

# Annual Report

## 2023



Millennium  
bim

aqui consigo



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## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Over the past three years, we have witnessed extraordinary events that have led to profound transformations in the global economy. The pandemic crisis, the invasion of Ukraine and geopolitical tensions in the Middle East have affected, on the one hand, foreign trade, business investment, private consumption, and demand for raw materials and, on the other hand, exacerbated the tightening of the global supply of food and energy resources, contributing to the occurrence of one of the largest cycles of inflation and interest rate increases recorded in decades.

In response to this challenging context, the Central Banks of the main economies adopted restrictive monetary policies, successively revising interest rates upwards, retracting production, employment and economic growth.

In Mozambique, the Central Bank increased the Reserve Requirements for deposits denominated in Meticaís from 10.5% to 39.0% and in foreign currency from 11.0% to 39.5%, in order to absorb the liquidity of the banking system and, consequently, limit credit growth in order to control price increases.

Despite the context of monetary tightening, the Mozambican economy proved resilient in 2023, having grown by 5.4% according to IMF data. The growth was mainly due to the impact of megaprojects, particularly in the mining, energy and natural gas sectors of the Rovuma basin.

For the year 2024, the IMF points to a drop in inflation of 1% in about 80% of the world's countries and anticipates a downward trajectory in the following years. However, it warns of the risk of fiscal slippage in countries that will hold elections, including Mozambique, where a trend of deceleration in inflation and gradual decrease in interest rates is expected, based on the stability of the Metical against the US dollar and the normalization of supply in the production chains of the megaprojects in operation.

In the 2023 financial year, Millennium Bim adjusted its business model to mitigate the effects and risks associated with a particularly uncertain macroeconomic environment, as well as the tightening of monetary policy, which contributes decisively to achieving a positive economic and financial performance, both in terms of profitability and improving the Bank's risk profile.

The favorable performance achieved was materialized in the following indicators:

- Total assets decreased by 0,7% (from 191 653 million Meticaís in 2022 to 190 385 million Meticaís in 2023);
- Equity increased by 6,8% (from 34 526 million Meticaís in 2022 to 36 885 million Meticaís in 2023) highlighting the robustness of the balance sheet;
- Banking Product increased by 1,6% compared to the previous year, from 17 851 million Meticaís to 18 196 million Meticaís, demonstrating a powerful capacity to generate value;
- Net profit reached 7 211 million Meticaís, corresponding to a positive change of 9% compared to the previous year, and a return on equity of 21,1%;
- Efficiency ratio increased by 5,3pp in 2023, to 47,8%;
- Solvency Ratio increased from 36,4% in 2022 to 37,2% in 2023, comfortably above the regulatory limit imposed by the supervisory authority and in line with international best practices.

As part of the commitment to serve more and better, in 2023, Millennium Bim started the project to reformulate its counters network, highlighting the inauguration of the "Balcão do Futuro" at the Shoprite Shopping Center in Maputo City. The "Balcão do Futuro", being implemented in various parts of the country, presents a distinctive, modern and innovative image, associated with a strong digital bent. They have been designed to provide a functional and efficient experience to Customers.

Bearing in mind the improvement of security conditions in Cabo Delgado province, Millennium Bim also remodeled and reopened the "Balcão de Palma", showing its commitment to serving the population, economic agents, as well as contributing to the normalization of the situation in this part of the country.

Attentive to simplifying the day-to-day life of Customers, Millennium Bim continued with the implementation of the digital transformation strategy, dedicating efforts to increase the user base and promote the adoption of digital channels in the execution of banking transactions. This effort resulted in an increase in the number of users

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of digital channels, from 791 thousand to 855 thousand, as well as in the realization of more than 200 million transactions in the year.

The digitization of transactions and the launch of new products on the Mobile Banking platforms - Smart IZI and IZI - *Internet Banking* and Digital Service with the M-TOP offer are essential pillars of Millennium Bim's business model.

Aware of the vital importance of the export sector, of the Oil & Gas ecosystems for the country's economy, Millennium Bim maintained its commitment to companies linked to megaprojects, signing different Memorandums of Understanding with various interlocutors with the aim of enhancing Local Content.

The Bank was also committed to increasing, consolidating knowledge and specializing in sectors of activity of particular strategic importance. In this sense, it continued to redefine the value proposition in the Corporate Banking segment in order to strengthen its ability to support and respond to the specific needs of our Clients, whether in technical support for the development of projects, in the structuring of dedicated sectoral financing lines or in the creation of strategic partnerships, among other initiatives.

In recognition of its role, the Bank was honored by the organization of the *Mozambique Gas & Energy Summit & Exhibition* with the title "*Mozambican Company of the Year*", a distinction that not only praises our institution, but also highlights our contribution to the growth of local Small and Medium Enterprises.

In the context of Human Resources, we remain committed to developing the talent of Employees, investing in learning, training and improvement of recruitment processes. We value professionalism and dedication, recognizing that they are fundamental elements to maintain a highly qualified, motivated team, aligned with the Bank's values and objectives and, in particular, focused on serving Customers.

A significant milestone was the 5<sup>th</sup> edition of the *People Grow Program*, which provided, once again, young graduates and university finalists, a unique opportunity for integration and professional development. This program was not only a gateway for new talent, but also an accelerator platform for professional growth, providing participants with the skills and experiences necessary to face the challenges of the banking sector.

Millennium Bim has also been committed to cultivating a positive and inclusive work environment, with corporate events and social activities to strengthen the bonds between Employees. An example of this is the holding of end-of-year fraternization events in all provinces, from North to South of the country.

Millennium Bim continued to deserve distinction and awards for the solidity and quality of results, capacity for innovation and implementation of a sustainable growth strategy, highlighting the awards: Best Digital Bank at regional level; Best Innovative Bank; Best Private Bank in Mozambique; and Best Mobile App for Consumers in Mozambique, all awarded by Global Finance magazine;

The recognition, through international awards, is a source of great pride and reinforces the value of our brand, strengthens our continuous commitment to offer excellent financial services.

The Bank reaffirmed its commitment to the implementation and dissemination of the principles of the United Nations Global Compact Initiative on Human Rights, Labor, and the Environment, as well as its support in the implementation of the objectives of the Business Forum for the Environment- *FEMA*.

In the area of Social Responsibility, the Bank has developed a set of actions that have contributed to improving the quality of life of communities, of which the following stand out:

- (i) Support for the rehabilitation of 41 Health Centers in Zambezia province, in partnership with the NGO *Friends in Global Health*. The initiative aimed to respond to emergencies arising from the consequences of Cyclone Freddy;



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- (ii) The holding of the 12<sup>th</sup> edition of the Banking Olympics, a financial literacy project that aims to train participants in matters of responsible financial management;
- (iii) Participation in the "Muro da Biodiversidade" project, an action that aims to promote the protection of Mozambican wildlife, marine and flora; and
- (iv) Support for the holding of the "1<sup>st</sup> Conference on the Dissemination of Climate Resilience Potential and Attraction of Investments for the Conservation of the Environment".
- (v) Support for the rehabilitation project of the "São José de Boroma" Sanctuary, in Tete province, a historical heritage site with more than 100 years. With this initiative, the Bank joins the effort to promote the heritage of the Tete region and its tourism projection at national and international level, actively contributing to the improvement, preservation and enhancement of our historical and cultural heritage.


At last, I would like, on behalf of myself and the Board of Directors, to express my deep gratitude to the shareholders for their commitment to building this project, to the employees for their dedication in pursuing the financial and commercial objectives aligned with the institution's corporate values, to our esteemed Clients and institutional partners, who are decisive elements for the success of the business, for the trust and preference.

Together, we can.



Rui Cirne Plácido de Carvalho Fonseca

(Presidente)



# Main Indicators - Individual Basis

## MAIN INDICATORS - INDIVIDUAL BASIS

	Millions in Meticaís				
	2020	2021	2022	2023	Var. % 23/22
<b>Balance Sheet</b>					
Total Assets	179 937	183 677	191 653	190 385	-0,66%
Loans to customers (net)	44 506	41 830	42 801	44 208	3,29%
Customer deposits	141 022	138 085	152 176	146 447	-3,76%
Equity	34 384	40 283	34 526	36 885	6,83%
<b>Profitability</b>					
Bank Products	15 308	17 819	17 942	18 196	1,41%
Operating costs	6 872	7 137	7 651	8 703	13,75%
Provisions and Impairment	2 547	1 087	1 237	-763	-161,67%
Taxes on profits	763	2 649	2 441	3 045	24,75%
Net Income attributable to the Bank's shareholders	5 125	9 853	6 613	7 211	9,04%
<b>Efficiency Ratio</b>					
Return on average equity (ROAE)	15,30%	27,72%	19,98%	21,11%	
Return on average assets (ROAA)	3,10%	5,49%	3,59%	3,93%	
<b>Creditworthiness</b>					
Loans overdue for more than 90 days / Total Loans	6,20%	7,96%	7,78%	2,87%	
Non-Performing Loans / Total Loans	6,31%	8,07%	7,85%	3,08%	
Loan Impairment / Loan overdue for more than 90 days	118,92%	104,76%	104,20%	148,43%	
NPE-EBA	5,37%	4,76%	4,00%	1,51%	
Cost of risk	522 p.b.	72 p.b.	118 p.b.	-371 p.b.	
<b>Solvency (*)</b>					
Tier I	46,00%	47,20%	38,91%	40,05%	
Total	43,88%	44,82%	36,39%	37,15%	
Clients (in thousands)	1 754	1 804	1 883	1 970	4,62%
Bank Counters	199	199	197	195	-1,02%
Employees	2 439	2 496	2 504	2 574	2,80%



## SUMMARY OF THE BOARD OF DIRECTORS ' REPORT

With the slowdown in economic activity, due to the prevalence of the impacts of the conflict in Ukraine and geopolitical tensions in the Middle East, the world economy is expected to slow to 3,1% in 2023 (from 3,5% in 2022). The instability in energy and food prices and the maintenance of restrictive monetary conditions by major central banks remain at the heart of reduced consumption and private investment.

For Sub-Saharan Africa, GDP growth is estimated at 3,3% in 2023 (4,0% in 2022), reflecting the reduction in investment and financing flows, associated with the tightening of monetary policy and the context of falling prices of exported raw materials, with the inherent pressures on external accounts and public finances.

According to the IMF, the Mozambican economy showed GDP growth of 5,4% in 2023 (compared to 4,4% in 2022), driven by the impact of megaprojects, particularly in the mining, energy and natural gas sector in the Rovuma basin.

Year-on-year inflation reached 5,3% in 2023 (10,9% in 2022), showing the slowdown in the domestic price level, due to the stability of the Metical against the US dollar, the reversal of adverse supply shocks and the effective transmission of monetary policy.

In this context, the Bank of Mozambique maintained a conservative monetary policy, highlighting the increase in the coefficient of mandatory reserves in national currency (from 10,5% to 39,0%) and in foreign currency (from 11,5% to 39,5%), thus increasing the liquidity pressures of the banking system and on interest rates.

Despite the challenging scenario, Millennium Bim remains solid and resilient, supported by good governance, sound and prudent risk management and rigorous compliance with regulatory standards. It maintains its strategy based on Digital Transformation and Innovation, continuing, not only past initiatives, but also launching new projects from a perspective of continuous Focus on the Customer, supported by a mutual relationship of Trust and strong standards of Ethics and Responsibility.

In terms of Supply, Millennium Bim continues to evolve positively in its digital strategy, reflected in the significant growth of its activity, with just over 70% of its customers using mobile channels, carrying out more than 200 million digital transactions annually.

Millennium Bim marks a new chapter in its innovation trajectory with the refurbishment and reopening of the counter at the Shoprite Shopping Centre in Maputo City, designed to keep up with the development of the banking sector, as well as meeting the growing demand for digital solutions. The refurbishment of this counter represents a strategic shift, introducing an innovative image concept being implemented in several branches.

Also noteworthy is the refurbishment and reopening of the Palma counter in Cabo Delgado Province due to the return of the population and companies to the region, favoring the increase in demand for banking services. This reopening responds to the growing needs of the inhabitants of the district and the local business fabric.

At Millennium Bim, Employees are the fundamental axis of the activity. In 2023, several initiatives were implemented to improve the performance of Employees, through the optimization of critical recruitment, training, and ethical and professional development processes.

In an era of high complexity and market dynamism, the focus on leadership development was maintained with the "Líder Millennium Bim 4.0" program, aimed at Employees with the counter management functions and team coordination at the level of central services, as well as several training courses continued, with emphasis on critical areas such as the Code of Conduct, Cybersecurity and Operational Risk.

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Bearing in mind that employees are the institution's greatest resource, the financial services packages were adjusted in order to mitigate the impact of the increase in interest rates and, additionally, the amount of financing under subsidized conditions was reinforced, as well as the health benefits package.

Millennium Bim continued to focus on proximity to Mozambicans, developing several community support and medical care actions, including: the rehabilitation of 41 health units in Zambezia province; the holding of the festival of recreational activities, which was attended by children between 6 and 12 years old; the holding of the 12th edition of the Banking Olympics; the distribution of school supplies to more than 1 000 students at the Marocane primary school in Cabo Delgado province; support for the holding of the "1st Conference on the Dissemination of Climate Resilience Potential and Attraction of Investments for the Conservation of the Environment"; the rehabilitation of the "São José de Boroma" sanctuary located in the City of Tete and the sponsorship of culture, sports, education, among others.

In terms of balance sheet, total assets amounted to 190 385 million Meticaís, having decreased 0,7% compared to prior year. The placements in other Banks and financial assets at amortized cost decreased by 52,1% and 29,7%, respectively, in contrast to the 202,2% increase in cash and cash equivalents in the Bank of Mozambique, which now accounted for 30,1% of total assets, due to the increase in the Reserve Requirement ratio. The net loans to Customers increased from 42 800 million Meticaís in 2022 to 44 208 million Meticaís, corresponding to an increase of 3,3%.

Banking Product stood at 18 196 million Meticaís, showing a slight increase of around 1,4% (+254 million Meticaís), compared to the 17 942 million Meticaís recorded in 2022. The favorable performance of the banking product was mainly supported by the increase in net interest margin (+312 million Meticaís), the increase in results from fees and commissions (+90 million Meticaís) and the growth of other operating income (+146 million Meticaís).

Operating costs, which include staff expenses, other administrative expenses, depreciation and amortization, amounted to 8 703 million Meticaís, representing an increase of 13,7% (+ 1 052 million Meticaís) compared to prior year.

The impairment on loans (net recoveries of loans written offs) amounted -1 712 million Meticaís in 2023, compared to 550 million Meticaís in 2022 (-411,2%). This reduction was influenced by recoveries of loans with an impact on the reversal of impairments.

Combining the core result with the effect of impairment reversals, Millennium Bim recorded a net profit of 7 211 million Meticaís, which compares with the 6 613 million Meticaís recorded in 2022, representing a growth of 9,0%.

The solvency ratio evolved positively due to the increase in equity, standing at 37,2%, significantly above the regulatory limit of 14,0% (12% + systemic buffer), reflecting the Institution's resilience and financial soundness.

The Bank's strategy involves a commitment to digital transformation, maintaining a focus on the sustainability of results, efficiency, robustness and its basic principles, namely:

- Committed contribution to the acceleration of financial inclusion in the Mozambican economy;
- Maintenance of high levels of customer satisfaction, loyalty and engagement;
- Expansion of the customer base and assets under management in traditional business areas;
- Consolidation of sectoral and regional technological leadership;
- Sustained improvement in profitability and financial soundness;
- Valuing, motivating and compensating Employees;
- Maximizing value for Shareholders.

## ORGANIZATIONAL STRUCTURE

### GOVERNMENT MODEL

The Bank's governance model is established in its statutes and complies with the requirements of the Law on Credit Institutions and Financial Companies, approved by Law No. 20/2020, of 31 December. The Governing Bodies are the General Assembly, the Board of Directors, the Fiscal Council and the Compensation and Welfare Board. In addition, the Corporate Governance Support Committees are part of the governance model, which include: the Executive Committee, the Audit Committee, the Risk Assessment Committee and the Nominations and Remuneration Committee.

### GENERAL ASSEMBLY

The General Assembly is the highest body of the company that represents the universality of shareholders, and its resolutions are binding on all of them when decided in accordance with the law and the articles of association.

The General Assembly is responsible for:

- To approve the management report and the accounts for the year, including the balance sheet and the income statement, as well as the opinion of the Fiscal Council thereon and to resolve on the application of the results for the year;
- Elect the board of the general assembly, the managers and the members of the Fiscal Council;
- To decide on any amendments to these statutes;
- To decide on the issuance of bonds;
- To decide on the increase, reduction or reintegration of the share capital;
- To decide on the creation of golden shares;
- To decide on the merger, spin-off or transformation of the company;
- To decide on the dissolution, liquidation or extension of the company;
- To decide on the call and restitution of supplementary capital instalments;
- To decide on the filing and withdrawal of any actions against the Directors or against the members of the other corporate bodies.

### FISCAL COUNCIL

The Fiscal Council is responsible for the control and legality of the Bank's financial and asset management. Among several skills, the following stand out:

- Regularly monitor and supervise compliance with the applicable accounting regulations, the financial and equity situation of the Bank;
- To give an opinion on the management report and on the Management accounts for each financial year, including legal certification documents of annual accounts;
- To pronounce on matters submitted to it by the Bank's Management bodies;

### BOARD OF DIRECTORS

The Board of Directors is responsible for the broadest powers of management and social representation and, such as, to deliberate especially on:

- Co-optation of directors;
- Risk management policies, standards and procedures;
- Zeal for monitoring the effectiveness of risk management, internal control, internal audit and compliance systems;

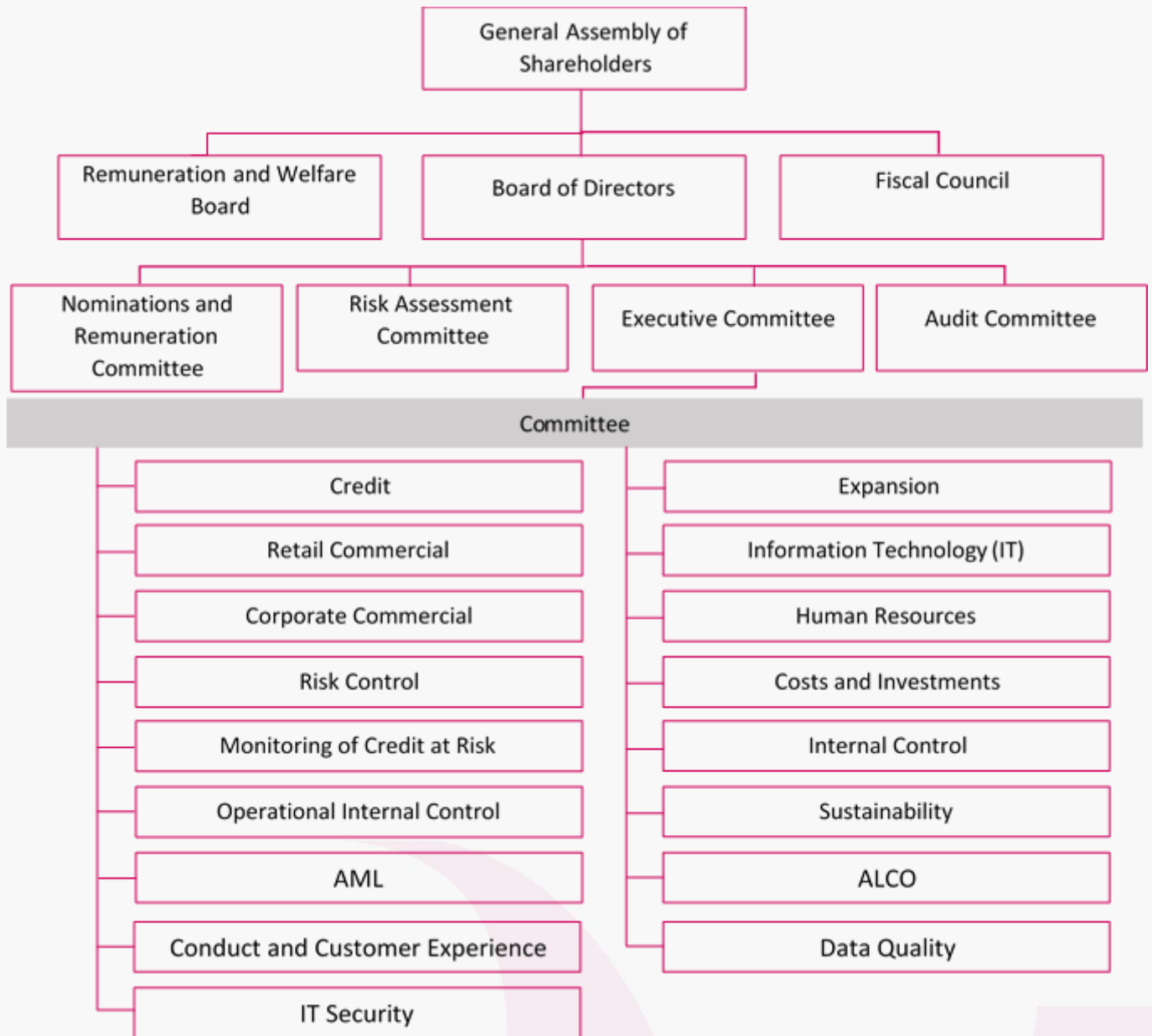
- Approval of the Strategic Plan and Budget;
- Annual reports and accounts and application of results;
- Significant extensions or reductions in activity;
- Projects for the merger, spin-off and transformation of the company;
- Provision of personal or real guarantees and guarantees by the company;
- Any other matter on which any director requires deliberation by the board.

## EXECUTIVE COMMITTEE

The executive management of the Bank is ensured by Executive Directors appointed by the Board of Directors. The Executive Committee is responsible for:

- To propose to the competent bodies the approval and periodic review of the Bank's general operating policies, and to ensure their correct implementation;
- Ensure the operationalization and communication of the organizational structure, with adequate detail about the members and those responsible for the functions and structures of the governance model;
- Ensure the existence of adequate processes for obtaining, producing and processing information disclosed to Employees, Supervisors or the Public and control mechanisms that guarantee the reliability, integrity, consistency, completeness, validity, timeliness, accessibility and granularity of all information produced, namely ensuring the integrity of accounting and financial information systems;
- Ensure that formal, transparent, relevant and tailored processes are in place that ensure effective, timely, adequate, comprehensive and understandable communication, facilitate the decision-making process and promote the necessary information flows between all relevant parties in a process and between the management and supervisory bodies and the internal control functions, the information flows established in the Bank;
- Ensure that risk-taking structures make decisions weighted by the underlying risk, within tolerance limits, and adopt control mechanisms that allow for the timely reporting of risks to internal control functions;
- Ensure that impartial, transparent and auditable internal procedures are adopted, particularly when it comes to the contracting of services and the acquisition and disposal of assets by the institution.
- To assess and decide on all other matters of day-to-day management of the Bank that the applicable law and/or regulations (in particular commercial and banking legislation and regulations issued by the Bank of Mozambique) and/or the statutes and/or regulations of the Board of Directors or deliberation of this body do not reserve exclusively to the Board of Directors (or any of its Specialized Committees), provided that it is within the limits and general principles defined by resolution of the Board of Directors;
- To exercise the broadest day-to-day management powers of the Bank that are not delegated, especially to other bodies.

## CORPORATE GOVERNANCE MODEL



## COMPOSITION

### GENERAL ASSEMBLY

#### CHAIRMAN

Flávio Prazeres Lopes Menete

#### VICE-CHAIRMAN

Esperança Alfredo Samuel Machavela

#### SECRETARY

Horácio de Barros Chimene

### FISCAL COUNCIL

#### CHAIRMAN

Teotónio Jaime dos Anjos Comiche

#### MEMBERS

Eulália Mário Madime

Aurélio Valente Chiziane

Umeid Calú

### BOARD OF DIRECTORS

#### CHAIRMAN

Rui Cirne Plácido de Carvalho Fonseca

#### 1<sup>st</sup> VICE-CHAIRMAN

Nuno Manuel da Silva Amado

#### 2<sup>nd</sup> VICE-CHAIRMAN

João Manuel R.T. da Cunha Martins\*

#### DIRECTORS

Miguel Maya Dias Pinheiro

Manuel Alfredo de Brito Gamito

Jacinto Zacarias Uqueio

Jorge Octávio Neto dos Santos

Moisés Jorge

Liliana Marisa Catoja da Costa Lemos

José Artur Gouveia Coelho Caetano

Albino António Carneiro de Andrade

João Nuno Oliveira Jorge Palma

José Miguel Bensliman Schorcht da Silva Pessanha

Anabela Júlia ChamBUca Pinho

Rui Nelson Moreira de Carvalho Maximino\*\*

### EXECUTIVE COMMITTEE

#### CHAIRMAN

João Manuel R.T. da Cunha Martins\*

#### DIRECTORS

Jorge Octávio Neto dos Santos

Moisés Jorge

Liliana Marisa Catoja da Costa Lemos

José Artur Gouveia Coelho Caetano

Albino António Carneiro de Andrade

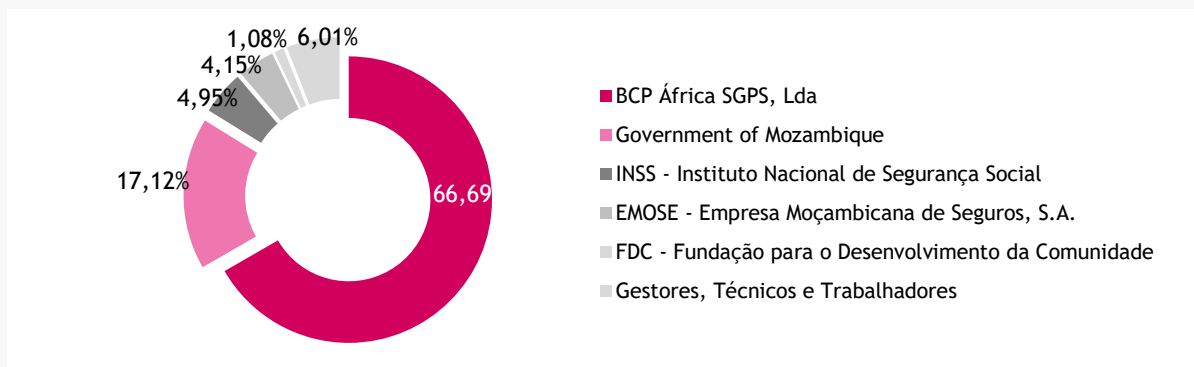
Rui Nelson Moreira de Carvalho Maximino

\*Beginning of functions of 2<sup>nd</sup> Vice-Chairman of the Board of Directors and Chairman of the Executive Committee with effect from April 3, 2023, replacing José Laurinho Reino da Costa, who ceased to function on March 31, 2023

\*\*Appointed on June 15, 2023

## Shareholder Structure

The share capital of Millennium BIM is 4 500 000 000,00Mt (four thousand five hundred million meticaais) represented by 45 000 000 shares (forty-five million shares), with the following composition:



## MISSION, VISION, VALUES AND STRATEGY

### VISION

Millennium BIM is a universal Bank, which invests in the creation of value in the various market segments, seeking to affirm a presence based on excellence, quality and innovation in the distribution of financial products and services. It seeks to be a reference Bank in customer service and has as one of its main objectives to achieve a higher level of efficiency, translated into the commitment to continue to improve its efficiency ratio through careful management of capital and costs.

### MISSION

To contribute to the modernization and development of the financial system and the Mozambican economy, through the commercialization of innovative and personalized financial products and services, designed to meet the global financial needs and expectations of the different market segments, with superior quality and specialization standards.

### VALUES

#### CLOSE

Choose the place and the moment, the reason or the dream, that we will be here to help make it happen. Around the corner, very close to home, next to the market, just a few steps from you, there is always a Millennium BIM counter available. For us, nothing is out of hours or inopportune. When you think you're far away, we'll come to you via your phone, tablet or computer and make everything more accessible and convenient. Thus, being closer to our customers does not only mean having counters everywhere, but speaking the same language and understanding their needs, finding ways to quickly and effectively solve their issues. Therefore, more than being near, we are closer.

#### DYNAMIC

The Movement is the other name of Life. Whether to the rhythm of the clock or dreams, we are looking for more and better. This daily race is won with flexibility and speed. Those who anticipate obstacles and make the appropriate decisions win, those who constantly adapt to new realities win. And for this reason we know that, as a Bank, we generate solutions, offer services tailored to our customers' challenges and

become a tool for their achievements. Dynamism! This is a value that is always available to Millennium BIM Clients.

## INNOVATIVE

All it takes is one new idea for us to observe the world with different eyes. And sometimes, the novelty is in a gesture that we discover or in a screen that, with a simple click, makes us reach our destination faster. This is precious and motivating. This is us every day, creating new ways of overcoming. It is us, the Bank of yesterday that today is renewed and tomorrow surprises. On the technology trail, in human relations, in the way of doing business, in partnerships, we always try to be in the lead. A Bank that innovates because it moves with the passion and creativity that each of our customers demands and deserves. With us we give wings to the imagination, get to work and create countless possibilities. If it's new, it's Millennium BIM.

## STRATEGY

The Bank's strategy involves a commitment to digital transformation, maintaining a focus on the sustainability of results, efficiency, robustness and ensuring the following:

- Committed contribution to the acceleration of financial inclusion in the Mozambican economy;
- Maintenance of high levels of customer satisfaction, loyalty and engagement;
- Expansion of the customer base and assets under management in traditional business areas;
- Promotion of new initiatives in areas with high potential growth;
- Positioning at the forefront, through the exploitation of new business opportunities created by new technologies and in the digital sphere;
- Consolidation of sectoral and regional technological leadership;
- Sustained improvement in profitability and financial soundness;
- Valuing, motivating and compensating Employees;
- Maximizing value for Shareholders.





# Macroeconomic Framework

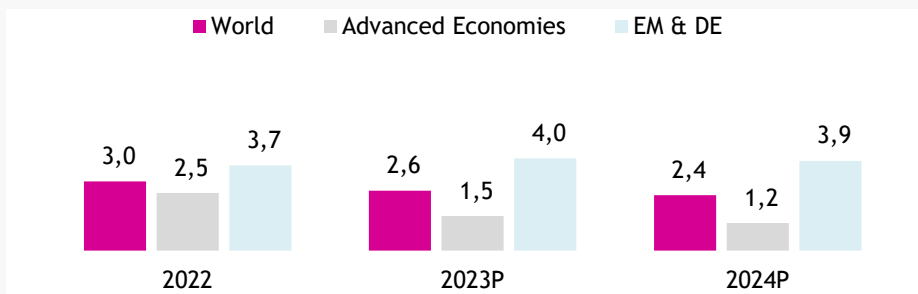
## MACROECONOMIC FRAMEWORK

### INTERNATIONAL ECONOMY

The year of 2023 was marked by a challenging and uncertain international situation. The pace of economic activity has slowed down, given the prevalence of the impacts arising from the conflict in Ukraine and geopolitical tensions in the Middle East, namely disruptions in supply chains and volatility in energy and food prices, reflected in the rise in inflation and, therefore, in the tightening of monetary conditions and the inherent reduction in consumption and private investment. In fact, aggregate demand has contracted due to the restrictive measures adopted by the main central banks (the US Federal Reserve and the European Central Bank), which has resulted in low levels of economic growth, mainly in advanced economies (USA and Eurozone).

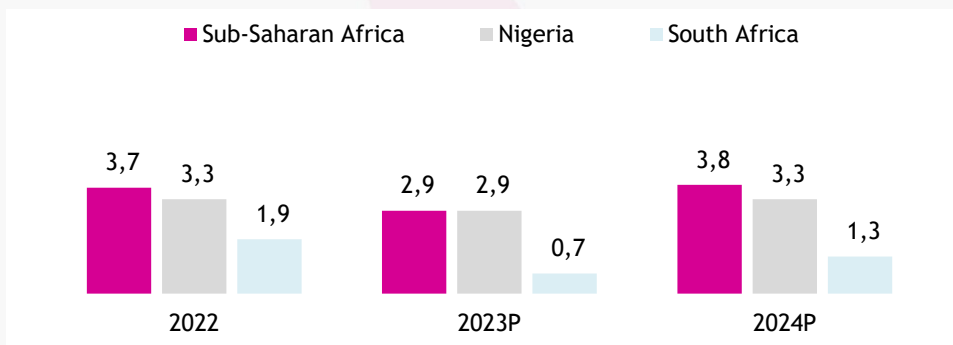
The world economy is expected to grow at a moderate pace in 2024, influenced by financial tightening, adverse climate change, and less dynamism in the Chinese economy, with repercussions on investment and trade flows. In advanced economies, after 2,6% growth in 2022, annual GDP change is projected to be 1,6% and 1,5% in 2023 and 2024, respectively. In emerging market and developing economies, growth is estimated at 4,1% in 2024, the same level seen in 2023, according to the International Monetary Fund (IMF).

Chart. GDP Growth, %



In Sub-Saharan Africa, GDP growth is estimated at 3,3% in 2023 (down 0,7 percentage points from 2022), reflecting the poor performance of the region's largest economies, in particular Nigeria and South Africa, in a context of falling prices of exported raw materials, with the inherent pressures on external accounts and public finances. Reduced investment and financing flows, coupled with monetary policy tightening, have also contributed to the slowdown in growth in African economies.

Chart. GDP Growth, %



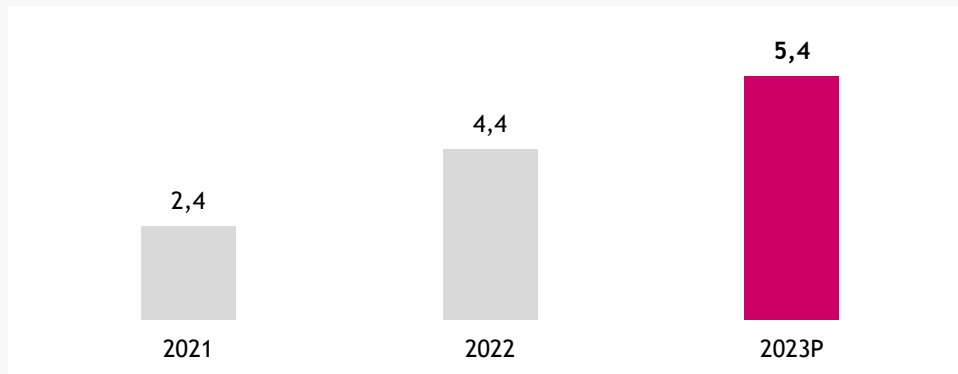
According to IMF estimates, Sub-Saharan Africa's GDP is expected to grow by 3,8% in 2024 (up 0,5 percentage points from 2023), driven by the easing of inflationary pressures and the reversal of the restrictive monetary policy cycle, which should give way to growing dynamism in the region's economies. However, risks remain skewed to the upside,

considering, among others, the impacts of climate change and the conflict between Israel and Hamas, which could have negative repercussions on the world economy, putting pressure on commodity prices or reducing trade and investment flows.

## NATIONAL ECONOMY

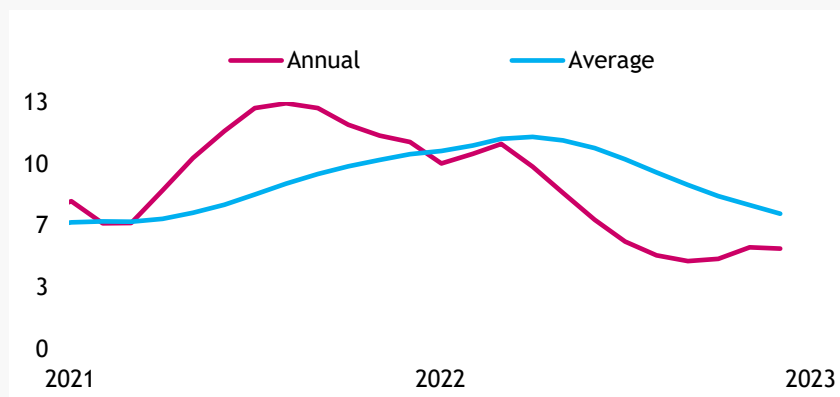
The Mozambican economy grew by 5,4%. The economic recovery was mainly due to the impact of megaprojects, particularly in the mining, energy and natural gas sector in the Rovuma basin.

Chart. Real GDP Growth, %



Year-on-year inflation reached 5,3% in December 2023 (10,9% in 2022), which denotes the slowdown in the domestic price level, reflecting the stability of the Metical against the US Dollar, the reversal of adverse supply shocks, as well as an effective transmission of monetary policy.

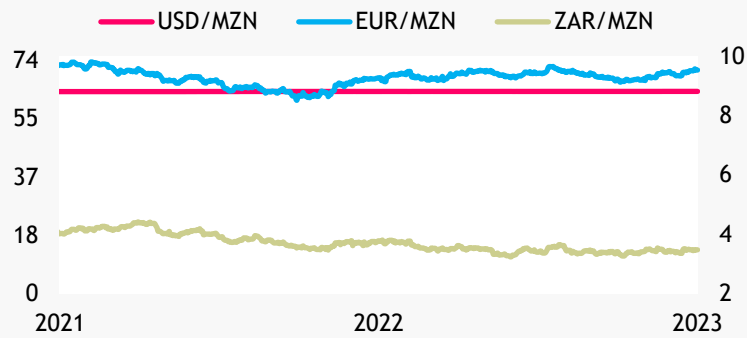
Chart. Mozambique Inflation, %



The Metical remained stable against the US dollar, due to the balance between demand and supply of foreign currency, having appreciated 8% against the Rand and -4% against the Euro, in annual terms. In December 2023, the Metical was quoted at USD/MZN 63,90, ZAR/MZN 3,47 and EUR/MZN 70,65, according to data released by the Bank of Mozambique.

