a straight-line basis and the estimated useful life for assets classified as investment property is 25 years. Any gain or loss on disposal of investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

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

r) Intangible Assets

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

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

Amortisation is recognised in profit or loss on a straight-line basis over the useful life of the software from the date it is available for use. The estimated useful life of the software is 3 to 5 years.

s) Income Tax

Income tax comprises current and deferred tax. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in equity or other comprehensive income.

The Bank determines interest and penalties arising on tax assessments, and any differences arising including uncertain tax treatment, that do not fall within the definition of income tax, are accounted for in accordance with IAS 37.

i) Current Taxes

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

Current tax assets or liabilities are estimated based on the expected amount payable to or recoverable from the tax authorities. The statutory tax rate used to calculate the amount is that in force on the reporting date.

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

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

ii) Deferred Taxes

Deferred taxes are recognized on all temporary differences at the date of the financial position between the tax base of assets and liabilities and their corresponding accounting base.

The carrying amount of the deferred tax asset is reviewed at each year end and reduced to the extent that it is no longer probable that taxable profits will be sufficient to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are revalued at the reporting date and are recognized to the extent that it becomes probable that future taxable profits will allow the deferred tax asset to be recoverable.

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

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

t) Employees Benefits

i) Short term Benefits

Short-term benefits comprise salaries, accrued holiday payments, variable remuneration, bonuses, and other non-monetary benefits, such as contributions for medical assistance.

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

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

ii) Benefits from the termination of contract

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

u) Provisions

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

v) Deposits, debt securities issued and subordinated liabilities

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

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

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

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

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

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

Values presented in the liability credit reserve are not subsequently transferred to profit or loss. When these instruments are derecognised, the cumulative amount listed in the liability credit reserve is transferred to retained earnings.

w) Financial guarantees and loan commitments

"Financial guarantees" are contracts that require the Bank to make specified payments to reimburse the holder for loss it incurs because a specified debtor fails to make payment when required to do so under the terms of the debt instrument. "Loan commitments" are firm commitments to extend credit with pre-established terms and conditions.

Financial guarantees issued or commitments to lend at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

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

x) Share Capital and reserves

i. Other equity instruments

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

ii. Share issuance costs

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

4. Accounting standards issued but not implemented

A number of other new regulations were effective from 01 January 2020; however, these had no material impact on the Bank's Financial Statements.

- Onerous contracts - costs to fulfil a contract - amendments to IAS 37 (effective date: 1 January 2022);
- Reference to the conceptual framework - amendments to IFRS 3 (effective date: 1 January 2022);
- Classification of liabilities into current and non-current - amendments to IAS 1 (effective date: 1 January 2022);
- IFRS 17 - Insurance Contracts (effective date: 1 January 2023);
- Amendments to IFRS 17 - Insurance Contracts (effective date: 1 January 2023);
- IAS 8 - Changes to the definition of accounting estimates (effective date: 1 January 2023);
- Disclosure of accounting policies - Amendments to IAS 1 and IFRS disclosures (effective date: 1 January 2023);

5. Risk Management, objectives and policies

The risk management function at Moza Banco is supported by a governance model that simultaneously seeks to respect the best practices in this area and to ensure the robustness and efficiency of the system for identifying, measuring, controlling and monitoring the financial and non-financial risks to which Moza Banco is or could be exposed, namely:

a. Credit Risk;
b. Liquidity Risk;
c. Interest Rate Risk;
d. Foreign Exchange Rate Risk;
e. Operational Risk;
f. Strategic Risk;
g. Reputation Risk;
h. Compliance Risk;
i. Information Technology (IT) Risk;
j. Concentration Risk.

Risk management is carried out transversally and supported by a dedicated structure, the Risk Management Department, under the responsibility of a member of the Executive Committee of Moza Banco.

Moza Banco considers, in the scope of risk management, the applicable regulatory framework issued by Banco de Moçambique (Supervisory Entity of the Mozambican Banking System), as well as the best banking practices (European Bank Authority or the Bank of Portugal), as well as the globally accepted risk standards, such as the COSO Corporate Risk Management Integrated Framework and the ISO 31000 Risk Management Principles, as technical and methodological reference for the Bank's Risk Management Policy.

Moza Banco's Risk Management Conceptual Framework

The conceptual risk management framework implemented at Moza Banco comprises the scope of risks, the processes, systems and procedures to manage such risks, as well as the roles and responsibilities of the different Bank bodies involved in their management. Moza Banco considers that its conceptual risk management framework fits its size and complexity and is comprehensive enough to capture all the risks to which it is exposed and has the necessary flexibility to accommodate any changes towards improving the Bank's activities.

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

Bank annually reviews and updates its risk management policies to reflect changes in markets, products and best practices in the industry in which it operates.

Moza Banco's Risk Management Governance Model

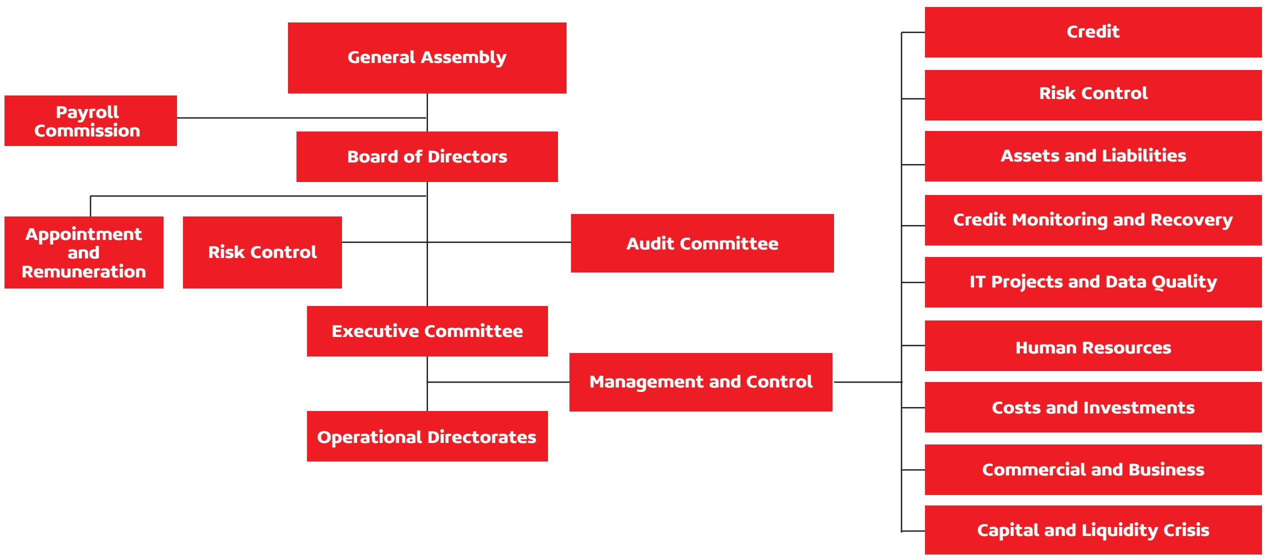
In terms of risk control and management, the Bank has adopted a Governance model that establishes the necessary balances for the Board of Directors to exercise oversight effectively by monitoring overall risk levels. In addition, the structure conforms to the new law on credit institutions and financial companies (Law 20/20 of 31 December) in matters of governance, specifically with regard to mandatory committees, taking into account the size of Moza Banco. The monitoring process assures the Board of Directors, that the Bank's risk levels are compatible with the objectives, the financial resources available and the strategies approved for the development of the Bank's activity.

In terms of risk control and management, the Bank has adopted a Governance Model that establishes the necessary balances for the Board of Directors to exercise oversight effectively by monitoring overall risk levels. Additionally, the governance model adopted by Moza Banco is in line with the stipulations of the Credit Institutions and Financial Companies Act (Law 20/20 of December 31), in matters of governance, specifically with regard to mandatory committees, taking into account the size of the Bank.

In fact, the Bank implemented in 2022 a Risk Management Governance Model, which incorporates two concepts: (i) the concept of Committees for the bodies that emanate from the General Meetingand the Board of Directors and (ii) the concept of Committees for the bodies that emanate from the Executive Committee. The Bank's governance model includes 5 Commissions and 9 Committees, as shown in the organizational chart below. This model also incorporates 3 lines of defense, where the First Line of Defense is filled by the Commercial Network, the Operations Department and the Information Systems and Technology Department, the Second Line by Risk and Compliance and the Third Line of Defense by Audit.

The monitoring process implemented assures the Board of Directors that the Bank's risk levels are compatible with the objectives, the financial resources available and the strategies approved for the development of the Bank's activity.

The organizational chart below describes the Governance Model in force at Moza Banco, followed by the main functions/competencies of the relevant bodies of said model is described in the management report.



Economic Capital

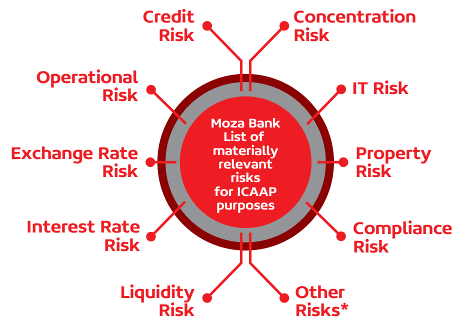
In accordance with applicable regulations, Moza Banco ensures the ICAAP process (Internal Capital Adequacy Assessment Process) through the application of internal methodologies for determining capital requirements to cover Basel II Pillar I and II risks. The main objective of ICAAP is to compare the economic capital needs with the available financial resources, assessing the Bank's capacity to absorb the risks to which it is exposed, making it also possible to identify activities and/or business lines that generate greater value.

The ICAAP process incorporates among the various process activities:

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

ii. The definition of Moza Banco's Taxonomy of risks by listing the risks inherent to the Bank's activity;

iii. The definition of the materiality of the risks. Without prejudice to future changes, below are presented the materially relevant risks for the purposes of ICAAP (Pillar I - Basel II & Pillar II) and on which the capital requirements should be quantified to ensure their coverage:



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

iv. Definition of base and adverse scenarios, the latter being characterised by a deterioration of macroeconomic indicators (increased inflationary pressure, increase in key market rates, sharp depreciation of the Metical, a sharp decrease in GDP, among others). It is a hypothetical scenario that is created in order to assess the Bank's soundness and resilience to an unfavourable economic environment.

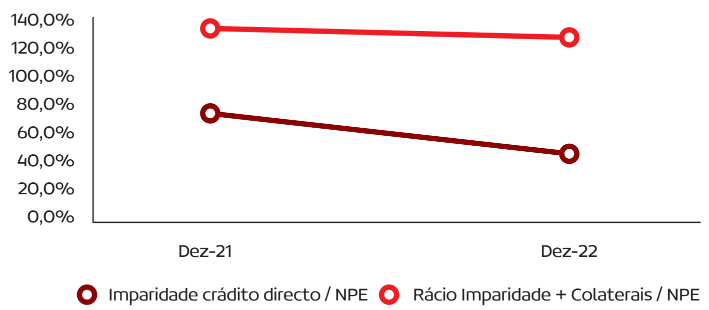
The qualitative analysis of the Bank's risk management is presented as follows:

5.1. Credit Risk

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

Main Credit Risk Indicators

The table below shows the annual evolution of the main indicators of credit risk and coverage of credit exposure between December 2021 and 2022:



Maximum exposure to credit risk by class of financial assets

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

The table below shows the maximum exposure as at 31 December 2022, in respect of credit risk in the financial position, and off-balance sheet financial instruments, without taking into account the value of collateral held. The Bank only holds collateral for Customer loans (Loans and advances to customers, Guarantees provided and Letters of credit) which are mainly mortgages on properties, pledges on Deposits (demand and term) and pledges of equipment:

	2022	2021
Exposure to credit risk related to balance sheet items		
Cash and Deposits at the Central Bank	3 469 028	2 250 359
Claims on credit institutions	480 809	182 543
Investments in credit institutions	6 591 707	8 344 160
Financial Assets	9 779 840	6 744 716
Loans and advances to customers	21 753 5640	22 070 821
Other assets	820 715	740 848
	40 895 739	**40 333 447**
Exposure to credit risk related to off-balance sheet items		
Guarantees	6 017 657	5 580 842
National Currency	4 353 031	3 630 461
Foreign Currency	1 664 626	1 950 381
Letters of Credit	416 039	212 091
	6 433 696	**5 792 933**
	49 329 435	**46 126 380**

Credit Quality:

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

2022	Stage 1	Stage 2	Stage 3	Total
Cash and Deposits at the Central Bank	3 469 028	-	-	3 469 028
Claims on credit institutions	480 809	-	-	480 809
Investments in credit institutions	6 591 707	-	-	6 591 707
Financial Assets	9 779 840	-	-	9 779 840
Loans and advances to customers	9 376 597	2 198 260	10 178 783	21 753 640
Other assets	1 132 133	-	-	1 132 133
	30 830 114	**2 198 260**	**10 178 783**	**43 207 157**

2021	Stage 1	Stage 2	Stage 3	Total
Cash and Deposits at the Central Bank	2 250 359	-	-	2 250 359
Claims on credit institutions	182 543	-	-	182 543
Investments in credit institutions	8 344 160	-	-	8 344 160
Financial Assets	6 744 716	-	-	6 744 716
Loans and advances to customers	13 451 180	4 907 745	3 711 896	22 070 821
Other assets	856 148	-	-	856 148
	31 829 106	**4 907 745**	**3 711 896**	**40 448 747**

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

2022	Stage 1	Stage 2	Stage 3	2022
In compliance	9 376 597	-	-	9 376 597
In compliance but not impaired	-	2 198 260	-	2 198 260
Defaulting	-	-	10 178 783	10 178 783
	9 376 597	**2 198 260**	**10 178 783**	**21 753 640**

2021	Stage 1	Stage 2	Stage 3	2021
In compliance	13 451 179	-	-	13 451 179
In compliance but not impaired	-	4 907 745	-	4 907 745
Defaulting	-	-	3 711 897	3 711 897
	13 451 179	**4 907 745**	**3 711 897**	**22 070 821**

Overdue credit includes the total exposure of customers with overdue installments as well as the amounts of overdue installments.