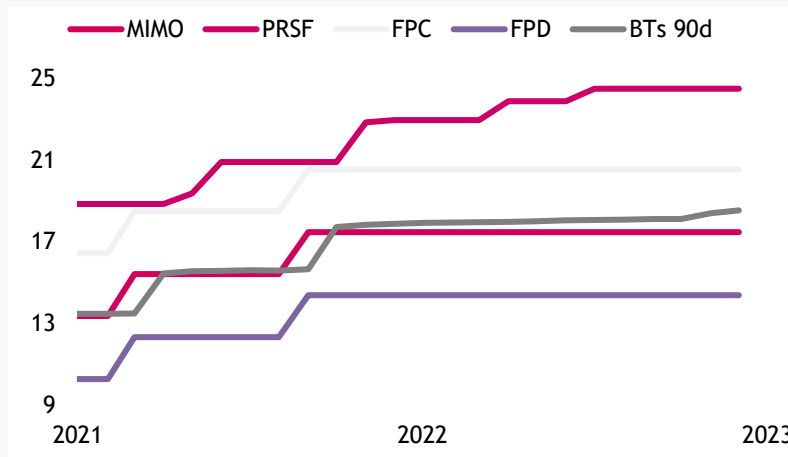
# BIM - Banco Internacional de Moçambique

Chart. Exchange Rate



The monetary policy of the Bank of Mozambique remained restrictive throughout the year, in line with the conservative stance of the largest Central Banks in the world (US Federal Reserve and European Central Bank), highlighting the significant increase in the coefficient of Reserve Requirements in national currency (from 10,5% to 39,0%) and foreign currency (from 11,5% to 39,5%), which increased the liquidity pressures of the banking system and, consequently, on interest rates.

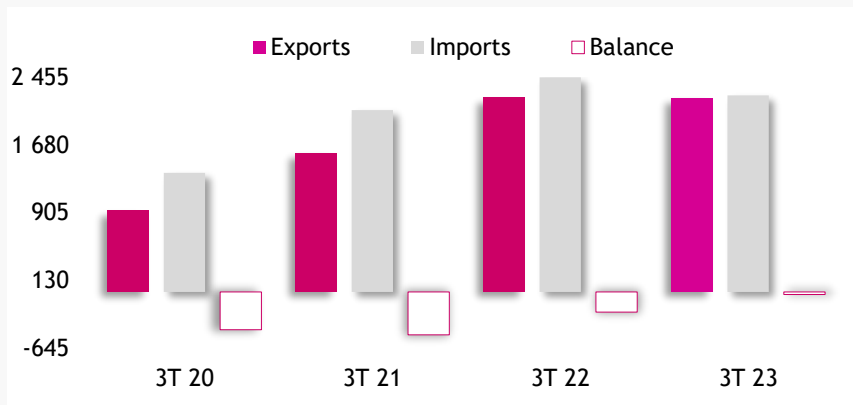
Chart. Reference Interest Rate, %



By September 2023, there was an external deficit of USD 29 million. The decrease in imports (USD 206 million less) was mainly due to the reduction in public investment expenditure and restrictive financing conditions. In the period under review, the main goods imported were machinery (USD 384 million), fuel (USD 325 million) and construction material (USD 233 million), according to data released by the Bank of Mozambique.

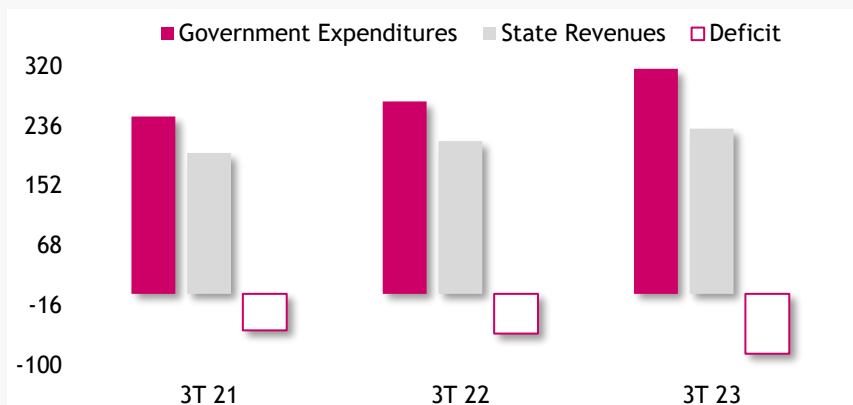
# BIM - Banco Internacional de Moçambique

Chart. Balance of Trade, in millions USD



The budget deficit increased by around 28 billion of Meticaís in the third quarter of 2023, resulting from the increase in operating expenses (9% y/y), highlighting the growing change in staff expenses (+16% y/y) within the scope of the implementation of the “Tabela Salarial Única” initiative. According to IMF projections, the public deficit-to-GDP ratio is expected to reach 2,7% in 2023, representing a decrease of 2,5 percentage points compared to 2022.

Chart. State Budget 3<sup>rd</sup> T 23, in thousand million MZN



In 2024, economic growth is expected to be 5%, above world GDP and sub-Saharan Africa (3,1% and 3,8%, respectively) according to IMF forecasts. Economic activity will be driven by the dynamics of the extractive industry, especially by the production and export of natural gas, which is expected to generate 5 060 million meticaís in revenue for the Government, according to the 2023-2025 medium-term fiscal scenario. Traditional sectors are expected to grow at a moderate pace, given tight financial conditions and lower aggregate demand.

Inflation may present temporarily high values throughout 2024 (around 6%, according to IMF estimates), remaining in the single-digit band. The high figures in 2024 are the result of temporary effects on energy and food prices. Energy reflects the impact of the expected increase in the price of a barrel of oil, associated with the worsening of geopolitical tensions in the Middle East. In food, the rate of change in prices may also increase with the end of the VAT exemption on essential goods (sugar, oil and soap).



# Activity Framework

## ACTIVITY FRAMEWORK

### REPORT ON THE BUSINESS AREAS

Millennium Bim reaffirmed its excellence by winning the award for Best Digital Bank at Regional level. It maintained its commitment to contribute to the improvement of the Customer experience continuously and actively in the services offered in all business segments.

#### MASS MARKET

In 2023, Millennium Bim focused its efforts on attracting customers and digital transformation, having significantly expanded its customer base, in particular Digital customers. The Bank promoted fundraising initiatives, especially the Salary Account and Welcome Gift campaigns, which played a significant role in the growth of the Mass Market Customer portfolio.

Regarding credit solutions, Millennium Bim has launched “Crédito na Hora”, a financing modality with immediate service aimed at Customers considered to be low risk. At the same time, it continued with the refurbishment and reopening of the counter “Balcão do Futuro” at Shoprite Maputo, a new, modern, innovative space supported by cash management solutions, ready to provide an efficient and agile experience to Customers.

#### MTOP

Millennium Bim has reinforced its commitment to providing distinctive services in Mozambique, especially for Clients who privilege digital solutions in their day-to-day lives. In the Upper Mass Market segment, the Bank prioritized the implementation of initiatives to boost the Digital Supply, by launching Mtop and Smart IZI transactional package campaigns, thus contributing to the improvement of the service experience provided to Customers.

#### PRESTIGE

In this segment, the Bank has invested in a strategy based on attracting and retaining Customers, as well as improving the business model. To support this strategy, it launched campaigns for the domiciliation of salaries and personal loan.

#### PRIVATE

In the Private segment, the adoption of a robust strategy to strengthen close relationships with Customers was maintained, encouraging the use of digital channels, with special emphasis on the Smart IZI APP. The initiatives were aimed at raising funds through a competitive supply, adapted to the needs of the Clients, and based on a fast and personalized process.

#### COMPANIES

In Companies, Millennium Bim consolidated its position as the No. 1 partner of Mozambican SMEs and a driving force of the Mozambican economy. It launched the “Parceiro Digital” campaign, with the aim of accelerating the digital transformation of companies, and, at the same time, promoting the adoption of solutions available in Internet Banking.

Regarding fundraising, the bank launched the campaign “Campanha POS Facturação,” designed with the aim of boosting the increase in turnover at Millennium Bim’s POS’s.

## CORPORATE

At the level of the Corporate network, the Bank has intensified its strategy of proximity to Customers, standing out not only as a financial services provider, but also as a strategic partner engaged in supporting and seeking solutions for the development of projects for medium and large companies.

Millennium Bim, aware of the vital importance of the export sector and the Oil & Gas ecosystems for the country's economy, maintained its commitment to companies linked to megaprojects, signing a Memorandum of Understanding with the company "ENH - Empresa Nacional de Hidrocarbonetos", with the aim of promoting local content in the Oil & Gas industry.

In recognition of the role played by Millennium Bim in the energy and gas sector, the bank was honored with the title of Company of the Year, a distinction that highlights its contribution to the growth of small and medium-sized companies operating in the Oil & Gas ecosystem.

## SUPPLY

### Personal loans

In the granting of loans, Millennium Bim continued its commitment to personal loan, optimizing work processes in the counter network and improving service levels in order to ensure the necessary fluidity, capable of supporting the growth of the business without affecting the commercial dynamics, highlighting the following initiatives:

- **Loan Disbursement in 24H** - to meet immediate service levels, the bank made loan available through the automatic decision model and funding in 24 hours.
- **Personal Loan Buyback (TOP-UP)** - to customers with outstanding loans without registered incidents, with at least 50% of the elapsed term or at least 40% of the debt service amortized.
- **Simplification of the formalization process** - waiver of the promissory note and notarial recognition in financing contracts up to 250 000 MZN for Public Employees without withholding tax and Private Employees, and 500 000 MZN for Civil Servants with withholding tax.
- **Transfer of loan from CI** - for public employees with withholding tax made with special conditions.
- **Extension of the deadline** - for Public Employees with withholding tax, which went from 72 to 84 months.
- **Increase in loans limits by segment** - introduction of new maximum limits in the granting of loan, namely 2 750 000 MZN for Affluent Customers and 1 750 000 MZN for the traditional network;

## LONG-TERM PLACEMENTS

Millennium Bim, committed to promoting the culture of savings and providing financial solutions adapted to the varied needs of Customers, continued with the launch of initiatives aimed at promoting the capture of savings, with emphasis on:

### Savings Plans

Small savings products aimed at Youth, Women and Families, accessible through the Smart IZI App from 500 MZN and automatically renewable.



## Millennium 4x4 Term Deposit

The Millennium 4x4 Term Deposit, with a maturity of 180 days and competitive interest rates, was part of the year-end deposit collection and retention campaign. The initiative offered subscribers the opportunity to participate in the raffle of a 4X4 "MITSUBISHI TRITON" vehicle.

## Prestige Special Deposit

Exclusive for Individuals and Companies in the Prestige segment, the Prestige Special Deposit was developed to allow affluent Customers to maximize their earnings, demonstrating Millennium Bim's continuous commitment to providing exclusive and advantageous financial experiences for its most distinguished Customers.

## DIGITAL

### Mobile Banking

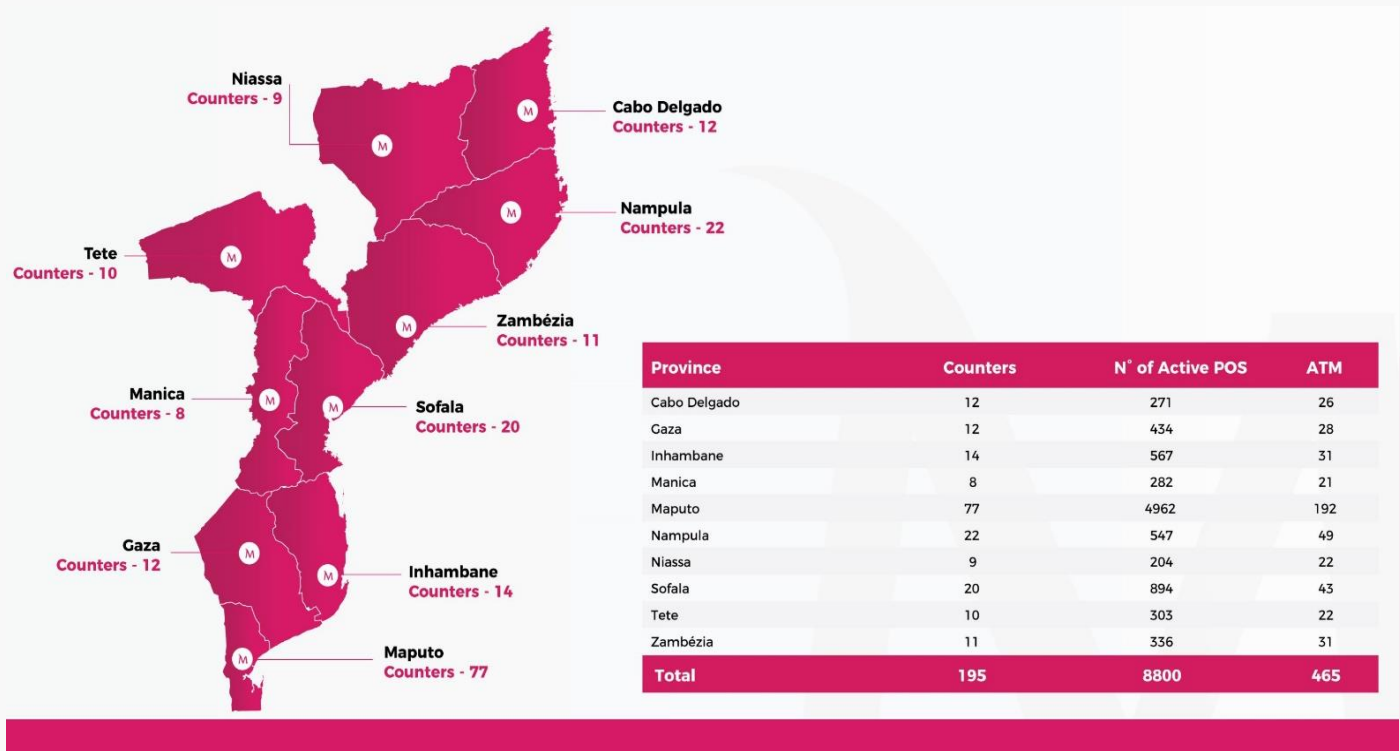
The year 2023 was remarkable in terms of the Mobile Banking channel. It registered a significant increase in the number of users and transactions, from 750 to 868 thousand active users who conducted 183 million transactions.

Millennium IZI remained in being the most used mobile platform, with more than 90% of transactions made on the channel. The Smart IZI App stood out in innovation, by including new features, among them, the availability of Savings Plans, campaign deposits and Salary Loan.

### Digital Loan

In order to further expand its digital presence and consolidate the image of the best digital Bank, the Bank increased the number of Customers covered by the Salary Loan from 2 500 to 25 000. With this initiative, more Customers started to enjoy the convenience and agility of the loan process.

## DISTRIBUTION NETWORK



## HUMAN RESOURCES

In 2023, within the scope of Human Resources management, policies were developed and implemented to improve the performance and potential of Millennium Bim Employees.

In the optimization of recruitment, training and skills development processes, we sought to ensure that the Millennium Bim team is prepared, not only for the demands of the current financial market, but also for future challenges, a positioning that reflects the commitment to maintain a highly qualified workforce, motivated and aligned with the Bank's values and objectives.

## EMPLOYEE OVERVIEW

In 2023, Millennium Bim increased its workforce to 2 574, a growth of 2,8% compared to the previous year.

The Bank's commitment to diversity and equal opportunities is evident in the balanced gender distribution among Employees, 53% of the staff is female, and 46% assume leadership roles, with special emphasis on the commercial area, where women in leadership positions represent 52%.

The average age of the Employees was 35,6 years, with an average of 10 years of seniority.

In addition, the Bank observed a continuous increase in the percentage of employees with higher education, which at the end of the year represented 58% of the total.

### Attraction, Selection and Integration of Talent

Millennium Bim's talent attraction strategy in 2023 focused on the selection and integration of 236 new Employees.

A significant milestone was the 5<sup>th</sup> edition of the People Grow Program, which provided young recent graduates and university finalists with a unique opportunity for integration and professional development. This program was not only a gateway for new talent, but also an accelerator platform for professional growth, equipping participants with the skills and experiences necessary to face the challenges of the banking sector.

At the same time, Millennium Bim strengthened its collaboration with the Mozambican education system, establishing curricular internships and strategic partnerships with universities. These initiatives allowed Millennium Bim to have access to sources of talent, contributing to the strengthening of the educational ecosystem by ensuring that students and recent graduates were more prepared for the demands of the labor market.

### Learning and Training

Continuous training was a strategic pillar for Millennium Bim in 2023, with an investment of 59 thousand hours in training, covering critical areas such as Code of Conduct, Cybersecurity and Operational Risk. This focus on operational rigor and risk management demonstrates the bank's commitment to operational integrity and security.

The commercial training of the network's Employees was intensified, with several training sessions on products and services and techniques to improve excellence in customer service.

Digital training also played a leading role, with about a thousand hours of specialized training, in collaboration with technological partners, highlighting the importance of innovation. This investment in digital training allowed a greater dynamization of the learning process of the teams in the technological areas, adjusting the training actions to their specific needs.

### Talent Management and Development

In 2023, Millennium Bim maintained a strategic and comprehensive approach to talent development.

Emphasis has been placed on structured programs, such as "Talento Millennium Bim," aimed at identifying and promoting internal talent with high potential. This strategic partnership with academic institutions, such as NOVA SBE, provided access to an accelerated skills development program, over 18 months and more than 200 hours of training, thus allowing Employees to access advanced knowledge and prepare for new paradigms.

The "Líder Millennium Bim 4.0" was another key initiative, designed to equip current leaders with the skills needed to navigate the modern banking environment. This program, which in previous years covered top management and Employees with first- and second-line functions, was extended in 2023 to Employees with branch management and team coordination functions at the level of central services.

These initiatives demonstrate the bank's commitment to preparing its Employees to assume roles of greater responsibility and impact in the organization.

## **Employee Engagement, Culture and Values**

Millennium Bim in 2023 maintained a multi-pronged approach to employee motivation, recognizing the vital importance of their involvement for organizational success and job satisfaction.

The Bank promoted the recognition of Employees, based on a culture of meritocracy. This model celebrated both individual and team achievements. In addition, motivation was enhanced through opportunities for professional development and career growth.

Millennium Bim has also been committed to cultivating a positive and inclusive work environment, with corporate events and social activities to strengthen the bonds between Employees. Examples of this are the holding of end-of-year get-together events in all provinces, from North to South of the country, to strengthen ties and cohesion among Employees, and also the activities carried out for the families of Employees, with activities and programs that involve their children, including solidarity actions, aiming to strengthen ties with family and community.

## **Benefits and Well-Being**

In 2023, Millennium Bim continued to reinforce its commitment to the well-being of Employees.

The financial benefits package was adjusted in order to mitigate the impact of the increase in interest rates and, additionally, the amount of financing under subsidized conditions was increased in order to ensure the financial capacity of Employees to meet their needs.

The bank also updated the health benefits package, covering Employees and their families.

In response to unexpected events such as Cyclone Freddy, the bank mobilized significant resources to support affected Employees, including immediate assistance for relief goods and financial assistance for housing reconstruction.

It continued to promote well-being by launching health campaigns, workshops, and a new meal service, entering into partnerships for health benefits, educational lectures, and screening sessions, thus contributing to the improvement of medical care conditions.

## SOCIAL RESPONSIBILITY AND SPONSORSHIPS

### Social Responsibility Actions 2023 - “Mais Moçambique pra Mim”

Since 2006, the year in which the Social Responsibility program - “Mais Moçambique para Mim” was created, Millennium Bim has supported and developed projects that contribute to improving the quality of life of communities. The strategy of action involves the development of a set of measures that invest in human capital as an engine for economic and social development.

The Bank reaffirmed its commitment to the implementation and dissemination of the principles of the United Nations Global Compact Initiative on Human Rights, Labor and the Environment, as well as its support in the implementation of the objectives of the Business Forum for the Environment - *FEMA*.

### Guiding Principles of the Bank's Social Responsibility

Since 2003, the Bank has subscribed to the Principles of the United Nations Global Compact. The objective is to contribute to the construction of a more sustainable global market and share values that allow the poorest and most vulnerable populations to access opportunities. Participating companies must adopt and promote a set of key values in the areas of Human Rights, Labor Standards, Environment and Anti-Corruption.

## HEALTH

### Rehabilitation of 41 health facilities in Zambezia province

In 2023, in partnership with the NGO Friends in Global Health (FGH), we supported the rehabilitation of 41 health centers in Zambezia province. This is an initiative whose main objective was to respond to emergencies arising from the consequences of Cyclone Freddy.

### Participation in the Festival of Recreational Activities

In partnership with the Ministry of Education and Human Development and the Helpo Association, the Festival of Playful Activities was held at the “São Carlos Lwanga” Community School, located in the Mahate Neighborhood in the city of Pemba. This event was attended by 200 children between 6 and 12 years old with and without special educational needs.

## EDUCATION

### 12<sup>th</sup> edition of the Banking Olympics

We held for the first time in Nampula province, the 12<sup>th</sup> edition of the Banking Olympics, a financial literacy project that has been in force since 2010, whose main objective is to train young people in matters related to the financial system, environment, savings and entrepreneurship.

### “Marocane” Project

More than 1000 students at Marocane Primary School in Cabo Delgado province benefited from school supply kits. This support is part of the social responsibility strategy that integrates actions to improve the teaching and learning conditions of displaced children and victims of the humanitarian crisis in this part of the country.

## FINANCIAL LITERACY

### Global Money Week

On March 24th, at the “Emília Daússe” Secondary School, in Inhambane, we participated in the celebration of the Global Money Week, through the exhibition of products and services for the promotion of financial literacy.

Under the motto “Planifique seu Dinheiro, Plante seu Futuro” (*Plan your Money, Plant your Future*), this year the initiative included workshops, debates, paintings/drawings, staging/simulation, quizzes and a fair, with the aim of empowering children and young people to make better financial decisions and ensure greater financial resilience.

## SPORT

### 16<sup>th</sup> edition of the Mini Basketball tournament

The tournament supported by Millennium Bim for 16 years celebrates the practice of sports and the healthy development and well-being of young people. Started on August 5<sup>th</sup>, the competition took place in the South, Center and North zones, with the participation of 1230 children, from 6 to 11 years old.

We note that at the closing event of the tournament that took place in the province of Inhambane, Identity Documents were issued to 60 children participating in the tournament and food products were delivered to the Provincial Nursery, which houses 25 children in vulnerable situations.

## ENVIRONMENT

### Biodiversity Wall

On March 31, in Maputo, we participated in the inauguration of the “Muro da Biodiversidade” project, an action that aims to promote the painting of about 40 murals on the protection of Mozambican wildlife, marine and flora.

The murals are located between the exit of Maputo International Airport, and the bridge of “Acordos de Lusaka” Avenue, making them the first business card for the country, through its main entrance, the beautiful city “Cidade das Acácias.”

### Conference to disseminate the potential for climate resilience and environmental conservation

We support the holding of the “I Conferência de Divulgação de Potencialidades de Resiliência Climática e Atração de Investimentos para a Conservação do Meio Ambiente” conference.

This conference, promoted by the Government of the District of Gorongosa, served to consolidate commercial relations with the institutions present.

The event was attended by the Governor of the Province and several private entities, both governmental and Non-Governmental (NGOs).

## SOCIAL ACTIONS

### Solidarity Christmas

How it has been the hallmark of Millennium Bim, every year we support with food to some institutions that have helped people in vulnerable situations such as the sick, the elderly and children who for various reasons have been removed from the family space.

It was in this context that the Bank supported some institutions to carry out the Christmas festivities, thus providing a different day for children. This activity covered several places in our beautiful Mozambique.

## Rehabilitation of the Sanctuary of “Boroma”

We supported the rehabilitation of the Sanctuary “Santuário São José de Boroma”, in the province of Tete, a historical heritage site with more than 100 years. With this initiative, the Bank joins the effort to promote the heritage of the Tete region and its tourism projection at national and international level.



# Management System

## MANAGEMENT SYSTEM

### COMPLIANCE

In its activity, the Bank seeks to adopt the highest standards of compliance with legal and regulatory provisions relating to consumer protection, prevention and combating of money laundering, combating the financing of terrorism and proliferation of weapons of mass destruction (ML/FT/FP). This commitment is reflected in its code of ethics and in the permanent adoption of the best practices in the sector, with a view to safeguarding compliance in the relationship with the Bank's different stakeholders.

The banking sector continues to be in constant transformation and the year 2023 was no exception, having been marked by the amendment and revision of several legislation, with emphasis on the measures introduced as part of the effort to remove Mozambique from the FATF grey list. This forced the Bank to adapt quickly to accommodate the innovations introduced, which, in turn, contributed to improvements in procedures, revision of internal regulations, actions to raise awareness among Employees, increase compliance checks and adjustments/contracting of increasingly robust IT solutions that are appropriate to the Bank's needs in the dynamic context in which we find ourselves.

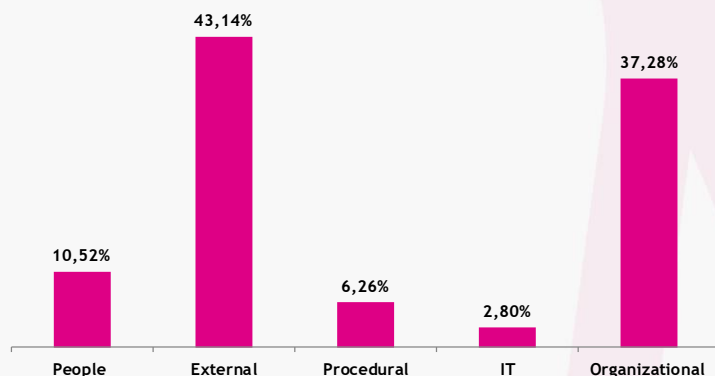
Compliance, as a second line of defense, will continue to proactively ensure the identification, measurement and monitoring of risks, given the challenges imposed by technological transformation, escalation of geopolitical tensions (with enormous relevance to the sanctions program), sustainability in the field of environmental protection and above all the constant changes influenced by the international panorama.

### RISK MANAGEMENT

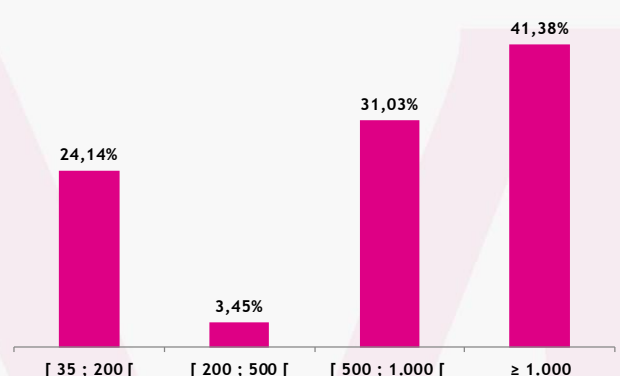
#### Operational Risk

Operational risk materializes in the occurrence of losses resulting from failures or inadequacy of processes, systems or people, or even from external events. Operational risk management at Millennium bim is based on the process structure. Internationally recommended methodologies are used to measure risk, such as: definition of Key Risk Indicators, carrying out Risk Self-Assessment and collection and analysis of Operational Losses. The Classification of Operating Losses in Millennium Bim is made considering 5 (five) Risk categories defined at Basel II level, namely: Personal, External, Procedural, IT and Organizational Risks. The profile of accumulated losses between January and December 2023 is shown in the figures below:

Distribution of Loss Events\* by Cause



Distribution of Loss Events\* by Value (Thousand MZN)



\* Material losses ≥ MZN 35 thousands



## Market Risk

Market risks consist of the potential losses that may be recorded by a given portfolio, as a result of changes in rates (interest or exchange rate) and/or in the prices of the different financial instruments that compose it, considering not only the correlations between them, but also their volatilities.

## Interest Rate Risk

To measure this risk, Millennium Bim adopts methodologies defined by the Bank of Mozambique through Circular No. 04/SCO/2013, as well as uses methodologies defined internally and based on gap analysis, distributed by residual repricing periods, and subject to a sensitivity analysis by interest rate change. To control this risk, transversal limits are defined annually for the Millennium BCP Group regarding the sensitivity of the balance sheet to the interest rate, indexed to the Bank's Equity. The Bank complied with the defined limits, despite having recorded a reduction in interest rate sensitivity in 2023, compared to the previous year, influenced by the reduction in Assets (highlighting the reduction in debt securities and liquidity placements to meet the new reserve requirement that came into force throughout 2023).

### Bank Portfolio Interest Rate Risk Sensitivity Analysis - internal methodology

	in millions MZN			
	Dec. 22		Dec. 23	
	100 bp	200 bp	100 bp	200 bp
MZN	384	768	135	269
USD	83	167	-24	-48
<b>ALL CURRENCIES*</b>	<b>485</b>	<b>969</b>	<b>128</b>	<b>256</b>

\*includes other currencies

## Exchange Rate Risk

For the control of this risk, limits have been defined by the Bank of Mozambique (Global Position must not exceed 20% of Own Funds and Position per Currency must not exceed 10%), which are permanently monitored and respected by Millennium Bim.

## Liquidity Risk

Liquidity risk consists of the potential inability of Millennium Bim to meet its obligations at the time of their maturity without incurring significant losses, resulting from a deterioration in financing conditions (financing risk) and/or the sale of its assets at values below market values (market liquidity risk).

The measurement of Liquidity Risk in Millennium Bim is done through a set of indicators, namely: Immediate and Quarterly Liquidity, Commercial Gap (By Currency), Liquidity Gap, LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio) for which exposure limits are defined.

Additionally, Millennium Bim monitors the Liquidity Ratio daily. According to Notice No. 14/GBM/2017 of 09/06 of the Bank of Mozambique, Banks must maintain a daily Liquidity Ratio of not less than 25%. Millennium Bim has been strictly controlling and complying with this indicator, with results above 25%.

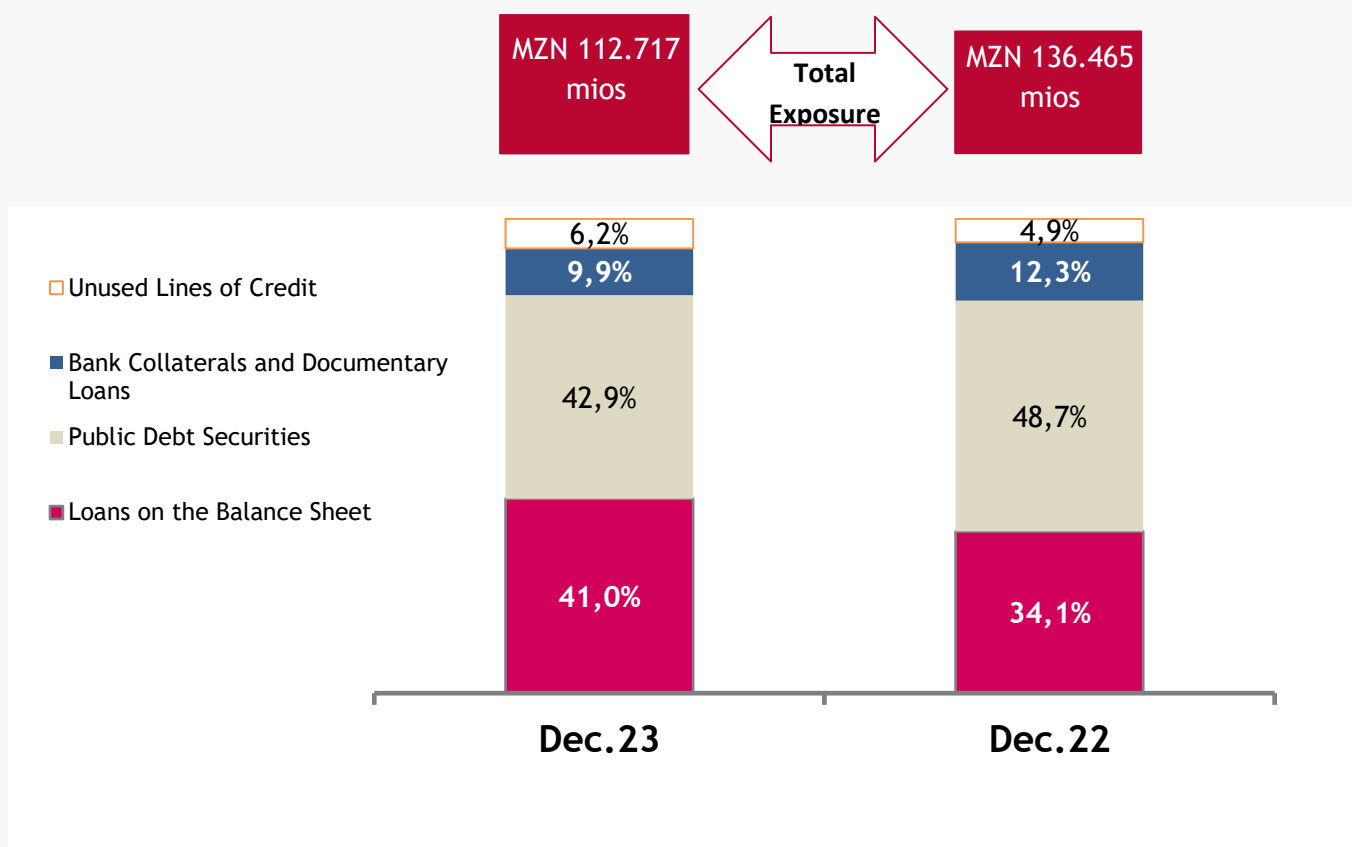
# BIM - Banco Internacional de Moçambique

## Credit Risk

Credit risk is associated with the occurrence of losses resulting from the failure of borrowers, or issuers of securities or counterparties to contracts to comply with their financial obligations under the agreed terms. In terms of this risk, the Risk Office has developed actions aimed at identifying/measuring and controlling this risk.

## Distribution of Impairment Exposures

The graph below illustrates the distribution of impairment exposures in BIM in accordance with the approved strategies for the development of the activity.



## Key Credit Risk Indicators

The following is the quarterly evolution of the main credit level indicators with signs of risk and coverage of credit exposure between December 2022 and 2023:

	dec/23	sept/23	jun/23	mar/23	dec/22
On-balance loans impairment / NPE	47,2%	32,2%	59,3%	56,3%	53,5%
Impairments + Collateral Ratio / NPE	95,0%	94,7%	110,4%	109,6%	108,0%

**NPL = Non Performing Loans**

**Total Loans = On-balance sheet Loans**

**Exposure**

**NPE = Non Performing Exposure**

Compared to Dec.22, there was an increase in the relative weight of on-balance loans impairment on NPEs.



# Financial Analysis

## FINANCIAL ANALYSIS

BIM - Banco Internacional de Moçambique, S.A., in accordance with the provisions of Notice No. 04/GBM/2007 and complementary provisions issued by the Bank of Mozambique, presents in this report the individual financial statements for the financial years 2022 and 2023.

The 2023 financial year was marked by a challenging environment on a global scale, resulting from disruptions in supply chains and volatility in energy and food prices, reflected in the rise in inflation and, therefore, in the tightening of monetary conditions.

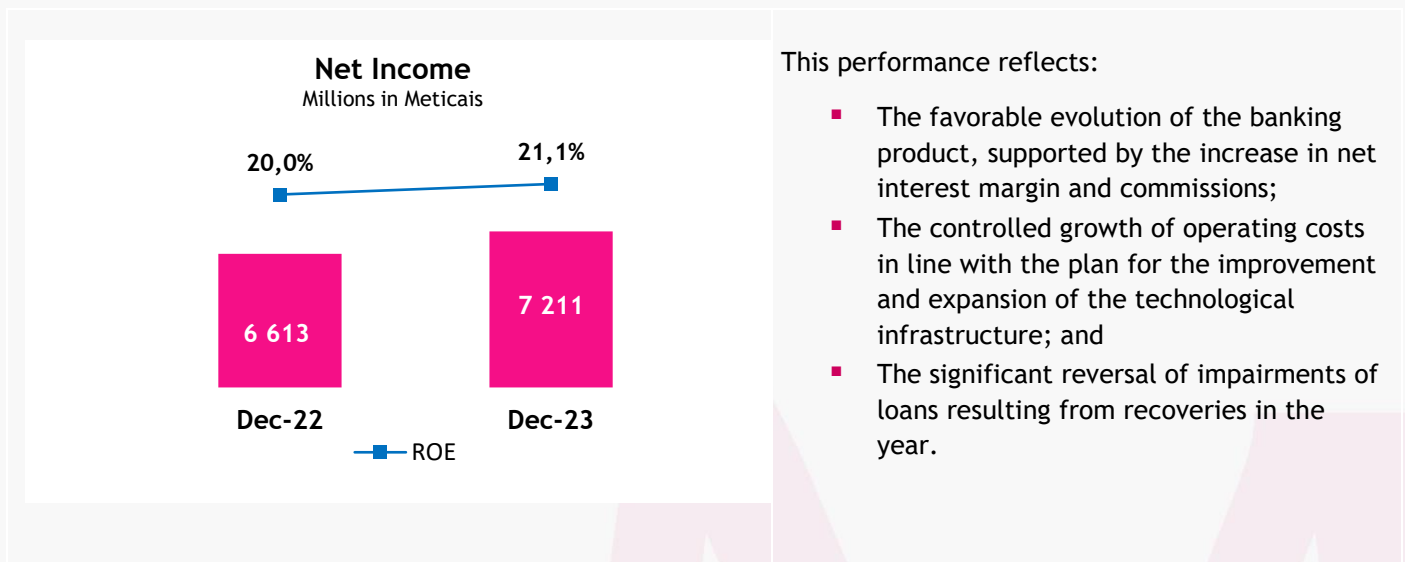
In Mozambique, the Central Bank increased the reserve requirement ratio from 10,5 percent to 39,0 percent in the national currency and from 11,5 percent to 39,5 percent in the foreign currency. This measure, which aimed to reduce market liquidity, put the financial system under pressure, influencing the evolution of interest rates, slowing credit demand and reviewing pricing policies.