Expected credit loss

The following table shows the movement of credit impairment over the year:

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

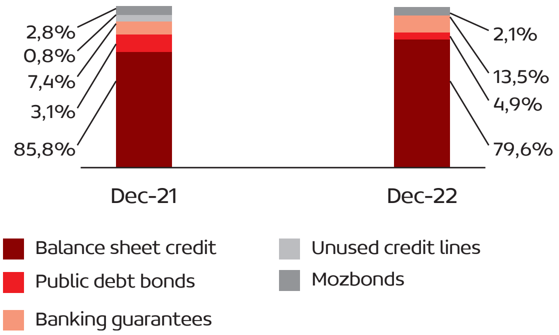
2021	Stage 1	Stage 2	Stage 3	2022
Balance as at 01 January 2021	**151 761**	**462 657**	**3 915 350**	**4 529 768**
Shifts into Stage 1	-	39 506	(611)	38 895
Shifts into Stage 2	11 040	-	(72 504)	(61 464)
Shifts into Stage 3	328	38 746	-	39 074
Reinforcements	50 292	171 594	5 648 944	5 870 830
New entries	149 758	-	-	149 758
Reductions	(70 740)	(336 197)	(2 970 928)	(3 377 865)
Write-offs	-	-	(4 533 502)	(4 533 502)
Balance as at 31 December 2021	**292 439**	**376 306**	**1 986 749**	**2 655 494**

The following table shows the movement in impairments of loan commitments and financial guarantee contracts during the year:

Loan Commitment and Financial Guarantee Contract	2022	2021
Balance as at 01 January 2022	**66 744**	**25 596**
Reinforcement	106 386	70 804
Reversal	(60 954)	(31 049)
Regularization	(10)	1 393
Balance as at 31 December 2022	**112 176**	**66 744**

Distribution of Exposures Subject to Impairment

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



Collateral and other credit guarantees

Guarantees or collateral are intended to ensure that in the event of nonpayment of the credit by borrowers, credit institutions

The collateral or guarantee is intended to ensure that if borrowers do not repay the loan, credit institutions can still obtain repayment of the loan by foreclosing on or appropriating the collateral or guarantee with the intention of subsequently transforming it into liquidity through sale, disposal, or other applicable options. Listed below are the types of collateral eligible for credit risk coverage:

- Pledge of Deposits (DP Collateral and DO Bond) with the Bank;
- Pledge of shares;
- Guarantees provided by the State;
- Guarantees provided by Other Credit Institutions;
- Mortgages on Property (residential, industrial and/or commercial properties);
- Mortgage on movable property;
- Pledge of Equipment;

The analysis of credit exposure against collateral and other credit guarantees in favor of the Bank, is shown in the following table:

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

	Maximum exposure to credit risk	Deposits	Letters of credit/ bank guarantees	Mortgages	Outros	Net guarantees	Net exposure
2021							
Cash and Deposits at the Central Bank	2 250 359	-	-	-	-	-	2 250 359
Claims on credit institutions	182 543	-	-	-	-	-	182 543
Investments in credit institutions	8 344 160	-	-	-	-	-	8 344 160
Financial Assets	6 744 716	-	-	-	-	-	6 744 716
Loans and advances to customers	-	-	-	-	-	-	-
Large companies	8 835 884	38 604	660 000	1 448 753	2 318 006	4 465 363	4 370 521
Small Companies	8 999 141	338 846	221 514	4 048 200	-	4 608 560	4 390 581
Private	4 228 505	126 994	124	145 682	-	272 800	3 955 705
Others	7 291		-	-	-	-	7 291
Other Assets	740 848	-	-	-	-	-	740 848
Other Assets	**40 333 447**	**504 444**	**881 638**	**5 642 635**	**2 318 006**	**9 346 723**	**30 986 724**

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

	Carrying value	Mortgage of property	PA Collareral	Carrying value	Mortgage of property	PA Collareral
Stage 01 and 02	11 800 971	4 071 202	1 971 670	19 027 669	3 715 812	481 299
Stage 03	12 941 491	5 071 234	118 784	5 698 646	1 926 823	23 146
	24 742 462	**9 142 436**	**2 090 453**	**24 726 315**	**5 642 635**	**504 445**

Assets obtained by taking possession of collateral

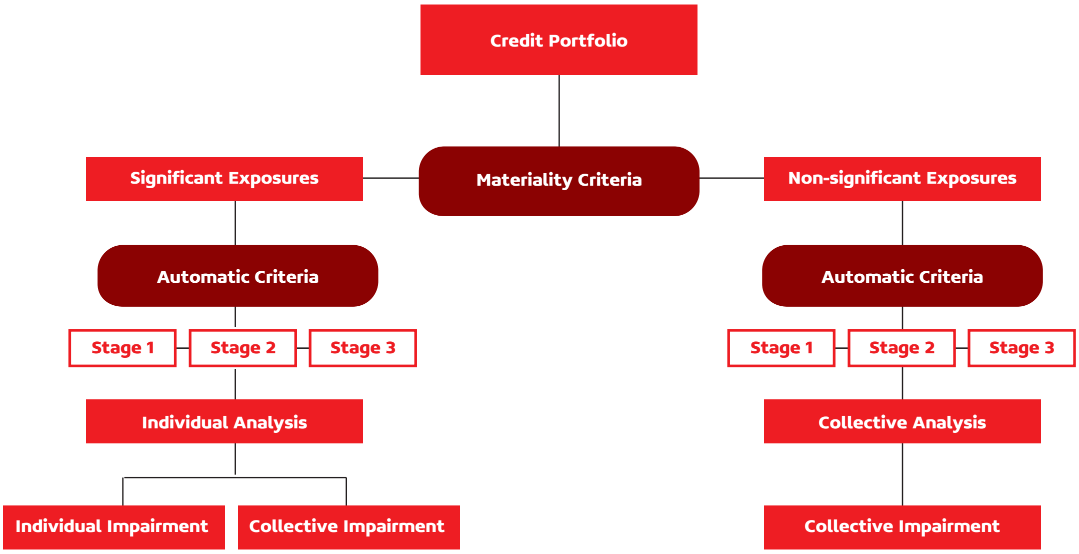
Details of the financial and non-financial assets obtained by the Bank during the year by way of taking possession of collateral held as security on loans and advances at year end are given below.

	2022	2021
Properties	1 089 837	1 089 837
	1 089 837	**1 205 001**

Impairment Calculation of the Loan Portfolio

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

The Bank's current expected loss model is summarized in the following diagram



The Bank first assesses whether objective evidence of impairment exists individually, for financial assets that are individually significant, or collectively, for financial assets that are not individually significant.

In the Individual Impairment Analysis, the expected loss is determined based on the individual assessment, while in the Collective Impairment Analysis the expected loss is determined taking into account groups of customers with similar credit risk characteristics.

The expected loss model, implemented in the Bank allows measuring the ECL not only according to the classification of assets by stage, but also the classification by segment, collateral coverage and materiality, as indicated below:

Stage 1 - all financial assets where there is no significant increase in credit risk since initial recognition (unless acquired or originated with objective evidence of loss);

Stage 2 – all financial assets with a significant increase in credit risk;

Stage 3 – all financial assets with objective evidence of impairment (default).

Significant increase in credit risk (Stage 2)

To determine whether the risk of default of a financial instrument has increased significantly since its initial recognition, in accordance with IFRS9, Moza Banco assesses the existence of available information as to its timeliness and relevance, for which it considers qualitative information and quantitative analyses, based on the Bank's historical experience and/or using occasional assessments.

The objective of the regular assessment is to identify the occurrence of events that may pose a significant increase in credit risk to credit exposures by comparing:

- The probability of default (PD) over the remaining life of the financial asset, as of the reporting date; and
- The probability of default over the remaining life of the financial asset, for the same period estimated at the time of initial recognition of the exposure.

To determine whether there has been a significant increase in credit risk, the following criteria are used:

#	Tipo de Trigger	Trigger	Entry Criteria	Quarantine/ Exit Criterion
1	Automático	Default	Customer with at least one transaction more than 30 days overdue.	3 months
2	Automático	Restructured due to financial difficulties	Customer with at least one transaction restructured due to financial difficulties within the marking period.	12 months
3	Automático	Individual Analysis	Individual analysis customers for whom the stage resulting from the completion of the qualitative questionnaire is stage 2.	Fail to meet the entry criteria.
4	Manual	Default in CRC	Customer marked in default in at least one entity of the national Financial System.	3 months

Objective Evidence of Impairment (Stage 3)

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

The concept of stage 3 is aligned with the definition of default. For the purposes of the impairment model, a client is considered to be in default when it has at least one active default trigger or is within the quarantine period.

For the default, written-off, and litigation triggers, customers are quarantined after they no longer meet the trigger entry criteria and are less than 30 days past due.

Below we detail the criteria defined for stage 3 customers, which are in line with the best practices defined by the European Banking Authority (EBA) regulations for the definition of default.

#	Type of Trigger	Trigger	Entry Criteria	Quarantine/Exit Criterion
1	Automatic	Default	• The customer simultaneously checks the following criteria: - At least one operation with overdue installment for more than 90 days; and - The sum of the overdue installment exceeds the absolute threshold; and - Sum of the overdue installment higher than the threshold related to the client's total balance sheet exposure.	12 months
2	Automatic	Written off credit	• The customer simultaneously checks the following criteria - Sum of the past due instalment greater than the absolute threshold; and - Sum of the past due instalment exceeds the threshold related to the client's total balance sheet exposure	12 months
3	Automatic	Restructured with Default	• Customer simultaneously checks the following criteria: - Customers with at least one restructured recovery for financial difficulties resulting in economic loss; and - Customer that is in default with more than 30 days in any restructured operation, through the same materiality criteria of the default trigger; and - Customers who are repeat offenders in restructuring due to financial difficulties.	12 months

Objective Evidence of Impairment (Stage 3) - Continuation

#	Tipo de Trigger	Trigger	Entry Criteria	Quarantine/ Exit Criterion
4	Automatic	Litigation	• Customers with at least one operation in litigation with the Bank.	3 months
5	Automatic	Double Restructuring	• Customers who comply simultaneously with: - At least one transaction restructured for financial distress that was not in the portfolio on the previous reference date or that was in the portfolio on the reference date but, was not marked as a transaction restructured for financial distress; and - Had at least one operation restructured for financial distress at the previous reference date.	12 months
6	Manual	Restructured with Economic Loss	• Customers with at least one operation restructured due to financial difficulties and which at the time of restructuring has led to a loss of economic value of more than 1%	12 months
7	Manual	Non-Productive Credit	• Customers with at least one operation in which the Bank has stopped recognizing remuneratory interest due to the perceived deterioration of their credit quality.	3 months
8	Manual	Insolvency	• Customers who are in a situation of insolvency.	3 months
9	Automatic	Individual Analysis	• Individual analysis customers for whom the stage resulting from the completion of the qualitative questionnaire is stage 3.	No longer checking the entry criterion
10	Manual	*Guarantors of default exhibitions*	• Debtors that are guarantors of other exposures in default, provided that (i) the intervention of the guarantee has been officially claimed; and (ii) after the contractually established period, the outstanding amount has not been paid.	3 months
11	Manual	Credit fraud	• Debtors who have participated in credit fraud.	3 months
12	Manual	Credit Sale	• Debtors who have had bonds sold by the Bank with a significant loss (equal to or greater than 5%).	3 months
13	Manual	Joint Credit Bonds	• Customers in default on joint credit obligations (i.e. credit contracts with more than one holder), the Bank applies default contagion to all holders.	3 months
14	Manual	Subjective	• Manual marking due to occasional events identified by the Bank of situations of potential effective loss (e.g. deceased client, unemployed client, client in judicial execution process, among others).	3 months

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

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs to hold and sell the collateral, whether or not foreclosure is probable.

The methodology and assumptions used to estimate future cash flows are reviewed periodically to reduce differences between estimates and actual losses.

Individual Analysis

To make an individual assessment of impairment it is necessary to define materiality criteria. Moza Banco considers in this process, the combination between the selection stage, the client's exposure and the contamination of the other customers of the economic group that meet the minimum materiality criteria.

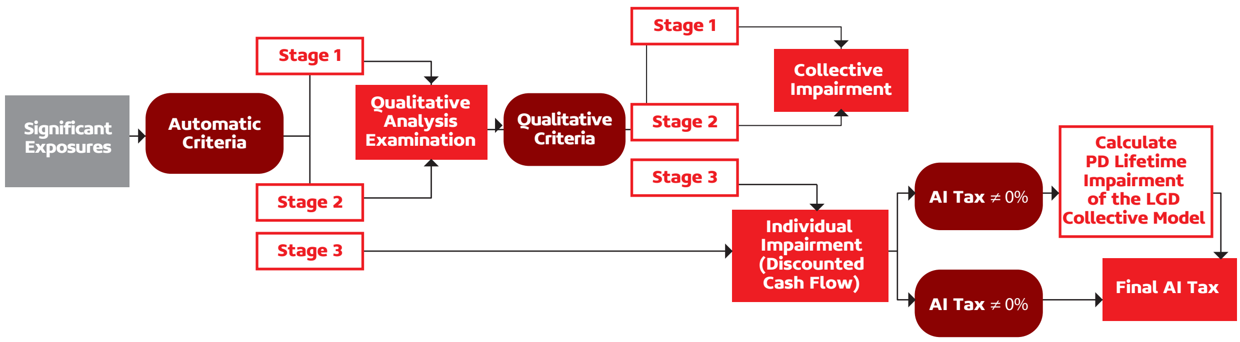
The criteria defined by the Bank for the identification of individually significant customers or economic groups are defined below:

1. Customers that meet the materiality threshold per stage defined below:

Stage	Threshold (MZN)
Stage 1	>= 40 Million
Stage 2	>= 30 Million
Stage 3	>= 20 Million

2. Other customers with exposure greater than 7 million meticals from an economic group that includes at least one client above the thresholds mentioned above.

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



According to the stage classification, exposures in stages 1 and 2 that meet the materiality criteria for individual analysis will be subject to a qualitative analysis questionnaire which, based on the answers and respective weights, will result in a stage classification that will override the initial stage.

Customers classified in stages 1 and 2 after completing the qualitative analysis questionnaires will be forwarded for Collective Analysis.

For customers initially classified in stage 3 or classified in stage 3 through the criteria of the qualitative analysis questionnaire, the analyst must complete (i) a questionnaire with the client's situation that will support the selection of the recovery scenario to classify the client in going concern or gone concern and (ii) calculate the individual impairment rate, which must be based on a methodology of discounted cash flows based on recovery scenarios (going concern or gone concern) as described below:

- Going concern approach - Business continuity approach, in which it is assumed that the company has the ability to continue to generate operational cash flows and these are sufficient to service the debt;
- Gone concern approach - Approach to recover credit exclusively through the execution/deduction of associated collateral, once the debtor shows difficulties in generating cash flows to service the debt.

The recovery approaches are subdivided into prospective scenarios (base case, optimistic scenario and pessimistic scenario) with respective weights, taking into account the probability of occurrence of each scenario.

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

Collective Analysis

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

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

LGDs are calculated as a function of the combination of client type, credit products and seniority of default, with estimates being calculated based on historical recovery rates after customers have gone into default.

For products with no defined maturity, the Bank calculates behavioral maturities in order to identify the period in which the institution is exposed to risk and the percentage of expected repayment in each period.

Risk factors are updated annually based on prospective information.

Incorporation of forward-looking information

IFRS 9 requires the consideration of reasonable and documented projections of future events and economic conditions, at the reporting date of the Financial Statements, in the calculation of expected credit impairment losses. This forward-looking macroeconomic information allows the Bank's credit impairment to adjust according to the economic moment the Bank is experiencing and the different possible trends, which should result in weights applied to the scenarios evaluated.

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

	2022			2021		
	High	Medium	Low	High	Medium	Low
Probability of the scenarios	51%	25%	24%	19%	47%	34%

Impairment of the Securities Portfolio

The methodology for calculating the impairment of the securities portfolio generally follows the methodology used in the process for calculating the impairment of the loan portfolio, albeit with some specific features.

The exposure value for the securities portfolio should be the balance sheet value or, for securities recorded at FVOCI, the value that they would have if they were recorded at amortized cost.

For treasury bills, an impairment rate of 0% is considered.

For treasury bonds and foreign currency securities, Moody's PD and LGD is considered for the country's rating.

Impairment is only calculated for securities with a residual maturity of more than 1 year.

Write-off

Loans and debt securities are taken to write-off (partially or fully) when there is no expectation of recovering a financial asset in its entirety. This is generally the case when the Bank determines that the borrower does not have assets or sources of income that would generate sufficient cash flow to repay the amounts subject to write-off.

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

Financial assets that are written off are recovered via acknowledgement of debt and subject to enforcement/recovery activities.

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

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

2021	Carrying Value	Credit Impairment	Net value
Retail	5 179 008	532 836	4 646 172
Civil Engineering	1 598 481	409 028	1 189 453
Energy	113 202	563	112 639
Turism	609 907	25 012	584 895
Manufacturing Industry	2 796 394	270 644	2 525 750
Privates	4 765 970	536 789	4 229 181
Services	7 318 740	544 270	6 774 470
Transport and Communication	1 492 272	244 566	1 247 706
Agriculture and Fisheries	507 331	59 013	448 318
Others	345 010	32 773	312 237
	24 726 315	**2 655 494**	**22 070 821**

Concentration of Credit Risk

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

The analysis of the concentration of the Bank's credit risk by industry is presented as follows:

2022	Cash and Deposits at the Central Bank	Claims on credit institutions	Investments in credit institutions	Financial Assets	Loans and advances to customers	Other Assets	Total
Governamental	-	-	-	9 464 693	275 121	-	9 739 814
Insurances	-	-	-	37 156	22	-	37 178
Financial	3 469 028	480 809	6 591 707	114 076	502 119	-	11 157 739
Retail	-	-	-	-	4 476 590	-	4 476 590
Civil Engineering	-	-	-	-	1 261 577	-	1 261 577
Energy	-	-	-	-	220 960	-	220 960
Turism	-	-	-	-	428 582	-	428 582
Manufacturing Industry	-	-	-	-	2 131 213	-	2 131 213
Privates	-	-	-	-	4 977 529	-	4 977 529
Services	-	-	-	-	3 185 294	-	3 185 294
Transport and Communication	-	-	-	163 915	3 600 454	-	3 764 369
Agriculture and Fisheries	-	-	-	-	359 927	-	359 927
Others	-	-	-	-	334 252	820 715	1 154 967
	3 469 028	**480 809**	**6 591 707**	**9 779 840**	**21 753 640**	**820 715**	**42 895 739**

2021	Cash and Deposits at the Central Bank	Claims on credit institutions	Investments in credit institutions	Financial Assets	Loans and advances to customers	Other Assets	Total
Governamental	-	-	-	6 397 227	306 100	-	6 703 327
Insurances	-	-	-	23 263	-	-	23 263
Financial	2 250 359	182 543	8 344 160	110 858	321 085	-	11 209 005
Retail	-	-	-	-	4 646 172	-	4 646 172
Civil Engineering	-	-	-	-	1 189 453	-	1 189 453
Energy	-	-	-	-	112 638	-	112 638
Turism	-	-	-	-	584 894	-	584 894
Manufacturing Industry	-	-	-	-	2 525 750	-	2 525 750
Privates	-	-	-	-	4 229 181	-	4 229 181
Services	-	-	-	-	6 468 370	-	6 468 370
Transport and Communication	-	-	-	213 368	1 247 706	-	1 461 074
Agriculture and Fisheries	-	-	-	-	352 889	-	352 889
Others	-	-	-	-	86 583	740 848	827 431
	2 250 359	**182 543**	**8 344 160**	**6 744 716**	**22 070 821**	**740 848**	**40 333 447**

5.2. Liquidity Risk

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

The liquidity management process is carried out internally, in line with the metrics and limits defined and monitored by the Bank, which presuppose the follow-up of early warning indicators, measuring and evaluation instruments on a daily and monthly basis.

This process is complemented with the execution of liquidity stress tests by the Risk Management Department, on an annual basis.

Contractual maturities of undiscounted liabilities

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

2022	Under 3 months	3 to 12 months	More than 1 year	No maturity term	Total
Cash and Deposits at the Central Bank				3 469 028	3 469 028
Claims on credit institutions	-	-	-	480 809	480 809
Investments in credit institutions	6 424 327	167 380	-	-	6 591 707
Financial Assets	4 415 847	3 263 335	2 050 847	49 811	9 779 840
Loans and advances to customers	3 206 624	2 674 615	15 872 401	-	21 753 640
Other assets	-	-	-	1 132 133	1 132 133
Total non-discounted assets	14 046 798	6 105 330	17 923 248	5 131 781	43 207 157
Financial Liability					
Funds from credit institutions	-	-	-	113 708	113 708
Deposits and current accounts	7 493 913	12 081 947	800 240	15 021 314	35 397 414
Resources allocated	-	-	262 572	315 087	577 659
Other liabilties	-	-	-	2 794 533	2 794 533
Total non-discounted liabilities	**7 493 913**	**12 081 947**	**1 062 812**	**18 244 642**	**38 883 314**
Liquidity gap	**6 552 885**	**(5 976 617)**	**16 860 436**	**(13 112 861)**	**4 323 843**
Cumulative liquidity gap	**6 552 885**	**576 268**	**17 436 704**	**4 323 843**	

2021	Under 3 months	3 to 12 months	More than 1 year	No maturity term	Total
Cash and Deposits at the Central Bank	855 794	-	1 394 565	-	2 250 359
Claims on credit institutions	182 543	-	-	-	182 543
Investments in credit institutions	8 286 685	57 475	-	-	8 344 160
Financial Assets	1 823 828	3 084 057	1 800 914	35 918	6 744 716
Loans and advances to customers	2 233 441	1 590 784	18 246 596	-	22 070 821
Other assets	-	-	-	856 148	856 148
Total non-discounted assets	**13 382 290**	**4 732 316**	**21 442 075**	**892 066**	**40 448 747**
Financial Liability					
Funds from credit institutions	8 650	-	-	10 452	19 102
Deposits and current accounts	23 980 484	8 772 205	451	-	32 753 140
Resources allocated	-	-	354 281	-	354 281
Other liabilties	1 851	30 514	1 922 213	1 032 681	2 987 259
Bond loans	-	-	487 674	-	487 674
Total non-discounted liabilities	23 990 985	8 802 719	2 764 619	1 043 133	36 601 455
Liquidity gap	**(10 608 695)**	**(4 070 403)**	**18 677 456**	**(151 067)**	**3 847 292**
Cumulative liquidity gap	**(10 608 695)**	**(14 679 098)**	**3 998 358**	**3 847 292**	

For all amounts relating to 1 year and over 1 year, they are expected to be recovered or settled more than 12 months after the Financial Position date.

5.3. Market Risk

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

5.3.1 Interest Rate Risk

Interest Rate Risk is the possibility of the occurrence of negative impacts on results or capital, due to adverse movements in interest rates, via mismatches in maturities or interest rate reset periods, the absence of perfect correlation between the rates of asset and liability operations in the different instruments, or the existence of embedded options in balance sheet financial instruments or off-balance sheet items.

The Bank monitors its exposure to the effects of fluctuating market interest rates on the risk of its financial position and cash flows. Financial margins may increase as a result of such fluctuations, but may also decrease or create losses in the event of unanticipated movements.

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

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

2022	Less than 3 months	3 to 12 months	> 1 year	Shall bear no interest	Total
Financial asset					
Cash and Deposits at the Central Bank	-	-	-	3 469 028	3 469 028
Claims on credit institutions	-	-	-	480 809	480 809
Investments in credit institutions	6 424 327	167 380	-	-	6 591 707
Financial Assets	4 415 847	3 263 335	2 050 847	49 811	9 779 840
Loans and advances to customers	15 663 839	2 759 099	-	3 330 702	21 753 640
Other assets	-	-	-	1 132 133	1 132 133
Total	**26 504 013**	**6 189 814**	**2 050 847**	**8 462 483**	**43 207 157**
Financial Liability					
Funds from credit institutions	8 700	-	-	105 008	113 708
Deposits and current accounts	11 184 231	11 946 644	790 210	11 476 329	35 397 414
Resources allocated	-	-	-	577 659	577 659
Other liabilties	-	-	-	2 794 533	2 794 533
Total	**11 192 931**	**11 946 644**	**790 210**	**14 953 529**	**38 883 314**
Sensitivity of the interest rate on the financial position	**15 311 082**	**(5 756 830)**	**1 260 637**	**(6 491 046)**	**4 323 843**

2021	Menos de 3 meses	3 a 12 meses	Mais de 1 ano	Sem prazo de Maturidade	Total
Financial asset					
Cash and Deposits at the Central Bank	-	-	-	2 250 359	2 250 359
Claims on credit institutions	-	-	-	182 543	182 543
Investments in credit institutions	8 286 696	57 464	-	-	8 344 160
Financial Assets	1 823 827	3 084 057	1 800 914	35 918	6 744 716
Loans and advances to customers	16 385 930	340 373	-	5 344 518	22 070 821
Other assets	-	-	-	856 148	856 148
Total	**26 496 453**	**3 481 894**	**1 800 914**	**8 669 486**	**40 448 747**
Financial Liability					
Funds from credit institutions	8 650	-	-	10 452	19 102
Deposits and current accounts	16 317 668	7 550 503	376	8 884 592	32 753 139
Resources allocated	-	-	354 281	-	354 281
Other liabilties	1 851	30 514	1 924 426	1 030 468	2 987 259
Bond loans	-	-	487 674	-	487 674
Total	**16 328 169**	**7 581 017**	**2 766 757**	**9 925 512**	**36 601 455**
Sensitivity of the interest rate on the financial position	**-16 328 169**	**-7 581 017**	**-2 766 757**	**-9 925 512**	**-36 601 455**

The sensitivity analysis in the table below is an integral part of the stress tests regarding Interest Rate Risk, and the Bank must, at each moment of its action and depending on market conditions, change the risk factors to be considered in said stress tests, as well as define the magnitude of the shocks that must be considered, in light of the instructions issued in Circular No. 05/SCO/2013 of the Banco de Moçambique of December 31:

	Base point increase/decrease	Impact on Equity
2022	+200 pb	183 895
	-200 pb	(183 874)
2021	+200 pb	193 874
	-200 pb	(193 874)

In the financial year 2021, the Bank changed methodology in the calculation of the impacts of the change in interest rates, applying the provisions of circular n°4/SCO/2013 of Bank of Mozambique.

5.3.2 Exchange Rate Risk

Exchange rate risk consists of the possibility of the occurrence of negative impacts on results or capital, due to adverse movements in exchange rates, caused by changes in the price of instruments that correspond to open positions in foreign currency or the alteration of the institution's competitive position due to significant variations in exchange rates. This involves the settlement risk that arises when a counterparty finds itself unable to meet the terms of the contract within the agreed timeframe.