In the face of a challenging context, Millennium Bim, once again, demonstrated resilience, maintained its commitment to digital transformation and the reinforcement of operational efficiency, without neglecting its focus on financial soundness, supported by good governance, adequate level of capital, balance sheet robustness, comfortable liquidity position, prudent risk management, adoption of good transparency practices in the relationship with Customers, as well as in compliance with regulatory standards.

## PROFITABILITY ANALYSIS

### NET PROFIT

In 2023, Millennium Bim recorded a net profit of 7 211 million Meticaís, which compares with the 6 613 million Meticaís recorded in 2022, representing a growth of 9,0%.

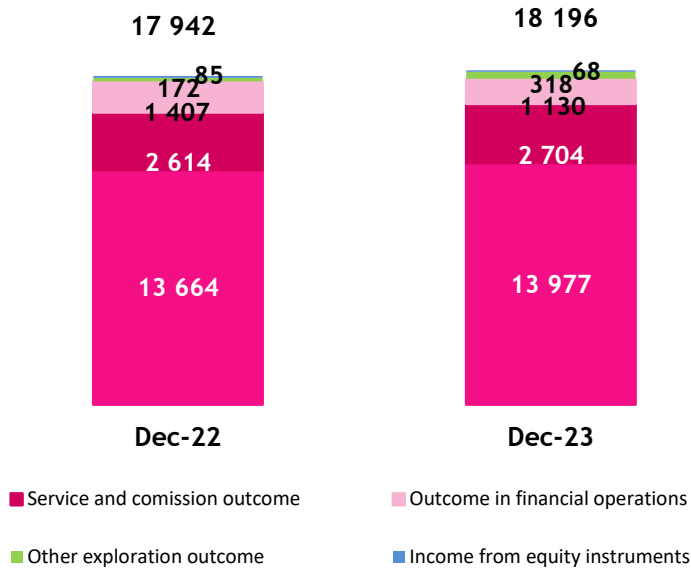


### OPERATING INCOME

The Operating Income amounted to 18 196 million Meticaís, showing a slight increase of around 1,4% (+254 million Meticaís), compared to the 17 942 million Meticaís recorded in 2022. This performance was induced by:

# BIM - Banco Internacional de Moçambique

## Operating Income Millions in MZN



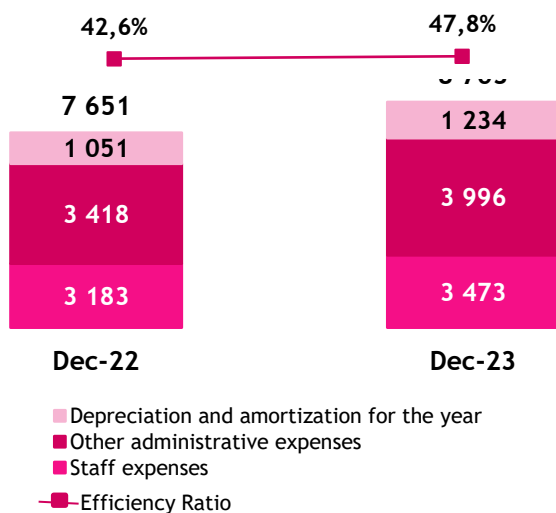
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- Increase in Net Interest Margin by 2,3% (+312 million Meticaais), influenced by the increase in the profitability of financial assets, although the increase in reserves requirement contributed to the reduction of the portfolio of placements;
- Growth in Income from Fees and Net Commissions by 3,4% (+90 million Meticaais), revealing the expansion of digital channels, embodied in the increase in new memberships and the number of transactions, favoring the positive evolution of the volume of total commissions;
- Increase in Other Operating Income by 84,9% (+146 million Meticaais), mainly explained by the result of the reversal of provisions and revaluation of investment properties.

## OPERATING COSTS AND EFFICIENCY RATIO

Operating costs, which include staff costs, other administrative expenses and depreciation and amortization for the year, amounted to 8 703 million Meticaais, representing an increase of 13,7% (+ 1 052 million Meticaais).

## Operating Costs Millions in MZN

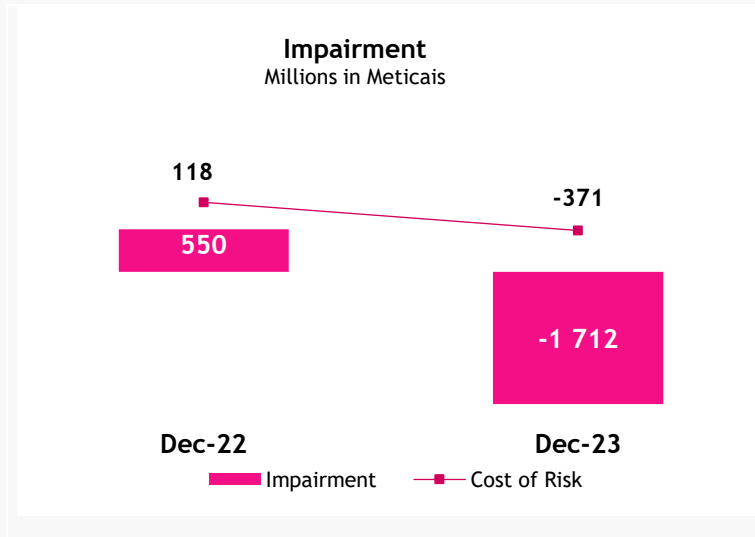


- Staff Costs grew by 9,1% (+290 million Meticaais), reflecting the impact of salary adjustments and respective social charges;
- Other Administrative Expenses, with an increase of 16,9% (+578 million Meticaais), influenced by investment in the technological platform and other third-party services, combined with high inflationary pressures;
- Depreciation and Amortization for the Year grew by 17,5% (+183 million Meticaais), reflecting investments in the IT platform to support the effort in the bank's continuous digitalization.

## EFFICIENCY RATIO

The cost-to-income ratio stood at 47,8% in 2023, compared to 42,6% in 2022. The evolution of this ratio reflects, on the one hand, the effect of the increase in reserves requirement on the evolution of net interest margin and, on the other hand, the growth in operating costs, as a result of inflationary pressures and investments in IT platforms.

## LOAN IMPAIRMENT



- In 2023, loan impairment (net of recoveries of written off loan) decreased by 411% (-2 262 million Meticais), when compared to the 550 million Meticais recorded in 2022;
- This reduction was influenced by the recovery of loans, with the inherent reversals of impairment;
- The cost of risk, assessed by the proportion of loan impairment appropriations (net of write-downs), as a function of the loan portfolio, stood at -371 basis points in 2023, compared to 118 points in 2022.

## ANALYSIS OF THE PATRIMONIAL STRUCTURE

Millennium Bim maintained the solidity of its patrimonial structure, with total assets standing at 190 385 million Meticais, down 0,7% from the previous year. Placements in other banks and financial assets at amortized cost decreased by 52,1% and 29,7%, respectively, offset by the 202,2% increase in cash and cash equivalents at the Bank of Mozambique, which now accounted for 30,1% of total assets, due to the increase in the reserve requirement ratio.

Net loan to Customers, representing 23,2% of total assets, increased from 42 800 million Meticais in 2022 to 44 208 million Meticais, corresponding to an increase of 3,3%.

In terms of liabilities, there was a reduction of 2,3%, impacted by the evolution of deposits from customers, which reduced by 3,8%, to 146 447 million Meticais.

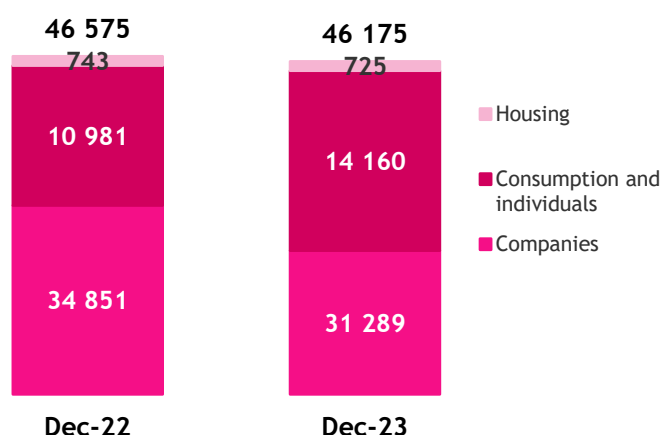
Net assets stood at 36 885 million Meticais, 6,8% above the previous year, mainly explained by the incorporation of 2022 results.

	2022	2023	Var. %
Cash and Cash Equivalents in Bank of Mozambique	18 978	57 359	202,2%
Cash equivalents and Placements in other Banks	50 210	26 004	-48,2%
Loans to customers (net)	42 801	44 208	3,3%
Financial Assets at amortised cost	57 720	40 572	-29,7%
Financial Assets at fair value through other comprehensive income	7 173	7 038	-1,9%
Investments in associates	100	100	0,0%
Tangible and Intangible assets	6 476	6 823	5,4%
Other Assets	8 196	8 281	1,0%
	<b>191 653</b>	<b>190 385</b>	<b>-0,7%</b>

## LOANS TO CUSTOMERS (GROSS)

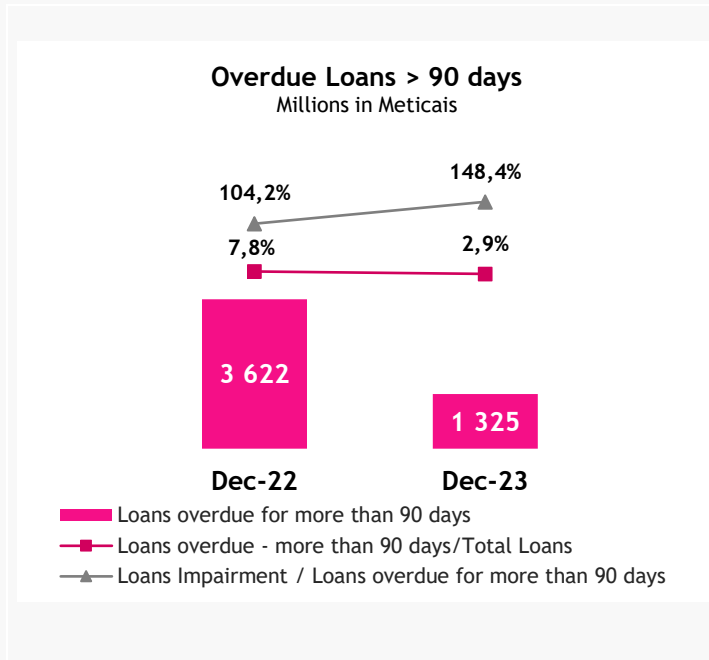
Given the prevalence of instability in fuel and raw material prices, combined with a restrictive monetary policy, with impacts on the reduction of consumption and private investment, Millennium Bim continued with the policy of prudence in the granting of loan, supported by the rigorous selection of operations according to risk, profitability and the continuous improvement of risk assessment and management processes.

**Loans to Customers (Gross)**  
Millions in MZN



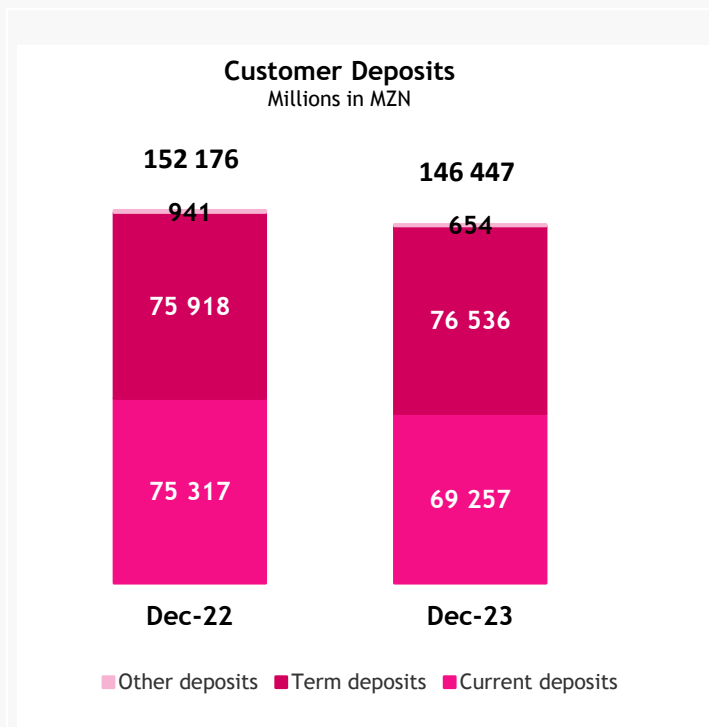
- In 2023, Loans to Customers (gross) decreased by 1%, from 46,6 to 46,2 thousand million Meticaís;
- This reduction, mainly recorded in the corporate segment, is explained by loan operations written off, given the absence of reasonable expectations of recovery;
- Consumption and individuals loan grew by 3,2 thousand million Meticaís (+29%) in 2023, representing a weight of 31% in the structure of the loan portfolio (2022: 24%);
- Likewise, the extractive industry and trade sectors also evolved favorably, with an increase of 913% and 64%, respectively.

## CREDITWORTHINESS



- The year 2023 was characterized by a cautious monitoring of the evolution of portfolio risk in the face of a macroeconomic context that was still challenging, strongly conditioned by disruptions in supply chains, particularly of fuels and raw materials. Millennium Bim remained resilient to the deterioration of credit risk, safeguarding against potential default through the constitution of impairments;
- The creditworthiness portfolio translated into a ratio of loans overdue for more than 90 days as a percentage of the total portfolio of 2,9% and a coverage of loans overdue for more than 90 days of 148,4%, reflecting the elimination of doubtful recovery operations and the prudential criteria that ensure comfortable levels of coverage.

## DEPOSITS FROM CUSTOMERS



- Deposits from customers, which comprise Customer Deposits, checks and orders payable, among other resources, decreased from 152 176 to 146 447 million Meticaís, representing a decrease of 3,8% when compared to the previous year. This reduction was influenced by the decrease of 5,1% in demand deposits in national currency and 22,2% in demand deposits in foreign currency;
- Millennium Bim maintains a comfortable share of deposits in the Mozambican financial system, with term and demand deposits representing 52% and 47% of the total deposit structure, respectively.

## EQUITY





Millennium Bim's capital ratios, calculated in compliance with the premises of the prudential regulatory standards stipulated by the Central Bank, reflect its financial soundness and robustness, presenting a Solvency ratio of 37,2% in 2023, an indicator clearly above the minimum required value of 12%.

## PROPOSAL OF THE APPLICATION OF RESULTS

De acordo com as disposições estatutárias e nos termos da Legislação Moçambicana em vigor, nomeadamente a Lei nº 20/20 das Instituições de Crédito relativa à constituição de Reservas, é proposto que ao resultado do exercício de 2023 apurado no balanço individual, no montante de 7.210.898.719,33 Meticais, seja dada a seguinte aplicação:

		Meticais
	%	Valor
Reserva Legal	15,00%	1 081 634 807,90
Reserva especial para estabilização da situação líquida	2,50%	180 272 467,98
Distribuição aos Accionistas	82,50%	5 948 991 443,45



Rui Cirne Plácido de Carvalho Fonseca  
(Presidente)



Nuno Manuel da Silva Amado  
(1º Vice-Presidente)



João Manuel R.T. da Cunha Martins  
(2º Vice-Presidente)



Miguel Maya Dias Pinheiro  
(Administrador)



Manuel Alfredo de Brito Gamito  
(Administrador)



Jacinto Zacarias Uqueio  
(Administrador)



Jorge Octávio Neto dos Santos  
(Administrador)



Moisés Jorge  
(Administrador)



Liliana Marisa Catoja da Costa Lemos  
(Administrador)



João Nuno Oliveira Jorge Palma  
(Administrador)



José Miguel Bensliman Schorcht da Silva  
Pessanha (Administrador)



José Artur Gouveia Coelho Caetano  
(Administrador)



Albiho António Carneiro de Andrade  
(Administrador)



Anabela Júlia Chambuca Pinho  
(Administrador)



Rui Nelson M. de Carvalho Maximino  
(Administrador)



# Financial Statements

## FINANCIAL STATEMENTS

### BANK INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2023

MZN'000			
	Notes	2023	2022
Interest and similar income	4	20 497 345	19 908 860
Interest and similar expense	4	(6 520 717)	(6 244 687)
<b>Net interest income</b>		<b>13 976 628</b>	13 664 173
Income from equity instruments	5	67 588	84 555
Fees and commission income/expense	6	2 704 045	2 614 143
Results in financial operations	7	1 129 670	1 407 241
Other operating results	8	317 952	171 927
<b>Total operating income</b>		<b>18 195 883</b>	17 942 039
Staff expenses	9	(3 472 655)	(3 182 656)
Other administrative expenses	10	(3 996 496)	(3 418 133)
Depreciation and amortization for the year	11	(1 234 001)	(1 050 512)
<b>Total operating costs</b>		<b>(8 703 152)</b>	(7 651 301)
Impairment of loans to customers	12	1 711 897	(550 096)
Other provisions and impairment	13	(948 930)	(687 071)
<b>Profit before tax</b>		<b>10 255 698</b>	9 053 571
Taxation			
Currents	14	(2 186 717)	(2 439 868)
Deferred	14	(858 082)	(888)
		<b>(3 044 799)</b>	(2 440 756)
<b>Profit for the year</b>		<b>7 210 899</b>	6 612 815
<b>Profit per share</b>	15	<b>160,24 MZN</b>	146,95 MZN

To be read with the notes attached to the financial statements.

## BANK STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2023

	MZN' 000	
	2023	2022
<b>Profit for the year</b>	<b>7 210 899</b>	6 612 815
<b>Items that may be reclassified to the Income Statement</b>		
Financial assets through other comprehensive income - changes in fair value	<u>125 767</u>	<u>(90 816)</u>
	<b>125 767</b>	<b>(90 816)</b>
<b>Items that will not be reclassified to the Income Statement</b>		
Actuarial losses and gains for the year	<u>(17 804)</u>	110 548
	<b>(17 804)</b>	110 548
<b>Other comprehensive income for the post-tax period</b>	<b>107 963</b>	19 732
<b>Total Comprehensive Income for the year</b>	<b><u>7 318 862</u></b>	<b><u>6 632 547</u></b>

## BANK STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2023

MZN'000

	Notes	2023	2022
<b>Assets</b>			
Cash and cash equivalents in Central Banks	16	57 359 227	18 977 649
Cash and cash equivalents with other Credit Institutions	17	2 783 319	1 722 799
Placements in other Banks	18	23 220 426	48 487 516
Loans to customers	19	44 207 638	42 800 908
Financial assets at amortised cost	20	40 571 937	57 720 007
Financial assets at fair value through other comprehensive income	21	7 038 353	7 172 774
Investments in associates	22	99 501	99 501
Non-current assets held for sale	23	582 707	1 391 214
Investment properties	24	2 563 178	854 519
Other tangible assets	25	5 966 088	5 718 513
Intangible assets	26	856 946	757 947
Current tax assets	27	419 213	408 614
Deferred tax assets	28	114 450	955 548
Other Assets	29	4 601 645	4 585 614
<b>Total Assets</b>		<b>190 384 628</b>	<b>191 653 123</b>
<b>Liabilities</b>			
Deposits from other Banks	30	1 485 100	231 651
Deposits from customers	31	146 446 844	152 176 154
Provisions	32	515 095	768 371
Current tax liabilities	27	19	48
Other Liabilities	33	5 052 512	3 951 092
<b>Total Liabilities</b>		<b>153 499 570</b>	<b>157 127 316</b>
<b>Equity</b>			
Issued Capital	34	4 500 000	4 500 000
Reserves and Retained Earnings	35	32 385 058	30 025 807
<b>Total Equity</b>		<b>36 885 058</b>	<b>34 525 807</b>
<b>Total liabilities and equity</b>		<b>190 384 628</b>	<b>191 653 123</b>

To be read with the notes attached to the financial statements.

## BANK STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2023

MZN'000

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Interest and commission received		22 152 535	21 795 372
Interest and commission paid		( 7 591 751)	( 6 327 424)
Payments to staff and suppliers		( 7 849 659)	( 5 914 285)
Recovery of previously written-off loans		160 107	296 054
<b>Operating results before changes in operating funds</b>		<b>6 871 232</b>	<b>9 849 717</b>
Increase/Decrease in operating assets			
Financial assets at amortised cost		19 294 701	13 096 573
Placements in other Banks		25 411 594	( 29 056 615)
Deposits in Central Banks		( 38 639 925)	4 775 890
Loans to customers		( 416 987)	( 1 713 224)
Other assets		( 1 045 712)	( 1 389 071)
Increase/Decrease in operating liabilities			
Deposits from other Banks		1 253 548	( 254 672)
Customer deposits and other loans		( 5 115 766)	14 543 697
Other Liabilities		1 764 828	( 303 392)
<b>Net cash flows from operating activities before payment of taxes on profits</b>		<b>9 377 513</b>	<b>9 548 903</b>
Taxes paid on profits		( 2 197 345)	( 2 451 562)
<b>Net cash flows from operating activities</b>		<b>7 180 168</b>	<b>7 097 341</b>
<b>Cash flows from investing activities</b>			
Dividends received		67 588	84 555
Acquisition of tangible and intangible assets	25 26	( 1 490 384)	( 916 422)
Amounts received on the sale of tangible and intangible assets	25 26	91 717	4 027
<b>Net cash flows from investing activities</b>		<b>( 1 331 079)</b>	<b>( 827 840)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		( 4 959 611)	( 12 390 100)
Supplementary Capital Instalments			
Payment of principal from lease liabilities		( 295 740)	( 297 111)
Interest on lease agreements		( 67 982)	( 84 924)
Interest paid on financing activities			
<b>Net cash flows from financing activities</b>		<b>( 5 323 333)</b>	<b>( 12 772 135)</b>
Effect of exchange rates on cash and cash equivalents		276 416	( 286 348)
<b>Decrease/Increase in cash and cash equivalents</b>		<b>802 173</b>	<b>( 6 788 982)</b>
Cash and cash equivalents at the beginning of year		6 267 862	13 056 844
Cash and cash equivalents at end of year	39	7 070 035	6 267 862

To be read with the notes attached to the financial statements.



## BANK STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31<sup>st</sup>, 2023

	MZN'000			
	Total equity	Issued capital	Legal reserve	Reserves and Retained Earnings
<b>Balance as per 31 December 2021</b>	<b>40 283 360</b>	<b>4 500 000</b>	<b>4 529 645</b>	<b>31 253 715</b>
Dividends distributed in 2022	(12 390 100)	-	-	(12 390 100)
Comprehensive income	6 632 547	-	-	6 632 547
<b>Balance as per 31 December 2022</b>	<b>34 525 807</b>	<b>4 500 000</b>	<b>4 529 645</b>	<b>25 496 162</b>
Dividends distributed in 2023	(4 959 611)	-	-	(4 959 611)
Transfer to legal reserve	-	-	2 469 942	(2 469 942)
Comprehensive income	7 318 862	-	-	7 318 862
<b>Balance as per 31 December 2023</b>	<b>36 885 058</b>	<b>4 500 000</b>	<b>6 999 587</b>	<b>25 385 471</b>



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## 1. Introductory note

BIM - Banco Internacional de Moçambique, S.A. ("the Bank" or "BIM") is an essentially private capital bank with its registered office in Maputo.

BIM is a company domiciled in Mozambique and a subsidiary of Banco Comercial Português SA, a parent company, domiciled in Portugal that holds a majority stake of 66,7% of the share capital.

The Bank's main purpose is to carry out financial operations and provide all services permitted to commercial banks in accordance with the legislation in force, namely the granting of loans in national and foreign currency, the granting of letters of credit and bank guarantees, transactions in foreign currency, the reception of deposits in national and foreign currency.

The Bank presents financial statements reflecting the results of its operations for the year ended December 31, 2023.

### Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS includes standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) and its predecessor bodies.

The financial statements have been prepared on the assumption of continuity of operations and in accordance with the principle of historical cost, modified by the application of fair value to investment properties and financial assets and liabilities.

The financial statements now presented reflect the results of the Bank's operations for the year ended December 31, 2023 and were approved by the Board of Directors on February 20<sup>th</sup>, 2024.

### Functional and presentation currency

The financial statements are expressed in Meticaís, rounded to the nearest Metical (MT) unit, except where indicated.

### Use of Judgments and Estimates

The preparation of financial statements in accordance with IFRS requires the Executive Committee to formulate judgments, estimates and assumptions that affect the application of accounting policies and the value of assets, liabilities, income and costs. The associated estimates and assumptions are based on historical experience and other factors deemed reasonable under the circumstances and form the basis for judgments about the values of assets and liabilities whose appreciation is not evident from other sources. Actual results may differ from estimates. Matters that require a higher level of judgement or complexity or for which assumptions and estimates are considered significant are set out in the accounting policy described in the relevant note.

## 2. Accounting policies

The accounting policies were applied in a manner consistent with those used in the preparation of the financial statements for the prior period. The changes in accounting policies, applicable from 1 January 2023, described in note 1. (u) has no effect on the financial statements.

### a) Basis of consolidation

The Bank applies IFRS 3 (revised) for the accounting recognition of business combinations.

The financial statements now presented reflect the assets, liabilities, income and costs of the Bank.



## b) Financial Instruments (IFRS 9)

### FINANCIAL ASSETS

#### A. Classification, initial recognition, and subsequent measurement

At the time of their initial recognition, financial assets are classified into one of the following categories:

- i) Financial assets at amortized cost;
- ii) Financial assets at fair value through comprehensive income; or
- iii) Financial assets at fair value through profit or loss

The classification is carried out considering the following aspects:

- The Bank's business model for the management of financial assets; and
- The characteristics of the contractual cash flows of the financial asset.

#### Business Model Assessment

As observed in the 2022, during 2023 the Bank reassessed the business model in which financial instruments are held, at the portfolio level, as this approach best reflects how assets are managed and how information is made available to management bodies. Although no changes were made to the business model, this assessment included:

- The policies and objectives established for the portfolio and the practical operability of these policies, including the way in which the management strategy focuses on the receipt of contracted interest, maintaining a certain interest rate profile, adjusting the duration of financial assets, the duration of the liabilities that finance these assets or the realization of cash-flows through the sale of assets;
- The way in which the performance of the portfolio is evaluated and reported to the Bank's management bodies;
- The assessment of the risks affecting the performance of the business model (and of the financial assets held under that business model) and how those risks are managed;
- The remuneration of business managers - e.g. the extent to which compensation depends on the fair value of assets under management or on the contractual cash flows received;
- The frequency, volume and frequency of sales in previous periods, the reasons for such sales and expectations about future sales. However, information on sales should not be considered in isolation, but as part of an overall assessment of how the Bank sets financial asset management objectives and how cash flows are obtained.

The classification of financial assets can be carried out into three categories, using different measurement criteria (fair value through profit or loss, fair value through comprehensive income and amortized cost). The classification of assets depends on the business model under which the financial assets are managed and the characteristics of the contractual cash flows.

## Evaluation of whether the contractual cash flows correspond only to the receipt of principal and interest

In the evaluation of financial instruments in which contractual cash-flows refer exclusively to the receipt of principal and interest, the Bank considered the original contractual terms of the instrument. In the evaluation process, the Bank considered:

- Contingent events that may modify the frequency and amount of cash-flows;
- Characteristics that result in leverage;
- Advance payment and maturity extension clauses;
- Clauses that may limit the Bank's right to claim cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in the event of default - "non-recourse asset"); and
- Characteristics that can modify the compensation by the time value of money. In addition, an early payment is consistent with the amortized cost classification criteria if:
  - The financial asset is acquired or originated at a premium or discount to the nominal contract value;
  - The advance payment represents substantially the nominal amount of the contract plus periodized but unpaid contractual interest (may include reasonable compensation for the early payment); and
  - The fair value of the advance payment is negligible at initial recognition.

## B. Financial assets at amortized cost

### Classification

A financial asset is classified in the category of "Financial assets at amortized cost" if it cumulatively meets the following conditions:

- the financial asset is held in a business model whose main objective is to hold assets to collect its contractual cash flows; and
- its contractual cash flows occur on specific dates and correspond only to principal and interest payments of the amount owed.

The category of "Financial assets at amortized cost" includes placements in other banks, loans to Customers and debt securities managed on the basis of a business model whose objective is to collect their contractual cash flows (government bonds, bonds issued by companies and commercial paper).

### Initial recognition and subsequent measurement

Placements in other banks and loans to Customers are recognized on the date on which the funds are made available to the counterparty (settlement date). Debt securities are recognized on the trade date, that is, on the date on which the Bank undertakes to acquire them.

Financial assets at amortized cost are initially recognized at their fair value plus transaction costs and are subsequently measured at amortized cost. In addition, they are subject, from their initial recognition to the

calculation of impairment losses for expected credit losses, which are recorded against the item "Other impairments and provisions".

The gains or losses generated at the time of their derecognition are recorded under the heading "Other impairments and provisions".

## C. Financial assets at fair value through other comprehensive income

### Classification

A financial asset is classified in the category of "Financial assets at fair value through other comprehensive income" if it cumulatively meets the following conditions:

- The financial asset is held in a business model where the objective is to collect its contractual cash flows and sell that financial asset;
- its contractual cash flows occur on specific dates and correspond only to principal and interest payments of the amount owed.

In addition, on initial recognition of an equity instrument, which is not held for trading, nor a contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Bank may irrevocably elect to classify it in the category of "Financial assets at fair value through other comprehensive income" (FVOCI). This option is exercised on a case-by-case, investment-by-investment basis and is available only for financial instruments that meet the definition of equity instruments in IAS 32 and cannot be used for financial instruments that are classified as an equity instrument in the issuer's sphere under the exceptions in paragraphs 16A to 16D of IAS 32.

### Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognized at their fair value, plus transaction costs, and are subsequently measured at fair value. Changes in the fair value of these financial assets are recorded against other comprehensive income and, at the time of their disposal, the respective gains or losses accrued in other comprehensive income are recognized under another comprehensive income.

No impairment is recognized for equity instruments at fair value through other comprehensive income, and the respective accumulated gains or losses are recorded in fair value changes transferred to Retained earnings at the time of their derecognition.

## RECLASSIFICATION BETWEEN CATEGORIES OF FINANCIAL ASSETS

Financial assets are reclassified to other categories only if the business model used in their management is changed.

The reclassification is applied prospectively from the date of recognition, and no previously recognized gains, losses (including impairment related losses) or interest are restated.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income or financial instruments designated at fair value through profit or loss shall not be permitted.

## MODIFICATION AND DERECOGNITION OF FINANCIAL ASSETS

### General principles

- I. The Bank shall derecognize a financial asset when, and only when:
  - The contractual rights to the cash flows from the financial asset expire; or
  - Transfers the financial asset as set out in notes (ii) and (iii) below and the transfer satisfies the conditions for derecognition in accordance with point (iv).
- II. The Bank transfers a financial asset if, and only if, it either:
  - Transfer the contractual rights to receive the cash flows resulting from the financial asset; or
  - Retains the contractual rights to receive the cash flows resulting from the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that satisfies the conditions set out in point iii).
- III. When the Bank retains contractual rights to receive cash flows from a financial asset (the 'original asset') but enters into a contractual obligation to pay those cash flows to one or more entities (the 'final recipients'), the Bank treats the transaction as a transfer of a financial asset if, and only if, all three of the following conditions are met:
  - The Bank is under no obligation to pay sums to final recipients unless it receives equivalent sums from the original assets. Short-term advances by the entity entitled to full recovery of the amount borrowed plus interest accrued at market rates do not breach this condition;
  - The Bank is prohibited by the terms of the transfer agreement from selling or pledging the original asset other than as collateral to the final recipients for the obligation to pay them cash flows; and
  - The Bank has an obligation to remit any cash flow it receives on behalf of the final recipients without significant delay. In addition, it does not have the right to reinvest such cash flows, except in the case of investments in cash or its equivalents (as defined in IAS 7 Statements of Cash Flows) during the short settlement period between the date of receipt and the date of required delivery to the final recipients, and the interest received as a result of such investments is passed on to the final recipients.
- IV. When the Bank transfers a financial asset (see point ii above), it must assess the extent to which it retains the risks and rewards arising from the ownership of that asset. In this case:
  - If the Bank transfers substantially all of the risks and rewards arising from the ownership of the financial asset, it shall derecognize the financial asset and separately recognize as assets or liabilities any rights and obligations created or retained by the transfer;
  - If the Bank retains substantially all the risks and rewards arising from the ownership of the financial asset, it continues to recognize the financial asset.
  - If the Bank does not transfer and retain substantially all the risks and rewards arising from the ownership of the financial asset, it shall determine whether it has retained control of the financial asset. In this case:
    - If the Bank has not retained control, it shall derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained by the transfer;

- If the Bank has retained control, it should continue to recognize the financial asset to the extent of its continued involvement in the financial asset.
  
- V. The transfer of risks and rewards referred to in the previous point is assessed by comparing the Bank's exposure, before and after the transfer, to the variability of the amounts and times of occurrence of the net cash flows resulting from the transferred asset.
  
- VI. The question of whether the Bank retained control (see point iv above) of the transferred asset depends on the ability of the transferee to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without having to impose additional restrictions on the transfer, the entity shall be deemed not to have retained control. In all other cases, the entity is deemed to have retained control.

## Derecognition criteria

In the context of the general principles described in the previous section, and considering that contract amendment processes may lead, in some circumstances, to the derecognition of original financial assets and the recognition of new assets (subject to the identification of purchased or originated credit-impaired assets - POCI) the purpose of this section is to establish the criteria and circumstances that lead to the derecognition of a financial asset.

The Bank considers that a change in the terms and conditions of a credit exposure will result in the derecognition of the transaction and the recognition of a new transaction when the change results in at least one of the following conditions:

- Creation of a new exposure resulting from a debt consolidation;
  
- Change in qualitative characteristics, namely:
  - Change of currency, unless the exchange rate between the old and new currency is linked or administered within limits restricted by law or relevant monetary authorities;
  
  - Exclusion or addition of a substantial feature of capital conversion into a debt instrument, unless it is not reasonably possible for it to be exercised during its maturity;
  
  - Transfer of credit risk from the instrument to another borrower, or a significant change in the structure of borrowers within the instrument.

## Write-off of Loans

The Bank recognizes a loan write-off if it does not have reasonable expectations of recovering it in whole or in part. This record comes after all the recovery actions carried out by the Bank proved fruitless. Loans written off are recorded in off-balance sheet accounts.

### *Purchased or originated credit-impaired assets*

Purchased or originated credit impaired (POCI) assets are assets that present objective evidence of credit impairment at the time of their initial recognition. An asset is in credit-impaired if one or more events have occurred with a negative impact on the estimated future cash flows of the asset.

## IMPAIRMENT LOSSES

### Financial instruments subject to impairment losses recognition

The Bank recognizes impairment losses for expected credit losses on financial instruments recorded under the following accounting items:

- a) Financial assets at amortized cost

Impairment losses on financial assets at amortized cost reduce the balance sheet value of these financial assets against the item "Other Impairments and Provisions" (in the income statement).

- b) Credit commitments, documentary credits and financial guarantees

Impairment losses associated with credit commitments, documentary credits and financial guarantees are recognized in liabilities, under the balance "Provisions for guarantees and other commitments", against the item "Other provisions" (in the income statement).

Classification of financial instruments by stages:

Change in credit risk since initial recognition			
<i>Stage 1</i>		<i>Stage 2</i>	<i>Stage 3</i>
Classification criteria	Initial Recognition	Significant increase in credit risk since initial recognition	Impairment
Impairment losses	Expected 12-month credit losses	Expected lifetime credit losses	

The Bank shall determine the expected credit losses of each operation in the light of the deterioration in credit risk observed since its initial recognition. For this purpose, operations are classified into one of the following three stages:

- Stage 1: operations in which there has been no significant increase in credit risk since its initial recognition are classified in this stage, regardless of creditworthiness (unless they are purchased or originated with objective evidence of loss). Impairment losses associated with transactions classified in this stage are expected credit losses resulting from a default event that may occur within 12 months after the reporting date (12-month expected credit losses).
- Stage 2: operations in which there has been a significant increase in credit risk since their initial recognition, but which are not impaired, are classified in this stage. Impairment losses associated with transactions classified in this stage are the expected credit losses resulting from default events that may occur over the expected residual life of the transactions (lifetime expected credit losses).
- Stage 3: impaired operations are classified in this stage. Impairment losses associated with transactions classified at this stage correspond to expected lifetime credit losses.

### Definition of financial assets with a significant increase in credit risk

1. Delay
  - Entry criteria: Customers with at least one transaction that has been overdue for more than 30 days.
  - Exit criteria: 3 Months without meeting the entry criteria.