Foreign exchange positions are monitored daily to ensure that they are kept within limits whether regulatory or managerial.

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

The following table summarizes the Bank's exposure to foreign exchange risk as of December 31:

2022	MZN	USD	ZAR	EUR	Outros	Total
Financial Asset						
Cash and Deposits at the Central Bank	3 276 302	150 546	12 464	29 721	-5	3 469 028
Claims on credit institutions	172 086	212 771	20 475	71 396	4 081	480 809
Investments in credit institutions	3 514 119	3 022 814	28 187	6 562	20 025	6 591 707
Financial Assets	9 288 642	491 198	-	-	-	9 779 840
Loans and advances to customers	20 746 304	1 007 336	-	-	-	21 753 640
Other assets	1 034 680	22 601	15 107	59 745	1	1 132 134
	38 032 133	**4 907 266**	**76 233**	**167 424**	**24 101**	**43 207 158**
Financial Liability						
Funds from credit institutions	113 771	-63	-	-		113 708
Deposits and current accounts	30 615 541	4 588 706	29 124	102 994	61 049	35 397 414
Resources allocated	447 439	130 220	-	-	-	577 659
Other liabilties	**2 317 038**	**386 219**	**27 460**	**63 816**	**-**	**2 794 533**
	33 493 789	**5 105 082**	**56 584**	**166 810**	**61 049**	**38 883 314**
Liquidity Exposure	**4 538 344**	**(197 816)**	**19 649**	**614**	**(36 947)**	**4 323 844**

2021	MZN	USD	ZAR	EUR	others	Total
Financial Asset						
Cash and Deposits at the Central Bank	2 126 949	106 316	3 128	13 959	7	2 250 359
Claims on credit institutions	7 068	38 415	1 496	128 209	7 355	182 543
Investments in credit institutions	5 578 714	2 721 527	15 405	6 100	22 414	8 344 160
Financial Assets	5 879 187	865 529	-	-	-	6 744 716
Loans and advances to customers	21 146 077	924 744	-	-	-	22 070 821
Other assets	658 870	19 224	16 107	52 815	109 132	856 148
	35 396 865	**4 675 755**	**36 136**	**201 083**	**138 908**	**40 448 747**
Financial Liability						
Funds from credit institutions	19 102	-	-	-	-	19 102
Deposits and current accounts	29 269 177	3 319 195	8 170	133 488	23 109	32 753 139
Resources allocated	354 281	-	-	-	-	354 281
Other liabilties	1 887 512	873 264	28 035	67 620	130 828	2 987 259
Bond loans	-	487 674	-	-	-	487 674
	31 530 072	4 680 133	36 205	201 108	153 937	36 601 455
Liquidity Exposure	**3 866 793**	**-4 378**	**(69)**	**(25)**	**-15 029**	**3 847 292**

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

	Base point increase/decrease	Impact on results before tax	Impact on equity
2022	+5%	(87 666)	(87 666)
	-5%	70607	70 607
2021	+5%	(86 324)	(129 548)
	-5%	86 699	86 699

The effects by currency on results as well as on equity are determined independently, which means that there is no economic trade-off between them.

5.4. Operational Risk

Operational risk is defined as the probability of the occurrence of negative impacts on results or capital, arising from failures in the analysis, processing or settlement of operations, internal and external fraud, the activity being affected due to the use of outsourcing resources, the existence of insufficient or inadequate human resources or the inoperability of infrastructures.

It is important to note that operational risk is transversal to all processes, products, activities and systems and, inherently, exists in all of the Bank's structural units; therefore, its management is supported by a specific governance model, monitored through defined risk indicators and levels of appetite and tolerance to risk.

As mitigation measures, the Bank has implemented robust and comprehensive internal controls, associated with awareness and training actions triggered for the dissemination of an ethically responsible risk culture.

To monitor this risk, there are procedures for reporting operational events regardless of the existence of associated financial losses.

To assess the internal control environment implemented, an exercise of risks and controls self-assessment (RCSA) is carried out at the level of the Bank's critical processes, whose results, gaps and mitigation actions are assessed by management with a view to their correction.

At the end of 2022, the Bank reviewed and updated the Internal Control System Framework, in order to align it with the best risk management practices.

Operational risk management at Moza Banco is based on a process structure, supported by a hierarchical approach of macro-processes and processes (business and support), where the risks and controls of the activities developed are identified, in an end-to-end view of the process, involving the owners of each process.

The Bank conducts its efforts to mitigate these risks through a strong governance structure and implementation of a number of internal controls, which include an appropriate segregation of duties, access controls, authorization and reconciliation processes and hierarchical review, staff training and evaluation processes, in addition to the IT controls implemented. In addition, a business continuity plan is in place to guarantee the capacity to operate continuously and limit losses and/or negative impacts in the event of a serious business interruption.

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

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

5.5. Capital management and solvency risk

The Bank maintains an active capital management to cover the risks inherent to the business. The Bank's capital adequacy is monitored using, among other measures, the ratios established by the Bank of Mozambique.

The main objectives of capital management are that the Bank:

- Comply with capital requirements imposed by the Bank of Mozambique;
- Maintain a strong and healthy capital ratio rating to support its business; and
- Present a going concern policy in order to provide maximum return and maximise shareholder value.

Capital adequacy and the use of regulatory capital are monitored regularly by the Bank's Management, applying techniques based on the legislation issued by the Bank of Mozambique on supervisory matters. The required information is submitted to the Bank of Mozambique, on a monthly basis. The Bank of Mozambique requires each Bank to meet a minimum capital adequacy ratio above or at the limit of 12%.

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

- Tier 1 capital: share capital (net of any own share book values), carry-over results and
- Tier 2 capital: subordinated debt, generic provisions and unrealised gains on fair value of available-for-sale financial assets.

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

The table below summarizes the calculation of the Bank's solvency ratio for the year ending December 31, 2022 and 2021, in light of the Banco de Moçambique requirements:

	2022	2021
Tier I capital		
Share capital	5 896 250	5 896 250
Eligible reserves and retained earnings	4 619 438	4 619 438
Intangible assets	(224 572)	(151 503)
Credit impairment according to BdM notices (*)	(4 001 499)	(4 006 649)
Fair Value Reserve	(175 835)	-
Tier I capital	**6 113 782**	**6 357 536**
Total amount of the participation if it exceeds 10% of the capital of the participated entity		
Tier capital - adjusted	**6 113 782**	**6 357 536**
Additional Tier		
Subordinated Bond loans	-	-
Others	1 432	2 921
Total amount of the participation if it exceeds 10% of the share capital of the participated entity		
Additional Tier	1 432	2 921
Other items to be deducted	(748 048)	(775 764)
Core and additional Tier capital	**5 367 166**	**5 584 693**
Risk-weighted assets		
In financial position	19 230 513	20 133 311
Outside the financial position	3 760 122	3 236 806
Operational and market risk	780 291	691 253
Total of weighted assets	**23 770 926**	**24 061 370**
Prudential ratios		
CORE TIER 1 CAPITAL	43,50%	43,10%
TIER 1 CAPITAL	25,71%	26,42%
GLOBAL RATIO	22,58%	23,21%
Required solvency ratio	12,00%	12,00%

(*) means the difference between the calculation of credit impairment based on the BdM notice and internal model.

6. Financial Margin

The financial margin income is presented as follows:

	2022	2021
Interest and similar earnings		
Interest on loans and advances to customers	3 776 273	3 940 710
Interest on claims and investments to credit institutions	487 988	750 928
Interest on financial assets at amortized cost	891 343	615 372
Interest from financial assets at fair value through other comprehensive income	215 108	-
	5 370 712	**5 307 010**
Interest and similar expenses		
Interest on customer deposits	1 914 320	1 594 062
Interest paid on subordinated liabilities	14 603	29 387
Interest from deposits from the Central Bank and credit institutions	134	194
Leasehold interest	181 112	178 708
	2 110 169	**1 802 351**
	3 260 543	**3 504 659**

In financial year 2022, the Bank changed its business model for managing public debt securities, which will now be recognized at fair value through other comprehensive income.

7. Services and net commissions

This item is presented as follows:

	2022	2021
Fees and commissions earned		
For provided guarantees	164 233	155 128
For banking services performed	315 242	281 439
Other fees and commissions earnings	318 775	230 749
	798 250	**667 316**
Charges for services and commissions		
For received guarantees	18 157	17 083
For banking services provided by third parties	13 581	6 345
VISA and Mastercard	109 477	89 731
Other fees and commissions charges	83 397	34 456
	224 612	**147 615**
	573 638	**519 701**

Type of Service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking services	The Bank provides retail and corporate banking services, including account management, overdraft facilities, foreign currency transactions, credit cards and service fees. Fees in respect of ongoing account management are charged to the client's account, on a monthly basis. The Bank sets fees separately for retail and corporate banking customers each year. Fees applied on commission-based interbank transactions, foreign currency transactions and overdrafts are charged to the client's account when the transaction takes place. Service fees are charged monthly and are based on fixed rates revised annually by the Bank.	Revenue from account service and service fees is recognised over time as the services are provided. Revenue related to transactions is recognised when the transaction occurs.
Investment banking services	The Bank's investment banking segment provides various finance-related services, including loan administration and agency services, syndicated loan administration, execution of transactions with exchange-traded customers and securities underwriting. Ongoing service fees are charged annually at the end of each financial year to the client's account. However, if a client terminates the contract before 31 December, on termination a fee will be charged for services performed up to that point. Transaction-based fees for administration of a syndicated loan, execution of transactions and underwriting of securities are charged when the transaction occurs.	Revenue from administrative agency services is recognised over time as the services are provided. Amounts receivable from Customers as at 31 December are recognised as receivables from Customers. Revenue related to transactions is recognised when the transaction occurs.

8. Net Financial Transactions

Net financial transactions are as follows:

	2022	2021
Earnings on financial operations		
Earnings on foreign exchange transactions	3 388 737	17 154 950
Other earnings on financial operations	141 027	588 372
	3 529 764	**17 743 322**
Losses on financial operations		
Losses on foreign exchange transactions	3 215 126	17 069 860
Other losses on financial operations	28 744	182 222
	3 243 900	**17 252 082**
Net financial transactions	**285 864**	**491 240**

9. Personnel Costs

Personnel costs are as follows:

	2022	2021
Wages and salaries	1 712 585	1 676 780
Mandatory social security charges	60 695	56 733
	1773 280	**1 733 513**

Employees

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

	2022	2021
Central Services	527	505
Commercial Area	434	412
	961	**917**

10. Other Operational Expenses

This item is presented as follows:

	2022	2021
Communications	115 292	129 151
Professional fees	278 500	307 947
Consumables	37 743	36 934
Maintenance and related services	280 136	331 900
Marketing expenses	28 225	39 799
Rents and leasing	23 769	29 578
Water, energy, and fuel	83 507	73 575
Travel and representation expenses	20 381	11 021
Training Expenses	8 712	8 701
Reversal of prior financial year's profits	74 839	80 012
Donations and membership fees	9 337	8 406
Insurances	16 890	16 855
Charges	21 271	8 774
Others	159 602	77 223
	1 158 204	**1 159 876**

11. Other Operational Profits

This item is presented as follows:

	2022	2021
Services rendered	35 364	71 759
Other earnings	389 739	466 646
	425 103	**538 405**

The item Other earnings includes, extraordinary earnings, earnings relating to previous financial years and interest on arrears.

12. Financial Year Provisions

The Provisions item is presented as follows:

	2022	2021
Provisions for potential losses	21 760	(28 051)
	21 760	**(28 051)**

During the financial year 2022, provisions were reinforced to the amount of 21.760 thousand Meticais due to the increased risk of loss related to factors that conditioned the creation of provisions in previous financial years.

13. Deferred tax assets and liabilities

Taxes on income (current and deferred) are determined by the Bank based on the rules defined by the tax framework. However, in some situations the tax legislation is not sufficiently clear and objective and may give rise to different interpretations. In such cases, the amounts recorded are the result of the Bank's best understanding of the appropriate framework for its operations, which may be questioned by the Tax Authorities.

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

The Bank has been presenting tax losses which, under the terms of the Income Tax Code, confer the right to deduct future positive tax results up to a maximum limit of 5 years. In the light of International Accounting Standard 12, these losses give rise to the right to the recognition of Deferred Tax Assets against results for the year, and may be used to meet the Bank's future tax liabilities in the event of profits.

The Bank's business plan demonstrates the achievement of positive results in subsequent years; however, Management has opted to recognize in the 2022 financial statements the right to recover them over the next five years by recording the deferred tax asset.

Management also believes to have complied with all tax obligations to which the Bank is subject.

The item on tax is presented as follows:

	2022	2021
Deferred tax assets on income	95 000	95 000
Deferred tax assets on fair value reserve	56 267	-
	151 267	**95 000**

The movements in deferred taxes of the Bank are presented as follows:

		Income Statement		Equity		
	01.01.2022	Expenses	Incomes	Increase	Decrease	31.12.2022
Deferred tax assets						
Tax losses	95 000	-	-	-	-	95 000
Deferred taxes	-	-	-	56 267		56 267
	95 000	**-**	**-**	**56 267**	**-**	**151 267**
Deferred tax liabilities						
Tangible assets	(8 839)	-	-	-	-	(8 839)
	(8 839)	**-**	**-**	**-**	**-**	**(8 839)**
		-			**56 267**	

		Income Statement		Equity		
	01.01.2021	Expenses	Incomes	Increase	Decrease	31.12.2021
Deferred tax assets						
Tax losses	95 000	-	-	-	-	95 000
	95 000	**-**	**-**	**-**	**-**	**95 000**
Deferred tax liabilities						
Tangible assets	(8 839)	-	-	-	-	(8 839)
	(8 839)	**-**	**-**	**-**	**-**	**(8 839)**
		-			**-**	

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

	2022		2021	
	%	Amount	%	Amount
Profit/Loss of the financial year		**90 138**		**(1 381 021)**
Current tax using the tax rate (32%)	32%	28 844	32%	(441 927)
Tax Benefit (16%)	16%	(14 422)	16%	220 963
Tax adjustments				
Non-deductible expenses	129%	116 347	-7,0%	96 775
Untaxed income	-308%	(277 697)	16,0%	(220 512)
Current Tax	-163%	**(146 928)**	25,0%	**(344 700)**
Tax losses to be carried forward (utilized)	163%	146 928	-25,0%	344 700
		(146 928)	**-**	**(344 700)**

14. Income Tax

	2022	2021
IRPC – Witholding rate	235 877	131 506
	235 877	**131 506**

The amount of IRPC- Taxa liberatoria refers to the tax on interest from investments in Treasury Bills, Treasury Bonds and other investments in the Interbank Monetary Market and the amount has grown due to the volume of investments that occurred in the financial year 2022.

15. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to ordinary shareholders of the Bank 90.138 thousand Meticals (2021: Loss: 1.381.021 thousand Meticals), and the weighted average number of ordinary shares issued until December 31, 2022 which is 1.179.240 (2021: 821.200), calculated as follows:

Profit/loss attributable to ordinary shareholders.	2022	2021
Net earning	90 138	(1 381 021)
Weighted average number of ordinary shares	**1 179 250**	**821 200**
Earning per share		
Basic	0,08	(1,68)
Diluted	0,08	(1,68)

16. Cash and deposits at the Central Bank

Cash and deposits at the Central Bank are presented as follows:

	2022	2021
Cash	894 065	801 658
Cash balances held in Central Bank	414 933	81 564
Required reserves	2 160 030	1 367 137
	3 469 028	**2 250 359**

17. Claims on Credit Institutions

The amounts owed by credit institutions are as follows:

	2022	2021
Deposits with national banks	191 387	9 242
Deposits with foreign banks	289 422	173 301
	480 809	**182 543**

18. Investments in Credit Institutions

The investments in credit institutions are presented as follows:

	2022	2021
Investments in Central Banks	3 503 702	5 565 506
Investments in other credit institutions	3 088 005	2 778 654
	6 591 707	**8 344 160**

The investments in credit institutions by maturity are as follows:

	2022	2021
Up to 3 months	6 424 327	8 182 029
From 3 months to 1 year	167 380	162 131
	6 591 707	**8 344 160**

19. Financial Assets

This item is presented as follows:

	2022			2021	
	Amortized Cost	Through other income comprehensive	Through profit and loss	Amortized cost	Through profit and loss
Treasury Bill	7 521 104	-	-	4 685 382	-
Treasury Bonds	-	1 452 391	-	974 360	-
Corporate Bonds					
Visabeira 2020-2026	-	163 915	-	213 368	-
BAYPORT 2020-2025	-	44 033	-	42 187	-
BAYPORT 2021-2025	-	57 388	-	56 016	-
MOZBOND	-	491 198	-	865 529	-
Impairment	-	-	-	(128 044)	-
Shares					
Emose 2013	-	-	37 156	-	23 263
SIMO	-	-	12 655	-	12 655
	7 521 104	**2 208 925**	**49 811**	**6 708 798**	**35 918**
Total	**-**	**-**	**9 779 840**	**-**	**6 744 716**

In terms of residual maturity on December 31, 2022, the Treasury Bill portfolio is as follows:

	2022	2021
1 month maturity	1 292 458	275 235
Maturity over 1 month < 6 months	4 987 259	3 116 538
Maturity over 6 months < 12 months	1 241 387	1 293 609
	7 521 104	**4 685 382**

In terms of residual maturity on December 31, 2022, the Treasury Bond portfolio is as follows:

	2022	2021
Maturity over 1 month < 6 months	158 077	221 870
Maturity over 6 months < 12 months	1 294 314	752 490
	1 452 391	**974 360**

As of December 31, 2022, the Treasury Bond portfolio is as follows:

	2022	2021
Treasury Bonds		
Treasury Bond 2019 – 2nd Series	-	95 116
Treasury Bond 2020 – 2nd Series	158 077	157 671
Treasury Bond 2019 – 3rd Series	-	75 675
Treasury Bond 2019 – 6th Series	-	51 079
Treasury Bond 2021 - 3rd Series	95 790	93 360
Treasury Bond 2021- 3rd Series	117 076	114 106
Treasury Bond 2021 – 4th Series	104 462	102 725
Treasury Bond 2021 – 5th Series	131 213	128 448
Treasury Bond 2021 – 8th Series	156 971	156 180
Treasury Bond 2022 – 11th Series	701 594	-
	1 465 183	**974 360**

The movements in financial assets at December 31, 2022 are presented as follows:

	2022	2021
Initial Balance	**6 744 716**	**4 220 982**
Procurement	2 769 986	9 356 845
Accruing Interest	265 138	171 866
Divestitures/reimbursement	-	(7 004 977)
Final Balance	**9 779 840**	**6 744 716**

The movements of the impairments of financial assets on December 31, 2022 are presented as follows:

	2022	2021
Initial Balance	**128 044**	**87 026**
Reinforcement	170 519	108 442
Reversal	(158 947)	(67 424)
Regularization	(96 176)	-
Final Balance	**43 440**	**128 044**

On December 31, 2022, the impairments for the year presented a reinforcement of 11.572 thousand Meticais (2021: reinforcement of 41.018 thousand Meticais), as a result of the depreciation in the price of securities with emphasis on the Mozbond Bonds (2022: 76.5%; 2021: 85%).

19.1 Treasury Bonds

Treasury Bonds 2019 - 2nd series

These Treasury Bonds have a maturity of three years and were issued on February 13, 2019 with a nominal value of 100 Meticais each. The coupons are paid on a semi-annual basis at an annual interest rate of 14.00% for the first two coupons and the remaining four coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bonds with terms longer than 63 days, plus a percentage margin of 1.5%. During the 2022 financial year, they were repaid in full.

Treasury Bonds 2019 - 3rd series

These Treasury Bonds have a maturity of three years and were issued on February 27, 2019 with a nominal value of 100 Meticais each. The coupons are paid on a semi-annual basis at an annual interest rate of 14.00% for the first two coupons and the remaining four coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 1.5%. During the 2022 financial year, they were repaid in full.

Treasury Bonds 2019 - 6th series

These Treasury Bonds have a maturity of three years and were issued on May 08, 2019 with a nominal value of 100 Meticais each. The coupons are paid on a semi-annual basis at an annual interest rate of 14.00% for the first two coupons and the remaining four coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 1.5%. During the 2022 financial year, they were repaid in full.

Treasury Bonds 2020 - 2nd series

These Treasury Bonds have a maturity of three years and were issued on February 25, 2021 with a nominal value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 12.00% for the first two coupons and the remaining four coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 1.5%. The net value on December 31, 2022 was 158.077 thousand Meticais (in 2021 it was 157.671 thousand Meticais).

Treasury Bonds 2021 - 3rd series

These Treasury Bonds have a maturity of four years and were issued on March 23, 2021 with a face value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 14.00% for the first two coupons and the remaining six coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 1.25%. The net value as of December 31, 2022 was 212.866 thousand Meticais.

Treasury Bonds 2021 - 4th series

These Treasury Bonds have a maturity of five years and were issued on April 20, 2021 with a nominal value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 14.00% for the first two coupons and the remaining eight coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 1.0%. The net value as of December 31, 2022 was 104.462 thousand Meticais.

Treasury Bonds 2021 - 5th Series

These Treasury Bonds have a maturity of five years and were issued on June 08, 2021 with a nominal value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 14.25% for the first two coupons and the remaining eight coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bills with terms longer than 63 days, plus a percentage margin of 0.75%. The net value as of December 31, 2022 was 131.213 thousand Meticais.

Treasury Bonds 2021 - 8th series

These Treasury Bonds have a maturity of four years and were issued on September 21, 2021 with a nominal value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 14.00% for the first two coupons and the remaining six coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bonds with terms longer than 63 days, plus a percentage margin of 0.75%. The net value as of December 31, 2022 was 156.971 thousand Meticais.

Treasury Bonds 2022 - 11th series

These Treasury Bonds have a maturity of five years and were issued on December 28, 2022 with a nominal value of 100 Meticais each. The coupons are paid semi-annually at an annual interest rate of 17.50% for the first four coupons and the remaining six coupons at the average rate weighted by maturity and the amounts of the last six issues of Treasury Bonds with terms longer than 63 days, plus a percentage margin of 1.00%. The net value on December 31, 2022 was 701.594 thousand Meticais.

19.2 Corporate Bonds

Visabeira 2020 - 2026

These bonds have a maturity of six years, having been issued by Visabeira Moçambique on 23 March 2020, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 250.000.000 Meticais, with Moza Banco being the only firm and full borrower of the loan, maintaining the totality of the loan in its own portfolio. This bond loan is subject to a grace period of twelve months, and interest is paid quarterly at a variable annual rate indexed to FPC + 4.75% (spread) for the entire term of the loan. The net value at December 31, 2022 was 163.931 thousand Meticais.

Bayport 2020 – 2025 – 2nd Series

These bonds have a maturity of five years and were issued by Bayport Financial Services Mozambique on 27 March 2020, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 511.000.000 Meticais and Moza Banco acquired 40,199,400.00 Meticais for its own portfolio. The coupons are paid semi-annually at an annual interest rate of 18.00% on the first coupon and the remaining coupons at a variable rate indexed to the weighted average of the last six issues of treasury bills with maturities over 360 days + 6.00% (spread). The net value on December 31, 2022 was 44.054 thousand Meticais.

Bayport 2021 – 2025 – 3rd Series

These bonds have a maturity of four years and were issued by Bayport Financial Services Mozambique on July 27, 2021, with a nominal amount of 100 Meticais per bond. The total amount of the bond loan was 483.000.000 Meticais and Moza Banco acquired for its own portfolio 52.035.000,00 Meticais. The coupons are paid semi-annually at an annual interest rate of 18.00% on the first coupon and the remaining coupons at a variable rate indexed to the weighted average of the last six issues of treasury bills with maturities over 360 days + 4.50% (spread). The net value on December 31, 2021 was 57.503 thousand Meticais

Moz Bond 2019 - 2031

These bonds have a maturity of twelve years, and new bonds were issued on October 30, 2019, with a face value of USD 1.000 per bond. This loan bears interest at a fixed annual rate of 5% with coupons being paid on a semi-annual basis. The liability for this loan is fully covered by a guarantee issued by the Ministry of Finance of the Republic of Mozambique.

19.3 Shares and other variable income securities

Empresa Moçambicana de Seguros (EMOSE)

The number of shares held in EMOSE (2.185.500) represents 7.4% of the total 15.700.000 new shares that were issued through an IPO held in October 2013. Each share has a par value of 1 Metical and represents equal voting rights with respect to the rest of the share capital.

Sociedade Interbancária Moçambicana (SIMO)

The balance of SIMO relates to the value of the shares held by the Bank in Sociedade Interbancária Moçambicana, a financial institution majority owned by the Bank of Mozambique and with social participation by commercial banks. SIMO's mission as a financial entity is to provide its members access to banking services, namely through its own ATM and POS infrastructures.

20. Loans and advances to customers

Loans and advances to customers are presented as follows

	2022	2021
Companies	22 041 049	21 670 998
Privates	2 502 835	2 630 295
	24 543 884	**24 301 293**
Specialised interest and commissions	198 578	425 022
	24 742 462	**24 726 315**
Expected credit loss	(2 988 822)	(2 655 494)
	21 753 640	**22 070 821**

The loan portfolio for the year 2022 includes loans granted under the Mpesa loan product amounting to 9,803 thousand Meticais.

The loans and advances by segment are analysed as follows:

	2022	2021
Corporate	5 584 368	5 400 943
Retail- Company	10 032 895	10 378 786
Private	391 088	462 064
Institutional	19 093	27 811
Public Institution	3 749 011	4 145 651
Retail- Privates	4 966 007	4 311 060
	24 742 462	**24 726 315**
Expected credit loss	(2 988 822)	(2 655 494)
	21 753 640	**22 070 821**

The analysis of risk concentration by industry is presented as follows:

	2022	2021
Governmental	275 121	306 100
Retail	4 476 590	4 646 172
Civil Engineering	1 261 577	1 189 453
Manufacturing Industry	2 131 213	2 525 750
Privates	4 977 529	4 229 181
Services	3 185 294	6 468 370
Transport and communications	3 600 454	1 247 706
Others	1 845 862	1 458 089
	21 753 640	**22 070 821**

Gross loans and advances by currency are analysed as follows:

	2022	2021
National currency	23 688 953	23 788 451
Foreign currency	1 053 509	937 864
	24 742 462	**24 726 315**

Loans and advances are analysed as follows:

2022	Stage 1	Stage 2	Stage 3	2022
In compliance	9 376 597	-	-	9 376 597
In compliance but not impaired	-	2 198 260	-	2 198 260
In default	-	-	10 178 783	10 178 783
	9 376 597	**2 198 260**	**10 178 783**	**21 753 640**

2021	Stage 1	Stage 2	Stage 3	2021
In compliance	13 451 176	-	-	13 451 176
In compliance but not impaired	-	4 907 745	-	4 907 745
In default	-	-	3 711 897	3 711 897
	13 451 176	**4 907 745**	**3 711 897**	**22 070 821**

The maturity of gross loans and advances is presented as follows:

	2022	2021
Up to 3 months	4 418 040	4 544 556
From 3 months to 1 year	2 769 749	2 029 104
From 1 year to 5 years	9 610 229	10 471 471
More than 5 years	7 944 444	7 681 184
	24 742 452	**24 726 315**

Credit Impairment

The movement in impairment losses during the year is presented as follows:

2022	Estágio 1	Estágio 2	Estágio 3	2022
Initial Balance	292 439	376 306	1 986 750	2 655 495
Reinforcement	73 656	86 748	1474 936	1 635 340
Reversal	(245 026)	(358 021)	(203 604)	(806 851)
Regularization	-	-	(496 362)	(495 362)
	121 069	**105 033**	**2762 720**	**2 988 822**

2021	Estágio 1	Estágio 2	Estágio 3	2021
Initial Balance	151 761	462 657	3 915 350	4 529 768
Reinforcement	211 418	249 846	5 648 944	6 110 208
Reversal	(70 740)	(336 197)	(3 044 043)	(3 450 980)
Regularization	-	-	(4 533 502)	(4 533 502)
	292 439	**376 306**	**1 986 749**	**2 655 494**

On 31 December 2022, impairment for the year stood at 828,689 thousand Meticais, corresponding to an increase of 1.635.340 thousand Meticais and a reversal of impairment of 806.651 thousand Meticais. Also in the year 2022, the Bank proceeded with the write-off of exposures of loans in default to the value of 495.362 thousand Meticais.