2. Restructured
  - Entry criteria: Clients with at least one transaction within the restructured booking period due to financial difficulties.
  - Exit criteria: Regularization of the situation.
3. *Early Warning Signs (EWS)*
  - Entry criteria: Clients with at least one of the valid EWS triggers under the impairment model (Bounced Checks and Check Use Inhibition).
  - Exit criteria: 3 Months without meeting the entry criteria.
4. *Notch Downgrade (Effective Nov.21).*
  - Entry criteria: Customers who register historical variation in the degrees of risk in the following ways:
  - Clients with exposures originating at risk level 7 or lower, if their risk degree has increased by more than 3 notches, are classified at least in stage 2.
  - Clients with exposures originating with risk level 8 or higher, if their risk degree has increased by more than 2 notches, are classified at least in stage 2
  - Exit Criteria: Customer no longer activates the entry criteria.
5. Other subjective evidence
  - Entry criteria: Customers who are classified in stage 2 through the KIWI questionnaire.
  - Exit criteria: Regularization of the situation.

## *Definition of financial assets in default*

- Default

Entry criteria: Client who, at the reference date, simultaneously verifies:

- At least one operation with capital or interest overdue for more than 90 days; and
- Sum of overdue loan (principal + interest) higher than the absolute materiality criteria; and
- Sum of overdue loan (principal + interest) greater than 1% of the client's balance sheet exposure.

Exit criteria: Companies (12 Months without meeting entry criteria.) and Individuals (3 Months without meeting entry criteria)

- Written-Off

Entry criteria: Client who, at the reference date, simultaneously verifies:

- Sum of the amount deducted higher than the absolute materiality criteria; and
- Sum of the amount written off in excess of 1 % of the client's balance sheet exposure.

Exit criteria: Payment of the amount deducted by the Client.

- Litigation



Entry Criteria: Client with at least one contract in litigation.

Exit criteria: Regularization of the situation.

- Insolvency

Entry criteria: Client with legally declared insolvency.

Exit criteria: Regularization of the situation.

- Restructured

Entry criteria: Client who, at the reference date, simultaneously verifies:

- At least one restructured operation; and
- At least one operation with capital or interest due for more than 30 days; and
- Sum of overdue loan (principal + interest) higher than the absolute materiality criteria; and
- Sum of overdue loan (principal + interest) greater than 1% of the Client's balance sheet exposure.

Exit criteria: 12 Months without meeting the entry criteria<sup>1</sup>.

- Double Restructuring

Entry criteria: Clients with operations restructured due to financial difficulties that, within the period of marking restructured, register recurrence of operations restructured due to financial difficulties.

The trigger is activated if the Client meets at least one of the following conditions:

- Operation within the restructured marking period that verifies a change in the maturity date between two different dates; or
- New operation restructured due to financial difficulties having at least one other operation that is still within the restructured marking period.

Exit Criteria: 12 Months without meeting the entry criteria.

- Non-performing loans

Entry criteria: Client with at least one restructured transaction with an interest rate equal to 0%.

Exit criteria: Regularization of the situation

- Individual Analysis

Entry criteria: Customer with impairment rate resulting from individual analysis.

Exit criteria: Regularization of the situation.

## Estimation of expected credit losses - Individual analysis

### A. Customers who meet one of the following conditions are subject to individual analysis:

- **Stage 3:** Exposure  $\geq$  MZN 10.000.000 Customers in Stage 3 or Groups with at least one member in Stage 3.
- **Stage 2:** Exposure  $\geq$  MZN 20.000.000 Customers in Stage 2 or Groups with at least one member in Stage 2
- **Stage 1:** Exposure  $\geq$  MZN 30.000.000 Clients in Stage 1 or Groups with at least one member in Stage 1.

- **Economic groups:** Only members of the Economic Group with exposure  $\geq$  MZN 8.000.000 are selected.

## B. The individual analysis includes the following procedures:

For Customers who are captured in the first group, ". Stage 3", it is directly assumed that the Group/Customer has objective evidence of impairment, and the loss is determined through the Discounted Cash Flow (DCF) method.

For Customers who are captured in one or more of the remaining groups, "Stage 2", "Stage 1", the analysis will include filling out a questionnaire to verify whether the Customer has objective evidence of impairment.

- ↳ **Individually significant Clients without any evidence of impairment or with an individual impairment rate equal to 0%, the impairment is calculated according to the criteria of the collective.**

In determining impairment losses on an individual basis, the following factors are considered, among others:

- The total exposure of each Customer with the Bank and the existence of overdue loan;
- The economic and financial viability of the Client's business and its ability to generate sufficient means to service the debt in the future;
- The existence, nature and estimated value of the collateral associated with each loan;
- The significant deterioration in the Client's rating;
- The Client's assets in situations of liquidation or bankruptcy;
- The amount and estimated recovery times.

The individual analysis is the responsibility of the Credit Directorate and the Credit Recovery Directorates.

Each of the units referred to in the previous point is responsible for carrying out the Client's risk assessment that allows the classification in the 3 stages of risk and determination of the loss

There are two types of recovery strategy:

- "Going Concern", in which the estimate is made based on the cash flows of the business;
- "Gone Concern", in which the recovery estimate is carried out based on the execution of collateral.

The Risk Office is responsible for reviewing the information collected and validating the results obtained, and it is responsible for the final decision on the Client's impairment.

As a result of the deterioration of the economic and financial situation of the Clients, BIM has adopted additional criteria for monitoring the signs of worsening of their financial performance and has increased the frequency of individual analyses.

### Estimation of expected credit losses - Collective analysis

All loans not subject to individual analysis constitute the basis for calculating the collective impairment, as well as Customers that result in stage 1, 2 and stage 3 customers with zero rate.

The main inputs used for the measurement of expected credit losses on a collective basis include the following variables:

- i. Exposure at Default - EAD.

- ii. Probability of Default - PD;
- iii. Loss Given Default - LGD; and
- iv. Contract discount factor (D).

These parameters are obtained through internal statistical models, and other relevant historical data, considering existing regulatory models adapted according to the requirements of IFRS 9.

PDs are estimated on the basis of a given historical period and calculated on the basis of statistical models, which in turn are based on internal data. The PDs are calculated considering the contractual maturities of the exposures.

The Bank collects performance and default indicators on its credit risk exposures with analysis by types of Customers and products.

LGD is the magnitude of the loss that is expected to occur if the exposure defaults. The Bank estimates LGD parameters based on the history of recovery rates after counterparties default.

The EAD represents the expected exposure if the exposure and/or Client defaults. The Bank derives the EAD values from the counterparty's current exposure. For commitments and financial guarantees, the EAD value considers both the credit value used and the expectation of the potential future value that can be used according to the contract.

As described above, with the exception of financial assets that consider a 12-month PD because they do not present a significant increase in credit risk, the Bank calculates the value of the expected credit losses taking into account the risk of default during the maximum contractual maturity period of the contract, even if, for the purposes of risk management, is considered a longer period. The maximum contractual period shall be considered as the period up to the date on which the Bank is entitled to demand payment or terminate the commitment or guarantee.

## FINANCIAL LIABILITIES

### A. Classification, initial recognition and subsequent measurement

At the time of its initial recognition, the Bank records its financial liabilities at amortized cost.

#### Financial Liabilities at amortized costs

##### Classification

Financial liabilities that have not been classified at fair value through profit or loss, nor correspond to financial guarantee agreements described in Note 1(s), are measured at amortized cost.

The category of "Financial liabilities at amortized cost" includes deposits other banks, deposits from Customers and subordinated and non-subordinated debt securities.

##### Initial recognition and subsequent measurement

Financial liabilities at amortized cost are initially recognized at their fair value, plus transaction costs, and are subsequently measured at amortized cost. Interest on financial liabilities at amortized cost is recognized under the item "Interest and similar expenses".

Reclassification between categories of financial liabilities



Reclassifications of financial liabilities are not allowed.

## B. Derecognition of financial liabilities

The Bank derecognizes financial liabilities when these are cancelled or extinct.

### Interest recognition

Income from interest on financial instruments, assets and liabilities measured at amortized cost, is recognized under the items “Interest and similar income” or “Interest and similar expenses” (net interest margin).

The effective interest rate is the rate that discounts estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, for a shorter period) to the net present balance sheet value of the financial asset or liability.

To determine the effective interest rate, the Bank estimates future cash flows considering all the contractual terms of the financial instrument (e.g. early payment options), not considering any impairment losses. The calculation includes the fees paid or received considered as part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognized, the interest recorded in income statement is determined on the basis of the interest rate used to discount future cash flows in the measurement of impairment loss.

Specifically with regard to the policy for recording interest on overdue loans, the following aspects are considered:

- Interest on loans overdue with real guarantees, until the prudently assessed coverage limit is reached, is recorded as a profit or loss on the assumption that there is a reasonable probability of its recovery; and
- Interest already recognized and unpaid relating to loan overdue for more than 90 days that is not covered by a collateral is cancelled, and it is only recognized when received because it is considered that its recovery is remote.

### c) Equity Instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation for its settlement to be affected by the delivery of cash or other financial asset to a third party, regardless of its legal form, evidencing a residual interest in an entity's assets after deduction of all its liabilities.

Transaction costs directly attributable to the issuance of equity instruments are recorded against equity as a deduction from the value of the issue. The amounts paid and received for purchases and sales of equity instruments are recorded in equity, net of transaction costs.

Preferred shares issued by the Bank are classified as equity when redemption occurs only at the Bank's option and dividends are paid by the Bank on a discretionary basis.

Income from equity instruments (dividends) is recognized when the right to receive them is established and deducted from equity.

### d) Securities borrowing and repurchase agreement transactions

#### (i) Securities borrowing

Securities lent under securities lending agreements continue to be recognized in the balance sheet and are measured in accordance with the applicable accounting policy of the category to which they belong. Cash collateral received in respect of securities lent is recognized as a financial liability. Securities borrowed under securities borrowing agreements are not recognized as equity. Cash collateral placements in respect of securities borrowed are recognized as a debt to Customers or financial institutions. Income or expenses arising from securities borrowing are periodized during the period of operations and are included in interest and income or similar expenses (net interest margin).

## (ii) Repurchase agreements

The Bank conducts acquisition/sales of securities with a reselling/repurchase agreement of substantially identical securities at a future date at a pre-defined price. Securities acquired that are subject to reverse repurchase agreements at a future date are not recognized on the balance sheet. The amounts paid are recognized in loan to Customers or placements in other banks. The amounts receivable are collateralized by the associated securities. Securities sold through repurchase agreements continue to be recognized on the balance sheet and are revalued in accordance with the accounting policy of the category to which they belong. Receipts from the sale of investments are considered as deposits from Customers or other credit institutions.

The difference between the conditions of purchase/sale and those of resale/repurchase is periodized during the period of the operations and is recorded in interest and income or interest and equivalent expenses.

## e) Non-current assets held for sale and discontinuing operations

Groups of non-current assets held for sale (groups of assets together with related liabilities, which include at least one non-current asset) are classified as held for sale when there is an intention to dispose of those assets and liabilities and the assets or groups of assets are available for immediate sale and their sale is very likely.

The Bank also classifies as non-current assets held for sale, non-current assets or groups of assets acquired solely for the purpose of subsequent sale, which are available for immediate sale and whose sale is very likely.

Immediately prior to their classification as non-current assets held for sale, the measurement of all non-current assets and all assets and liabilities included in a group of assets for sale is carried out in accordance with the applicable IFRS. After their reclassification, these assets or groups of assets are measured at the lesser of their cost and their fair value less the costs of sale.

Subsidiaries acquired solely for the purpose of short-term sale are consolidated until the time of their sale.

The Bank also classifies as non-current assets held for sale real estate held by credit recovery, which are initially measured by the lesser between their fair value net of sale costs and the book value of the loan existing on the date on which the donation or judicial auction of the property was made.

Fair value is based on market value, which is determined on the basis of the expected sale price obtained through periodic appraisals by the Bank.

The subsequent measurement of these assets is carried out at the lesser of their book value and the corresponding fair value, net of the costs of sale, and they are not subject to depreciation. If there are unrealized losses, these are recorded as impairment losses against the profit or loss for the year.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. For the purposes of the impairment assessment, assets are grouped at the lowest level, for which there are separately identifiable cash flows (cash-generating units).

Below is described the Haircut criteria used by the bank, which is based on the time that the property has been in the bank's possession.

# BIM - Banco Internacional de Moçambique

- First, the Presumed Transaction Value x (1-haircut) ratio is determined, which was assigned the acronym PTV;
- Second, the result obtained above is compared with the Carrying Book Value (CBV). If the PTV is higher than the CBV, the carrying value is maintained. Otherwise, the PTV is compared with the PVI. If the PTV is higher than the PVI, the new carrying value is considered equal to the PTV. If it is not, the PVI is considered to be the new book value.

Below is the grid considered when applying Haircuts:

<i>Property Useful Life</i>	<i>Haircut</i>
<i>Less than 2 years</i>	<i>0%</i>
<i>Between 2 and 5 years</i>	<i>10%</i>
<i>Between 5 and 10 years</i>	<i>20%</i>
<i>More than 10 years</i>	<i>30%</i>

Fair value of properties recorded in non-current assets held for sale and in other assets are valued at each balance sheet date to ensure that their balance sheet value does not differ significantly from their fair value. The Bank has established a maximum reference period of 2 years between evaluations carried out by qualified expert evaluators.

Property valuations are carried out to obtain the presumed transaction value, usually the market value (fair value). The valuation techniques commonly used are the market approach, cost approach, and yield approach.

As envisaged by IFRS 13, properties valuations maximize the use of observable market data.

However, since most valuations also consider unobservable data, the fair value of the Bank's buildings is classified at level 3 of the fair value hierarchy defined by IFRS 13.

The Bank considers that the valuations obtained based on these methodologies correspond to the best estimate of the fair value of these assets at the balance sheet date.

The Bank considers that the buildings it owns are subject to their greatest and best possible use, so the valuations carried out to determine their fair value are prepared considering their current use, as provided for by IFRS 13 - "Fair Value Measurement".

The determination of the Market Value is based on internationally standards of valuation methods and which, in particular:

- The Market Comparison Method: compares the property to be valued with other similar properties that perform the same function, recently transacted on the site or in comparable areas. The known values are adjusted to make the comparison relevant, considering the variables: size, location, existing infrastructures, state of conservation and others, which may be in some way relevant.
- The Amortized Replacement Cost Method consists of determining the replacement value of the property under analysis and is based on the assumption that a knowledgeable and informed investor would not be willing to pay more for the property than the cost of producing another one with the same utility, less the amount related to depreciation and/or functional obsolescence, physical and economic aspects.

## *Discontinuing operations*

A discontinued or discontinuing operation unit is a component of an entity that has either been divested or is classified as held for sale, and:



- represents a major separate line of business or geographic area of operations;
- is an integral part of a single coordinated plan to divest a major business line or separate geographic area of operations; or
- is a subsidiary acquired solely for resale.

Results from discontinued operations are excluded from the results of continuing operations and are presented as a lump sum comprising the after-tax profit or loss from discontinued operations on the income statement.

## f) Leasing

The Bank adopted IFRS 16 - Leases on 1 January 2019 to replace IAS 17 - Leases, which was in force until 31 December 2018. The Bank has not adopted any of the requirements of IFRS 16 in advance in previous periods.

This standard establishes new requirements regarding the scope, classification and measurement of leases:

- From the lessor's point of view, leases continue to be classified as financial leases;
- From the lessee's point of view, the standard defines a single accounting model for lease contracts, which results in the recognition of the acquired right of use of an asset and a lease liability for all lease agreements, except for leases with a period of less than 12 months or for leases that focus on assets of reduced value in which the lessee may opt for the exemption from recognition provided for in IFRS 16, and it must recognize the lease payments associated with these agreements as Other administrative expenses.

The Bank has chosen not to apply this rule to short-term financial leasing agreements, less than or equal to 12 months and to lease agreements in which the underlying asset has a reduced value, considering for this purpose the amount of USD 5 000. The option of not applying this standard to leases of intangible assets was also used.

## Definition of Lease

The new definition of lease entails an approach to the control of the asset identified in the agreement, i.e. an agreement constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e. obtaining substantially all the economic benefits from the use of that asset and the right to direct the use of that identified asset during the period covered by the contract in exchange for a consideration.

## Impacts from the lessee's perspective

The Bank recognizes for all leases, with the exception of leases of a period of less than 12 months or for leases relating to assets with a low unit value:

- An asset by the acquired right of use, initially measured at cost, considering the Present Value (NPV) of the lease liability, plus payments made less lease incentives received, as well as any cost estimates to be borne by the lessee with the dismantling and removal of the underlying asset and/or restoration of the place where it is located. Subsequently, it is measured according to the cost model (subject to depreciation/amortization according to the lease term of each contract);
- A lease liability, initially accounted for at the present value of future lease cash flows (NPV), which includes:
  - Fixed payments, less rental incentives receivable;
  - Variable lease payments, which depend on an incentive or rate, initially measured using the index or rate at the start date of the contract;



To determine the interest rate implied in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the rate of the Libor swaps for contracts in or indexed to USD and in accordance with the expected yield curve calculated (with reference to the remuneration of the public debt) for the contracts in MZN, applied to the weighted average term of each lease agreement. For contracts expiring in 2023, it has been assumed that they will be automatically renewed, as provided for in the contract.

The lease liability is subsequently measured as follows:

- By increasing its amount accounted for in order to reflect the interest on it;
- By the decrease in its amount accounted for in order to reflect the lease payments;
- The amount accounted for is recalculated to reflect any revaluations or changes to the lease, as well as to reflect the revision of fixed lease payments in substance and the revision of the lease term.

The Bank revalues a lease liability and calculates its asset-related adjustment for the right of use whenever:

- There is a change in the lease term and the lease liability is revalued by discounting the revised lease payments using a revised discount rate;
- If there is a change in future lease payments resulting from a change in an index or rate used to determine those payments, the liability is revalued by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate shall be used);
- A lease agreement is amended, but that lease change is not accounted for as a separate lease, the lease liability is revalued, discounting the revised lease payments using a revised discount rate.

The Bank has not made any adjustments for previous periods.

Right-of-use assets are depreciated/amortized from the date of commencement of use of the underlying asset until the end of the lease term. If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset reflects the Bank's exercise of a call option, the right-of-use asset shall be depreciated/amortized from the effective date until the end of the useful life of the underlying asset. Depreciation/amortization begins on the effective date of the lease.

## **g) Recognition of income from services and commissions**

The results of services and commissions are recognized according to the following criteria:

- Where they are obtained as services are provided, they are recognized in terms of results in the period to which they relate;
- Where they are the result of a supply of services, they are recognized when that service has been completed.

When income from services and commissions is an integral part of the effective interest rate of a financial instrument, income from services and commissions is recorded in the net interest margin.

A contract with a Customer that results in the recognition of a financial instrument in the Bank's financial statements may be partly within the scope of IFRS 9 and partly within the scope of IFRS 15. If this is the case, the Bank first applies IFRS 9 to separate and measure the portion of the contract that falls under IFRS 9 and then applies IFRS 15 to the residual.

Other fees and commissions mainly refer to transaction and service fees, which are recognized as expenses when the services are received.

The following table provides information on the nature and timing of the satisfaction of performance obligations in contracts with Customers, including significant payment terms and the related revenue recognition policies.

## Type of service:

Nature and timing of performance obligations, including significant payment timings

## Recognition of revenue under IFRS 15 (applicable from 1 January 2018)

### Retail and corporate banking services

The Bank provides retail and corporate banking services, including account management, lending in the form of overdrafts, foreign currency transactions, credit cards and service fees.

Fees for ongoing account management are charged monthly to the Client's account. The Bank sets the fees separately for retail and corporate banking clients each year.

Fees applied to interbank commission-based 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 reviewed annually by the Bank.

Revenue from account services and service fees is recognized over time as the services are rendered.

Revenue related to transactions is recognized when the transaction occurs.

### Investment Banking Services:

The Bank's investment banking segment provides various finance-related services, including loan administration and agency services, administration of a syndicated loan, execution of transactions with Clients with exchanges, and underwriting of securities.

Fees for ongoing services are charged annually at the end of each financial year to the Client's account. However, if a Client terminates the contract before December 31<sup>st</sup>, a fee will be

Revenue from administrative agency services is recognized over time as services are provided. Amounts receivable from Customers on 31 December are recognized as accounts receivable from Customers.

Revenue related to transactions is recognized at the time the transaction occurs.

charged upon termination for the services performed to date.

Transaction-based fees for administering a syndicated loan, executing transactions, and subscribing securities are charged when the transaction occurs.

## h) Results in financial operations

Results in financial operations includes gains and losses arising from foreign currency trading transactions and the translation of monetary items from foreign currency to local currency.

It also registers gains and losses on financial assets and liabilities classified at amortized cost and the dividends associated with these portfolios.

## i) Tangible Assets

Tangible assets are recorded at acquisition cost, less their accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only if they are likely to result in future economic benefits for the Bank.

Maintenance and repair expenses are recognized as costs as they are incurred in accordance with the accrual principle.

Depreciation is calculated using the constant share method according to the following expected useful life periods:

	Number of years
Properties	50
Works on third party buildings	10
Equipment	4 a 10
Other tangible assets	3

Where there is an indication that a tangible asset may be impaired, an estimate of its recoverable value is made and an impairment loss shall be recognized where the net value of that asset exceeds the recoverable amount.

Recoverable amount is determined as the higher of its fair value less costs of sale and its value in use, which is calculated on the basis of the present value of the estimated future cash flows that are expected to be obtained from the continued use of the asset and its disposal at the end of its useful life.

Impairment losses on tangible assets are recognized in income statement for the period.

## j) Investment properties

Investment properties are initially recognized at acquisition cost, including transaction costs, and are subsequently measured at fair value. The fair value of investment properties should reflect market conditions at the reporting date. Changes in fair value are recognized in income statement for the year under Other Operating Income.

The evaluations are carried out annually by external evaluators duly certified for this purpose.

## k) Intangible Assets

The intangible assets acquired by the Bank are recorded at acquisition cost, less their accumulated depreciation and impairment losses.

The amortization is charged to the profit and loss account according to the constant share criteria, during the expected useful life period:

### *Software*

The Bank records in intangible assets the costs associated with the software acquired from third parties and proceeds to its linear amortization for the estimated useful life of 3 years. The Bank does not capitalize internally generated costs related to software development.

Assets that have an indefinite useful life are not amortized on a scheduled basis, but are tested annually for impairment. Impairment losses for this type of asset are not reversed.

## l) Cash and cash equivalents

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

Cash and cash equivalents exclude deposits of a mandatory nature made with the Bank of Mozambique.

## m) Foreign currency transactions

Transactions in foreign currency are converted into the functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are converted to Meticais at the closing rate published by the Bank of Mozambique at the reporting date, and the exchange rate differences resulting from this conversion are recognized as profits or losses in the period to which they relate.

Non-monetary assets and liabilities recognized at historical cost, denominated in foreign currency, are translated at the exchange rate at the time of the transaction. Non-monetary assets and liabilities denominated in foreign currency recorded at fair value are translated at the exchange rate prevailing on the date on which fair value was determined.

The resulting exchange rate differences are recognized in profit or loss.

## n) Employee benefits

### (i) Defined benefit plans

The Bank provides Employees with a defined benefits plan, which is financed through insurance that is managed by its associate Fidelidade Moçambique - Companhia de Seguros, S.A.

For the benefit plan, the Bank finances a remitted pension that it guarantees to its Employees through a retirement supplement, which operates on an autonomous basis.

The remitted pension will be granted to active Employees hired until December 31, 2011, when they reach the age of 60, in the case of men and 55 in the case of women, and it is a mandatory condition that the Employee is already benefiting from an old-age pension granted by the National Institute of Social Security (INSS) or if the Executive Committee so decides.

Determining pension payment liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated return on investments, and other factors that may impact pension plan costs and obligations.

Changes to these assumptions could have a significant impact on the determined values.

## (ii) Short-term employee benefits

Benefícios de curto prazo consistem em salários e quaisquer benefícios não monetários, tais como contribuições de ajuda médica em que o Banco suporta o custo com uma apólice de seguros e a Fidelidade Moçambique - Companhia de Seguros, S.A. suporta o equivalente a 75% do custo com as despesas médicas.

Short-term benefits consist of salaries and any non-cash benefits, such as medical aid contributions in which the Bank bears the cost of an insurance policy and Fidelidade Moçambique - Companhia de Seguros, S.A. bears the equivalent of 75% of the cost of medical expenses.

A liability is recognized by the amount to be paid if the Bank has a present legal or constructive obligation to pay that amount based on the past service rendered by the employee, and the obligation to be reliably estimated.

## (iii) Termination of benefits

The benefits inherent to the termination of the employment relationship are recognized as an expense when the Bank is not in a position to revoke commitments formally assumed before the retirement date or when they relate to negotiated benefits resulting from a voluntary termination of the Employee.

If the benefits are not expected to be paid out within 12 months, they are discounted.

## o) Income taxes

The Bank is subject to the tax regime enshrined in the Income Tax Code, and the profits attributable to each financial year are subject to the incidence of Corporate Income Tax (IRPC).

Income taxes are recorded in the income statement.

The tax is recognized in the income statement, except when related to items that are moved in equity, which implies its recognition in equity.

Current taxes are the amount that is expected to be paid on taxable income for the year, using the rates prescribed by law, or that are in force at the date of reporting and any adjustments to taxes from previous periods.

To determine the overall amount of income taxes, certain interpretations and estimates had to be made. There are a number of transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of current and deferred income tax recognized in the period.

The Mozambican Tax Authority has the possibility to review the calculation of the taxable amount made by the Bank and its resident associate over a period of five years, in the event of reportable losses. Thus, it is possible that there will be corrections to the taxable amount, resulting mainly from differences in the interpretation of the tax legislation, which due to their probability, the Executive Committee considers will not have a materially relevant effect at the level of the financial statements.

Deferred taxes are calculated, in accordance with the balance sheet liability method, on the temporary differences between the carrying values of assets and liabilities and their tax base, using the tax rates approved or substantively approved at the reporting date and expected to be applied when the temporary differences reverse.

Deferred tax assets are recognized when there is likely to be future taxable profits absorbing temporary tax-deductible differences (including reportable tax losses).

The Bank shall, as set out in IAS 12, paragraph 74, set off deferred tax assets and liabilities where: (i) it has a legally enforceable right to set off assets against current taxes and liabilities against current taxes; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxing authority on the same taxable entity or different taxable entities that intend to settle current tax liabilities and assets on a net basis, or realize the assets and settle the liabilities simultaneously, in each future period in which the deferred tax liabilities or assets are expected to be settled or recovered.

## **p) Segmental reporting**

A business segment is an identifiable component of the Bank that is intended to provide an individual product or service or a set of related products or services, and that is subject to risks and benefits that are differentiable from other business segments.

The Bank controls its activity through the following main segments:

- Retail Banking;
- Corporate Banking; and
- Insurance.

## **q) Provisions**

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

The measurement of provisions considers the principles set out in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing actions and taking into account the risks and uncertainties inherent in the process. In cases where the effect of the discount is material, provisions corresponding to the present value of expected future payments, discounted at a rate that takes into account the risk associated with the obligation.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate and are reversed by profit or loss in proportion to payments that are not likely.

Provisions are derecognized by their use for the obligations for which they were originally constituted or in cases where they are no longer observed.

## **r) Earnings per share**

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Bank by the average number of ordinary shares issued and outstanding.

## **s) Financial Guarantees and Loan Commitments**

"Financial guarantees" are contracts that require the Bank to make a specific payment to reimburse the holder for a loss incurred as a result of a specific debtor's default on payment under the terms of a debt instrument.

"Loan commitments" are firm commitments to extend loan under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. These are then measured at the greater of the loss allowance determined in accordance with IFRS 9 and the amount initially recognized minus, where appropriate, the accumulated amount of the credit recognized in accordance with the principles of IFRS 15.

The Bank has not issued loan commitments measured at fair value through profit or loss.

For other loan commitments, the Bank recognizes the loss provision;

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

## t) Accounting Estimates in the Application of Accounting Policies

IFRS sets out a set of accounting treatments that require the Executive Committee to use judgments and make necessary estimates to decide which accounting treatment is most appropriate. The main accounting estimates and judgments used in the Bank's application of accounting principles are analyzed in the following paragraphs to improve the understanding of how their application affects the Bank's reported results and disclosure.

Considering that in some situations accounting standards allow for an alternative accounting treatment to that adopted by the Executive Committee, the results reported by the Bank could be different if a distinctive treatment were chosen. The Executive Committee considers that the criteria adopted are appropriate and that the financial statements present adequately the financial position of the Bank and its operations in all material respects.

The results of the alternatives analyzed below are presented only to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates may be more appropriate.

### Financial assets impairment

The Bank determines the impairment rate on its financial assets by applying risk factors calculated on the basis of the behavior of the portfolio of assets subject to credit risk at their fair value.

### Loans to customer impairment

The Bank carries out a periodic review of its loan portfolio to assess the existence of expected credit loss (ECL).

The current portfolio valuation process to determine whether an impairment loss should be recognized is subject to various estimates and judgments. This process includes factors such as the probability of default, credit ratings, the value of the collateral associated with each transaction, recovery rates and estimates of both future cash flows and the timing of their receipt.

It should be noted that the application of alternative methodologies or the use of other assumptions could result in a different quantification of the estimate of impairment losses to be recognized, with the consequent impact on the Bank's results.

The expected credit loss (ECL) is the present value of the difference between the cash flows that the entity is entitled to receive, and the cash flows that the entity expects to receive. In line with what is defined in IFRS 9, the ECL can be calculated at 12 months or lifetime (until the residual maturity of the asset). The 12-month ECL is the portion of the lifetime ECL that represents the expected credit losses that result from default events that may occur in the 12 months following the reporting date. On the other hand, ECL lifetime represents the expected credit losses that result from default events until the residual maturity of each operation. The Bank assesses which ECL to apply based on the definition of IFRS 9.

The methodologies applied by the Bank in quantifying the estimate for loans impairment are described in more detail in the note "Impairment Losses", namely in the sections relating to the estimates of expected credit losses - Individual Analysis and Collective Analysis.

## Fair value of financial assets at amortized cost through other comprehensive income

For the estimation of the Fair Value of the securities, a yield curve is considered. The yield curve is based on the average rates of the last auctions of Treasury Bills and Government Bonds in the primary market for the different maturities.

The methodologies used in the estimates for the determination of the fair value of these financial assets are described in more detail in note 41 "Fair value".

## Income Taxes

The Bank is subject to the payment of income taxes. To determine the overall amount of income taxes, certain interpretations and estimates had to be made. There are a number of transactions and calculations for which the determination of taxes payable is uncertain during the normal business cycle.

Other interpretations and estimates could result in a different level of taxes on current and deferred profits recognized in the period.

The Mozambican Tax Authority has the possibility to review the calculation of the taxable amount made by the Bank over a period of five years, in the event of carry-forward losses. Thus, it is possible that there will be corrections to the taxable amount, resulting mainly from differences in the interpretation of the tax legislation, which due to their probability, the Executive Committee considers will not have a materially relevant effect at the level of the financial statements.

## Pensions and other employee benefits

Determining pension payment liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated return on investments, and other factors that may impact pension plan costs and obligations.

Changes to these assumptions could have a significant impact on the determined values.

### **u) Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous year. Changes to IFRS standards applicable as of January 1, 2023 have had no effect on the financial statements, namely:

- 1) Amendments to IFRS 17 - Insurance contracts - Initial application of IFRS 17 and IFRS 9 - Comparative information (09-Dec-2021);
- 2) Amendments to IAS 12 - Income tax - second pillar (23-May-2023);
- 3) Amendments to IAS 12 income taxes - deferred tax related to assets and liabilities arising from a single transaction (07-May-2021);
- 4) Amendments to IAS 1- presentation of financial statements - disclosure of accounting policies (12-Feb-2021);
- 5) amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - definition of accounting estimates (25-Jun-2020);

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

The accounting policies adopted are consistent with those used in the previous year. Changes to IFRS standards applicable as of 1 January 2024 have had no effect on the financial statements, namely:

- 1) Amendments to IAS 1 - Presentation of Financial Statements - Non-Current Liabilities with Covenants (25-Jan-2023);



- 2) Amendments to IAS 1 - Presentation of Financial Statements - classification of liabilities as current or non-current (23-Jan-2020);
- 3) Amendments to IFRS 16 - Leases - Lease liability on a sale or lease (22-Sep-2022).

## v) Investments in Associates

The bank measures the investment in associates by the acquisition cost.

The financial interests in associated companies are detailed in Note 22.

## 3. Income Statement by operating segments

The segment reporting presented follows, with respect to the business and geographic segments, the provisions of IFRS 8.

The Bank develops a set of banking and financial services activities with special emphasis on the Commercial Banking business.

### *Segment Characterization*

Commercial Banking remained the dominant business in the Bank's activity, both in terms of volume and in terms of the level of contribution to results.

The Commercial Banking business, oriented to the Retail and Corporate Banking segments, focuses its activity on satisfying the needs of private and corporate Customers.

The approach strategy of Retail Banking is designed considering Customers who appreciate a value proposition based on innovation and speed, called mass market Customers, and Customers whose specific interests, size of financial assets or income level, justify a value proposition based on innovation and personalization of service through a dedicated Customer manager.

The Corporate segment, aimed at institutional entities and companies whose size of their activity fits within the selection criteria established for this segment, offers a complete range of value-added products and services adapted to its needs.

The reports used by management essentially have an accounting basis supported by IFRS's.

### *Business segment activities as at December 31<sup>st</sup>, 2023*

The values of the operating account reflect the process of allocation of profits, based on average values, reported by each business segment.

The information presented below has been prepared on the basis of the financial statements prepared in accordance with IFRS.

# BIM - Banco Internacional de Moçambique

MZN' 000

31 December 2023	Retail Banking	Corporate Banking	Total Bank
Net interest margin	7 949 788	6 026 840	13 976 628
Fees and commission income/expense	2 446 192	257 853	2 704 045
Results of financial operations	768 586	361 084	1 129 670
Other operating results	270 872	47 080	317 952
Income from equity instruments	-	67 588	67 588
<b>Total operating income</b>	<b>11 435 438</b>	<b>6 760 445</b>	<b>18 195 883</b>
Staff expenses	(2 689 767)	(782 888)	(3 472 655)
Other administrative expenses	(2 972 072)	(1 024 424)	(3 996 496)
Amortization for the year	(979 549)	(254 452)	(1 234 001)
<b>Total operating costs</b>	<b>(6 641 388)</b>	<b>(2 061 764)</b>	<b>(8 703 152)</b>
Impairment of loans to customers	686 920	1 024 977	1 711 897
Other provisions and impairment	(380 770)	(568 160)	(948 930)
<b>Profit before tax</b>	<b>5 100 200</b>	<b>5 155 498</b>	<b>10 255 698</b>
Taxation	(1 514 191)	(1 530 608)	(3 044 799)
<b>Income for the year attributable to Shareholders</b>	<b>3 586 009</b>	<b>3 624 890</b>	<b>7 210 899</b>

MZN' 000

31 December 2023	Retail Banking	Corporate Banking	Total Bank
<b>Asset</b>			
Loans to customers	17 553 480	26 654 158	44 207 638
<b>Liability</b>			
Customer deposits	96 995 729	49 451 115	146 446 844

MZN' 000

31 December 2022	Retail Banking	Corporate Banking	Total Bank
Net interest margin	8 472 687	5 191 486	13 664 173
Fees and commission income/expense	2 307 378	306 765	2 614 143
Results of financial operations	1 020 665	386 576	1 407 241
Other operating results	124 208	47 719	171 927
Income from equity instruments	-	84 555	84 555
<b>Total operating income</b>	<b>11 924 938</b>	<b>6 017 101</b>	<b>17 942 039</b>
Staff expenses	(2 542 990)	(639 666)	(3 182 656)
Other administrative expenses	(2 668 866)	(749 267)	(3 418 133)
Amortization for the year	(871 933)	(178 579)	(1 050 512)
<b>Total operating costs</b>	<b>(6 083 789)</b>	<b>(1 567 512)</b>	<b>(7 651 301)</b>
Impairment of loans to customers	(172 364)	(377 732)	(550 096)
Other provisions and impairment	(215 283)	(471 788)	(687 071)
<b>Profit before tax</b>	<b>5 453 502</b>	<b>3 600 069</b>	<b>9 053 571</b>
Taxation	(1 468 416)	(972 340)	(2 440 756)
<b>Income for the year attributable to Shareholders</b>	<b>3 985 086</b>	<b>2 627 729</b>	<b>6 612 815</b>

MZN' 000

31 December 2022	Retail Banking	Corporate Banking	Total Bank
<b>Asset</b>			
Loans to customers	13 410 991	29 389 917	42 800 908
<b>Liability</b>			
Customer deposits	95 082 031	57 094 123	152 176 154



## 4. Net interest margin

	MZN' 000	
	2023	2022
<b>Interest and similar income</b>		
Interest on loans	8 936 232	7 330 053
Interest on deposits and other investments	2 315 744	3 544 818
Interest on other financial assets at amortised cost	9 245 369	9 033 990
	<u>20 497 345</u>	<u>19 908 861</u>
<b>Interest and similar expenses</b>		
Interest on deposit and other funds	6 434 599	6 156 228
Interest on leases	67 982	84 926
Other costs and similar interests	18 136	3 534
	<u>6 520 717</u>	<u>6 244 688</u>
<b>Net interest margin</b>	<u><u>13 976 628</u></u>	<u><u>13 664 173</u></u>

## 5. Income from equity instruments

	MZN' 000	
	2023	2022
Dividends from associates	67 588	84 555
	<u>67 588</u>	<u>84 555</u>

The item "Income from investments in associates" corresponds to dividends received by the Bank, associated with the financial interest held in Fidelidade Moçambique - Companhia de Seguros, S.A.