21. Other Assets

Other assets are presented as follows:

	2022	2021
Other receipts	563 371	500 638
Accruals and deferrals	257 344	240 210
Inventories	21 272	16 956
Recoverable assets*	295 203	103 401
	1 137 190	**861 205**
Other assets impairment	(5 057)	(5 057)
	1 132 134	**856 148**

The detail of the item “Recoverable assets” is presented as follows:

	2022	2021
Companhia de Moçambique, S.A.	-	15 000
Maresia Condominium	98 800	35 088
Promovalor Moçambique – Property Development	-	26 973
Sunera Cimentos	97 929	-
Ka da Terra Supermarkets	67 134	-
Others	31 340	26 340
	295 203	**103 401**

The movement in impairment losses during the year is presented as follows:

	2022	2021
Initial Balance	(5 057)	(22 705)
Regularizations	-	17 648
Final Balance	**(5 057)**	**(5 057)**

22. Non-current assets held for sale

The movement in non-current assets held for sale is presented as follows:

	2022	2021
Executed properties	1 089 837	1 205 001
Impairments	(301 545)	(367 895)
	788 292	**837 106**

The movement of the non-current assets held for sale during the year is presented as follows:

	2022	2021
Initial Balance	**1 205 001**	**951 877**
Increases	36 152	423 604
Reductions	(151 316)	(170 480)
Sub-total	**1 089 837**	**1 205 001**
Impairments	(301 545)	(367 895)
Final Balance	**788 292**	**837 106**

The movement in impairment losses during the year is presented as follows:

	2022	2021
Initial Balance	**(367 895)**	**(163 339)**
Reinforcement	-	(222 073)
Reversal	66 350	29 039
Regularization	-	(11 522)
Final Balance	**(301 545)**	**(367 895)**

The impairment for the financial year of non-current assets held for sale was 66.350 thousand Meticais due, essentially, to the reinforcement of the impairments of the properties that were reclassified from the Investment Properties item.

23. Investment Properties

The movement in this item is as follows:

	Valor
Cost	
01 January 2021	**928 233**
Regularizations	(432 300)
Reduction	(123 031)
31 December 2021	**372 902**
Regularizations	-
Reduction	(107 951)
31 December 2022	**264 951**
Amortization	
01 January 2021	**24 945**
Increase	30 150
Reduction	(34 129)
31 December 2021	**20 966**
Increase	13 056
Reduction	(6 776)
31 December 2022	**27 246**
Carrying value	
01 January 2021	**903 288**
31 December 2021	**351 936**
31 December 2022	**237 705**

At 31 December 2022, the fair value of the Investment Properties was 237.705 thousand Meticais.

24. Tangible Assets

The movement in tangible assets is as follows:

Cost	Leasehold property	Equipments	Ongoing investments	Right-of-use assets	Others	Total
01 January 2021	**1 114 146**	**1 334 894**	**509 595**	**2 542 971**	**2 597**	**5 504 203**
Regularizations	-			(242 241)		(242 241)
Increase	3 684	68 328	57 297	66 063	-	195 372
Reduction	(22 326)	(45 730)	-	-	-	(68 056)
Transfers	-	16 320	(16 320)		-	-
31 December 2021	**1 095 504**	**1 373 812**	**550 572**	**2 366 793**	**2 597**	**5 389 278**
Regularizations	-	-	-	-	-	-
Increase	-	22 840	225 733	174 606	-	423 179
Reduction	-	(10 278)	-	-	-	(10 278)
Transfers	-	65 813	(321 343)	-	-	(255 530)
31 December 2022	**1 095 504**	**1 452 187**	**454 962**	**2 541 399**	**2 597**	**5 546 649**

Amortization	Leasehold property	Equipments	Ongoing investments	Right-of-use assets	Others	Total
01 January 2021	**690 321**	**1 105 049**	**20**	**525 829**	**-**	**2 321 219**
Increase	97 626	108 188	-	239 406	-	445 220
Reduction	(14 474)	(43 966)	-	-	-	(58 440)
Regularizations	-	-	-	(25 268)	-	(25 268)
31 December 2021	**773 473**	**1 169 271**	**20**	**739 967**	**-**	**2 682 731**
Increase	79 691	102 232	-	229 562	-	411 485
Reduction	-	(9 755)	-	-	-	(9 755)
Regularizations	-	(3)	-	-	-	(3)
31 December 2022	**853 164**	**1 261 745**	**20**	**969 529**	**-**	**3 084 458**
Carrying value						
01 January 2021	**423 825**	**229 845**	**509 575**	**2 017 142**	**2 597**	**3 182 984**
31 December 2021	**322 031**	**204 541**	**550 552**	**1 626 826**	**2 597**	**2 706 547**
31 December 2022	**242 340**	**190 442**	**454 942**	**1 571 870**	**2 597**	**2 462 191**

25. Intangible Assets

The movement in intangible assets is as follows:

Cost	Software	Ongoing investments	Total
01 January 2021	**846 676**	**108 607**	**955 283**
Increase	2 696	29 099	31 795
31 December 2021	**849 372**	**137 706**	**987 078**
Increase	24 069	71 005	95 074
Transfer	7 762	(7 762)	-
31 December 2022	**881 203**	**200 949**	**1 082 152**

Amortization	Software	Investimentos em curso	Total
01 January 2021	**805 797**	**-**	**805 797**
Increase	29 778	-	29 778
31 December 2021	**835 575**	**-**	**835 575**
Increase	22 005	-	22 005
31 December 2022	**857 580**	**-**	**857 580**
Carrying value			
01 January 2021	**40 879**	**108 607**	**149 486**
31 December 2021	**13 797**	**137 706**	**151 503**
31 December 2022	**23 623**	**200 949**	**224 572**

26. Current Taxes

Current tax assets are presented as follows:

	2022	2021
Payment on account of IRPC	38 265	38 565
IRPC withholding tax	566 916	478 709
	605 181	**517 274**

27. Funds from credit institutions

The Funds from Credit Institutions including the Banco de Moçambique are presented as follows:

	2022	2021
Demand deposits	112 179	15 414
Saving deposits	1 529	3 688
	113 708	**19 102**

The maturity of the Funds of Credit Institutions, including Bank of Mozambique, is presented as follows:

	2022	2021
Up to 3 months	112 451	19 102
From 3 months to 1 Year	1 257	-
	113 708	**19 102**

28. Deposits and current accounts

Deposits and current accounts are as follows:

	2022	2021
Demand deposits	15 883 467	13 524 333
Saving deposits	19 473 260	19 172 581
Others	40 687	56 225
	35 397 414	**32 753 139**

The maturity of deposits and current accounts is presented as follows:

	2022	2021
At demand	15 883 777	13 680 431
Up to 3 months	19 472 515	19 016 483
From 3 months to 1 year	41 122	56 225
	35 397 414	**32 753 139**

29. Allocated Resources

	2022	2021
i)Ministry of Industry (PSRP)	1 708	1 870
ii)FNDS	170	16 027
iii)FSA-Kuwait Fund	329 774	336 061
iv)IFAD	130 220	-
v) Agrarian Development Fund	110 000	-
Interests	5 787	323
	577 659	**354 281**

ii) An agreement was concluded with the Ministry of Industry and Trade to access funds granted by the Italian Government, in the form of a designated guarantee fund (PRSP - Private Sector Recovery Program) aimed at supporting private sector activities directly affected by natural disasters that occurred in 2000/2001. The fund was made available on March 31, 2015, for the amount of 120 million Meticais, for the period of 5 years, with the operations covered having a fixed rate of 10.00% per annum;

ii) In July 2020, a Financial Technical Partnership Protocol on the Promotion and Financing of Rural Development Projects integrated in Mozambique was signed between the National Fund for Sustainable Development (FNDS) and Moza Banco. The purpose of this agreement is the management by the Bank of a line of funding for the program called SUSTENTA, consisting of a grant component to the value of 272,002 thousand Meticais and a credit component to the value of MZN 901.214 thousand Meticais;

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

iv) In April 2022, a Fund Management Agreement was signed between Moza Banco and the Rural Enterprise Finance Project - REFP. These funds are part of a Loan that the Government of Mozambique received from the International Fund for Agricultural Development (IFAD) to fund the implementation activities of the Rural Enterprise Finance Project (REFP). The amount of the line is approximately USD 30 million and with a contract valid until April 22, 2024.

v) In April 2022, a Fund Management Contract was signed between Moza Banco and Fundo de Fomento Agrário e Extensão Rural - FAR, FP Provincial Delegation of Manica, with the objective of establishing a partnership to guarantee the strengthening of Value Chains with the participation of Men, Women and Youth through Grants in Manica and Sofala Provinces. The initial value of the fund is MZN 204.480 thousand Meticais, destined exclusively for the Grant Component and with a contract valid until December 31st, 2026.

30. Provisions

This item is presented as follows:

	2022	2021
Provisions for guarantees and commitments assumed	112 176	66 744
Other provisions	106 948	85 188
	219 124	**151 932**

The movement in provisions for guarantees and commitments assumed during the year is presented as follows:

Description	2022	2021
Initial Balance	66 744	25 596
Reinforcement	106 386	70 804
Reversal	(60 954)	(31 049)
Regularization	(10)	1 393
	112 176	**66 744**

The provisions for the financial year for guarantee and commitments were set at 45.442 thousand Meticais, as a result of an increase of 106.386 thousand Meticais and a reversal of 60.944 thousand Meticais.

The movement of provisions during the year is as follows:

Description	2022	2021
Initial Balance	85 188	113 239
Reinforcement	33 415	300
Reversal	(11 655)	(28 351)
Sub-Total	**106 948**	**85 188**
TOTAL	**219 124**	**151 932**

31. Other liabilities

This item is presented as follows:

	2022	2021
Accounts Payable	623 981	427 860
Accrued expenses	175 722	330 990
Deferred income	39 480	38 463
Right-of-use liabilities	1 955 350	1 956 791
	2 794 533	**2 754 104**
Derivatives	-	24 756
	2 794 533	**2 778 860**

32. Bond Loans

The Bond loans are presented as follows:

	2022	2021
Bond loans – Subordinated		
Mozabanco - Bond loan 2021-2025	-	478 725
Interests	-	8 949
	-	**487 674**

Moza Banco 2021-2025

The bond loan has a maturity of 4 years, having been issued by Moza Banco on March 10, 2021, with a nominal value of 100.000 (one hundred thousand) US dollars each bond. With a total face value of 7.500.000 (seven million, five hundred thousand) US dollars, with a twelve-month grace period for principal. Interest is paid on a semi-annual basis at a variable rate indexed to 6-month LIBOR USD plus a spread of 5.50%. During the 2022 financial year, the Bank made the call option having settled the bond loan.

33. Tax payable

Taxes payable are as follows:

	2022	2021
Tax payable	96 599	56 467
	96 599	**56 467**

The detail of taxes payable is presented as follows:

	2022	2021
VAT	1 834	2 716
IRPS	30 124	28 860
IPRC	35 870	14 555
Stamp Duty	28 871	10 336
	96 699	**56 467**

The amount of tax payable will be netted during the month of January 2023.

34. Share Capital

At 31 December 2022, the Share Capital of Moza Banco is fully subscribed and paid up, and is as follows:

	2022	2021
Capital	5 896 250	5 896 250
	5 896 250	**5 896 250**

Below is the distribution of share capital per shareholder.