## 6. Fees and commission income/expense

	MZN' 000	
	2023	2022
<b>Fees and commission income</b>		
For bank warranties provided	200 395	239 588
For banking services provided	2 764 753	2 249 466
Other fees and commissions	687 691	669 507
	<u>3 652 839</u>	<u>3 158 561</u>
<b>Fees and commission expenses</b>		
For bank warranties received	7 063	7 636
For banking services received	561	1 404
Other fees and commissions	941 170	535 378
	<u>948 794</u>	<u>544 418</u>
<b>Fees and commission income/expense</b>	<u><u>2 704 045</u></u>	<u><u>2 614 143</u></u>

Revenue from fees and commissions from contracts with Clients is measured based on the remuneration specified in the contract with the Client. The Bank recognizes revenue when it transfers control over the service to the Customer.

## 7. Results of financial operations

	MZN' 000	
	2023	2022
<i>Profits from financial operations</i>		
Foreign exchange operations	1,122,941	1,373,005
Other operations	<b>8,010</b>	34,236
	<u>1,130,951</u>	<u>1,407,241</u>
<i>Losses on financial operations</i>		
Foreign exchange operations	1,221	-
Other operations	<b>60</b>	-
	<u>1,281</u>	<u>-</u>
	<u>1,129,670</u>	<u>1,407,241</u>

## 8. Other operating results

	MZN' 000	
	2023	2022
<i>Other operating income</i>		
Property income	41,905	31,919
Services rendered	91,695	79,708
Reimbursement of expenses	105,669	116,672
Other operating income	<b>416,325</b>	83,167
	<u>655,594</u>	<u>311,466</u>
<i>Other operating costs</i>		
Taxes	85,016	68,096
Donations and contributions	30,552	24,284
Other operating costs	<b>222,074</b>	47,159
	<u>337,642</u>	<u>139,539</u>
	<u>317,952</u>	<u>171,927</u>

The increase of MZN 333 158 thousand observed in Other operating income results mainly from the accounting of a profit resulting from the revaluation of the Fair Value of the assets classified as Investment Properties in the amount of 80 368 thousand Meticaís, as well as from the accounting of an extraordinary profit of about 200 285 thousand Meticaís resulting from the regularization of a balance recorded in Other Liabilities (the operation having been settled by BIM for an amount lower than initially accounted for).

On the other hand, the increase of MZN 174 915 thousand observed in Other operating costs results mainly from the accounting of a cost of about 131 631 thousand Meticaís resulting from the derecognition of some balances receivable (associated with legal and legal costs incurred by the Bank in the context of the recovery of some credit operations historically granted in syndicates, and which in 2023 were derecognized given their age and the low prospect of recovery), as well as the accounting of a cost resulting from the revaluation of the Fair Value of the assets classified as Investment Properties in the amount of 4 808 thousand Meticaís."

## 9. Staff expenses

	MZN' 000	
	2023	2022
Salaries	3 133 956	2 853 857
Compulsory social security charges	122 305	124 778
Optional social security charges	186 628	185 157
Other costs	<b>29 766</b>	18 864
	<u>3 472 655</u>	<u>3 182 656</u>

The average number of employees employed by the Bank, broken down into major professional categories, is shown as follows:

	2023	2022
Board and Management	129	129
Specifics/Techniques	1 021	1 010
Other functions	1 390	1 371
	<u>2 540</u>	<u>2 510</u>

The total amount of remuneration attributed by the Bank to the Management and Supervisory bodies in the year ended 31 December 2023, recorded under the item of “Remuneration”, was 311 593 thousand Meticaís (2022: 279 207 thousand Meticaís).

The staff costs item also includes the costs associated with pension obligations for the Bank in the year ended December 31<sup>st</sup>, 2023, in the amount of 54 994 thousand Meticaís (2022: 102 567 thousand Meticaís).

## 10. Other administrative expenses

	MZN' 000	
	2023	2022
IT and Consulting	1 789 487	1 553 842
Communications	416 317	375 670
Costs with independent work	333 679	186 862
Maintenance and repair	249 820	183 938
Current consumables	207 835	203 239
Water, energy and fuel	199 223	199 670
Security and surveillance	193 855	194 955
Advertising	150 465	115 853
Cash transportation	102 263	73 272
Insurance	92 737	82 695
Judicial, litigation and notary services	80 096	54 833
Facilities cleaning	60 914	64 867
Rents and leases	54 885	54 318
Travel, accommodation and representation	54 505	50 215
Staff Training	10 415	23 904
	<u>3 996 496</u>	<u>3 418 133</u>

The detail of rents and leasing is shown as follows:

	MZN' 000	
	2023	2022
House rents	9 445	11 472
Vehicle rents	4 253	4 313
Equipment rents	41 187	38 533
	<u>54 885</u>	<u>54 318</u>

The item “Rents and leasing” contains lease contracts for which IFRS 16 was not applied because they are valid for up to 12 months, short-term, condominiums whose contract is valid for up to 12 months, rents under counter management whose validity is up to 12 months, equipment rentals for which IFRS 16 was not applied due to the characteristics of the contracts. Also, for car rentals, IFRS 16 was not applied since they are short-term contracts.

The item “IT and Consulting” contains contracts for technical assistance and software maintenance that represent 78% of the amount of the item.

## 11. Depreciation and amortization for the year

	MZN' 000	
	2023	2022
<i>Intangible Assets</i>		
Software	283 596	203 112
<i>Tangible Assets</i>		
Property	159 294	164 128
Equipment	565 467	457 320
Furniture	24 726	24 497
Machines	16 363	12 016
IT equipment	335 671	245 724
Interior fittings	70 561	64 332
Vehicles	96 002	95 971
Security equipment	21 130	13 776
Other equipment	1 014	1 004
Right of Use - IFRS 16		
Properties	225 644	225 952
	<u>950 405</u>	<u>847 400</u>
	<u>1 234 001</u>	<u>1 050 512</u>

## 12. Impairment of loans to customers

	MZN' 000	
	2023	2022
<i>Impairment on Loans granted to customers</i>		
Net allocation for the year	887 901	846 150
Recovery of loans and interest written off against assets	<u>(2 599 798)</u>	<u>(296 054)</u>
	<u>(1 711 897)</u>	<u>550 096</u>

The amount of 2 599 798 thousand Meticaís, related to the Recovery of loan and interest written off, includes the amount of 2 439 691 thousand Meticaís associated with the profit resulting from the recovery of a loan operation that had been written-off by the Bank in 2020. The write-off recorded in 2020 resulted from the analysis carried out by the Bank on that date, and the gross exposure of the loan operation on that date (including interest) totaled around 3 753 371 thousand Meticaís. It should be noted that on that date the Bank recorded an impairment loss in the same amount, depending on the analysis of recovery by legal means carried out on that date. The conclusion of the respective legal process during the 2023 financial year allowed the Bank to recover about 65% (2 439 691 thousand Meticaís) of the amount previously accounted for as a loss by the Bank.

## 13. Others provisions and impairment

	MZN' 000	
	2023	2022
Provisions for off-balance credit exposure risk		
Allocation for the year	124 949	112 135
Reversal for the year	(110 831)	(97 714)
Impairment of other financial assets		
Allocation for the year	346 162	78 002
Reversal for the year	(47 626)	(65 511)
Provisions for general banking risks		
Allocation for the year	30 194	7 140
Reversal for the year	(40 940)	(2 858)
Other provisions for risks and charges		
Allocation for the year	165 150	368 753
Reversal for the year	-	-
Impairment of other assets		
Allocation for the year	383 558	210 579
Reversal for the year	-	-
Impairment for non-current assets held-for-sale		
Allocation for the year	98 314	76 546
Reversal for the year	-	-
	<u>948 930</u>	<u>687 071</u>

The provisions for general banking risks are intended to cover potential contingencies arising from ongoing legal proceedings.

## 14. Taxes

	MZN' 000	
	2023	2022
<b>Profit before tax</b>	<b>10 255 698</b>	<b>9 053 572</b>
Changes in equity	47 465	19 349
<b>Profit after changes in equity</b>	<b>10 303 163</b>	<b>9 072 921</b>
Non-deductible costs	621 607	772 985
Non-deductible expenses	228 209	95 844
<b>Sum of tax additions</b>	<b>849 816</b>	<b>868 829</b>
<b>Profit after tax additions</b>	<b>11 152 979</b>	<b>9 941 750</b>
Tax-exempt or non-taxable income	284 059	39 879
Economic double taxation of distributed profits	67 588	84 555
Income from public debt securities - clearance fee	10 933 489	12 199 098
<b>Sum of the tax deductions</b>	<b>11 285 135</b>	<b>12 323 532</b>
<b>Taxable profit</b>	<b>(132 157)</b>	<b>(2 381 782)</b>
Tax at the interest rate of the Public Debt	2 186 698	2 439 820
Deferred Taxes	858 082	888
Autonomous Taxation	19	48
<b>Provision for Current Tax</b>	<b>3 044 799</b>	<b>2 440 757</b>

# BIM - Banco Internacional de Moçambique

The table below details the existing tax losses by year of occurrence, and the year of expiration, as well as the deferred tax assets related to tax losses not recognized by the Bank, with reference to December 31<sup>st</sup>, 2023, because the conditions for recognition set out in IAS 12 are not met.

Year of occurrence	Expiry year	As per Model 22		MZN' 000	
		Amount of loss	Utilised value	Balance	Deferred Tax
2020	2025	2 965 339	-	2 965 339	948 908
2022	2027	2 638 275	-	2 638 275	844 248
2023	2028	207 717	-	207 717	66.470
		<b>5 811 332</b>	-	<b>5 811 332</b>	<b>1 859 626</b>
		Deferred tax (tax losses) recognised			-
		Deferred tax (tax loss) not recognised			<b>1 859 626</b>

The Deferred Tax Assets, in the amount of 114 450 thousand Meticaís, relate to the temporary differences between the accounting basis and the tax base, referring to the potential gain arising from the revaluation of real estate and equipment received by donation in payment or by repossession, recognized under the items of “Investment Properties”, “Non-current Assets held for sale” and “Other assets”, and unrealized exchange rate differences.

The Bank has accumulated tax losses in the amount of 5 811 332 thousand Meticaís. Based on the five-year business plan, the Bank's Management believes that the Bank will not generate sufficient tax profits to reverse all tax losses by 2028 and, therefore, did not recognize deferred taxes in the amount of 1 859 626 thousand Meticaís. However, if the situation improves faster than expected or extraordinary events arise, in the next financial years, the Bank may recognize deferred tax assets not accounted for in the amount of 1 859 626 thousand Meticaís.

## 15. Profit per share

	MZN	
	2023	2022
Net profit	7 210 898 719	6 612 815 237
Number of shares	45 000 000	45 000 000
Profit per share (from continuing activities attributable to shareholders of the Bank)	<b>160,24</b>	146,95

## 16. Cash and Cash equivalents at Bank of Mozambique

	MZN' 000	
	2023	2022
Cash	4 286 716	4 545 063
Bank of Mozambique	53 072 511	14 432 586
	<b>57 359 227</b>	18 977 649

The balance of cash equivalents with the Bank of Mozambique is intended to meet the legal requirements of minimum cash reserves, calculated based on the amount of deposits and other effective obligations. The mandatory cash reserve regime requires the maintenance of a balance in deposits at the Bank of Mozambique equivalent to 39,0% (December 2022: 10,5%) for liabilities in national currency and 39,5% (December 2022: 11,5%) for liabilities in foreign currency on the average monthly amount of deposits.



## 17. Cash and cash equivalents with other Credit Institution

	MZN' 000	
	2023	2022
Local Credit Institutions	251 226	327 874
Foreign Credit Institutions	2 532 093	1 394 925
	<b>2 783 319</b>	<b>1 722 799</b>

The item of “Local Credit Institutions” includes amounts to be collected in the amount of 251 226 thousand Meticaís that represent, essentially, cheques drawn by third parties on other credit institutions in collection on December 31, 2023 (2022: 327 874 thousand Meticaís).

Disaggregation of Cash and Cash Equivalents in Other Credit Institutions abroad by currency:

	MZN' 000	
	2023	2022
USD	1 768 167	1 072 022
EUR	262 266	222 534
NOK	242 256	25 545
CNY	158 631	-
ZAR	49 801	16 807
CHF	19 283	26 911
GBP	11 448	10 925
CAD	5 544	9 442
AUD	4 384	855
JPY	4 246	3 451
SEK	3 429	1 508
DKK	2 638	1 873
	<b>2 532 093</b>	<b>1 394 925</b>

## 18. Placements in other Banks

	MZN' 000	
	2023	2022
Investments in credit institution in the country	13 030 720	26 049 294
Investments in credit institution abroad	10 189 706	22 438 222
	<b>23 220 426</b>	<b>48 487 516</b>

## 19. Loans to customer

	MZN' 000	
	2023	2022
Loans with collateral	6 413 881	631 802
Loans with other collateral	15 527 724	23 844 273
Loans without collateral	5 108 495	859 014
Loans to the public sector	16 602 471	16 475 834
Leasing loans	1 101 123	1 108 250
	<u>44 753 694</u>	<u>42 919 173</u>
Loans overdue - less than 90 days	95 781	33 686
Loans overdue - more than 90 days	1 325 218	3 622 174
	<u>46 174 693</u>	<u>46 575 033</u>
Impairment for loans to customers	(1 967 055)	(3 774 125)
	<u>44 207 638</u>	<u>42 800 908</u>

The analysis of loan to Customers by type of operation is as follows:

	MZN' 000	
	2023	2022
<i>Short-term</i>		
Discounted loans securitised by effects	891 442	860 086
Loan in current account	1 865 142	2 072 649
Overdrafts on current account	1 120 259	431 822
Loans	1 175 312	3 358 169
	<u>5 052 155</u>	<u>6 722 726</u>
<i>Medium and long term</i>		
Discounted loans securitised by effects		
Loans	21 465 306	18 092 597
Property lending	17 478 960	17 434 718
Lease capital	757 273	669 132
	<u>39 701 539</u>	<u>36 196 447</u>
Loans overdue - less than 90 days	95 781	33 686
Loans overdue - more than 90 days	1 325 218	3 622 174
	<u>1 420 999</u>	<u>3 655 860</u>
Impairment for loans to customers	(1 967 055)	(3 774 125)
	<u>44 207 638</u>	<u>42 800 908</u>

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The analysis of loan to Customers by sector of activity is as follows:

	MZN' 000	
	2023	2022
Agriculture and forestry	644 278	976 204
Extractive industries	345 145	34 075
Food, beverages and tobacco	1 184 188	2 840 091
Textile	3 516	3 825
Paper, graphic arts and publishing	40 783	34 483
Chemical	69 837	2 606 075
Machine and equipment	38 656	1 280 227
Electricity, water and gas	74 987	23 865
Construction	483 032	455 917
Trade	5 630 828	3 433 636
Hospitality and tourism	345 413	246 564
Transport and communications	3 174 135	3 075 835
Services	1 741 424	2 431 841
Consumer loans	14 160 211	10 980 902
Housing loans	725 078	742 929
Mozambican State	16 638 067	16 475 139
Other activities	875 115	933 425
	<b>46 174 693</b>	<b>46 575 033</b>
Impairment for loans to customers	<b>(1 967 055)</b>	<b>(3 774 125)</b>
	<b>44 207 638</b>	<b>42 800 908</b>

The customer loan portfolio includes loans that have been formally restructured with customers, in terms of reinforcing guarantees, extending maturities and changing interest rates.

The analysis of loans restructured by sectors of activity is as follows:

	MZN' 000	
	2023	2022
Agriculture and forestry	140 721	150 182
Extractive industries	1 755	1 755
Food, beverages and tobacco	13 600	13 600
Paper, graphic arts and publishing	189	1 286
Chemical	-	160 428
Machine and equipment	97 501	928 762
Electricity, water and gas	41 225	648
Construction	105 916	271 557
Trade	143 672	326 418
Hospitality and tourism	151 714	177 204
Transport and communications	21 297	1 349 778
Services	4 497 304	4 500 165
Consumer loans	301 701	452 127
Housing loans	20 778	21 544
Other activities	48 980	66 372
	<b>5 586 353</b>	<b>8 421 826</b>

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The analysis of overdue loan by type of loan is as follows:

	MZN' 000	
	2023	2022
Loans with collateral	283 228	51 414
Loans with other collateral	846 529	3 308 064
Loans without collateral	228 515	48 877
Loans to the public sector	2 845	5
Leasing loans	59 882	247 500
	<b>1 420 999</b>	<b>3 655 860</b>

The analysis of overdue loan by sectors of activity is as follows:

	MZN' 000	
	2023	2022
Agriculture and forestry	227 638	126 912
Extractive industries	22 117	23 546
Food, beverages and tobacco	1 815	19 761
Textile	-	-
Paper, graphic arts and publishing	3 910	2 319
Chemical	1	1 665 646
Machine and equipment	12 117	446 075
Electricity, water and gas	13	3
Construction	60 218	36 849
Trade	251 529	422 529
Hospitality and tourism	38 700	28 885
Transport and communications	64 015	14 691
Services	64 181	79 529
Consumer loans	582 264	459 947
Housing loans	55 135	47 820
Mozambican State	2 845	5
Other activities	34 501	281 343
	<b>1 420 999</b>	<b>3 655 860</b>

Impairment changes for credit risks are analyzed as follows:

	MZN' 000	
	2023	2022
Balance as per 1 January	3 774 125	3 807 522
Allocation for the year	2 189 921	1 923 849
Reversal for the year	(1 070 436)	(779 676)
Utilisation of impairment	(2 926 872)	(1 177 295)
Differences in exchange rate	317	(275)
Balance as per 31 December	<b>1 967 055</b>	<b>3 774 125</b>

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The following table shows, by default classes, the breakdown of impairment for credit risks existing as of 31 December 2023:

MZN'000

	Classes of default			Total
	Up to 6 months	From 6 months to 1 year	More than 1 year	
Overdue loans with collateral	826 987	84 714	296 505	1 208 206
Existing impairment	(388 138)	(57 817)	(163 076)	(609 031)
Overdue loans without collateral	212 793	-	-	212 793
Existing impairment	(150 140)	-	-	(150 140)
<b>Total overdue loans</b>	<b>1 039 780</b>	<b>84 714</b>	<b>296 505</b>	<b>1 420 999</b>
Total impairment for overdue loans	(538 278)	(57 817)	(163 076)	(759 171)
Total impairment for maturing loans				(1 207 884)
<b>Total impairment for loans to customers</b>				<b>(1 967 055)</b>

The following table shows, by default classes, the breakdown of impairment for credit risks existing as of 31 December 2022:

MZN'000

	Classes of default			Total
	Up to 6 months	From 6 months to 1 year	More than 1 year	
Overdue loans with collateral	1 209 894	105 603	2 291 486	3 606 982
Existing impairment	(653 824)	(49 543)	(1 473 478)	(2 176 845)
Overdue loans without collateral	48 877	-	-	48 877
Existing impairment	(42 213)	-	-	(42 213)
<b>Total overdue loans</b>	<b>1 258 771</b>	<b>105 603</b>	<b>2 291 486</b>	<b>3 655 860</b>
Total impairment for overdue loans	(696 037)	(49 543)	(1 473 478)	(2 219 058)
Total impairment for maturing loans				(1 555 067)
<b>Total impairment for loans to customers</b>				<b>(3 774 125)</b>

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The analysis of impairment by sectors of activity is as follows:

	MZN' 000	
	2023	2022
Agriculture and forestry	46 815	19 323
Extractive industries	26 755	22 130
Food, beverages and tobacco	8 291	40 834
Textile	48	536
Paper, graphic arts and publishing	3 618	2 825
Chemical	929	1 856 811
Machine and equipment	17 099	155 160
Electricity, water and gas	1 266	302
Construction	81 412	52 064
Trade	343 068	320 957
Hospitality and tourism	70 977	39 814
Transport and communications	88 754	49 639
Services	69 120	111 071
Consumer loans	981 209	728 662
Housing loans	44 852	35 395
Mozambican State	143 434	117 232
Other activities	39 408	221 370
	<b>1 967 055</b>	<b>3 774 125</b>

Impairment by type of loan is analyzed as follows:

	MZN' 000	
	2023	2022
Loans with collateral	159 343	38 172
Loans with other collateral	1 305 869	3 392 969
Loans without collateral	263 442	86 217
Loans to the public sector	143 337	117 311
Leasing loans	95 064	139 456
	<b>1 967 055</b>	<b>3 774 125</b>

The cancellation of loan for the use of provision by sector of activity is as follows:

	MZN' 000	
	2023	2022
Agriculture and forestry	-	232
Textile	-	42
Paper, graphic arts and publishing	-	57
Chemical	2 590 032	-
Machine and equipment	8 051	4
Electricity, water and gas	-	38 920
Construction	207	129 590
Trade	40 980	315 997
Hospitality and tourism	-	1 304
Transport and communications	-	683
Services	-	1 149
Consumer loans	176 852	246 795
Other activities	110 750	442 522
	<b>2 926 872</b>	<b>1 177 295</b>

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The cancellation of loan by use of the respective provision, analyzed by type of loan, is as follows:

	MZN' 000	
	2023	2022
Loans with other collateral	2 892 090	991 600
Loans without collateral	34 782	185 695
	<u>2 926 872</u>	<u>1 177 295</u>

The recovery of loans and interest cancelled in the year or in previous years, carried out during 2023 presented by type of loan, is as follows:

	MZN' 000	
	2023	2022
Loans with other collateral	2,590,659	287,999
Loans without collateral	9,139	8,055
	<u>2,599,798</u>	<u>296,054</u>

## 20. Financial assets at amortized cost

	MZN' 000	
	2023	2022
Government bonds	38 805 946	35 769 640
Other securities	2 189 169	22 140 277
	<u>40 995 115</u>	<u>57 909 917</u>
Impairment of securities	(423 178)	(189 910)
	<u>40 571 937</u>	<u>57 720 007</u>

Changes in the Impairment of Other Financial Assets at amortized cost are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	189 910	178 428
Allocation for the year	280 243	71 012
Reversal for the year	(46 975)	(59 530)
Balance at 31 December	<u>423 178</u>	<u>189 910</u>

## 21. Financial assets at fair value through other comprehensive income

	MZN' 000	
	2023	2022
Other securities	6 164 785	6 031 769
Government bonds	824 726	1 058 718
Shares	48 842	82 287
	<u>7 038 353</u>	<u>7 172 774</u>

The item “other securities” is mainly composed by Treasury bills held for trading.

## 22. Investments in associates

	MZN' 000	
	2023	2022
<i>Associates:</i>		
Fidelidade Moçambique- Companhia de Seguros, S.A.	99 501	99 501
	<u>99 501</u>	<u>99 501</u>

The investment in associates, in the amount of 99 501 thousand Meticaís, corresponds to the cost of acquiring the shareholding in Fidelidade Moçambique - Companhia de Seguros, S.A.

As at 31 December 2023, the percentage of the Bank's shareholding in the associate is shown as follows:

				MZN
Subsidiaries	Headquarter	Share Capital	Economic Activity	% in Participation
Fidelidade Moçambique- Companhia de Seguros, S.A.	Maputo	295 000 000	Seguros	21,99



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Below is the Associate's income statement for the year ended 31 December 2023:

Notes	Profit and loss account	2023				Prior Year
		Life technical account	Non-life technical account	Non-technical account	Total	
		318 375	2 293 026	-	2 611 400	2 347 207
<b>2 g); 5</b>	<b>Premiums earned net of reinsurance</b>					
	Gross written premiums	343 174	2 939 577	-	3 282 751	2 942 873
	Premiums ceded to reinsurers	(24 799)	(519 198)	-	(543 997)	(527 135)
	Provision for unearned premiums (change)	-	(183 931)	-	(183 931)	(47 884)
	Provision for unearned premiums, reinsurers' part (change)	-	56 577	-	56 577	(20 647)
	Commissions on insurance contracts and operations considered for accounting purposes as investment contracts or as contracts for the provision of services	-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>6</b>	<b>Claims costs, net of reinsurance</b>	<b>(53 711)</b>	<b>(1 334 536)</b>	<b>-</b>	<b>(1 388 247)</b>	<b>(1 155 254)</b>
	Amounts paid	(38 611)	(1 341 152)	-	(1 379 763)	(1 162 497)
	Gross amounts from reinsurers	(64 307)	(1 584 603)	-	(1 648 911)	(1 427 418)
	Provision for claims (change)	25 696	243 451	-	269 148	264 921
		(15 100)	6 616	-	(8 485)	7 243
	Gross amounts from reinsurers	5 893	18 491	-	24 384	40 602
		(20 994)	(11 875)	-	(32 869)	(33 359)
<b>7</b>	<b>Other technical provisions, net of reinsurance</b>	<b>-</b>	<b>(4 310)</b>	<b>-</b>	<b>(4 310)</b>	<b>(6 169)</b>
<b>8</b>	<b>Mathematical provision - Life, net of reinsurance</b>	<b>4 798</b>	<b>-</b>	<b>-</b>	<b>4 798</b>	<b>(77 450)</b>
	Amounts paid from reinsurers	7 978	-	-	7 978	(79 619)
		(3 179)	-	-	(3 179)	2 169
<b>9</b>	<b>Profit sharing, net of reinsurance</b>	<b>-</b>	<b>(3 288)</b>	<b>-</b>	<b>(3 288)</b>	<b>(3 448)</b>
<b>2 g); 10</b>	<b>Operating costs, net</b>	<b>(261 989)</b>	<b>(736 884)</b>	<b>-</b>	<b>(998 873)</b>	<b>(817 742)</b>
	Acquisition costs	(131 067)	(345 359)	-	(476 426)	(438 742)
	Deferred acquisition costs (change)	3 573	16 711	-	20 285	43 532
	Administrative costs	(144 526)	(465 143)	-	(609 669)	(509 540)
	Reinsurance commissions and profit sharing	10 030	56 907	-	66 937	87 008
<b>2 c); 11</b>	<b>Income</b>	<b>68 488</b>	<b>559 878</b>	<b>13 869</b>	<b>642 235</b>	<b>520 602</b>
	Interest on financial assets not recognised at fair value through profit and loss	64 705	492 654	13 099	570 458	447 687
	Interest on financial liabilities not recognised at fair value through profit or loss	-	-	-	-	-
	Others	3 783	67 224	769	71 777	72 915
<b>12</b>	<b>Financial costs</b>	<b>(94)</b>	<b>(3 184)</b>	<b>-</b>	<b>(3 279)</b>	<b>(1 718)</b>
	Interest on assets not recognised at fair value through profit or loss	-	-	-	-	-
	Interest on financial liabilities not recognised at fair value through profit or loss	-	-	-	-	-
	Others	(94)	(3 184)	-	(3 279)	(1 718)
	<b>Net gains on financial assets and liabilities not recognised at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Assets available for sale	-	-	-	-	-
	Loans and accounts receivable	-	-	-	-	-
	Investments held to maturity	-	-	-	-	-
	Financial liabilities valued at amortised cost	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Net gains on financial assets and liabilities valued at fair value through profit and loss</b>	<b>-</b>	<b>(43 990)</b>	<b>-</b>	<b>(43 990)</b>	<b>(31 763)</b>
	Net gains on financial assets and liabilities held for trading	-	-	-	-	-
	Net gains on financial assets and liabilities on initial recognition at fair value through profit or loss	-	-	-	-	-
	Others	-	(43 990)	-	(43 990)	(31 763)
<b>13</b>	<b>Exchange rate differences</b>	<b>(7)</b>	<b>3 225</b>	<b>(1 431)</b>	<b>1 788</b>	<b>2 749</b>
	<b>Net gains on the sale of assets not that are not classified as non-current assets held for sale and discontinued operating units</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>14</b>	<b>Impairment losses (net of reversal)</b>	<b>-</b>	<b>11 143</b>	<b>-</b>	<b>11 143</b>	<b>1 232</b>
	Assets available for sale	-	-	-	-	-
	Loans and receivables valued at amortised cost	-	-	-	-	-
	Investments to be held to maturity	-	-	-	-	-
	Others	-	11 143	-	11 143	1 232
	Other income/technical expenses, net of reinsurance	-	19	-	19	367
<b>15</b>	<b>Other provisions (change)</b>	<b>1 254</b>	<b>1 875</b>	<b>-</b>	<b>3 129</b>	<b>17 589</b>
	Other income/expenses	-	-	(6 938)	(6 938)	(4 327)
	Negative goodwill recognised immediately in profit and loss	-	-	-	-	-
	Gains and losses os associates and ventures accounted for using the equity method	-	-	-	-	-
	Gains and losses on non-current assets (or disposal groups) classified as held for sale	-	-	-	-	-
		-	-	-	-	-
	<b>Profit before tax</b>	<b>77 114</b>	<b>742 972</b>	<b>5 499</b>	<b>825 586</b>	<b>791 873</b>
<b>2 i); 27</b>	<b>Income taxes for the year - Current taxes</b>	<b>(24 412)</b>	<b>(235 207)</b>	<b>(1 741)</b>	<b>(261 360)</b>	<b>(214 063)</b>
<b>2 i); 27</b>	<b>Income taxes for the year - Deferred taxes</b>	<b>-</b>	<b>64 359</b>	<b>-</b>	<b>64 359</b>	<b>4 958</b>
<b>31</b>	<b>Net profit for the year</b>	<b>52 702</b>	<b>572 124</b>	<b>3 758</b>	<b>628 584</b>	<b>582 768</b>

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Below is the Associate's Balance Sheet for the year ended 31 December 2023

		000 MZN			
		December 2023	December 2022		
Notes	Asset	Gross Asset	Amortization and Provisions	Net Assets	Net Assets Prior Year
2 a); 17	<b>Cash and cash equivalents and current deposits</b>	765 241	-	765 241	323 891
2 b); 18	Investments in subsidiaries, associates and Joint Ventures	211 351	-	211 351	211 351
	Financial assets held for trading	-	-	-	-
	Financial assets classified at initial recognition at fair value through profit and loss	-	-	-	-
2 c); 19	Assets available for sale	3 231 816	-	3 231 816	2 920 739
2 c); 21	<b>Loans and accounts receivable</b>	72 200	-	72 200	170 540
	Deposits with transferor companies	-	-	-	-
	Other deposits	72 200	-	72 200	170 540
	Loans granted	-	-	-	-
	Account receivable	-	-	-	-
	Others	-	-	-	-
2 c); 20	Investments to hold until maturity	232 818	-	232 818	224 104
2 e); 22	<b>Properties</b>	1 730 168	11 018	1 719 150	1 990 043
	Properties held for own use	67 656	11 018	56 638	57 992
	Properties held for income	1 662 512	-	1 662 512	1 932 051
2 f); 23	Other tangible assets	486 834	145 623	341 210	230 053
23	Inventory	415	-	415	1 293
	Goodwill	-	-	-	-
2 g); 24	Other intangible assets	113 605	102 825	10 779	17 638
2 h); 25	<b>Technical provisions for reinsurance ceded</b>	950 936	-	950 936	949 794
	Provision for unearned premiums	149 531	-	149 531	93 239
	Mathematical provision for Life - Insurance	2 917	-	2 917	5 724
	Provision for claims	788 642	-	788 642	850 175
	Provision for profit sharing	9 847	-	9 847	656
	Other technical provision	-	-	-	-
	Assets for post-employment benefits and other long-term benefits	11 991	-	11 991	12 731
26	<b>Other debtors for insurance and other operations</b>	1 162 096	26 734	1 135 362	726 281
	Accounts receivable from direct insurance operations	858 341	26 734	831 607	481 390
	Accounts receivable from other reinsurance operations	148 988	-	148 988	95 035
	Accounts receivable for other operations	154 766	-	154 766	149 856
2 l); 27	<b>Tax assets</b>	54 003	-	54 003	103 838
	Current tax assets	51 497	-	51 497	101 331
	Deferred tax assets	2 507	-	2 507	2 507
28	<b>Accruals and deferrals</b>	193 752	-	193 752	106 513
	Interest receivable	169 611	-	169 611	105 015
	Other accruals and deferrals	24 141	-	24 141	1 499
	Other assets elements	-	-	-	-
	Non-current assets held for sale and discontinued operating units	-	-	-	-
	<b>Total Assets</b>	<b>9 217 224</b>	<b>286 201</b>	<b>8 931 024</b>	<b>7 988 810</b>

# BIM - Banco Internacional de Moçambique

		000 MZN	
Liability and Equity		December 2023 Current year	December 2022 Prior year
<b>LIABILITY</b>			
2 h); 25	<b>Technical Provisions</b>	2 884 562	2 767 128
	Provision for unearned premium	925 778	758 901
	Mathematical provision - Life	190 275	201 335
	Provisions for claim	1 753 817	1 797 274
	From Life insurance	35 591	41 755
	From the field of occupational accidents and occupational diseases	453 668	442 649
	From other business lines	1 264 559	1 312 870
	Profit share provision	4 213	3 448
	Claims deviation reserve	-	-
	Unexpired risk reserve	10 479	6 169
	Other technical provision		
	Financial liabilities from the deposit component of insurance policy holders and from insurance policies and operations considered for accounting purposes as investments contracts		
	<b>Other financial liabilities</b>		
	Subordinated liabilities		
	Deposits received from reinsurers		
	Others		
2 j); 29	<b>Liabilities for post-employment benefits and other long-term benefits</b>	20 185	17 721
		-	-
30	<b>Other creditors for insurance operations in other operations</b>	1 262 028	721 736
	Accounts payables for direct insurance operations	475 967	325 872
	Accounts payable for other reinsurance operations	576 169	224 764
	Accounts payables for other operations	209 892	171 100
		-	-
		-	-
2 l); 27	<b>Tax liabilities</b>	432 398	478 252
	Current tax liabilities	60 255	40 625
	Deferred tax liabilities	372 144	437 627
		-	-
28	<b>Accruals and deferrals</b>	108 676	99 728
		-	-
2 m)	Other provisions	999	999
	Other liabilities	-	-
	Liabilities of a disposal group classified as held for sale	-	-
		-	-
		-	-
	<b>TOTAL LIABILITIES</b>	<b>4 708 848</b>	<b>4 085 563</b>
<b>EQUITY</b>			
2 n); 31	Share Capital (Own shares)	295 000	295 000
	Other equity instruments	-	-
		-	-
	Revaluation reserves	(13 211)	(11 220)
		-	-
31	For readjustments in the fair value of financial assets	(13 211)	(11 220)
	For revaluation property for own use	-	-
	For revaluation of intangible assets	-	-
	For revaluation of other tangible assets	-	-
	For exchange rate difference	-	-
		-	-
		-	-
31	<b>Reserve for deferred taxes</b>	4 228	3 590
		-	-
31	<b>Other reserves</b>	2 445 166	2 138 936
		-	-
31	Retained earnings	862 409	894 172
		-	-
31	Profit for the year	628 584	582 768
		-	-
	<b>TOTAL EQUITY</b>	<b>4 222 176</b>	<b>3 903 247</b>
		-	-
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>8 931 024</b>	<b>7 988 810</b>

## 23. Non-current assets held for sale

	MZN' 000	
	2023	2022
Collateral from Loans		
Properties	692 190	1 483 918
	<u>692 190</u>	<u>1 483 918</u>
Impairment	(109 483)	(92 704)
	<u>582 707</u>	<u>1 391 214</u>

Impairment changes for non-current assets held for sale are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	92 704	31 264
Increases for the year	19 879	76 546
Transfers	(3 100)	(15 106)
Balance at the end of the year	<u>109 483</u>	<u>92 704</u>

## 24. Investment Properties

The “Investment Properties” item consists of property and equipment received, which are being leased by the Bank.

Investment Properties are initially recognized at acquisition cost, including transaction costs, and are subsequently measured at fair value. The fair value of investment properties should reflect market conditions at the reporting date. Changes in fair value are recognized in income statement for the year under the “Other Operating Income” item.

Evaluations are carried out annually by external evaluators duly certified for this purpose.

The changes of the “Investment Properties” item during 2023 are analyzed as follows:

	MZN' 000							
	Balance at 01.01.23	Acquisitions	Disposals	Transfers	Regularization	Balance at 31.12.23	Revaluation	Balance at 31.12.23
	<i>Gross Amount</i>							<i>Net value</i>
Residential property	25 413	-	-	71 720	-	97 133	4 680	101 813
Commercial/Operational Property	829 106	42 970	-	555 488	-	1 427 564	66 174	1 493 738
Industrial Equipment	-	967 627	-	-	-	967 627	-	967 627
	<u>854 519</u>	<u>1 010 597</u>	<u>-</u>	<u>627 207</u>	<u>-</u>	<u>2 492 324</u>	<u>70 855</u>	<u>2 563 178</u>

## 25. Other Tangible Assets

	MZN' 000	
	2023	2022
Buildings	3 994 498	3 742 672
Works in rented buildings	1 230 620	1 241 521
Equipment		
Furniture	401 434	388 493
Machines	209 616	183 017
IT equipment	2 984 897	2 726 994
Interior fittings	1 041 903	983 550
Vehicles	627 652	600 135
Security equipment	397 818	374 511
Other tangible assets	28 582	27 979
Right-of-use		
Properties	1 764 670	1 582 761
Assets under construction	327 209	215 276
	<b>13 008 899</b>	<b>12 066 909</b>
<i>Accumulated amortization</i>	<b>(7 042 811)</b>	<b>(6 348 396)</b>
	<b>5 966 088</b>	<b>5 718 513</b>

The changes of the Tangible Assets item during the year 2023 are analyzed as follows:

	MZN' 000				
	Balance at 01 January 2023	Acquisitions / Appropriations	Disposals	Transfers	Balance at 31 December 2023
<i>Cost</i>					
Properties	3 742 672	237 514	(521)	14 833	3 994 498
Works in rented buildings	1 241 521	8 418	(20 283)	964	1 230 620
Equipment					
Furniture	388 493	19 389	(7 234)	786	401 434
Machines	183 017	5 968	(406)	21 037	209 616
IT equipment	2 726 994	174 456	(170 168)	253 615	2 984 897
Interior fittings	983 550	46 078	(23 567)	35 842	1 041 903
Vehicles	600 135	67 556	(52 724)	12 685	627 652
Security equipment	374 511	8 838	(58)	14 527	397 818
Other tangible assets	27 979	1 222	(619)	-	28 582
Right-of-use -IFRS 16					
Properties	1 582 761	181 909	-	-	1 764 670
Assets under construction	215 276	466 894	(672)	(354 289)	327 209
	<b>12 066 909</b>	<b>1 218 242</b>	<b>(276 252)</b>	<b>-</b>	<b>13 008 899</b>
<i>Accumulated amortization</i>					
Properties	(762 184)	(78 533)	268	1	(840 448)
Works in rented buildings	(804 881)	(80 761)	14 896	(1)	(870 747)
Equipment					
Furniture	(289 615)	(24 726)	5 672	-	(308 669)
Machines	(130 095)	(16 363)	399	-	(146 059)
IT Equipment	(2 155 544)	(335 671)	170 108	-	(2 321 107)
Interior Fittings	(619 114)	(70 561)	16 884	-	(672 791)
Vehicles	(384 640)	(96 002)	47 180	-	(433 462)
Security equipment	(281 636)	(21 130)	25	-	(302 741)
Other tangible assets	(23 113)	(1 014)	557	-	(23 570)
Right-of-use					
Properties	(897 574)	(225 644)	1	-	(1 123 217)
	<b>(6 348 396)</b>	<b>(950 405)</b>	<b>255 990</b>	<b>-</b>	<b>(7 042 811)</b>
Net value	<b>5 718 513</b>	<b>267 837</b>	<b>(20 262)</b>	<b>-</b>	<b>5 966 088</b>

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The changes of the Tangible Assets item during the year 2022 are analyzed as follows:

	MZN' 000				
	Balance at 01 January 2022	Acquisitions / Appropriations	Disposals	Transfers	Balance at 31 December 2022
<i>Cost</i>					
Properties	3 627 573	1 013	(176)	114 262	3 742 672
Works in rented buildings	1 135 780	3 129	(14 818)	117 430	1 241 521
Equipment					
Furniture	371 572	4 878	(1 446)	13 489	388 493
Machines	163 263	19 806	(52)	-	183 017
IT equipment	2 489 387	172 384	(61 130)	126 353	2 726 994
Interior fittings	850 071	51 956	(6 690)	88 213	983 550
Vehicles	550 732	96 346	(67 523)	20 580	600 135
Security equipment	313 103	32 016	(944)	30 336	374 511
Other tangible assets	27 237	753	(163)	152	27 979
Right-of-use -IFRS 16					
Properties	1 365 501	217 260	-	-	1 582 761
Assets work in progress	434 216	291 875	-	(510 815)	215 276
	<u>11 328 435</u>	<u>891 416</u>	<u>(152 942)</u>	<u>-</u>	<u>12 066 909</u>
<i>Accumulated amortization</i>					
Properties	(683 504)	(78 766)	84	2	(762 184)
Works in rented buildings	(732 587)	(85 362)	13 070	(2)	(804 881)
Equipment					
Furniture	(266 378)	(24 497)	1 260	-	(289 615)
Machines	(118 131)	(12 016)	52	-	(130 095)
IT Equipment	(1 970 852)	(245 724)	61 032	-	(2 155 544)
Interior Fittings	(559 836)	(64 332)	5 054	-	(619 114)
Vehicles	(356 088)	(95 971)	67 419	-	(384 640)
Security equipment	(268 661)	(13 776)	801	-	(281 636)
Other tangible assets	(22 239)	(1 004)	130	-	(23 113)
Right-of-use					
Properties	(671 634)	(225 952)	12	-	(897 574)
	<u>(5 649 910)</u>	<u>(847 400)</u>	<u>148 914</u>	<u>-</u>	<u>(6 348 396)</u>
Net value	<u>5 678 525</u>	<u>44 016</u>	<u>(4 028)</u>	<u>-</u>	<u>5 718 513</u>

## 26. Other Intangible Assets

	MZN' 000	
	2023	2022
<i>Intangible Assets</i>		
'Software'	2 252 489	1 858 892
Assets under construction	138 025	149 026
	<u>2 390 514</u>	<u>2 007 918</u>
<i>Accumulated amortization</i>		
	<u>(1 533 568)</u>	<u>(1 249 971)</u>
	<u>856 946</u>	<u>757 947</u>

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The changes of the intangible assets item during the year 2023 are analyzed as follows:

MZN' 000

	Balance at 01 January 2023	Acquisitions / Appropriations	Disposals	Transfers	Balance at 31 December 2023
<i>Cost</i>					
Software	1 858 892	297 964	(71 455)	167 088	2 252 489
Assets under construction	149 026	156 087		(167 088)	138 025
	<u>2 007 918</u>	<u>454 051</u>	<u>(71 455)</u>	<u>-</u>	<u>2 390 514</u>
<i>Accumulated amortization</i>					
Software	(1 249 971)	(283 597)	-	-	(1 533 568)
Net Value	<u>757 947</u>	<u>170 454</u>	<u>(71 455)</u>	<u>-</u>	<u>856 946</u>

The changes of the intangible assets item during the year 2022 are analyzed as follows:

MZN' 000

	Balance at 01 January 2022	Acquisitions / Appropriations	Disposals	Transfers	Balance at 31 December 2022
<i>Cost</i>					
Software	1 375 195	35 009	-	448 688	1 858 892
Investments in progress	390 458	207 256	-	(448 688)	149 026
	<u>1 765 653</u>	<u>242 265</u>	<u>-</u>	<u>-</u>	<u>2 007 918</u>
<i>Accumulated amortization</i>					
Software	(1 046 859)	(203 112)	-	-	(1 249 971)
Net Value	<u>718 794</u>	<u>39 153</u>	<u>-</u>	<u>-</u>	<u>757 947</u>

## 27. Current tax assets and liabilities

MZN' 000

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Corporate Income Tax (IRPC) to be recovered	419 213	-	408 614	-
Corporate Income Tax (IRPC) to be paid	-	19	-	48
	<u>419 213</u>	<u>19</u>	<u>408 614</u>	<u>48</u>

## 28. Deferred tax assets and liabilities

MZN' 000

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Deferred tax assets - tax losses	-	-	955 548	-
Deferred tax assets - temporary differences	141 260	(26 810)	-	-
Deferred Tax Assets/Liabilities	<u>141 260</u>	<u>(26 810)</u>	<u>955 548</u>	<u>-</u>
Total recognised as Assets (+) / Liabilities (-)	<u>114 450</u>		<u>955 548</u>	

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The change for the year of deferred tax assets and liabilities is as follows:

	MZN' 000	
	2023	2022
Balance at 1 of January	955 548	960 864
Appropriation (+) / Reversal (-) Deferred Taxes - tax losses	(955 548)	(888)
Appropriation (+) / Reversal (-) Deferred Taxes - temporary differences	114 450	-
Other changes	-	(4 428)
	<u>114 450</u>	<u>955 548</u>

## 29. Other Assets

	MZN' 000	
	2023	2022
Debtors	4 624 442	4 445 040
Accrued income	117 450	115 169
Prepaid expenses	131 833	107 169
Other receivables	<u>925 496</u>	<u>666 937</u>
	<u>5 799 221</u>	<u>5 334 315</u>
Impairment for other assets	<u>(1 197 576)</u>	<u>(748 701)</u>
	<u>4 601 645</u>	<u>4 585 614</u>

On December 31<sup>st</sup>, 2023, the debtors item included the amount of 3.345.550 thousand Meticaís referring to properties received in donation for more than 12 months.

Changes in the impairment of other assets are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	748 701	770 889
Appropriation for the year	457 288	210 579
Utilizations	(11 513)	(247 874)
Transfers	<u>3 100</u>	<u>15 107</u>
Balance at the end of the year	<u>1 197 576</u>	<u>748 701</u>

## 30. Deposits from other Banks

	MZN' 000	
	2023	2022
<b>Deposits from the Central Bank of Mozambique</b>		
Medium and long term loans	104 126	148 173
<b>Deposits from other Banks in-country</b>		
Current deposits	337 811	17 730
Other deposits	144 985	-
<b>Deposits from other Banks abroad</b>		
Current deposits	897 417	23 093
Short term loans	761	42 655
	<u>1 485 100</u>	<u>231 651</u>





## 31. Deposits from customers

	MZN' 000	
	2023	2022
Current deposits	69 256 982	75 317 052
Term deposits	76 536 305	75 918 456
Other deposits	653 557	940 646
	<b>146 446 844</b>	<b>152 176 154</b>

## 32. Provisions

	MZN' 000	
	2023	2022
Provisions for off-balance credit exposures	118 486	104 338
Provisions for general banking risks	90 969	122 271
Provisions for other risks and charges	305 640	541 762
	<b>515 095</b>	<b>768 371</b>

Changes in the provisions for off-balance credit exposures are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	104 338	90 809
Allocation for the year	124 949	112 135
Reversal for the year	(110 831)	(97 714)
Exchange rate differences	30	(892)
Balance at the end of period	<b>118 486</b>	<b>104 338</b>

The provision for off-balance credit refers to provisions for guarantees provided and other commitments.

Changes in the Provisions for general banking risks are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	122 271	124 094
Allocation for the year	30 194	7 140
Reversal for the year	(40 940)	(2 858)
Exchange rate differences	10	13
Utilizations for the year	(20 566)	(6 118)
Saldo no fim do período	<b>90 969</b>	<b>122 271</b>

The provision for general banking risks is intended to cover potential contingencies arising from ongoing legal proceedings.

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Changes in the Provisions for other risks and charges are analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 1 January	541 762	535 403
Allocation for the year	163 500	368 753
Transfers	-	35 052
Utilizations for the year	(399 622)	(397 446)
Balance at the end of period	<u>305 640</u>	<u>541 762</u>

This item includes provisions for potential losses to the Bank resulting from fraud, account clean-up and tax proceedings.

## 33. Other Liabilities

	MZN' 000	
	2023	2022
Other liabilities	1 504 315	582 604
Staff costs payable	1 053 734	959 084
Costs payable	950 945	1 053 409
Lease liabilities	777 097	794 754
Retained taxes	233 328	147 341
Deferred income revenue	202 070	175 931
Other creditors	115 538	123 807
VAT to be paid	101 086	41 646
Suppliers	79 014	28 869
Consigned funds	22 490	22 490
Social Security contributions	12 895	21 157
	<u>5 052 512</u>	<u>3 951 092</u>

## 34. Equity

The Bank's equity in the amount of 4.500.000 thousand Meticaís is represented by 45.000.000 shares, with a nominal value of 100 Meticaís each and is fully subscribed and paid up.

The shareholder structure as of December 31<sup>st</sup>, 2023 is as follows:

	2023 % participation		2022 % participation	
	No. Of shares	equity	No. Of shares	equity
BCP África, SGPS	30 008 460	66,69%	30 008 460	66,69%
Government of Mozambique	7 704 747	17,12%	7 704 747	17,12%
INSS - Instituto Nacional de Segurança Social (Social Securites)	2 227 809	4,95%	2 227 809	4,95%
EMOSE - Empresa Moçambicana de Seguros, SARL	1 866 309	4,15%	1 866 309	4,15%
FDC - Fundação para Desenvolvimento da Comunidade	487 860	1,08%	487 860	1,08%
Gestores, Técnicos e Trabalhadores (GTTs)	2 704 815	6,01%	2 704 815	6,01%
	<u>45 000 000</u>	<u>100,00%</u>	<u>45 000 000</u>	<u>100,00%</u>

## 35. Reserves and retained earnings

	MZN' 000	
	2023	2022
Legal Reserves	6 999 587	6 999 587
Other reserves and retained earnings	18 174 572	16 413 405
Profit for the year	7 210 899	6 612 815
	<b>32 385 058</b>	<b>30 025 807</b>

Under the terms of the Mozambican legislation in force, Law No. 20/20 - Credit Institutions, the Bank must annually reinforce the legal reserve by at least 15% of annual net profits, and this reserve cannot normally be distributed.

## 36. Dividends

The Board of Directors, meeting on February 20<sup>th</sup>, 2024, decided to propose to the General Assembly the distribution to the Shareholders of 82,5% of the Net Profit calculated on December 31, 2023, in the amount of 5.948.992 thousand Meticaís (In 2023, the General Assembly approved the distribution of 75% of the Net Income calculated on December 31, 2022, in the amount of 4.959.611 thousand Meticaís).

## 37. Guarantees and other commitments

Off-balance sheet values are analyzed as follows:

	MZN' 000	
	2023	2022
Guarantees provided		
Personal guarantees	11 167 328	16 788 236
Real guarantees	951 706	971 929
Guarantees and sureties received		
Personal guarantees	278 035 233	266 826 112
Real guarantees	51 497 147	58 761 036
Commitments to third parties	6 950 658	6 637 241
Spot foreign exchange transactions:		
Bid	447 902	1 481 312
Sell	404 170	1 437 157
Forward exchange transactions:		
Bid	191 700	-
Sell	197 910	-

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## 38. Related Parties

As of December 31<sup>st</sup>, 2023, the income and expenses held by the Bank arising from transactions with related parties (Millennium BCP Group) and associated - Fidelidade Moçambique - Companhia de Seguros, SA, are represented as follows:

	Dec-23			Dec-22			MZN' 000
	Income			Income			
	Interest and similar income	Fee and commissions results	Other operating results	Interest and similar income	Fee and commissions results	Other operating results	
Banco Comercial Português S.A	332 070	-	-	249 214	-	-	
Fidelidade Moçambique- Companhia de Seguros, S.A.	-	66 728	68 810	92 124	130 674	52 930	
	<b>332 070</b>	<b>66 728</b>	<b>68 810</b>	<b>341 339</b>	<b>130 674</b>	<b>52 930</b>	

	Dec-23				Dec-22				MZN' 000
	Costs				Costs				
	Interest and similar expense	Fee and commissions results	Staff Costs	Other Administrative costs	Interest and similar expense	Fee and commissions results	Staff Costs	Other Administrative costs	
Banco Comercial Português S.A	-	-	-	930 106	-	-	-	913 286	
Fidelidade Moçambique- Companhia de Seguros, S.A.	-	-	228 016	93 723	-	-	202 050	48 820	
	-	-	<b>228 016</b>	<b>1 023 829</b>	-	-	<b>202 050</b>	<b>962 107</b>	

As of December 31<sup>st</sup>, 2023, the debits and credits held by the Bank arising from transactions with related parties (Millennium BCP Group) and its associate - Fidelidade Moçambique Companhia de Seguros, SA, are represented as follows:

	Dec-23				Dec-22				MZN' 000
	Assets			Off-balance sheet	Assets			Off-balance sheet	
	Cash equivalents in Cl' s	Investments in Cl' s	Other Assets	Collateral provided	Cash equivalents in Cl' s	Investments in Cl' s	Other Assets	Collateral provided	
Banco Comercial Português S.A	817 777	4 675 177	-	8 946	345 603	15 252 722	-	8 942	
Fidelidade Moçambique- Companhia de Seguros, S.A	-	-	144 149	-	-	-	112 423	-	
	<b>817 777</b>	<b>4 675 177</b>	<b>144 149</b>	<b>8 946</b>	<b>345 603</b>	<b>15 252 722</b>	<b>112 423</b>	<b>8 942</b>	

	Dec-23				Dec-22				MZN' 000
	Liabilities				Liabilities				
	Debits in Cl' s	Customer deposits	Other liabilities	Subordinated Liabilities	Debits in Cl' s	Customer deposits	Other liabilities	Subordinated Liabilities	
Banco Comercial Português S.A	13 245	-	203 054	-	12 784	-	238 511	-	
Millennium BCP Partic SGPS LDA	-	38 518	-	-	-	38 520	-	-	
Millennium BCP Africa SGPS	870 023	-	-	-	890	-	-	-	
Fidelidade Moçambique- Companhia de Seguros, S.A	-	1 039 758	-	-	-	624 647	-	-	
	<b>883 268</b>	<b>1 078 276</b>	<b>203 054</b>	-	<b>13 674</b>	<b>663 167</b>	<b>238 511</b>	-	

In relation to the Management Bodies and their direct families, the loan registered as of December 31<sup>st</sup>, 2023 amounted to 4.184 thousand Meticaís (December 31<sup>st</sup>, 2022: 5.141 thousand Meticaís). These loans were granted in accordance with the applicable legal and regulatory standards.

Regarding Deposits as of December 31<sup>st</sup>, 2023, it amounted to 768.851 thousand Meticaís (December 31<sup>st</sup>, 2022: 711.940 thousand Meticaís).

## 39. Cash and cash equivalents



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For the purposes of the statement of cash flows, the Cash and cash equivalents item is composed as follows:

	MZN' 000	
	2023	2022
Cash	4 286 716	4 545 063
Cash in Credit Institution in country	251 226	327 874
Cash in Credit Institution abroad	2 532 093	1 394 925
	<u>7 070 035</u>	<u>6 267 862</u>

## 40. Lease Agreement

As of December 31<sup>st</sup>, 2023, the lease agreements were registered as follows:

	000MZN	
	2023	2022
<b>Leases</b>		
Amortization for the year for right-of-use assets	225 644	225 952
Interest costs of lease liabilities	67 982	84 924
Carrying amount of right-of-use assets	1 764 670	1 582 761
Carrying amount of lease liabilities	777 097	794 754
<b>Maturity of lease liabilities</b>		
Up to 1 year	12 669	12 231
From 1 to 5 years	355 015	263 959
More than 5 years	409 412	518 563

The lease agreement includes only properties

The Bank acts as lessor in some properties received in lieu of payment, this income is recognized as income from property under the item "Other Operating Income" (note 8).

## 41. Fair Value

Fair value is based on market quotation prices, where available. If these do not exist, as is the case with many of the products placed with Customers, the fair value must be estimated through internal models based on cash flow discounting techniques.

The following are the main methods and assumptions used in estimating the fair value of financial assets and liabilities:

### *Loans to Customers*

#### **Loans to Customers without defined maturity**

Given the short term of this type of instruments, the conditions of this portfolio are similar to those practiced at the reporting date, so its balance sheet value is considered a reasonable estimate of its fair value.

## Loans to Customers with defined maturity

The fair value of these financial instruments is calculated based on the update of the expected future principal and interest cash flows for those instruments. Instalment payments are deemed to take place on the contractually defined dates. For loans with impairment signs, the net impairment value of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is carried out in the clearance of this impairment.

The discount rate used is the money market index rate (PLR, EURIBOR and SOFR) according to the index of each instrument.

## *Financial assets at amortized cost and financial assets at fair value through other comprehensive income*

The Bank uses the following 3-tier Fair Value hierarchy in the valuation of financial instruments (assets or liabilities), which reflects the level of judgment, the observability of the data used and the importance of the parameters applied in determining the instrument's fair value valuation in accordance with IFRS 13:

- Level 1: Fair value is determined based on unadjusted quoted prices captured in active market transactions involving financial instruments identical to the instruments to be valued. Where there is more than one active market for the same financial instrument, the relevant price is the one that prevails in the main market for the instrument, or the most advantageous market for which access exists;
- Level 2: Fair value is determined from valuation techniques supported by data observable in active markets, whether direct (prices, rates, spreads, etc.) or indirect (derivatives), and valuation assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument;
- Level 3: Fair value is determined on the basis of data that are not observable in active markets, using techniques and assumptions that market participants would use to value the same instruments, including assumptions about the inherent risks, the valuation technique used and the inputs used, and processes for reviewing the accuracy of the values thus obtained.

The financial assets at fair value for the Bank as of 31 December 2023 are:

- Level 2 - Mozambican Government Bonds and Treasury Bills;

At the time of the business model review, part of the Bank's financial asset portfolio was classified as Held to Collect and Sell ("HTC&S"). The objective of the financial assets held under this business model is achieved either by collecting the contractual cash flows (principal and interest) or by selling these financial assets when market opportunities arise, which will typically involve a higher frequency and amount of sales when compared to the HTC model.

For these assets, the Bank considers that the value of the assets will be mostly recovered through the collection of contractual cash flows. However, the Bank is considering the possibility of selling some securities in this portfolio depending on market conditions or other strategic decisions.

The method of evaluating Fair Value considered by the Bank is the mark-to-model, which assumes the use of internal assumptions or financial models due to the lack of a regular market that provides accurate prices, or valuations depend on a set of reference variables and timeframes in which expert assumptions should be used to assign value to a financial instrument.

The valuation model at the BIM level is supported by the income approach technique, which is based on the conversion of future values (discounted cash flows or revenues and expenses) into present value, leveraging current expectations about said future values through a yield curve.

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	Amortised cost	Fair value category			Amount on the Balance	Fair value
		Level 1	Level 2	Level 3		
<b>Assets at fair value</b>						
<u>Financial assets not held for trading mandatorily at fair value through profit or loss</u>						
Debt securities	-	-	-	-	-	-
Other securities	-	-	-	-	-	-
Loans to customer	44 207 638	-	-	-	44 207 638	48 961 908
	<u>44 207 638</u>	-	-	-	<u>44 207 638</u>	<u>48 961 908</u>
<u>Other financial assets held for trading at fair value through profit or loss</u>						
Debt securities	-	-	-	-	-	-
Other securities	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial assets at fair value through other comprehensive income</u>						
Debt securities	-	-	6 989 511	-	6 989 511	6 989 511
Other securities	-	-	48 842	-	48 842	48 842
	<u>-</u>	<u>-</u>	<u>7 038 353</u>	<u>-</u>	<u>7 038 353</u>	<u>7 038 353</u>
			<u>7 038 353</u>			
<b>Total Financial Assets at Fair Value</b>	<b>44 207 638</b>	<b>-</b>	<b>7 038 353</b>	<b>-</b>	<b>51 245 991</b>	<b>56 000 261</b>
<b>Assets for which fair value is disclosed</b>						
Cash and cash equivalents in central banks	57 359 227	-	-	-	57 359 227	57 359 227
Cash equivalents in other credit institutions	2 783 319	-	-	-	2 783 319	2 783 319
Placements in other Banks	23 220 426	-	-	-	23 220 426	23 220 426
Loans to credit	44 207 638	-	-	-	44 207 638	48 961 908
Other financial assets at amortised cost	40 571 937	-	-	-	40 571 937	40 571 937
Non-current assets held for sale	582 707	-	-	-	582 707	807 522
Investment properties	2 563 178	-	-	-	2 563 178	2 913 413
	<u>168 725 254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171 288 432</u>	<u>176 617 752</u>
<b>Total Financial Assets</b>	<b>212 932 892</b>	<b>-</b>	<b>7 038 353</b>	<b>-</b>	<b>222 534 423</b>	<b>232 618 013</b>

Given that financial liabilities are made up of items (deposits with central banks, financial institutions and customer deposits) that mature in the short term, the fair value was not calculated, as the amortized cost value is approximate.

At the time, the Bank only has assets at Fair value level 2, which have not undergone any transfer throughout the year at the different levels of valuation.

The following is a comparison of the book values and the Fair Value of the Bank's financial instruments at the time.

	2023		2022	
	Book Value	Fair Value	Book Value	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents in Central Banks	57 359 227	57 359 227	18 977 649	18 977 649
Cash equivalents in other Credit Institutions	2 783 319	2 783 319	1 722 799	1 722 799
Placements in other Banks	23 220 426	23 220 426	48 487 516	48 487 516
Loans to Customer	44 207 638	48 961 908	42 800 908	45 041 727
Other financial assets at amortised cost	40 571 937	40 571 937	57 720 007	57 720 007
Non-current assets held for sale	582 707	807 522	1 391 214	1 704 970
Debt securities	7 377 515	6 989 511	7 573 289	7 090 486
Investment properties	2 563 178	2 913 413	854 519	1 104 159
<b>Total Financial Assets</b>	<b>178 665 947</b>	<b>183 607 263</b>	<b>179 527 900</b>	<b>181 849 313</b>

## 42. Other post-employment benefits

The Bank contributes to the post-employment benefit plan by:

Workers in active employment hired until 31 December 2011 are entitled to a pension remitted when they reach the age of 60, in the case of men and 55 in the case of women, and it is a mandatory condition that the Employee is already benefiting from an old-age pension granted by the National Institute of Social Security (INSS) or if the Executive Committee so decides.

The Bank has determined that, in accordance with the terms and conditions of the retirement benefit plan, and in accordance with local regulations, the present value of future repayments or reductions of future contributions is not less than the total fair value of the workers in active plan less the present value of the obligations.

The amount of the normal contribution to the Pension Fund to be made by the Bank during the next annual period is MZN 53.348.506,98.

### Benefit Plan Closed-End Pension Fund BIM

The fund's pension plan is a defined benefit complementary to Social Security, the regulation is in accordance with the company agreement, with the following benefits:

- A) GUARANTEED CAPITAL (REMITTED PENSION) FOR OLD-AGE RETIREMENT

The Remitted Pension will be granted to employees hired until December 31, 2011 when they reach the age of 60, in the case of men and 55 in the case of women, and it is a mandatory condition that the employee is already benefiting from an old-age pension granted by the INSS or if the Executive Committee so decides.

- B) CAPITAL GUARANTEED (REMITTED PENSION) OF REFORM FOR TOTAL AND PERMANENT DISABILITY

The Remitted Pension will be awarded to employees hired until December 31, 2011, provided that they cease to work in BIM due to Total and Permanent Disability and that this is recognized by the bank's Executive Committee.

- C) SURVIVORSHIP RETIREMENT SUPPLEMENT

It is mandatory to indicate the beneficiaries in case of death through a specific form for this purpose, if there is no indication of beneficiary(ies), no capital will be allocated. Employees hired from 31 December 2011 onwards do not benefit from it.



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In addition, there are obligations with pensioners and pensioners associated with retirement supplements granted through annuities of employees who transferred from the institutions acquired by the Bank in 2000. The income benefit is reversible by 50% regardless of the number of beneficiaries.

The financing of the benefits in force is the responsibility of the members.

The pension fund is a defined benefit plan, with an unlimited duration, whose assets are exclusively allocated to the payment of the pensions established in this Regulation.

The benefits of this plan are previously defined and will only be attributed to the participants under this contract, and the pension fund is exclusively financed by contributions from members.

Through this benefit plan, Members finance a Remitted Pension that they guarantee to their employees through a Retirement Supplement.

The BIM Closed-End Pension Fund was established and is managed in accordance with Decree-Law No. 25/2009 of 17 August.

The investment policy seeks to ensure that the assets under management limit risk, maximizing their profitability and ensuring that the assets are sufficient to cover the liabilities assumed by the Fund, and also safeguarding:

- The adequate degree of liquidity to comply with the payment of pensions and pension redemption capital;
- Limitation and mitigation of financial risks;
- Diversity and prudential dispersion of assets in order to avoid accumulation and excessive concentration.

As of 31 December, the number of participants in the BIM Closed-End Pension Fund is as follows:

	<b>2023</b>	<b>2022</b>
Number of participants		
Workers in active employment	1 041	1 105
Retirees and pensioners	408	449
	<b>1 449</b>	<b>1 554</b>

In accordance with the policy described in note 2(n), the Bank's Obligations for retirement pensions and other benefits and their coverage as at 31 December are analyzed as follows:

	MZN' 000	
	<b>2023</b>	<b>2022</b>
Projected benefit obligation		
Retirees and pensioners	(622 058)	(637 330)
Workers in active employment	(1 279 922)	(1 309 804)
	<b>(1 901 980)</b>	<b>(1 947 135)</b>
Active values	1 937 201	2 045 177
Net Active	<b>35 221</b>	<b>98 042</b>

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Changes in obligations and the fair value of benefit plan for active workers is analyzed as follows:

## Workers in active employment

2023- Changes in obligations and the fair value of benefit plan for active workers

MZN' 000

	Annual change in obligations				Recognition of gains/(losses) in reserves							31 December 2023
	1 January 2023	Cost of current service	Cost of interest	Subtotal included in the profit and loss	Benefits paid by the fund	Return on plan for active workers (excluding interest costs)	Actuarial gains/(losses) - Demographic changes	Actuarial gains/(losses) - attributable to financial assumptions	Adjustments (others)	Subtotal recognised in equity	Contributions	
Defined benefit obligations	(1 309 804)	(54 994)	(157 063)	(212 058)	258 247	-	-	(16 307)	-	(16 307)	-	(1 279 922)
Fair value of benefit plan for active workers at the beginning of the year	1 289 958	-	154 483	154 483	(258 247)	-	-	(41 323)	-	(41 323)	54 994	1 199 865
Balance of the fund	(19 847)	(54 994)	(2 580)	(57 575)	-	-	-	(57 630)	-	(57 630)	54 994	(80 057)

2022-Changes in obligations and the fair value of benefit plan for active workers

MZN' 000

	Annual change in obligations				Recognition of gains/(losses) in reserves							31 December 2022
	1 January 2022	Cost of current service	Cost of interest	Subtotal included in the profit and loss	Benefits paid by the fund	Return on plan for active workers (excluding interest costs)	Actuarial gains/(losses) - Demographic changes	Actuarial gains/(losses) - attributable to financial assumptions	Adjustments (others)	Subtotal recognised in equity	Contributions	
Defined benefit obligations	(1 327 255)	(58 955)	(107 199)	(166 154)	191 172	-	(2 531)	(4 985)	-	(7 516)	-	(1 309 804)
Fair value of benefit plan for active workers at the beginning of the year	1 266 056	-	-	-	(191 172)	101 996	2 531	7 981	-	(8 284)	102 567	1 289 959
Balance of the fund	(61 199)	(58 955)	(107 199)	(166 154)	-	101 996	-	2 996	-	(15 800)	102 567	(19 845)

## Old-age and survivors' pensions (ex-BCM employees)

2023- Changes in obligations and the fair value of benefit plan for active workers

MZN' 000

	Annual change in obligations				Recognition of gains/(losses) in reserves							31 December 2023
	1 January 2023	Cost of current service	Cost of interest	Subtotal included in the profit and loss	Benefits paid by the fund	Return on plan for active workers (excluding interest costs)	Actuarial gains/(losses) - Demographic changes	Actuarial gains/(losses) - attributable to financial assumptions	Adjustments (others)	Subtotal recognised in equity	Contributions	
Defined benefit obligations	(637 330)	-	(77 365)	(77 365)	84 427	-	-	8 211	-	8 211	-	(622 058)
Fair value of benefit plan for active workers at the beginning of the year	755 219	-	92 691	92 691	(84 427)	-	-	(26 147)	-	(26 147)	-	737 336
Balance of the fund	117 889	-	15 326	15 326	-	-	-	(17 936)	-	(17 936)	-	115 278

2022-Changes in obligations and the fair value of benefit plan for active workers

MZN' 000

	Annual change in obligations				Recognition of gains/(losses) in reserves							31 December 2022
	1 January 2022	Cost of current service	Cost of interest	Subtotal included in the profit and loss	Benefits paid by the fund	Return on plan for active workers (excluding interest costs)	Actuarial gains/(losses) - Demographic changes	Actuarial gains/(losses) - attributable to financial assumptions	Adjustments (others)	Subtotal recognised in equity	Contributions	
Defined benefit obligations	(766 085)	-	(61 641)	(61 641)	81 742	-	108 656	-	-	108 603	-	(637 330)
Fair value of benefit plan for active workers at the beginning of the year	776 941	-	-	-	(81 742)	62 566	-	(2 546)	-	60 020	-	755 219
Balance of the fund	10 856	-	(61 641)	(61 641)	-	62 566	108 656	(2 546)	-	168 623	-	117 889



# BIM - Banco Internacional de Moçambique

The changes on the value of the Bank's Benefit Plan for the active workers can be analyzed as follows:

	MZN' 000	
	2023	2022
Balance at 01 of January	2 045 177	2 042 998
Financial Gains/(losses)	(67 470)	5 434
Technical transformations associated with rotations		2 531
Contributions from Millenniumbim	54 994	102 567
Benefits paid by the fund	(342 674)	(272 914)
Expected income	247 174	164 561
<b>Balance at 31 of December</b>	<b>1 937 201</b>	<b>2 045 177</b>

The elements that make up the value of the asset portfolio

	2023	2022
Bonds and other fixed-income securities	62,42%	64,23%
Properties	33,50%	33,47%
Other Assets	4,08%	2,30%
	<b>100%</b>	<b>100%</b>

Actuarial assumptions for calculating obligations:

	2023	2022
<i>Normal retirement age:</i>		
Male	60	60
Female	55	55
Wage growth	8,50%	8,50%
Pensions growth	4,00%	4,00%
Fund's rate of return	13,00%	13,00%
Discount rate	13,00%	13,00%
Mortality table	SA 85/90	SA 85/90

As of December 31, 2023, the weighted average duration of the retirement benefit plan is 14 years. (2022: 15 years)

## Sensitivity Analysis

Sensitivity analysis for the Fund's liabilities is as follows:

	MZN' 000
2023	
	Impact of the responsibilities for active workers
Discount rate	
Increase 0,5%	(45 645)
Decrease 0,5%	48 621
Future growth in wages	
Increase 0,5%	50 465
Decrease 0,5%	(47 690)
Average life expectancy	
Increase in 1 year	6 917
Decrease in 1 year	(7 573)



## *Other Long-Term Benefits - seniority award*

The seniority bonus is awarded to the Bank's employees according to the years of service, and one, two and three salaries are paid when they reach fifteen, twenty and thirty years of service, respectively.

The present value of the seniority bonuses is monthly in each financial year, and the provision is recognized in the Balance Sheet against the costs of Personnel, which includes the cost of current services, the cost of interest and actuarial gains/losses.

## **43. Risk Management**

As stated in the management report, the Bank is subject to various risks in the development of its activity. Its risk management policy aims to maintain, at all times, an adequate relationship between its equity and the activity carried out, as well as the corresponding assessment of the risk/return profile by business line. In this context, the monitoring and control of the main types of financial risks - credit, market, liquidity and operational - to which the Bank's activity is subject is particularly important.

### *Main Types of Risk*

**Credit** - Credit risk is associated with the degree of uncertainty of expected returns, due to the inability of both the borrower (and its guarantor, if any), and the issuer of a security or the counterparty to a contract, to meet its obligations as a borrower of the Bank.

**Market** - The concept of market risk reflects the potential loss that may be recorded by a given portfolio as a result of changes in rates (interest and exchange rates) and/or in the prices of the different financial instruments that compose it, considering both the correlations between these instruments and the volatility of their prices.

**Liquidity** - Liquidity risk reflects the Bank's inability to meet its obligations at maturity without incurring significant losses arising from a deterioration in financing conditions (funding risk) and/or the sale of its assets at values below market values (market liquidity risk).

**Operational** - Operational risk is defined as the potential loss resulting from failures or inadequacies in internal processes, people or systems, or even the potential losses resulting from external events.

### **Credit Risk**

The granting of loan is based on the Customers' prior risk classification and on the rigorous assessment of the level of protection provided by the underlying collateral. To this end, a scoring and rating model is applied, which allows the identification of an expected probability of default, allowing a greater discriminant capacity in the evaluation of Customers and a better hierarchy of the associated risk.

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At the reference date, the Bank's portfolio was characterized as follows:

Reference date 31<sup>st</sup>  
December 2023

MZN'000

Typology	On-balance exposure	On-balance impairment	Exposure At Default
Consumer loan	9 914 648	446 457	9 915 726
Housing loans	735 042	44 854	735 192
Entities	13 850 844	976 364	20 540 619
Entities - DDA	1 163 075	67 538	1 433 319
Leasing & ALD	17 622 792	230 515	17 622 739
Individuals	2 825 047	163 225	2 826 231
Individuals - DDA	63 246	38 103	65 173
<b>Total</b>	<b>46 174 693</b>	<b>1 967 055</b>	<b>53 138 999</b>

Reference date 31<sup>st</sup>  
December 2022

MZN'000

Typology	On-balance exposure	On-balance impairment	Exposure At Default
Consumer loan	7 214 580	292 240	7 215 201
Housing loans	742 929	35 395	743 148
Entities	18 130 942	2 986 230	24 683 705
Entities - DDA	461 076	44 486	1 110 022
Leasing & ALD	17 656 240	247 679	17 656 328
Individuals	2 318 315	132 767	2 320 438
Individuals - DDA	50 950	35 328	54 507
<b>Total</b>	<b>46 575 034</b>	<b>3 774 125</b>	<b>53 783 349</b>

Notes: Gross exposure considers unused limits, guarantee provided and documentary credit without application of the Credit Conversion Factor.

The assessment of the risk associated with the loan portfolio and quantification of the respective losses incurred take into account the following methodological notes:

## Collateral and Guarantees

In assessing the risk of an operation or set of operations, the credit risk mitigation elements associated with them are taken into account, in accordance with internal rules and procedures that comply with the requirements defined in the regulations in force.

Collateral and relevant guarantees can be grouped into the following categories:

- Financial collateral, real estate collateral or other collateral;
- Sovereign guarantees.

Regarding the valuation of real estate, the procedures are subdivided into three major groups, the first concerning the subsequent verification of the value of the property by the institution, the second on the review of the valuation



of the value of the property by an official and independent appraiser and, the last, on the revaluation of the guarantees associated with the overdue loan.