	Number of Shares	Nominal Value	Share capital	% Share Capital
Kuhanha	742 691	5 000	3 713 455	62,98%
Arise	351 390	5 000	1 756 950	29,80%
Moçambique Capitais, S.A	43 435	5 000	217 175	3,68%
Novo Banco	41 732	5 000	208 660	3,54%
Dr.António Matos	2	5 000	10	0,00%
	1 179 250	**-**	**5 896 250**	**100%**

35. Reserves

The reserves are presented as follows:

	2022	2021
Legal Reserve	4 542 275	4 661 843
Share premium	1 993 740	1 993 740
	6 536 015	**6 655 583**

36. Classification of financial instruments

The classification of the Bank's financial instruments is as follows:

2022	Financial assets through profit or loss	Financial assets through other comprehensive income	Amortized Cost	Total
Assets				
Cash and Deposits at the Central Bank	-	-	3 469 028	3 469 028
Claims on credit institutions	-	-	480 809	480 809
Investments in credit institutions	-	-	6 591 707	6 591 707
Financial Assets	49 811	2 208 925	7 521 104	9 779 840
Loans and advances to customers	-	-	21 753 640	21 753 640
Other assets	-	-	1 132 133	1 132 133
	49 811	**2 208 925**	**40 948 421**	**43 207 157**
Liabilities				
Funds from credit institutions	-	-	113 708	113 708
Deposits and current accounts	-	-	35 397 414	35 397 414
Resources allocated	-	-	577 659	577 659
Other liabilities	-	-	2 794 533	2 794 533
	-	**-**	**38 980 013**	**38 980 013**

2021	Financial assets through profit or loss	Financial assets through other comprehensive income	Amortized Cost	Total
Assets				
Cash and Deposits at the Central Bank	-	-	2 250 359	2 250 359
Claims on credit institutions	-	-	182 543	182 543
Investiments in credit institutions	-	-	8 344 160	8 344 160
Financial Assets	-	35 918	6 708 798	6 744 716
Loans and advances to customers	-	-	22 070 821	22 070 821
Other assets	-	-	856 148	856 148
	-	**35 918**	**40 412 829**	**40 448 747**

	At fair value through profit or loss	Other financial Liabilities	Non-financial liabilities	Total
Liabilities				
Funds from credit institutions	-	19 102	-	19 102
Deposits and current accounts	-	32 753 139	-	32 753 139
Resources allocated	-	354 281	-	354 281
Other liabilities	24 756	2 962 503	-	2 987 259
Bond loans	-	487 674	-	487 674
	24 756	**36 576 699**	**-**	**36 601 455**

36.1 Fair Value of financial Instruments

When the fair value of financial assets and liabilities recorded in the Financial Statements cannot be calculated based on quoted prices in active markets, fair value is determined using various valuation techniques, which include the use of the discounted cash flow method. The inputs to these models are calculated using available market information, however, where this is not practicable, it is necessary to make some use of weightings to determine fair value.

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

Level 1 – Quoted market price (unadjusted) in an active market for an identical instrument;

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

Level 3 – Valuation techniques using non-observable market inputs. This category includes financial instruments where the valuation technique includes inputs not based on unobservable data and the unobservable inputs have a significant effect on the valuation of the instrument. This category includes instruments that are valued based on quoted prices of similar income where there is a need for significant unobservable adjustments or assumptions to reflect differences between the instruments.

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

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

Fair value hierarchy of financial instruments

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

i) The principal market for that asset or liability; or

ii) If there is no principal market, on the most advantageous market for that asset or liability.

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

The fair value of the asset or liability is measured using the assumptions that market participants have used in entering into the transaction, assuming that the participants are acting in their economic best interest.

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

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

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

- **Level 1** – Quoted prices (unadjusted) for the assets or liabilities in active markets that the entity has access to at the measurement date;
- **Level 2** – Fair value determined based on market inputs not included in Level 1, but which are observable in a market for an asset or liability, either directly or indirectly;
- **Level 3** – Fair value of assets and liabilities is determined based on inputs that are not based on observable market information

For assets and liabilities that are recognised recurrently in the financial statements, the Bank determines whether transfers have occurred between levels of the hierarchy by re-evaluating the categorisation (based on the lowest level input to the fair value measurement).

The fair value of quoted securities is based on price quotations at the financial position date only when an active market exists. The fair value of unquoted instruments, bank loans and other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, the credit risk and remaining term.

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

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

2021	Level 1	Level 2	Level 3	Total
Assets				
Cash and Deposits at the Central Bank	-	2 250 359	-	2 250 359
Claims on credit institutions	-	182 543	-	182 543
Investiments in credit institutions	-	8 344 160	-	8 344 160
Financial Assets	1 711 845	5 032 871	-	6 744 716
Loans and advances to customers	-	22 070 821	-	22 070 821
Other assets	-	856 148	-	856 148
	1 711 845	**38 736 902**	**-**	**40 448 747**
Liabilities				
Funds from credit institutions	-	19 102	-	19 102
Deposits and current accounts	-	32 753 139	-	32 753 139
Resources allocated	-	354 281	-	354 281
Other liabilities	-	2 987 259	-	2 987 259
Bond loans	-	487 674	-	487 674
	-	**36 601 455**	**-**	**36 601 455**

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

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets				
Cash and Deposits at the Central Bank	3 469 028	3 469 028	2 250 359	2 250 359
Claims on credit institutions	480 809	480 809	182 543	182 543
Investiments in credit institutions	6 591 707	6 591 707	8 344 160	8 344 160
Financial Assets held for trading	9 779 840	9 779 840	6 744 716	6 744 716
Loans and advances to customers	21 753 640	21 753 640	22 070 821	20 746 572
Other assets	1 132 133	1 132 133	856 148	856 148
	43 207 157	**43 207 157**	**40 448 747**	**39 124 498**
Financial Liabilities				
Funds from credit institutions	113 708	113 708	19 102	19 102
Deposits and current accounts	35 397 414	35 397 414	32 753 139	34 063 264
Resources allocated	577 659	577 659	354 281	343 651
Bond loans	96 699	96 699	487 674	512 058
Other liabilities	2 794 533	2 794 533	2 987 259	2 987 350
	38 980 013	38 980 013	36 601 455	37 925 424
	4 227 144	**4 227 144**	**3 847 292**	**1 199 074**

The management considers that Cash and Deposits at the Central Bank and Deposits at Credit Institutions approximate fair value, due to the short-term maturity of these instruments.

The Fair Value of financial assets and liabilities are included in the amount at the date of their transaction between interested parties, without there being a requirement for settlement.

In determining the estimated fair value, the following methods and assumptions were used:

- The fair value of financial assets is obtained based on active market, as well as obtained through the use of present value, based on observable market variables.
- The Bank has derivative financial instruments, such as swaps.
- The fair value of financial instruments measured at amortised cost, such as investments in credit institutions, loans and advances to customers, resources of credit institutions, deposits and current accounts and bond loans are obtained through the calculation of discounted cash flows.

37. Related Parties

Balances with related parties are as follows:

Shareholders		Investment in Credit institutions	Loan and advances to customers	Resources from Credit Institutions	Deposits and current accounts
Kuhanha	2022	-	-	-	2 020 195
	2021	-	-	-	2 216 982
Arise. B.V	2022	-	-	-	176
	2021	-	-	-	140
Moçambique Capitais	2022	-	-10	-	52 857
	2021	-	5	-	63
Novo Banco	2022	-	-	-	92
	2021	-	-	-	72
Almeida Matos	2022	-	-95	-	4 966
	2021	-	1	-	6 420

The balances with personnel of the Governing Body are as follows:

		Loans and advances to customers	Deposits and current accounts	Interest Expenses	Interest Earned
	2022	49 073	6 357	49	3 769
Govering Body	2021	30 769	52 016	7 227	2 484

Transactions with related parties are presented as follows:

		Operational Leases	Interest Expenses	Interest Earned
Shareholders				
Kuhanha	2022	-	250 272	-
	2021	-	221 427	-
Moçambique Capitais	2022	-	4 792	1
	2021	6 052	95	-
Novo Banco	2022	-	-	2
	2021	-	-	-
Almeida Matos	2022	-	-	-
	2021	-	250	-

Benefits to the Governing Body

During the period 2022, the salaries of the Governing Body amounted to 155.102 thousand Meticais.

38. Contingencies and commitments

Contingencies	2022	2021
Guarantees	6 017 657	5 580 842
National Currency	4 353 031	3 630 461
Foreign Currency	1 664 628	1 950 381
Letters of Credit	416 039	212 091
	6 433 696	**5792 933**

39. Events after the balance sheet date

The Central Bank as the supervisor of the Mozambican financial system, increased by 175 bp the reserve requirement ratio in local currency from 10.5% to 28% and in foreign currency from 11.5% to 28.5%, a situation that leads to a challenge in the generation of revenues through the application of liquidity in financial instruments and in the granting of credit.

Nevertheless, the Bank has adequate levels of liquidity, with the liquidity ratio at 47.41% above the regulatory minimum of 25%. The Bank's current levels of liquidity allow an adequate continuity of the Bank's operations and the achievement of the growth targets foreseen for the year 2023.

40. Going concern assumption

During the year ended 31 December 2022, the Bank recorded a net profit of 90 million Meticais (2021: Loss of 1.381 million Meticais). The Bank's satisfactory performance in 2022 was influenced by the combination of several factors, with emphasis on the improvement of efficiency in credit management, leading to a 72% reduction in impairments, associated with a 10% increase in commissions, as a reflection of the improved level of transactionality in the various channels and services available at the Bank.

The good performance presented in the year 2022 and the growth objectives defined in the Bank's Strategic Plan, strengthen the commitment that Moza Banco has no intention of discontinuing its activities.

ATTACHED TO CIRCULAR N 3/SHC/2007 - MODEL III
BALANCE SHEET - INDIVIDUAL ACCOUNTS (ASSETS)

	December 31, 2022			
	Value before provisions, impairment and amoritzations	Provisions, impairment and amoritzations	Net Value	December 31, 2021
Asset				
Cash and deposits at central banks	3 469 018	-	3 469 018	2 250 352
Claims on credit institutions	480 810	-	480 810	182 541
Financial assets held for trading	7 820 422	-	7 820 422	4 995 459
Other financial assets at fair value through profit or loss	0	-	0	0
Available-for-sale financial assets	1 907 795	0	1 907 795	1 664 676
Loans and advances to credit institutions	6 591 392	0	6 591 392	8 343 675
Customer credit	24 801 511	2 988 823	21 812 688	22 126 880
Held-to-maturity investments	0	0	0	0
Assets sold under repurchase agreement	0	-	0	0
Hedge derivatives	0	-	0	0
Non-current assets held for sale	1 089 839	301 545	788 294	837 108
Investment properties	264 952	27 247	237 705	351 936
Other tangible assets	5 546 649	3 084 459	2 462 190	2 706 547
Intangible assets	1 082 152	857 580	224 572	151 503
Investments in associates, affiliates and joint ventures ventures	12 655	0	12 655	12 655
Current tax Assets	605 181	-	605 181	517 274
Deferred tax assets	151 267	-	151 267	95 000
Other Assets	2 285 756	79 858	2 205 898	5 466 469
Total Assets	**56 109 399**	**7 339 512**	**48 769 887**	**49 702 074**

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

ATTACHED TO CIRCULAR N 3/SHC/2007 - MODEL III (LIABILITY AND EQUITY)
BALANCE SHEET - INDIVIDUAL ACCOUNTS

	December 31, 2022	December 31, 2021
Liability		
Deposits from central banks	-	0
Financial liabilities held for trading	-	-
Other financial liabilities at fair value through profit or loss		
Resources from other credit institutions	114 193	124 139
Resources from customers and other loans	35 434 108	32 756 951
Liabilities represented by securities	-	8 948
Hedge Derivatives	-	-
Non-current liabilities held for sale and discontinued operations	-	-
Provisions	219 123	151 932
Current tax liabilities	-	-
Deferred tax liabilities	8 839	8 839
Equity instruments	-	-
Other subordinated debt	-	478 725
Other liabilities	4 525 234	7 674 721
Total Liabilities	**40 301 498**	**41 204 255**
Capital		
Capital	5 896 250	5 896 250
Issue Premium	1 993 740	1 993 740
Other equity instruments	-	-
(Own Shares)	-	-
Revaluation Reserves	-119 568	-
Other reserves and transited results	607 829	1 988 850
Income Statement	90 138	(1 381 021)
(Prepaid dividends)		
Total de Capital	**8 468 389**	**8 497 819**
Total Liabilities + Capital	**48 769 887**	**49 702 074**

ATTACHED TO CIRCULAR N 3/SHC/2007 - MODEL IV

INCOME STATEMENT - INDIVIDUAL ACCOUNTS

	December 31, 2022	December 31, 2021
Interest and similar income	5 370 712	5 307 009
Interest and similar charges	2 113 983	1 803 557
Financial Margin	**3 256 729**	**3 503 452**
Income from equity instruments	0	0
Income from services and commissions	586 047	524 816
Charges with services and commissions	238 357	146 408
Income from assets and liabilities assessed at fair value through profit and loss	27 189	304 909
Income from available-for-sale financial assets	-	0
Profit or loss on exchange rate revaluation	173 611	85 090
Income from the sale of other assets	23 148	25 207
Other operating results	226 149	462 285
Banking Product	**4 054 517**	**4 759 351**
Personnel Costs	1 773 282	1 733 514
General administrative expenses	903 449	996 726
Depreciation costs	446 546	505 148
Provisions net of refunds and write-offs	21 760	-28 051
Impairment of other financial assets, net of reversion and recovery	858 361	2 740 001
Impairment of other assets net of reversals and recoveries	(39 018)	193 034
Profit before tax	**90 138**	**(1 381 021)**
Taxes		
Current	0	0
Deferred	0	-
Profit after tax	**90 138**	**(1 381 021)**
Of which: Net profit after tax from discontinued operations	(4 275)	(94)

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

REPORT AND OPINION ON THE REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

MOZA BANCO

AUDIT COMMITTEE

REPORT AND OPINION ON THE REPORT AND ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Dear Shareholders of Moza Banco, S.A.,

In accordance with the law and the statutory provisions, and in accordance with the mandate conferred upon it by the General Meeting of Shareholders held on 15 September 2020, the Audit Committee of Moza Banco, S.A. (hereinafter referred to as “Moza Banco”), monitored the Bank's activity, verified the accuracy of the financial statements and the compliance with the legal and accounting standards applicable to Mozabanco’s activity.

Under the terms of the Law, we present below the report on the inspections performed by the Audit Committee during the year 2022, as well as the opinion on the Financial Statements, the Management Report and the Proposal for the Appropriation of Results presented by the Board of Directors of Moza Banco.