The following prudential procedures must be followed for the subsequent verification of the value of the immovable property by the institution:

- Frequently verify, at least once every three years, the value of the immovable property pledged;
- Carry out more frequent checks in case market conditions are subject to significant changes;
- Document, in a clear and rigorous manner, the verification of the value of the property, namely with a description of the criteria and the periodicity of review;
- Use, for the purpose of verifying the value of the immovable property, indices or statistical methods recognized and that it deems appropriate, justifying its use.

Regarding the review of the valuation of the value of the property by an official and independent appraiser, it is necessary to:

- Ensure that the valuations of immovable property mortgaged to the Bank by an official valuer are reviewed where the available information indicates that there may have been a substantial decrease in the value of the immovable property or that the value may have materially decreased in relation to general market prices;
- Ensure that for loans that exceed 5% of the institution's own funds or when the value of the mortgaged property exceeds 30.000.000 Meticaís, the valuation of the property is reviewed by an official and independent appraiser at least every three years.

Regarding the revaluation of the guarantees associated with overdue loan, the following prudential procedures are respected:

- Ensure the revaluation of the mortgage security by an independent valuer within 90 days of the first default, if more than 720 days have elapsed since the last revaluation, and;
- Ensure the revaluation of non-mortgage collateral associated with overdue loans, by the lender, within 90 days after the first default, if more than 180 days have elapsed since the last evaluation. It should also ensure that subsequent evaluations take place on a bi-annual basis.

### Impairment

The process for calculating loan impairment as of 31 December 2023 and 31 December 2022 integrates the general principles set out in the International Financial Reporting Standards, IFRS 9.

The financial instruments subject to the impairment requirements set out in IFRS 9 recorded in the loan to Customers analyzed by stage are detailed in the following tables:

# BIM - Banco Internacional de Moçambique

## Loans to Customers

Reference date 31<sup>st</sup>  
December 2023

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Impairment Analysis	Stage 1		Stage 2		Stage 3		Total	
	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment
Collective	12 053 452	105 367	3 213 023	281 192	1 268 596	793 577	16 535 070	1 180 136
Individual	7 309 413	59 814	21 166 401	243 134	1 163 810	483 971	29 639 623	786 920
<b>Total</b>	<b>19 362 864</b>	<b>165 181</b>	<b>24 379 424</b>	<b>524 327</b>	<b>2 432 405</b>	<b>1 277 548</b>	<b>46 174 693</b>	<b>1 967 055</b>

Reference date 31<sup>st</sup>  
December 2022

MZN' 000

Impairment Analysis	Stage 1		Stage 2		Stage 3		Total	
	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment
Collective	10 627 145	89 891	1 452 854	173 458	1 158 273	568 812	13 238 272	832 161
Individual	7 193 600	69 829	21 147 561	147 692	4 995 601	2 724 444	33 336 762	2 941 965
<b>Total</b>	<b>17 820 745</b>	<b>159 720</b>	<b>22 600 415</b>	<b>321 149</b>	<b>6 153 873</b>	<b>3 293 256</b>	<b>46 575 034</b>	<b>3 774 125</b>

## Securities

Reference date 31<sup>st</sup>  
December 2023

MZN' 000

Description	Accounting method	Stage 1	
		Exposure	Impairment
Treasury bills	Amortised cost	3 000 000	-
Government bonds		34 420 182	423 178
Treasury bills	Fair value	6 500 000	-
Government bonds		4 471 037	70 620
<b>Total</b>		<b>48 391 219</b>	<b>493 798</b>

Reference date 31<sup>st</sup>  
December 2022

MZN' 000

Description	Accounting method	Stage 1	
		Exposure	Impairment
Treasury bills	Amortised cost	23 892 793	-
Government bonds		34 976 371	189 910
Treasury bills	Fair value	6 384 000	-
Government bonds		1 189 289	5 351
<b>Total</b>		<b>66 442 452</b>	<b>195 261</b>



# BIM - Banco Internacional de Moçambique

The loans to Customers at amortized cost, guarantees and other commitments, analyzed by product and stage, are as follows:

Reference date 31<sup>st</sup>  
December 2023

MZN' 000

Products	Stage 1		Stage 2		Stage 3		Total	
	On-balance e	On-balance impairn	On-balance e	On-balance impai	On-balance e	On-balance impairme	On-balance exp	On-balance impairment
Consumer loan	7 505 714	68 179	2 155 653	182 271	253 281	196 007	9 914 648	446 457
Housing loan	536 745	394	98 914	1 675	99 384	42 786	735 042	44 854
Entities	7 812 374	58 214	4 305 572	130 072	1 732 898	788 078	13 850 844	976 364
Entities - DDA	605 605	13 095	514 080	10 214	43 390	44 230	1 163 075	67 538
Leasing & ALD	602 277	5 690	16 888 225	146 928	132 289	77 898	17 622 792	230 515
Individuals	2 275 729	19 411	413 981	52 629	135 337	91 185	2 825 047	163 225
Individuals - DDA	24 420	199	2 999	539	35 827	37 365	63 246	38 103
<b>Total</b>	<b>19 362 864</b>	<b>165 181</b>	<b>24 379 424</b>	<b>524 327</b>	<b>2 432 405</b>	<b>1 277 548</b>	<b>46 174 693</b>	<b>1 967 055</b>

Reference date 31<sup>st</sup>  
December 2022

MZN' 000

Products	Stage 1		Stage 2		Stage 3		Total	
	On-balance e	On-balance impairn	On-balance e	On-balance impai	On-balance e	On-balance impairme	On-balance exp	On-balance impairment
Consumer loan	6 273 882	51 951	731 778	101 309	208 920	138 980	7 214 580	292 240
Housing loan	642 914	765	25 037	212	74 978	34 418	742 929	35 395
Entities	8 204 443	80 664	4 974 849	60 822	4 951 651	2 844 744	18 130 942	2 986 230
Entities - DDA	213 280	2 682	205 368	5 364	42 429	36 440	461 076	44 486
Leasing & ALD	503 632	7 516	16 443 412	114 367	709 197	125 796	17 656 240	247 679
Individuals	1 969 468	16 132	218 758	38 677	130 088	77 957	2 318 315	132 767
Individuals - DDA	13 126	10	1 213	398	36 612	34 919	50 950	35 328
<b>Total</b>	<b>17 820 745</b>	<b>159 720</b>	<b>22 600 415</b>	<b>321 149</b>	<b>6 153 873</b>	<b>3 293 256</b>	<b>46 575 034</b>	<b>3 774 125</b>



# BIM - Banco Internacional de Moçambique

Loans to Customers at amortized cost, guarantees and other commitments, analyzed by sector of activity and stage, are as follows:

Reference date 31<sup>st</sup>  
December 2023

MZN' 000

Sector of activity	Stage 1		Stage 2		Stage 3		Total	
	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment
Agriculture and forestry	58 950	1 313	346 950	3 209	238 378	42 293	644 278	46 815
Food, beverages and tobacco	1 181 245	7 533	531	38	2 412	720	1 184 188	8 291
Trade	3 897 547	40 939	1 311 064	33 529	422 217	268 600	5 630 828	343 068
Construction	145 460	792	195 706	9 639	141 863	70 980	483 030	81 412
Consumer loans	10 431 950	91 729	2 802 804	248 279	925 377	641 201	14 160 131	981 209
Electricity, water and gas	60 119	623	14 868	644	-	-	74 987	1 266
Mozambican State	31 337	78	16 606 823	143 356	-	-	16 638 159	143 434
Extractive industries	42	1	322 975	2 124	22 128	24 630	345 145	26 755
Housing loans	526 780	391	98 914	1 675	99 384	42 786	725 078	44 852
Machine and equipment	667	11	20 422	116	17 567	16 972	38 656	17 099
Other activities	581 660	4 492	211 699	6 109	81 747	28 806	875 106	39 407
Paper, graphic arts and publishing	15 757	172	3 766	669	21 261	2 777	40 783	3 618
Chemical	48 710	741	21 127	188	-	-	69 837	929
Hospitality and tourism	86 214	653	60 766	2 914	198 433	67 410	345 413	70 977
Services	1 086 845	7 928	415 950	12 756	238 629	48 437	1 741 424	69 120
Textile	3 516	48	-	-	-	-	3 516	48
Transport and communications	1 206 066	7 735	1 945 060	59 081	23 009	21 938	3 174 135	88 754
<b>Total</b>	<b>19 362 864</b>	<b>165 181</b>	<b>24 379 424</b>	<b>524 327</b>	<b>2 432 405</b>	<b>1 277 548</b>	<b>46 174 693</b>	<b>1 967 055</b>

# BIM - Banco Internacional de Moçambique

Reference date 31<sup>st</sup>  
December 2022

MZN' 000

Sector of activity	Stage 1		Stage 2		Stage 3		Total	
	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment
Agriculture and forestry	678 895	5 017	163 062	4 937	134 246	9 369	976 204	19 323
Food, beverages and tobacco	2 748 092	37 045	61 176	1 958	30 823	1 831	2 840 091	40 834
Trade	887 406	8 254	1 968 865	18 474	577 366	294 229	3 433 636	320 957
Construction	203 234	3 220	173 928	5 859	78 754	42 986	455 917	52 064
Consumer loans	8 828 641	74 060	1 265 242	148 024	887 020	506 578	10 980 902	728 662
Electricity, water and gas	23 380	253	485	48	-	-	23 865	302
Mozambican State	106	3	16 475 034	117 229	-	-	16 475 139	117 232
Extractive industries	1 354	33	8 137	136	24 583	21 961	34 075	22 130
Housing loans	642 914	765	25 037	212	74 978	34 418	742 929	35 395
Machine and equipment	126 919	403	112 900	1 357	1 040 409	153 399	1 280 227	155 160
Other activities	473 831	2 242	105 938	3 189	353 658	215 940	933 426	221 370
Paper, graphic arts and publishing	23 164	347	3 048	41	8 272	2 437	34 483	2 825
Chemical	482	6	170 610	1 425	2 434 982	1 855 380	2 606 075	1 856 811
Hospitality and tourism	36 967	419	27 583	668	182 014	38 726	246 564	39 814
Services	1 509 644	9 209	655 795	10 464	266 402	91 399	2 431 841	111 071
Textile	60	2	3 765	535			3 825	536
Transport and communications	1 635 659	18 443	1 379 811	6 592	60 365	24 604	3 075 835	49 639
<b>Total</b>	<b>17 820 745</b>	<b>159 720</b>	<b>22 600 415</b>	<b>321 149</b>	<b>6 153 873</b>	<b>3 293 256</b>	<b>46 575 034</b>	<b>3 774 125</b>

Below is the table for reconciling changes in loan exposures and corresponding ECL by stage:

Reference date 31<sup>st</sup>  
December 2023

MZN' 000

Description	Stage 1		Stage 2		Stage 3		Total	
	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment	On-balance exposure	On-balance impairment
1 January 2023	17 820 745	159 720	22 600 415	321 149	6 153 873	3 293 256	46 575 034	3 774 125
New exposure <sup>1</sup>	10 521 981	289 861	3 235 330	221 311	356 437	339 120	14 113 749	850 292
Payments <sup>2</sup>	(7 471 985)	(70 610)	(2 680 149)	(74 662)	(1 729 737)	(520 067)	(11 881 870)	(665 339)
Transferred to stage 1	834 341	4 353	(833 372)	(4 305)	(969)	(48)	-	-
Transferred to stage 2	(2 195 887)	(133 172)	2 223 346	135 574	(27 459)	(2 402)	-	-
Transferred to stage 3	(146 024)	(84 968)	(127 987)	(63 313)	274 011	148 281	-	-
Values in Write off	(294)	(3)	(38 252)	(11 428)	(2 593 673)	(1 980 592)	(2 632 219)	(1 992 023)
30 December 2023	19 362 877	165 181	24 379 332	524 327	2 432 485	1 277 548	46 174 693	1 967 055

Notes:

- New exposure: Includes restructuring loans;
- Payments: Includes settlement of loans due to restructuring.



# BIM - Banco Internacional de Moçambique

Reference date 31<sup>st</sup>  
December 2022

MZN' 000

Description	Stage 1		Stage 2		Stage 3		Total	
	Direct loan	Impairment	Direct loan	Impairment	Direct loan	Impairment	Direct loan	Impairment
1 January 2022	13 358 671	152 299	25 047 298	314 522	7 231 725	3 340 702	45 637 693	3 807 522
New exposure 1	8 359 649	239 967	941 687	144 729	-9 490	692 367	9 291 846	1 077 063
Payments 2	(3 797 953)	(76 071)	(3 153 406)	(86 714)	(346 423)	(127 752)	(7 297 783)	(290 537)
Transferred to stage 1	1 279 284	7 866	(1 270 488)	(7 790)	(8 797)	(76)	-	-
Transferred to stage 2	(1 224 455)	(83 332)	1 318 259	97 600	(93 804)	(14 268)	-	-
Transferred to stage 3	(154 418)	(81 008)	(259 748)	(132 664)	414 166	213 671	-	-
Values in Write off	(33)	(1)	(23 187)	(8 534)	(1 033 504)	(811 388)	(1 056 723)	(819 923)
30 December 2022	17 820 745	159 720	22 600 415	321 149	6 153 873	3 293 256	46 575 033	3 774 125

## Market Risk

Market risks can be classified into different modalities, such as interest rate risk, currency risk, commodity price risk, and stock price. Each modality represents the risk of losses due to fluctuations in the variation in its respective variable.

### Sensitivity Analysis and Gaps (Interest Rate Differential)

For the measurement of interest rate risk (with gaps consisting of residual repricing periods of live contracts), as shown in the tables below for the years 2023 and 2022:

MZN' 000

31 December of 2023	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years	Greater than 3 years	Without interest-rate risk	Total
<b>Assets</b>							
Cash and Cash equivalents at Bank of Mozambique	57 359 227	-	-	-	-	-	57 359 227
Cash equivalents in other Credit Institution	2 783 319	-	-	-	-	-	2 783 319
Investments in Credit Institution	22 789 007	287 550	82 431	-	-	61 438	23 220 426
Loans to customer	13 251 490	11 679 562	8 252 082	3 079 710	6 879 043	1 065 751	44 207 638
Financial Assets at amortised cost	4 644 394	8 205 218	27 000 191	-	-	722 134	40 571 937
Financial Assets at fair value through comprehensive income	500 220	4 304 215	2 520 006	-	-	(286 088)	7 038 353
Other assets with no interest-rate risk	-	-	-	-	-	15 203 728	15 203 728
<b>Total Assets</b>	<b>101 327 657</b>	<b>24 476 545</b>	<b>37 854 710</b>	<b>3 079 710</b>	<b>6 879 043</b>	<b>16 766 963</b>	<b>190 384 628</b>
<b>Liabilities</b>							
Deposits from other Credit Institution	1 235 988	-	103 679	-	-	145 433	1 485 100
Deposits from customer	42 990 718	16 529 042	16 180 247	98 325	-	70 648 512	146 446 844
Other liabilities with no interest-rate risk	-	-	-	-	-	5 567 626	5 567 626
<b>Total liability</b>	<b>44 226 706</b>	<b>16 529 042</b>	<b>16 283 926</b>	<b>98 325</b>	<b>-</b>	<b>76 361 571</b>	<b>153 499 570</b>
<b>Total liabilities and equity</b>	<b>44 226 706</b>	<b>16 529 042</b>	<b>16 283 926</b>	<b>98 325</b>	<b>-</b>	<b>113 246 629</b>	<b>190 384 628</b>
<b>Gaps in interest rate risk</b>	<b>57 100 951</b>	<b>7 947 503</b>	<b>21 570 784</b>	<b>2 981 385</b>	<b>6 879 043</b>	<b>(96 479 666)</b>	<b>-</b>
<b>Gaps in accumulated interest rate risk</b>	<b>57 100 951</b>	<b>65 048 454</b>	<b>86 619 238</b>	<b>89 600 623</b>	<b>96 479 666</b>	<b>-</b>	<b>-</b>

MZN' 000

Bank							
31 December of 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years	Greater than 3 years	Without interest-rate risk	Total
<b>Assets</b>							
Cash and Cash equivalents at Bank of Mozambique	-	-	-	-	-	18,977,649	18,977,649
Cash equivalents in other Credit Institution	1,722,799	-	-	-	-	-	1,722,799
Investments in Credit Institution	44,384,529	3,965,722	8,942	-	-	128,323	48,487,516
Loans to customer	16,220,706	10,378,650	7,180,385	3,784,457	4,325,949	910,761	42,800,908
Financial Assets at amortised cost	13,659,949	12,145,276	32,040,370	-	-	(125,588)	57,720,007
Financial Assets at fair value through comprehensive income	1,500,670	2,280,164	3,633,399	-	-	(241,459)	7,172,774
Other assets with no interest-rate risk	-	-	-	-	-	14,771,470	14,771,470
<b>Total Assets</b>	<b>77,488,653</b>	<b>28,769,812</b>	<b>42,863,096</b>	<b>3,784,457</b>	<b>4,325,949</b>	<b>34,421,156</b>	<b>191,653,123</b>
<b>Liabilities</b>							
Deposits from other Credit Institution	83,478	-	147,627	-	-	546	231,651
Deposits from customer	98,137,051	19,829,264	32,153,736	184,644	-	1,871,459	152,176,154
Other liabilities with no interest-rate risk	-	-	-	-	-	4,484,510	4,484,510
<b>Total liability</b>	<b>98,220,529</b>	<b>19,829,264</b>	<b>32,301,363</b>	<b>184,644</b>	<b>-</b>	<b>6,356,515</b>	<b>156,892,315</b>
<b>Total liabilities and equity</b>	<b>98,220,529</b>	<b>19,829,264</b>	<b>32,301,363</b>	<b>184,644</b>	<b>-</b>	<b>40,882,323</b>	<b>191,418,123</b>
<b>Gaps in interest rate risk</b>	<b>(20,731,876)</b>	<b>8,940,548</b>	<b>10,561,733</b>	<b>3,599,813</b>	<b>4,325,949</b>	<b>(6,461,167)</b>	<b>-</b>
<b>Gaps in accumulated interest rate risk</b>	<b>(20,731,876)</b>	<b>(11,791,328)</b>	<b>(1,229,595)</b>	<b>2,370,218</b>	<b>6,696,167</b>	<b>-</b>	<b>-</b>



## Analysis of sensitivity to Interest Rate Risk in the banking portfolio

Interest rate risk is understood as the possibility of financial losses resulting from adverse market interest rate changes through a reduction in profit and/or through a reduction in the value of assets. The relationship between profit and interest rates arises from lags in maturities or interest rate resetting periods, the lack of a perfect correlation between the interest rates of borrowing and lending operations in the different instruments, and/or the existence of options embedded in asset, liability, and off-balance sheet positions.

The interest rate risk originating in the loan portfolio is monitored every six months through a risk sensitivity analysis process for the universe of operations that make up the Bank, with the aim of assessing the Bank's exposure to this risk and inferring its ability to absorb adverse variations in these rates. Measurements of the respective interest rate gaps are made for both the overall portfolio and the dollar portfolio.

Changes in interest rates have an effect on the Bank's net interest income and affect the economic value of the bank. The risk factors arise from the mismatch of repricing portfolio positions (repricing risk) and the risk of the level of market interest rates. It should be noted that, although with less impact, there is a risk of uneven variances in different indexes with the same repricing period.

The results of the sensitivity analysis carried out are presented below:

### Bank Portfolio Interest Rate Risk Sensitivity Analysis - internal methodology

	in millions MZN			
	Dec. 22		Dec. 23	
	100 bp	200 bp	100 bp	200 bp
MZN	384	768	135	269
USD	83	167	-24	-48
ALL CURRENCIES*	485	969	128	256

\*includes other currencies

## Sensitivity Analysis to the Public Debt Rating

The PD that BIM applies to public debt is obtained from S&P's Default, Transition, and Recovery study: 2022 Annual Global Sovereign Default And Rating Transition Study (updated annually).

According to the study, the PD for the CCC+ rating amounts to 3,51% (table 60).

In the event of a new downgrade, to CCC, the PD to be applied increases to 18,97%, which would imply an impairment reinforcement of around 2,175 million Meticaís of impairment, considering the Government Bonds portfolio held on December 31<sup>st</sup>, 2023.

## Exchange rate risk

It is assessed by measuring the indicators defined in the prudential regulations of the Bank of Mozambique, whose analysis is carried out using indicators such as:

- Net open position - Collected at the level of the Bank's computer system by the Risk Office, and validated by the Accounting Department and the Financial Department, referring to the last day of each month.
- Sensitivity Indicator - calculated by simulating the impact on the Bank's results of a hypothetical 10% variation in the value exchange rates.

# BIM - Banco Internacional de Moçambique

The Bank's exposure to exchange rate risk is presented in the following tables:

	MZN' 000					
	2023			2022		
	USD Dollars	Other foreign currencies	Total	USD Dollars	Other foreign currencies	Total
<b>Asset</b>						
Cash and Cash equivalents at Bank of Mozambique	9 549 159	231 674	9 780 833	3 761 689	276 576	4 038 265
Cash equivalents in other Credit Institutions	1 651 971	763 925	2 415 896	920 176	322 903	1 243 079
Placements in other Banks	8 992 138	1 197 567	10 189 705	21 430 136	1 008 087	22 438 223
Loans to customers	2 959 779	1 073 689	4 033 468	1 305 964	1 009 633	2 315 597
Investment properties	-	-	-	-	-	-
Financial Assets at fair value through comprehensive income	-	1 454	1 454	-	1 403	1 403
Other assets	2 415 834	-	2 415 834	417 316	-	417 316
	<u>25 568 880</u>	<u>3 268 310</u>	<u>28 837 190</u>	<u>27 835 281</u>	<u>2 618 602</u>	<u>30 453 883</u>
<b>Liability</b>						
Deposits from other Banks	337 664	13 714	351 378	16 497	56 163	72 660
Deposits from customers	24 964 263	1 743 277	26 707 540	27 748 804	1 784 394	29 533 198
Provisions	70 638	26 834	97 472	73 591	6 859	80 450
Other liabilities	79 920	1 344 507	1 424 426	60 263	757 411	817 674
	<u>25 452 485</u>	<u>3 128 332</u>	<u>28 580 816</u>	<u>27 899 155</u>	<u>2 604 827</u>	<u>30 503 982</u>
GLOBAL OPERATIONAL POSITION	<u>116 395</u>	<u>139 978</u>	<u>256 374</u>	<u>(63 874)</u>	<u>13 775</u>	<u>(50 099)</u>

The figures presented regarding the exposure of exchange risk show that the predominant foreign currency on the Bank's balance sheet is the US Dollar.

The results show that the Bank falls within the limits of tolerance to foreign exchange risk, defined within the scope of the prudential rules established by the Bank of Mozambique, both by currency and in all currencies.

Exposure to foreign exchange risk is managed on a daily basis using exposure limits per currency and aggregated based on prudential indicators set by the Bank of Mozambique. Both currency and global positions as of 31 December 2023 were within the limits set by the Bank of Mozambique.

The capital requirements for hedging foreign exchange risk for the Bank as of 31 December 2023 were as follows:

MZN'000						
	Long Position	Short Position	Maximum between Positions	Final Global Position	Impact 10%	Capital Requirement for Hedging Market Risk
USD	-	116 395	116 395	116 395	128 035	106 743
Other currencies	-	139 978	139 978	139 978	153 976	

The capital requirements for hedging foreign exchange risk for the Bank as of 31 December 2022 were as follows:

MZN'000						
	Long Position	Short Position	Maximum between Positions	Final Global Position	Impact 10%	Capital Requirement for Hedging Market Risk
USD	63 874	-	63 874	63 874	70 261	116 058
Other currencies	-	13 773	13 773	13 773	15 150	

## Liquidity Risk

The following tables analyze the Bank's financial assets and liabilities by relevant maturity groups, with the amounts being composed of the value of assets, liabilities considering the residual contractual maturity.

# BIM - Banco Internacional de Moçambique

MZN' 000

31 December of 2023	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years	Greater than 3 years	Total
<b>Assets</b>						
Cash and Cash equivalents at Bank of Mozambique	57 359 227	-	-	-	-	57 359 227
Cash equivalents in other Credit Institutions	2 783 319	-	-	-	-	2 783 319
Placements in other Banks	22 850 445	287 550	82 431	-	-	23 220 426
Loans to customers	2 769 673	749 830	2 715 204	6 837 209	31 681 779	44 753 695
Financial Assets at amortised cost	1 765 991	-	9 409 786	15 060 521	14 335 639	40 571 937
Financial Assets at fair value through comprehensive income	151 722	4 304 215	1 697 369	822 637	62 410	7 038 353
<b>Total Assets</b>	<b>87 680 377</b>	<b>5 341 595</b>	<b>13 904 790</b>	<b>22 720 367</b>	<b>46 079 828</b>	<b>175 726 957</b>
<b>Liabilities</b>						
Deposits from other Banks	1 381 421	-	103 679	-	-	1 485 100
Deposits from customers	94 492 632	20 595 403	31 256 786	102 023	-	146 446 844
IFRS 16 lease liabilities	-	-	12 669	97 013	667 415	777 097
<b>Total liabilities</b>	<b>95 874 053</b>	<b>20 595 403</b>	<b>31 373 134</b>	<b>199 036</b>	<b>667 415</b>	<b>148 709 041</b>
<b>Gaps in liquidity</b>	<b>( 8 193 676)</b>	<b>( 15 253 808)</b>	<b>( 17 468 344)</b>	<b>22 521 331</b>	<b>45 412 413</b>	<b>27 017 916</b>
<b>Gaps in accumulated liquidity</b>	<b>( 8 193 676)</b>	<b>( 23 447 484)</b>	<b>( 40 915 828)</b>	<b>( 18 394 497)</b>	<b>27 017 916</b>	<b>-</b>

For current deposits, it is the firm conviction of the Management that the contractual maturities do not adequately represent the period of permanence of these deposits in the Bank.

For the year 2022, the liquidity risk for the bank is analyzed as follows:

MZN' 000

Group						
31 December of 2022	Up to 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 3 years	Greater than 3 years	Total
<b>Assets</b>						
Cash and Cash equivalents at Bank of Mozambique	18 977 649	-	-	-	-	18 977 649
Cash equivalents in other Credit Institutions	1 722 799	-	-	-	-	1 722 799
Placements in other Banks	44 512 852	3 965 722	8 942	-	-	48 487 516
Loans to customers	4 032 382	1 458 038	3 244 047	7 087 921	27 096 786	42 919 174
Financial Assets at amortised cost	10 983 914	8 109 519	8 411 514	14 327 421	15 887 639	57 720 007
Financial Assets at fair value through comprehensive income	1 147 951	2 295 568	2 896 519	337 736	495 000	7 172 774
<b>Total Assets</b>	<b>81 377 547</b>	<b>15 828 847</b>	<b>14 561 022</b>	<b>21 753 078</b>	<b>43 479 425</b>	<b>176 999 919</b>
<b>Liabilities</b>						
Deposits from other Banks	83 478	-	148 173	-	-	231 651
Deposits from customers	100 008 509	19 829 264	32 153 736	184 645	-	152 176 154
IFRS 16 lease liabilities	-	-	12 231	53 504	729 019	794 754
<b>Total liabilities</b>	<b>100 091 987</b>	<b>19 829 264</b>	<b>32 314 140</b>	<b>238 149</b>	<b>729 019</b>	<b>153 202 559</b>
<b>Gaps in liquidity</b>	<b>( 18 714 440)</b>	<b>( 4 000 417)</b>	<b>( 17 753 118)</b>	<b>21 514 929</b>	<b>42 750 406</b>	<b>23 797 360</b>
<b>Gaps in accumulated liquidity</b>	<b>( 18 714 440)</b>	<b>( 22 714 857)</b>	<b>( 40 467 975)</b>	<b>( 18 953 046)</b>	<b>23 797 360</b>	<b>-</b>

## Operational Risk

The Bank has adopted principles and practices that ensure efficient management of operational risk, namely through the definition and documentation of these principles and the implementation of the respective control mechanisms, such as: the segregation of duties; the lines of responsibility and respective authorizations; the limits of tolerance and exposures to risks; the code of ethics and conduct; the key risk indicators; physical and logical access controls; reconciliation activities; exception reports; the contracting of insurance; contingency planning; internal training on processes, products and systems, among other measures.

Operational risk is the direct and indirect risk of loss arising from various causes associated with the Bank's process, staff, technology and infrastructure and from external factors other than credit risk, market risk and liquidity risk. For example, risks arising from legal and regulatory requirements and generally accepted norms of corporate behavior. Operational risks arising from all of the Bank's operations.



The Bank's objective is to manage operational risk in a way that balances financial losses and reputational damage to the Bank with cost-effectiveness and innovation. In all cases, the Bank's policy requires compliance with all legal and regulatory requirements.

The Board of Directors must approve the regulations for operational risk management in the following areas:

- Requirements for appropriate segregation of duties, including independent authorization of transactions;
- Requirements for reconciliation and monitoring of transactions;
- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Requirements for a periodic operational risk assessment and adequacy of controls and procedures to mitigate the identified risks;
- Requirements in terms of operational loss carry-forward and proposed operational actions;
- Development of contingency plans;
- Professional development and training;
- Ethical and business standards;
- Technological information and cyber risks; and
- Risk mitigation, including insurance where it is cost effective.

Compliance with the Bank's regulations is supported by a program of periodic reviews of the responsibility of Internal Audit.

## 44. Solvency

The own funds of BIM (Banco Internacional de Moçambique) are calculated in accordance with the applicable regulatory standards, namely with the provisions of Notice No. 08/GBM/2017 complemented by Circular 02/EFI/2019, of the Bank of Mozambique. Total own funds result from the sum of Basic own funds (Tier 1) with complementary own funds (Tier 2) and the subtraction of the component disclosed in the aggregate Deductions.

Core own funds comprise paid-up capital, reserves and deferred impacts associated with transition adjustments to IFRS (International Financial Reporting Standards).

At the same time, for the determination of basic own funds, other intangible assets, positive/negative actuarial deviations and past service costs, associated with post-employment benefits granted by the entity that according to IAS 19 - Employee Benefits (Corridor Method) have not been recognized in income statement, retained earnings or reserves, are deducted.

Basic own funds may also be influenced by the existence of revaluation differences in other assets, cash flow hedging transactions or financial liabilities valued at fair value through income statement, in the part that corresponds to own credit risk, by the existence of a fund for general banking risks and by insufficient provisions; if the loan impairment appropriations, calculated in accordance with the International Financial Reporting Standards, are lower than the provisions required by Notice No. 16/GBM/2013 of the Bank of Mozambique, calculated on an individual basis.

Complementary own funds include subordinated debt, reserves from the revaluation of tangible fixed assets and, with prior authorization from the Bank of Mozambique, the inclusion of equity items that can be freely used to cover risks normally linked to the activity of institutions without losses or losses having yet been identified.

In order to calculate the regulatory capital, it is also necessary to make some deductions from total own funds, namely the carrying amount of the non-financial assets received in repayment of own loan.

# BIM - Banco Internacional de Moçambique

MZN' 000

	2023	2022
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## BASIC OWN FUNDS

### Tier 1 Capital

Realised capital	4,500,000	4,500,000
Reserves and retained earnings	25,186,861	23,551,462
Intangible Assets	(856,947)	(757,948)
Insufficiency of provisions	(769,492)	(2,530,864)
<b>Tier 1 Capital total</b>	<b>28,060,422</b>	<b>24,762,650</b>

### Tier 2 Capital

Subordinated loans	-	-
Others	10,871	10,068
<b>Tier 2 Capital total</b>	<b>10,871</b>	<b>10,068</b>
Deductions from total equity	2,040,612	1,611,811
<b>Eligible equity</b>	<b>26,030,680</b>	<b>23,160,908</b>

## Risk-weighted assets

On Balance sheet	60,372,120	53,671,610
Off-Balance Sheet	6,249,356	6,530,002
Operational risk	2,557,091	2,475,766
Market risk	889,527	967,149
Core capital adequacy ratio ( <i>Tier 1</i> )	40.0%	38.9%
Capital adequacy ratio ( <i>Tier 2</i> )	0.016%	0.016%
<b>Solvency ratio</b>	<b>37.2%</b>	<b>36.4%</b>

## 45. Risk Concentration

The concentration of credit-risk financial assets by sector is as follows:

Sector	Cash in Central Banks	Cash in Credit Institutions	Placements in other Banks	Loans to customer	Financial Assets at amortised cost	Financial Assets at fair value through other comprehensive income	Investments in associates	Other assets	2023		2022	
									Total	%	Total	%
Public Sector	57 359 227	-	-	16 494 633	40 571 937	-	-	-	114 425 797	63,6%	93 055 563	51,3%
Financial Institutions	-	2 783 319	23 220 426	-	-	7 038 353	99 501	-	33 141 599	18,4%	57 482 590	31,7%
Agriculture and Forestry	-	-	-	597 463	-	-	-	-	597 463	0,3%	956 880	0,5%
Extractive industries	-	-	-	318 390	-	-	-	-	318 390	0,2%	11 945	0,0%
Food, beverages and tobacco	-	-	-	1 175 897	-	-	-	-	1 175 897	0,7%	2 799 257	1,5%
Textile	-	-	-	3 467	-	-	-	-	3 467	0,0%	3 289	0,0%
Paper, graphic arts and publishing	-	-	-	37 165	-	-	-	-	37 165	0,0%	31 658	0,0%
Chemical	-	-	-	68 908	-	-	-	-	68 908	0,0%	749 264	0,4%
Machine and equipment	-	-	-	21 557	-	-	-	-	21 557	0,0%	1 125 068	0,6%
Electricity, water and gas	-	-	-	73 721	-	-	-	-	73 721	0,0%	23 563	0,0%
Construction	-	-	-	401 621	-	-	-	-	401 621	0,2%	403 853	0,2%
Trade	-	-	-	5 287 760	-	-	-	-	5 287 760	2,9%	3 112 679	1,7%
Restaurants and Hotels	-	-	-	274 436	-	-	-	-	274 436	0,2%	206 750	0,1%
Transport and communications	-	-	-	3 085 381	-	-	-	-	3 085 381	1,7%	3 026 196	1,7%
Services	-	-	-	1 672 303	-	-	-	-	1 672 303	0,9%	2 320 770	1,3%
Consumer loans	-	-	-	13 179 001	-	-	-	-	13 179 001	7,3%	10 252 240	5,6%
Housing loans	-	-	-	680 226	-	-	-	-	680 226	0,4%	707 534	0,4%
Other activities	-	-	-	835 709	-	-	-	4 601 645	5 437 354	3,0%	5 297 669	2,9%
	57 359 227	2 783 319	23 220 426	44 207 638	40 571 937	7 038 353	99 501	4 601 645	179 882 046	100,0%	181 566 768	100,0%

## 46. Standards issued but not yet adopted

A number of new standards and rule changes are effective for periods beginning after January 1, 2024 and their early application is permitted. The Bank did not anticipate the adoption of the following new standards or changes in the preparation of these financial statements.

- 1) Amendments to IAS 1 - Presentation of Financial Statements - General requirement for disaggregation of relevant information (26-Jan-2023);
- 2) Amendments to IAS 1 - Presentation of Financial Statements - Other global results (26-Jan-2023);





- 3) Amendments to IAS 1 - Presentation of Financial Statements - Statement of Cash Flows, Interest Received and Classification for Entities with Specified Main Business Activities (26-Jan-2023);
- 4) Amendments to IAS 1 - Presentation of Financial Statements - Presentation of equity instruments (22-Feb-2023);
- 5) Amendments to IAS 7 - Cash Flow Statements - Cost Method (20-Feb-2023);
- 6) Amendments to IAS 7 - Cash Flow Statements - Gain or loss on derecognition (20-Feb-2023);
- 7) Amendments to IFRS 7 - Financial instruments: disclosures - Credit risk (20-Feb-2023);
- 8) Amendments to IAS 1 - Presentation of Financial Statements - Disclosure of operating expenses by nature in the explanatory notes (22-Mar-2023);
- 9) Amendments to IAS 34 - Interim Financial Reports - Management Performance Measures (22-Mar-2023);
- 10) Amendments to IAS 7 - Cash Flow Statements - Estimation of future cash flows (20-Jun-2023);
- 11) Amendments to IAS 12 - Income Taxes - exchange differences on deferred tax assets and liabilities (20-Jun-2023);
- 12) Amendments to IFRS 18 - Presentation and Disclosure in Financial Statements - Primary Financial Statements (25-Oct-2023);

## 47. Disclosures on the war in Ukraine and geopolitical tensions in the Middle East

Following the conflict in Ukraine and geopolitical tensions in the Middle East, the year 2023 was marked by a challenging and uncertain international environment, where the pace of economic activity slowed down, given the prevalence of disruptions in supply chains and volatility in energy and food prices, reflected in the rise in inflation and, therefore, in the tightening of monetary conditions and the inherent reduction in consumption and private investment. In fact, aggregate demand has contracted due to the restrictive measures adopted by the main central banks (the US Federal Reserve and the European Central Bank), which has resulted in low levels of economic growth, mainly in advanced economies (USA and Eurozone). For 2024, the global economy is expected to continue to grow at a moderate pace, influenced by tightening monetary conditions and weak growth in global demand.

Despite challenges and uncertainties in the international economic environment with Mozambique's limited connection to the conflict regions, the national economy grew 5,9% in the third quarter of 2023, according to data from the International Monetary Fund. The economic recovery was due to the production and export of megaprojects, in particular the mining, energy and natural gas sector in the Rovuma basin.