Report

Within the scope of its inspections, the Audit Committee of Moza Banco monitored, with adequate frequency and extent, the activity of the Bank, having carried out the checks deemed appropriate, in accordance with the provisions of the Commercial Code, particularly with regard to bookkeeping, accounting records and supporting documentation, having always obtained, from both the Board of Directors and the services, the clarifications requested.

As a result of the new Moza Banco governance structure, two committees were established in 2022, namely the Risk and Compliance Committee and the Audit Committee, in which the Audit Committee is represented by a member, thereby increasing contact with the relevant areas of the Bank and facilitating the body's supervisory function.

With regard to the net income for the financial year, this shows a positive value in the amount of 90.138 Million Meticais, with the comprehensive income showing a negative value in the amount of 29.430 Million Meticais and the Bank's Equity showing a value of 8.468,389 Million Meticais.

With regard to Moza Banco's prudential indicators, Regulatory Own Funds, calculated in accordance with the *Banco de Moçambique* rules, amount to 5.367 million Meticais (2021: 5.584 million Meticais) resulting in a ratio of 25,72% (2021: 26,42%), the liquidity ratio presents a value of 47,41% (2021: 44,50%) and the Solvency ratio a value of 22,58% (2021: 23,21%).

We have reviewed the Report of the Independent Auditor, Mazars, dated April 19, 2023, on the Financial Statements of Moza Banco for the year 2022, which presents an unmodified opinion, and with which we agree. We have examined the Management Report relating to the financial year 2022 and have concluded that it provides an easy and clear understanding of the economic situation, the evolution of the business and the profitability obtained in the financial year.

With regards to the Proposal for the Appropriation of Results prepared by the Board of Directors, which contemplates the transfer to the Legal Reserves item the amount of 27.041.474 MZN (Twenty-seven million, forty-one thousand, four hundred and seventy-four Meticais) and to the Retained Earnings item the amount of 63.096.772 (sixty-three million, ninety-six thousand, seven hundred and seventy-two Meticais), compliance with the applicable legal and regulatory requirements was verified.

Opinion

In view of the above, and not having become aware of any violation of the Bylaws, the Law and the Regulations issued by the *Banco de Moçambique*, as regulatory entity, the Audit Committee is of the opinion that the General Meeting should proceed as follows:

- Approve the accounts for the financial year 2022;
- Approve the Management Report of the Board of Directors;
- Approve the Proposal for the appropriation of results presented by the Board of Directors.

As a final note, the Audit Committee expresses to the Board of Directors, to the Executive Board and to Mozabanco's employees, in general, its profound gratitude for the collaboration provided in the exercise of its inspection.

Maputo, April 21, 2023

The Audit Committee

Irene Luzidia Maurício (Chairwoman) ______________________________

Anastácia Chamusse Cuna (Vice-Chairwoman) ______________________________

Nuno Domingues (Member) ______________________________

Isaltina Nhabinde (Alternate) ______________________________

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR´S REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

To the shareholders of

Moza Banco, S.A.

Report on the Audit of the Financial Statements

Opinion

We audited the financial statements of Moza Banco, S.A. (hereinafter also referred to as "Bank" or "Moza") included in pages 11 to 94, which comprise the Balance Sheet on December 31, 2022, the Income Statement, the Statement of Comprehensive Income, the Statement of changes in equity and the cash flows Statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present on an appropriate way, in all material respects, the Bank's financial position as of December 31, 2022, its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We performed our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under these standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. We are independent from the Bank in accordance with the requirements of the Code of Ethics of the IESBA (International Ethics Standards Board for Accountants) and the relevant ethical requirements for the Audit of financial statements in Mozambique, and we fulfilled the remaining ethical responsibilities provided for in these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The Key Audit Matters are those which, in our professional judgment, were most important in the Audit of the current year's financial statements. These matters were considered in the context of the Audit of the financial statements as a whole, and in forming the opinion, and we do not issue a separate opinion in this regard. We describe below the Key Audit Matters for the current year:

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Impairment losses on the loan portfolio granted to customers	
Description of the key audit matter	Audit approach and response
As disclosed in Note 1.3 of the notes attached to the financial statements ("Use of estimates and judgments") and in Note 3 of the notes attached to the financial statements ("Summary of main accounting policies"), impairment losses of the loan portfolio granted to customers, recorded in the financial statements, represent the best Management estimate in terms of the implicit losses in its credit portfolio. These impairments are determined through individual analysis for credits with certain specificities and through collective analysis for the remaining credits that are not subject to individual analysis. In loans granted to large customers, the amount of impairments is mostly calculated individually. Individual impairments require a value judgment by the Management Body in determining the best estimate of future cash flows related to these credits. The impairments calculated based on the collective analysis are determined considering data, assumptions and estimates, subject to value judgments formed by the Management Body. Considering the materiality and subjective nature of impairments on the loan portfolio granted to customers, this matter was	In order to respond to the identified risks, among the Audit procedures carried out, we highlight the following: • Assessment and testing of the design and operational effectiveness of the controls instituted in the process of quantifying impairments on the Bank's loan portfolio. These controls include those related to the identification of impaired loans, tolerance levels and accounting records made in relation to the quantified impairment of the clients loan portfolio; • Carrying out substantive tests of the Bank's impairment model, on a sample basis, with a view to critically reviewing the instituted model. These Audit procedures included evaluating the criteria and methodology adopted in determining the risk parameters and collective impairment, extracting the information used in the model (inputs), re-executing the calculations and reviewing the sensitivity analysis carried out by the Bank, regarding the underlying critical assumptions. This review also aimed to ensure the alignment of the instituted model with the requirements of International Financial Reporting Standard No. 9 (IFRS 9);

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considered as relevant within the scope of our Audit.	• For impairments calculated individually, tests were carried out on the controls implemented by the Bank on the timely identification of potentially impaired loans and for a sample of loans granted to clients, the individual sheets prepared by the Bank were analysed, critically analyzing the assumed assumptions and analyzing whether the loss event (impairment recognition point) was identified at the appropriate time, analyzing the estimated cash-flow projections used in the calculation of the respective impairments, analyzing the respective guarantees considered in the calculation of the "LGD"; and • Assessment of the adequacy of the disclosures contained in the notes attached to the Bank's financial statements, related to this matter.

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Deferred Tax Assets	
Description of the key audit matter	Audit approach and response
As disclosed in Note 1.3 of the notes attached to the financial statements ("Use of estimates and judgments") and in Note 3 of the notes attached to the financial statements ("Summary of main accounting policies"), the recognition of deferred tax assets comprises the formation of value judgments on the part of the Management Body, namely regarding (i) the generation of taxable profits, in amounts and moments suitable for the future reversal of the existing taxed temporary differences, and (ii) the tax planning strategies adopted. Given the materiality of the deferred tax assets recognized by the Bank, together with the uncertainties that their realization entails - generation of taxable profits in adequate amounts and times, as well as possible future changes in tax legislation, this matter was considered as relevant in our Audit.	In order to respond to the identified risks, among the Audit procedures carried out, we highlight the following: • Critical assessment of the assumptions used in the projection of the Bank's future taxable income, contained in its business plan for the coming years; • Review of the calculation base for deferred taxes that gave rise to the existence of temporary differences; • Review of the corresponding tax rate used for calculating deferred taxes, taking into account the legislation in force and the effective rate that has been verified at the Bank; and • Assessment of the adequacy of the disclosures contained in the notes attached to the Bank's financial statements, related to this matter.

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Non-current assets held for sale	
Description of the key audit matter	Audit approach and response
As disclosed in Note 1.3 of the notes attached to the financial statements (“Use of estimates and judgments”) and in Note 3 of the notes attached to the financial statements (“Summary of main accounting policies”), non-current assets are classified as held for sale when there is an intention to dispose of these assets and they are available for immediate sale and their sale is very likely. The subsequent measurement of these assets is carried out at the lower of the book value and the corresponding fair value, net of costs to sell. Fair value is based on market value, which is determined based on the expected sale price obtained through periodic assessments carried out by independent experts. Assessments involve a high level of judgment, involving different assumptions and methodologies. Thus, the valuation of non-current assets held for sale was considered a key audit matter, given the materiality of the amounts involved and the degree of judgment underlying the valuation method adopted, which could result in variations in the amounts recorded in the Bank's financial statements.	In order to respond to the identified risks, among the Audit procedures carried out, we highlight the following: • Assessment and testing of the design and implementation of controls instituted in the process of quantifying impairments on the Bank's portfolio of non-current assets held for sale; • Verification of the correct accounting record resulting from property valuations, against the amounts presented in the last valuations obtained; • Critical analysis of valuation reports prepared by independent valuation experts, hired by the Bank, challenging significant assumptions and assessing their reasonableness, based on market conditions; and • Assessment of the adequacy of the disclosures made in the notes attached to the Bank's financial statements, considering the applicable accounting framework (IFRS).

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Financial assets	
Description of the key audit matter	Audit approach and response
As disclosed in Note 1.3 of the notes attached to the financial statements ("Use of estimates and judgments") and in Note 3 of the notes attached to the financial statements ("Summary of main accounting policies"), the valuation methodologies of financial instruments require, for sometimes, the use of assumptions and judgments in determining its fair value. The financial instruments presented in the Statement of Financial Position as "Financial Assets", in the global amount of 9,779,840 thousand Meticais, represent approximately 21% of the Bank's total Assets, on 31 December 2022. In this way, this matter was considered a key audit matter in view of the materiality of the amounts involved and the degree of judgment underlying the selection of the measurement basis for each type of investment, which could result in variations in the amounts recorded in the financial statements.	In order to respond to the identified risks, among the Audit procedures carried out, we highlight the following: • Identification, understanding and evaluation of the key controls implemented in the Bank, regarding the measurement of financial instruments; • Verification of prices from external sources for positions held by the Bank and their comparison with the prices used, analyzing any significant differences; • For less liquid positions, review, on a sampling basis, the models and main assumptions (when applicable) and adequate supports for the valuation adopted by the Bank; and • Finally, assessment whether the disclosures made by the Bank, in the notes to the financial statements, regarding the Financial Assets, are in compliance with the requirements of the accounting standards in force.

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Going concern	
Description of the key audit matter	Audit approach and response
Within the scope of the restructuring of the Bank's share capital, which required the intervention of the Mozambican State and as disclosed in Note 40 of the notes annexed to the financial statements ("Assumption of continuity"), the Bank is currently implementing a Strategic Plan that allows it to ensure the continuity of its operations. In this sense, there is a need for the implemented Plan to be adequately prepared, taking into account the limiting framework of the macroeconomic scenario and the less favorable current context, and consequently, allow the generation of sufficient and necessary results to guarantee the continuity of its operations in the foreseeable future, which led to this matter being considered a key audit matter in our Audit.	• Discussion and inquiry with the Management Body about the evaluation carried out by it, regarding the going concern assumption used in the preparation of the financial statements; • Review and evaluation of the Bank's Recovery Plan; • Obtaining and analyzing additional supporting documentation, namely the last approved Strategic Plan, in order to conclude on the existence of any material uncertainty or whether the use of the going concern assumption is appropriate; and • Finally, assessment whether the disclosures made by the Bank, in the notes to the financial statements, regarding this matter, are in compliance with the requirements of the accounting regulations in force.

Other matters

The financial statements of Moza Banco, S.A. for the year ended December 31, 2021, presented for comparative purposes, were audited by another auditor who expressed a clean opinion, with no qualifications or emphasis of matters on these financial statements, on April 6, 2022.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the document entitled “Management Report 2022”. Other information does not include the financial statements or the auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express an Audit opinion or any type of guarantee of reliability on that other information.

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Within the scope of the audit of the financial statements, our responsibility is to read the other information and, consequently, consider whether this other information is materially inconsistent with the financial statements, with the knowledge we obtained during the audit or if it appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors and Those in Charge with Governance for the Financial Statements

The Board of Directors is responsible for the proper preparation and presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as it determines to be necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or to error.

When preparing financial statements, the Board of Directors is responsible for assessing the ability to continue as a going concern, disclosing, when applicable, matters relating to going concern and using the going concern assumption unless the Board of Directors intends to settle the Bank or cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report stating our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit performed in accordance with the ISA will always detect material misstatement where it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.

As part of an ISA audit, we exercise professional judgment and maintain professional skepticism throughout the audit, and also:

- We identify and assess the risks of material misstatement of the financial statements, due to fraud or error, design and perform audit procedures that respond to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion . The risk of not detecting a material misstatement due to fraud is greater than the risk of a material misstatement due to error as fraud may involve collusion, forgery, intentional omissions, misrepresentation or overrides of internal controls.

- We obtain an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Bank's internal control.

- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use, by the Board of Directors, of the going concern assumption and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that may cast doubt on the Bank's ability to continue its operations operations. If we conclude that a material uncertainty exists, we must draw attention in our auditor's report to the related disclosures included in the financial statements or, if those disclosures are not

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adequate, modify our opinion. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may cause the Bank to discontinue operations.

- We evaluate the presentation, structure and overall content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in order to achieve a fair presentation.

We communicated to those charged with governance, among other matters, the scope and planned timing of the Audit, and relevant audit matters, including any significant weaknesses in internal control identified by us, during our Audit.

Additionally, we declared to those charged with governance that we complied with the relevant ethical requirements regarding independence and communicated all relationships and other matters that may be perceived as threats to our independence and, when applicable, the respective safeguards.

Of the matters communicated to those charged with governance, we determined which were the most important in the Audit of the financial statements for the current year and which are the key audit matters.

MAZARS SCAC, LDA.

Ce: 16/SCA/OCAM/2016

Represented by:

Dipak Lalgi

Certified Auditor: 17/CA/OCAM/2012

Maputo, 19th April 2023