The Bank of Mozambique's monetary policy remained restrictive throughout the year, in line with the conservative stance of the world's largest Central Banks (FED and ECB), highlighting the significant increase in the coefficient of mandatory reserves in national currency (from 10,5% to 39%) and foreign currency (from 11,5% to 39,5%), which increased the liquidity pressures of the banking system, influencing the revision of interest rates. Inflation has slowed, reflecting the stability of the Metical against the US dollar, the reversal of adverse supply shocks, as well as an effective transmission of monetary policy.

Management continues to monitor the impacts of the conflict in Ukraine and geopolitical tensions in the Middle East, as well as the evolution of national and international economic activity. As it is not possible to quantify the future effects resulting from the extension of the conflict, whenever the Administration considers it relevant, the impacts on the Bank's activity will be recognized and disclosed.

## 48. Subsequent Events



The Bank evaluates the favorable and/or unfavorable events that occur between the balance sheet date and the date on which the financial statements were approved.

Thus, two types of events can be identified:

- a) Those that provide proof of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and
- b) Those that are indicative of the conditions that arose after the Balance Sheet Date (events after the Balance Sheet Date that do not give rise to adjustments).

Below is the non-adjustable event that occurred after the balance sheet date:

On January 31, 2024, the Bank of Mozambique reduced the Monetary Policy interest rate, MIMO rate, by 75 basis points to 16,5%, signaling the beginning of a cycle of gradual rate reduction.

The Board of Directors continues to monitor both the impacts of the reduction of MIMO and the impacts of the Russia/Ukraine and Israel/Palestine conflicts on the Bank's activity, and although it is not yet possible to quantify the future effects resulting from these matters, whenever the Board considers it relevant, the impacts on the Bank's activity will be recognized and disclosed.



# **Independent Auditor's Report**

## INDEPENDENT AUDITOR ´S REPORT



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### RELATÓRIO DO AUDITOR INDEPENDENTE

Aos Accionistas do

**BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.**

**Relatório sobre a Auditoria das Demonstrações Financeiras**

#### Opinião

Auditámos as demonstrações financeiras do Banco Internacional de Moçambique, S.A. ("Banco ou BIM") que compreendem a Demonstração da posição financeira em 31 de Dezembro de 2023, a Demonstração do resultado integral, a Demonstração das alterações no capital próprio e a Demonstração de fluxos de caixa relativas ao ano findo naquela data, bem como as notas às demonstrações financeiras, incluindo informações materiais sobre a política contabilística.

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

#### Bases para a opinião

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

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



## Matérias relevantes de auditoria

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

### 1 *Imparidade para activos financeiros ao custo amortizado (Crédito a Clientes e activos financeiros)*

#### Descrição dos riscos de distorção material mais significativos

As demonstrações financeiras do Banco, em 31 de Dezembro de 2023, apresentam no seu activo, Crédito a clientes e Activos financeiros ao custo amortizado, nos montantes de 44 208 milhões de Meticals (2022: 42 801 milhões de Meticals) e 40 572 milhões de Meticals (2022: 57 720 milhões de Meticals), respectivamente, representando cerca de 23% e 21% do total do Activo. A imparidade acumulada registada para o Crédito a clientes e para os Activos financeiros ao custo amortizado ascende a 1 967 milhões de Meticals (2022: 3 774 milhões de Meticals) e 423 milhões de Meticals (2022: 190 milhões de Meticals), respectivamente, representando 4% do valor bruto dos Créditos a clientes e 1% do valor bruto dos Activos financeiros ao custo amortizado, respectivamente. O detalhe da imparidade e as políticas contabilísticas, metodologias, conceitos e pressupostos utilizados são divulgados no Anexo às demonstrações financeiras na nota 2 b) - Perdas por imparidade, nota 19 e nota 20).

A imparidade para o Crédito a Clientes e para os Activos financeiros ao custo amortizado, representa a melhor estimativa do órgão de gestão da perda esperada da carteira de crédito a clientes e de títulos, tendo em consideração os requisitos da IFRS9 -

#### Síntese da nossa resposta aos riscos de distorção material mais significativos

A nossa abordagem ao risco de distorção material incluiu uma resposta específica que se traduziu, designadamente, nos seguintes procedimentos:

- Entendimento e avaliação do desenho e operacionalidade dos controlos internos existentes no processo de quantificação das perdas por imparidade de activos financeiros;
- Análise da metodologia de imparidade e caracterização da carteira;
- Procedimentos analíticos sobre a evolução do saldo da imparidade de activos financeiros ao custo amortizado, comparando-o com o período homólogo e com as expectativas formadas, nomeadamente a variação na carteira de crédito e alterações nos pressupostos;
- Determinação de uma amostra de clientes objecto de análise individual de imparidade, para avaliação dos pressupostos utilizados pela Administração do Banco na sua quantificação, incluindo a inspecção da informação com os modelos de negócio e a situação económico-financeira dos devedores e dos relatórios de avaliação de colaterais, inquirição dos



“Instrumentos financeiros”. Para o cálculo desta estimativa, o órgão de gestão estabeleceu pressupostos, recorreu a modelos matemáticos para calcular parâmetros, interpretou conceitos e concebeu um modelo de cálculo da perda esperada numa base colectiva. Para exposições relevantes em base individual, nomeadamente no Crédito a clientes, a imparidade é determinada tendo por base julgamentos tendo por base a avaliação do actual risco de crédito.

A consideração desta matéria como relevante para a auditoria teve por base a sua materialidade nas demonstrações financeiras, a complexidade e o julgamento no processo do seu cálculo, sendo que em face do grau de subjectividade envolvido, alterações nas estratégias de recuperação e julgamentos assumidos, ou nos pressupostos que condicionem a estimativa e período de ocorrência dos fluxos financeiros, implicando que se possa vir a concretizar-se de forma diferente do estimado, podem ter um impacto material na quantificação da imparidade estimada.

especialistas do Banco para entender a estratégia de recuperação definida e os pressupostos usados;

- Análise dos parâmetros utilizados no cálculo da imparidade, destacando-se a comparação da metodologia formalizada e aprovada pelo Conselho de Administração com a efectivamente utilizada;
- Comparação dos dados utilizados no apuramento dos parâmetros de risco com informação fonte, avaliação da consistência do cálculo dos parâmetros de risco ao longo do histórico analisado, inquirições aos especialistas do Banco responsáveis pelos modelos e inspecção dos relatórios de auditoria interna e reguladores;
- Análise dos relatórios com os resultados de avaliação operacional do modelo (back-testing);
- Comparação dos dados carregados no modelo com a informação fonte e análise das eventuais diferenças;
- Análise das divulgações incluídas nas notas às demonstrações financeiras em conformidade com os requisitos da IFRS 7-Instrumentos financeiros: Divulgações.



## 2 Valorização dos activos não correntes detidos para venda

### Descrição dos riscos de distorção material mais significativos

As demonstrações financeiras, em 31 de Dezembro de 2023, incluem no Activo, tal como detalhadamente divulgado nas Notas 1 e) e 23 das notas às demonstrações financeiras, propriedades classificadas como Activos não correntes detidos para venda, no montante de 583 milhões de Meticais (2022: 1 391 milhões de Meticais), os quais representam cerca de 0,3% do activo.

As avaliações imobiliárias tiveram por base métodos e pressupostos cuja influência da conjuntura económica é determinante.

Neste contexto, face aos efeitos ainda decorrentes da guerra entre a Rússia e Ucrânia e da subida das taxas de juro e inflação, a incerteza sobre a estimativa do justo valor aumentou, devido (i) a volatilidade da transações de referência de activos semelhantes e comparáveis, (ii) aos prazos para concluir os activos imobiliários em construção, (iii) aos fluxos de caixa decorrentes de bens arrendados, (iv) às taxas de desconto consideradas, (v) à capacidade de arrendar activos desocupados e (vi) ao risco de prémio exigido por potenciais investidores.

A consideração desta matéria como relevante para a auditoria teve por base o risco de julgamento inerente nos pressupostos utilizados nas avaliações realizadas pelos peritos externos.

### Síntese da nossa resposta aos riscos de distorção material mais significativos

A nossa abordagem ao risco de distorção material incluiu uma resposta específica que se traduziu, designadamente, nos seguintes procedimentos:

- Procedimentos analíticos sobre os activos não correntes detidos para venda incluídos nas demonstrações financeiras;
- Com o envolvimento dos nossos especialistas em avaliações imobiliárias, realização de testes por amostragem que englobaram a avaliação da metodologia e pressupostos utilizados pelos peritos do Banco, teste da consistência e da metodologia utilizadas dadas as condições dos imóveis e respectiva localização, bem como a conformidade com os padrões internacionais de avaliação, identificação e análise dos pressupostos significativos e respectiva comparação com os dados do mercado e a realização de testes de recálculo corroborativos; e
- Testes à plenitude e consistência das divulgações sobre os activos não correntes detidos para venda nas demonstrações financeiras e comparação com os respectivos dados contabilísticos.



### 3 Recuperabilidade dos activos por impostos diferidos

#### Descrição dos riscos de distorção material mais significativos

Na posição financeira do Banco encontram-se registados activos por impostos diferidos no valor de 114 450 milhares de Meticais com referência a 31 de dezembro de 2023 (2022: 955 548 milhares de Meticais), tal como detalhado na Nota 2 alínea o) e na Nota 28 do Anexo às demonstrações financeiras.

Tendo por referência os requisitos da IAS 12 - "Impostos sobre o rendimento", os activos por impostos diferidos são reconhecidos na medida da expectativa da Administração do Banco quanto à sua recuperabilidade futura, a qual assenta fundamentalmente na determinação da sua capacidade de geração de lucros tributáveis e existência de diferenças temporárias tributáveis futuras suficientes.

A análise do reconhecimento e da recuperabilidade dos activos por impostos diferidos foi significativa para a nossa auditoria porque os montantes são materiais, o processo de avaliação é complexo e subjectivo, e baseia-se em pressupostos que são afectados pelas condições futuras esperadas de mercado ou económicas, especialmente no que diz respeito ao desempenho futuro do País.

Eventuais desvios que se venham a materializar de forma diferente aos cenários considerados na estimativa de resultados fiscais futuros, ou eventuais alterações na legislação fiscal aplicável ou nos pressupostos e interpretações utilizados para a sua determinação, podem ter impactos relevantes no valor dos activos por impostos diferidos, o que justifica que esta seja uma matéria relevante de auditoria.

#### Síntese da nossa resposta aos riscos de distorção material mais significativos

A nossa abordagem ao risco de distorção material incluiu uma resposta específica que se traduziu, designadamente, nos seguintes procedimentos:

- Entendimento dos principais pressupostos e julgamentos considerados pela Administração do Banco para estimar a evolução futura dos resultados antes de imposto, incluindo a análise da sua consistência com as projecções do Plano Estratégico e considerando os impactos da guerra da Rússia-Ucrânia;
- Com o envolvimento de especialistas internos em matérias fiscais, análise dos pressupostos utilizados na estimativa dos activos por impostos diferidos;
- Análise dos cálculos efectuados pelos serviços do Banco para demonstração da recuperabilidade dos activos por impostos diferidos, recalculando estimativas de projecções fiscais na base da interpretação da legislação fiscal em vigor;
- Análise das divulgações no Anexo às demonstrações financeiras relativas a esta matéria, tendo por base os requisitos das normas internacionais de relato financeiro e os registos contabilísticos.





## Outra Informação

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

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

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

## Responsabilidade do Conselho de Administração pelas Demonstrações Financeiras

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

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

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

## Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras Individuais

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



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

- Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detectar uma distorção material devido a fraude é maior do que o risco para uma distorção devido a erro dado que a fraude pode envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno.
- Obtemos uma compreensão do controlo interno relevante para a auditoria com o objectivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno do Banco.
- Avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pelo Conselho de Administração.
- Concluimos sobre a apropriação do uso, pelo Conselho de Administração, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe uma incerteza material relacionada com acontecimentos ou condições que possam pôr em dúvida a capacidade do Banco em continuar as suas operações. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, futuros acontecimentos ou condições podem provocar que o Banco descontinue as operações.
- Avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transacções e acontecimentos subjacentes de forma a atingir uma apresentação apropriada.

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



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

Das matérias que comunicámos ao Conselho de Administração, determinamos as que foram as mais importantes na auditoria das demonstrações financeiras individuais do período corrente e que são as matérias relevantes de auditoria.

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

**ERNST & YOUNG - SOCIEDADE DE CONTABILISTAS E AUDITORES CERTIFICADOS, LDA.**

*Representada por:*



Eduardo Jorge Creio da Costa Caldas (Auditor Certificado nº 33)

Maputo, 27 de Fevereiro de 2024



# Report and Opinion of the Fiscal Council

## REPORT AND OPINION OF THE FISCAL COUNCIL

BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

RELATORIO E CONTAS 2023

PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas

No cumprimento das competências regulamentares emergentes da Lei e das disposições estatutárias, o Conselho Fiscal (CF) do Banco Internacional de Moçambique - BIM (adiante designado por Banco), submete à Vossas Excelências, a síntese da acção fiscalizadora, bem como o parecer sobre as Demonstrações Financeiras do Banco e o Relatório do Conselho de Administração, relativos ao exercício findo em 31 de Dezembro de 2023.

O exercício em análise, foi fortemente marcado pela prevalência de riscos e incertezas subjacentes às projecções de inflação, facto que determinou o endurecimento da política monetária, por parte do regulador, com impacto na redução da liquidez do sistema bancário, e consequentemente, na menor oferta de crédito a economia, com objectivo de garantir uma inflação baixa e estável.

As medidas adoptadas pelo Banco Central tiveram um impacto material em termos: (i) da redução da liquidez do sistema bancário (ii) do custo de captação de recursos dos bancos, em particular a partir de 22 de Fevereiro (início do período legal de constituição de reservas obrigatórias, após a determinação do seu incremento pelo banco central) e (iii) do aumento da Prime Rate do Sistema Financeiro (PRSF) a partir do segundo trimestre de 2023, em resultado da revisão do Prémio de Custo.

Em conformidade com as suas atribuições e competências, o Conselho Fiscal (CF), procedeu de forma sistemática, com a periodicidade e a extensão que julgou adequadas, ao acompanhamento da actividade do banco, nomeadamente, da gestão e evolução do negócio do Banco, da regularidade dos registos contabilísticos e do cumprimento das disposições legais aplicáveis, através: (i) de informação de gestão e contabilística disponibilizada, nas reuniões mensais com a Contabilidade do Banco, (ii) das informações e esclarecimentos prestados nas reuniões do Conselho de Administração e nos encontros realizados com diversas áreas do Banco e com os Auditores Externos.

O CF usufruiu sempre da documentação que considerou necessária e obteve, sempre, do Conselho de Administração e dos Serviços, todos os esclarecimentos solicitados.

No âmbito dos deveres que estatutariamente lhe estão atribuídos, o CF, zelou pela observância das normas emitidas pelas autoridades de supervisão, bem como das políticas gerais, normas e práticas instituídas internamente.

Esteve sempre presente nas reuniões do Conselho de Administração e através do seu Presidente nas Comissões de Auditoria e de Avaliação de Riscos, cujos resultados foram determinantes na realização da sua actividade.

No seguimento das actividades desenvolvidas, o CF realça o continuado esforço empreendido pelo Banco, para proteger o Balanço, cujos resultados ressaltam-se no equilíbrio das contas e na qualidade dos indicadores prudenciais e económico financeiros do Banco.

Tendo em vista a recolha de informações e dos esclarecimentos necessários para a melhor compreensão do impacto do negócio e da actividade operacional, nas demonstrações financeiras, foram objecto de especial acompanhamento, por parte do CF, as funções e actividades de gestão de risco, controlo interno e conformidade, auditoria interna, compliance, Risk Office, reporte financeiro e auditoria externa.

Assim, seguindo a prática já institucionalizada, sustentada no calendário de reuniões predefinido, o CF manteve encontros regulares com as áreas do Banco, nomeadamente com

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## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

### RELATORIO E CONTAS 2023

#### PARECER DO CONSELHO FISCAL

Auditoria Interna, *Compliance Office*, *Risk Office*, Crédito, Recuperação de Crédito, Crédito em Contencioso e *Litigation*, Desenvolvimento de Negócio de Retalho, Centro Corporativo e com o Auditor Externo, cuja colaboração regista com agrado.

No âmbito do acompanhamento à actividade de Auditoria Interna (DAU) e da avaliação da sua eficácia, o Conselho Fiscal focalizou-se: (i) no monitoramento da execução dos Planos Anual e Plurianual (2023 a 2024) de Auditoria Interna<sup>1</sup>; (ii) na verificação das principais conclusões das auditorias realizadas aos processos de suporte ao negócio e transaccionais; (iii) no diagnóstico do cumprimento das recomendações emitidas pela Direcção de Auditoria.

Concentrou-se no acompanhamento e avaliação da implementação das recomendações: (i) do Regulador, (ii) emitidas pela Deloitte no âmbito do Relatório do Sistema de Controlo Interno, (iii) do Relatório de Auto Avaliação RAA, (iv) do Relatório do Auditor Externo, (v) e do plano de resolução de deficiências reportadas nas mencionadas recomendações e nos respectivos relatórios, tendo dado particular atenção à monitorização do estado das mesmas, em função do seu nível de risco e de antiguidade, bem como das áreas responsáveis pela respectiva implementação.

O CF, dedicou a atenção necessária ao acompanhamento da implementação das recomendações de âmbito sistémico (f3 - risco elevado), emitidas pela Auditoria Interna, nomeadamente no que se refere a: (i) Reposição de imagens de vigilância, (ii) Uso de Cartões em contas bloqueadas, (iii) Procedimentos das Ordens de Pagamento Emitidas para o Estrangeiro e (iv) Mecanismos do sistema de gestão e controlo interno, tendo tomado conhecimento do processo de validação, pela DAU, das acções concluídas.

Ainda no quadro de acompanhamento das actividades da DAU, o CF: (i) verificou que ao nível estratégico foi intensificada a cobertura dos riscos através do processo de calibração da Matriz da Auditoria Interna e redefinição dos ciclos de auditoria, tendo em conta as áreas e processos de maior risco. (ii) inteirou-se, de entre outras, das acções visando a implementação de procedimentos que garantem a análise e detecção de falhas aos controlos e transacções, com base em ferramenta específica, com o objectivo de robustecimento do ambiente de Controlo Interno com actividades preventivas, situação que determinou a criação de uma área de Auditoria Preventiva, suportada por um software de auditoria específico (IDEA), cuja implementação tem sido crucial no tratamento de incidentes/excepções geradas e detecção imediata de fraudes.

Com referência ao relacionamento com o Supervisor, o CF inteirou-se dos principais registos/ocorrências, em conjugação com os pedidos de informação endereçados ao Banco, com destaque para os temas identificados nas recomendações das Inspeções on site, nomeadamente relativos:

(i) ao Risco de Conduta e Protecção ao Consumidor, Conduta e Atendimento ao Cliente, com enfoque no dever de celeridade no atendimento e prestação de serviços, gestão de filas, educação financeira e revisão do préçário simplificado e completo;

(ii) e a Inspeção Ciber-segurança.

<sup>1</sup> (elementos fundamentais para assegurar que a actividade da Auditoria seja conduzida de maneira eficaz, eficiente e em conformidade com padrões e normas aplicáveis, nomeadamente no que se refere ao conhecimento exaustivo das auditorias realizadas, notações atribuídas, recomendações, pontos de resposta e percepção dos relatórios de auditoria emitidos)

## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

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Dedicou, também, particular atenção e interesse, à correspondência do Supervisor, relativa a contratos de depósito à ordem e a prazo, bem como alusiva à visita dos Inspectores do BM aos Balcões de Tete, Beira, Nampula e Chiveve, com objectivo de avaliar a assistência aos clientes, tempo de espera nas filas do Banco e acções desenvolvidas pelo Banco para melhorar o serviço.

Tomou conhecimento dos constrangimentos operacionais relacionados com a fraca recuperação dos valores defraudados ao Banco, devido à lentidão dos respectivos processos. Todavia, observou ter-se registado, comparativamente ao período homólogo, um menor número de casos e de valores, de perdas operacionais.

Do acompanhamento realizado, o CF constatou que não foram identificadas ocorrências, materialmente relevantes, capazes de alterar a avaliação positiva dos sistemas de identificação e gestão de riscos de controle interno do Banco.

Do rastreamento efectuado às actividades do *Compliance Office (COFF)*, o CF verificou que, no contexto da prevenção do branqueamento de Capitais e do financiamento do terrorismo, o compromisso esteve focado no relacionamento com as autoridades (GIFIM, BdM e PGR) do qual, entre outras, se destacam diversas interações<sup>2</sup>.

Ainda no âmbito do seguimento da actividade do COFF, o CF tomou conhecimento das acções realizadas no âmbito de Monitorização de Transacções Suspeitas de branqueamento de capitais, Avaliação interna de Risco AML, bem como no quadro de verificação legal dos temas relacionados com Serviços financeiros gratuitos, Cartões bancários e Produtos e Serviços comercializados pelo Banco.

Acompanhou e analisou o estágio da implementação das recomendações: (i) emitidas pelo COFF; (ii) emitidas para o COFF pela DAU e pela Deloitte, ao longo do IV trimestre, incluindo os respectivos planos de acção e (iii) emitidas pela KPMG.

No quadro de acompanhamento e verificação da eficácia das funções de gestão de risco, no domínio do *Risk Office (ROFF)*, o Conselho Fiscal debruçou-se sobre os aspectos relacionados com os mecanismos de controlo e de monitorização dos diversos riscos do Banco, com base nas informações disponibilizadas nos encontros realizados, bem como nos relatórios trimestrais que o CF teve acesso, tendo do acompanhamento efectuado, tomado conhecimento da evolução dos

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- a. <sup>2</sup> Com o Supervisor: (i) Avaliação Sectorial de Riscos de Prevenção e Combate ao Branqueamento de Capitais, Financiamento do Terrorismo e de Proliferação, (ii) Pedido de permissão para partilha de infra-estrutura da solução de monitorização de transacções suspeitas, assim como da infra-estrutura para a solução de auditoria interna (iii) Contribuições para as propostas de Avisos - Normas e Procedimentos e de revisão de legislação das quais se destacam: Regulamento do Regime de Contas Bancárias, Regulamento da Central de Registos de Crédito, Decreto no 49/2010 de 11 de Novembro que cria o fundo de garantia de depósitos, Lei nº 2/2008 de 27 de Fevereiro - Lei do Sistema Nacional de Pagamentos. (iv) Contribuições às propostas de Avisos- Normas e Procedimentos na realização de operações cambiais e Regime de liberalização de operações de capitais e de outras operações cambiais, (v) Pronunciamento sobre o bloqueio de contas por suspeitas de fraude e BC/FT/FP
- b. Com a PGR, diversas interações relacionadas com bloqueios de contas por suspeita de fraudes
- c. Com GIFIM - reporte automático de diversas transacções de limiar em numerário e em valor, sendo as tipologias mais frequentes, as previstas na alínea j) do número 5 e, na alínea b) do número 1 do anexo II, do Decreto 53/2023 de 31 de Agosto, que estabelece o Regime Jurídico e as Medidas de Prevenção e Combate ao Branqueamento de Capitais e Financiamento ao Terrorismo

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Indicadores de risco, bem como da revisão efectuada aos mesmos, no âmbito do processo de identificação e definição das métricas de risco do Banco, *RAS - Risk Appetite Statement*.

Ainda no âmbito de acompanhamento da actividade do ROFF, o CF dedicou particular atenção a avaliação dos procedimentos de controlo adoptados e ao monitoramento do sistema de controlo interno e dos procedimentos operacionais do Banco, bem assim da situação dos projectos em curso no ROFF.

Seguindo a prática instituída, focalizou a sua atenção, no processo de execução das directrizes emanadas da Comissão de Avaliação de Risco, em matérias de controlo interno e gestão de riscos, cuja implementação tem-se processado no quadro do planeamento definido, sendo que, para os casos em que se requer uma maior mitigação dos riscos, o CF notou que os respectivos mecanismos se encontram adequadamente definidos.

No âmbito da actividade de acompanhamento e de fiscalização da gestão do Banco, o CF acompanhou os resultados dos trabalhos do Auditor Externo *{(EY) Ernest Young}*, procedeu a monitorização e fiscalização da sua actuação, tendo no quadro do cumprimento dos dispositivos legais e regulamentares aplicáveis, supervisionado o seu desempenho, o respeito pelos limites definidos e fiscalizado a sua independência, a sua adequação técnica e profissional, a sua idoneidade e o seu cepticismo profissional. Da avaliação efectuada a sua prestação, como Auditor Externo, o Conselho Fiscal concluiu que o mesmo exerceu a sua actividade, ao longo do exercício de 2023, com independência, objectividade e cepticismo profissional.

O Conselho Fiscal dedicou a atenção necessária à avaliação dos resultados da Auditoria às Demonstrações Financeiras Consolidadas e Individuais, efectuada pela *Ernest Young*, no quadro dos procedimentos de verificação da adequação e supervisão do cumprimento das políticas, dos critérios e das práticas contabilísticas adoptadas e da regularidade dos documentos que lhes servem de suporte.

No contexto das suas funções foi, também, objecto de particular atenção:

(i) A avaliação dos procedimentos de Revisão Limitada, com referência a 30 de Junho e das constatações prévias em acompanhamento, com referência a 30 de Setembro de 2023, efectuados pela equipa do Auditor Externo, com base nas Normas Internacionais de Auditoria (ISA's) emitidas pelo *International Auditing and Assurance Standards Board (IAASB)*.

(ii) O entendimento do trabalho de Auditoria às Demonstrações Financeiras do Banco que reflectem os resultados das suas operações para o exercício findo em 31 de Dezembro de 2023, as quais compreendem o balanço, as demonstrações dos resultados, das alterações nos capitais próprios e dos fluxos de caixa, bem como o respectivo anexo, que inclui as políticas contabilísticas, os critérios de reconhecimento e outras componentes associadas.

(iii) A avaliação da adequabilidade do Sistema de Controlo Interno e informação relevante sobre as contas do Banco reportadas a 31 de Dezembro de 2023, nomeadamente, o Relatório de Auditoria para efeitos de reporte ao Grupo e o Relatório de Auditoria para efeitos de reporte Estatutário;

(iv) O entendimento sobre a implementação dos principais temas identificados e das respectivas recomendações, relativamente aos quais o Auditor Externo entende que devem manter-se em acompanhamento, nomeadamente.:



## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

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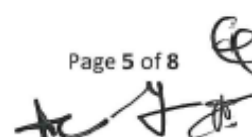
- Justo Valor de Imóveis detidos pelo Banco (ANCDV) com a recomendação de que o Banco proceda à aprovação de uma Política/Ordem de Serviço que formalize a aplicação de *haircuts* introduzida durante o 4º Trimestre de 2023 (com a qual a EY concorda).
- Provisões para Contingências Fiscais (Inspeção da Autoridade Tributária), cujos montantes encontram-se adequadamente calculados.
- Recuperabilidade de Activos por Impostos Diferidos - Prejuízos Fiscais - Efectuado o desreconhecimento integral dos mesmos, com referência a 31 de Dezembro de 2023, cujo procedimento mereceu concordância do Auditor Externo.
- Recuperabilidade de Activos por Impostos Diferidos - Diferenças temporárias - sem impacto no Relatório de Auditoria EY.
- Propriedades de Investimento (IAS 40) - A mensuração dos activos classificados como PI's a 31 de Dezembro de 2023 encontra-se totalmente alinhada com a IAS 40, entretanto a EY recomenda que o Banco proceda à aprovação de uma Política / Ordem de Serviço que formalize a aplicação de *haircuts* introduzida durante o 4º Trimestre de 2023 (A semelhança do indicado para os registos de Justo Valor de imóveis detidos pelo Banco (ANCDV)).
- Análise de Imparidade de Crédito (Individual e Colectiva) - Não foram identificadas diferenças e / ou desvios materiais na quantificação de imparidade por via individual e Colectiva, no universo dos clientes analisados.
- Comissões sobre transferências *Western Union* (via Mobile) - Situação regularizada - Para uma amostra de operações de transferências *Western Union* (Outbound) realizadas por clientes do Banco após correcção da parametrização do Smart Izi, a EY concluiu que o montante total cobrado ao cliente corresponde ao valor da transferência, acrescido da respectiva comissão associada, situação semelhante para outras tipologias de operações realizadas por clientes do Banco via Smart Izi, cuja comissão foi calculada, cobrada e contabilizada pelo Banco de forma apropriada.
- Activos Financeiros - Justo Valor da participação na SIMO - Registo da variação do Justo Valor pelo Banco sobre o investimento na SIMO, em linha com o expectável.

(v) O *follow up* das recomendações da EY, em que, o CF, constatou que o Banco manteve o foco na implementação das recomendações em aberto, em 31 de Dezembro de 2023, sendo que uma parte significativa (62,5%), foram implementadas e certificadas.

Entretanto, a EY identificou 7 novas recomendações, das quais quatro são de risco baixo, uma de risco médio e uma de risco alto, cujo processo de regularização se espera venha ocorrer durante o exercício de 2024.

Para efeitos de Reporte Estatutário não foram identificados, com referência a 31 de Dezembro de 2023, temas com impacto material no Relatório de Auditoria Externa.

As diferenças e temas de auditoria identificados não impactam o RAI (Opinião sem Reservas nem Ênfases).



## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

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Da análise efectuada a actividade do Banco, o CF concluiu, que, as transacções que explicam as variações mais significativas dos principais indicadores de actividade do Banco, foram, de algum modo, afectadas pelas condições macroeconómicas e pelo efeito das medidas de Política Monetária que tiveram impacto, citando, alguns exemplos, na redução dos activos geradores de juros (por conta do aumento das reservas obrigatórias) e no aumento da Imparidade da Dívida Pública.

Da apreciação efectuada ao desempenho do Banco, constata-se uma evolução positiva dos indicadores económicos financeiros, com o resultado líquido a indicar um incremento de cerca de 5%, comparativamente ao período homólogo, e, de 7% em relação ao que havia sido projectado para o orçamento de 2023. Refira-se que o crédito indica uma evolução tímida (-1% relativamente a 2022), situação decorrente da conjuntura macroeconómica e da política de maior rigor e prudência do Banco, na concessão de crédito, ao nível de empresas.

O CF realça o esforço positivo do Banco, traduzido na maior resiliência à degradação do risco de crédito, decorrente do acompanhamento cauteloso da evolução do risco da carteira e da política prudente na concessão de crédito e na análise das imparidades, situação que tem concorrido para a melhoria dos níveis de cobertura do crédito vencido e do crédito em risco.

No cumprimento das suas atribuições, o CF acompanhou com atenção e aferiu, com a oportunidade necessária, a eficácia dos sistemas de governação do Banco.

No seguimento das suas competências, focou-se na avaliação, monitorização e implementação das recomendações dos Relatórios:

- de Auto-Avaliação e Indicador de Controlo Interno
- da Carta de Recomendações dos Auditores Externos

Com referência ao período decorrido entre 1 de Dezembro de 2022 e 30 de Novembro de 2023, o CF emitiu, em 11 de Dezembro de 2023, o seu parecer sobre o Sistema de Controlo Interno do Banco, no âmbito do processo anual de autoavaliação da adequação e eficácia da cultura organizacional do Banco e dos seus sistemas de governo e controlo interno, nos termos do disposto no Aviso 3/2020 do BdP.

Nos termos da OS 0222- Política de Aprovação de Serviços Prestados Pelos Auditores Externos e nos demais normativos que regem as transacções com partes relacionadas bem como a lei de probidade pública, o CF emitiu pareceres sobre:

- i. Proposta de introdução de melhorias a solução de detecção e de combate à fraude nas transacções bancárias.
- ii. Cumprimento do pré-requisito de *pre-concurrence* conforme o disposto na secção R600.21-R60023 do Código de Ética de IESBA pelo Auditor Estatutário do Banco.
- iii. Contratação de um Auditor Independente, com certificação relevante, para proceder a uma avaliação/validação independente dos controlos de segurança ao abrigo da *framework* da *swift*, com o objectivo de mitigar o risco cibernético inerente às transacções financeiras e fortalecer a segurança da comunidade financeira a nível global, nos termos consignados na *framework* 2023 da *SWIFT*.

## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

### RELATORIO E CONTAS 2023

#### PARECER DO CONSELHO FISCAL

- iv. Fiscalização e Monitoria da Actividade do Auditor Externo, dando cumprimento ao estabelecido no capítulo 7 da OS 0222 - Versão n.º 4, de 26 Outubro de 2022.

O Conselho Fiscal observou que as demonstrações financeiras foram preparadas de acordo com as Normas Internacionais de Relato Financeiro e que as mesmas reflectem os resultados das operações do Grupo e do Banco para o exercício findo em 31 de Dezembro de 2023.

No âmbito das suas funções e nos termos das disposições legais e regulamentares, o CF pronunciou-se sobre casos relativos a crédito concedido a entidades correlacionadas, bem como a sociedades ou outros entes colectivos, directa ou indirectamente dominados pela entidade correlacionada, ou que com ela estejam em relação de grupo, nos termos da legislação em vigor.

Foi informado, com a regularidade considerada necessária, sobre o processo de monitorização e validação dos créditos correlacionados, efectuadas pela Direcção de Auditoria, nos termos dos princípios estabelecidos no n.º 2 do artigo 3º do Aviso n.º 9/GBM/2007 de 30 de Março e da NP0319 - Créditos Correlacionados - Circuitos e Procedimentos.

Nos termos do disposto no n.º 2 do Art.º 42º dos Estatutos do Banco, o CF apreciou o Relatório dos Auditores Independentes, emitido pela *Ernest & Young, Lda*, cujo conteúdo mereceu especial atenção, com realce para as matérias relevantes de auditoria, destacadas no referido relatório.

O CF tomou conhecimento da carta de recomendações emitida pelos Auditores Externos, cujo conteúdo assenta em diversas matérias que foram objecto de verificação e validação no decurso do trabalho de Auditoria.

Nos termos da lei e do mandato conferido, o CF examinou as Demonstrações Financeiras, bem como os respectivos anexos, incluindo as políticas contabilísticas e os critérios valorimétricos adoptados, tendo constatado que as políticas contabilísticas foram aplicadas de forma consistente.

O Conselho Fiscal procedeu à análise do Relatório de Gestão do exercício de 2023 preparado pelo Conselho de Administração, tendo concluído que o mesmo é suficientemente esclarecedor da evolução dos negócios, da situação do Banco, da envolvente económica e do mercado.

No contexto da sua actividade fiscalizadora, o Conselho Fiscal não se deparou com quaisquer constrangimentos e não lhe foi reportada, nem verificou, qualquer irregularidade ou acto lesivo dos interesses do Banco, por parte dos accionistas, colaboradores ou outros.

As Demonstrações Financeiras do Banco auditadas pelo Auditor Externo evidenciam:

- Que o Balanço do BIM - Banco Internacional de Moçambique, S.A., à data de 31 de Dezembro de 2023, reflecte adequadamente a situação financeira do Banco, sendo que o Activo total é de 190.384,62 milhões de Meticais
- Que a Demonstração de Resultados espelha um lucro do Banco de 7 210,90 milhões de Meticais, que traduz o resultado da actividade do Banco;
- Que a Demonstração de Rendimento Integral apresenta um rendimento integral do Banco de 7 318,86 milhões de Meticais;
- Que a Demonstração dos Fluxos de Caixa do Banco apresentou um aumento durante o ano em Caixa e seus equivalentes de (802 173) milhões de Meticais;
- Que a Demonstração das Alterações nos Capitais Próprios evidencia um Capital Próprio em 31 de Dezembro de 2023 de 36 885,06 milhões de Meticais para o Banco.

## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

### RELATORIO E CONTAS 2023

#### PARECER DO CONSELHO FISCAL

Na opinião deste Conselho Fiscal, o Relatório de Actividades e respectivas Demonstrações Financeiras apresentadas, relativas ao exercício de 2023, as quais incluem o resumo das políticas contabilísticas espelhado na demonstração dos resultados por natureza e na demonstração dos fluxos de caixa, complementadas com os esclarecimentos adicionais, dão uma base segura para o CF poder emitir a sua opinião e recomendação.

Como resultado das verificações efectuadas e informações obtidas:

- O Conselho Fiscal é de opinião que as Demonstrações Financeiras do Banco (compostas pelas seguintes peças: Balanço, Demonstração de Resultados, Demonstração de Rendimento Integral, Demonstração dos Fluxos de Caixa e Demonstração das Alterações nos Capitais Próprios e respectivas Notas Explicativas):
  - Estão em conformidade com a Lei e satisfazem as disposições estatutárias, bem como as normas emanadas do Banco Central;
  - Foram preparadas de acordo com as Normas Internacionais de Relato Financeiro (NIRF); e
  - Reflectem, de forma verdadeira e apropriada, a situação financeira do Banco em 31 de Dezembro de 2023, bem como o resultado das operações realizadas durante o exercício.
- O conselho Fiscal é de parecer favorável que a Assembleia Geral:
  - i). Aprove as Contas relativas ao Exercício de 2023;
  - ii). Aprove o Relatório de Gestão do Conselho de Administração e as Demonstrações Financeiras do BIM - Banco Internacional de Moçambique, referentes ao exercício findo em 31 de Dezembro de 2023.

Ao longo do período em que exerceu funções, o Conselho Fiscal teve a oportunidade de constatar o profissionalismo, a disponibilidade, a dedicação e o forte empenhamento do Conselho de Administração, da Comissão Executiva e dos Colaboradores do Banco e do Grupo.

O Conselho Fiscal expressa os seus agradecimentos ao Conselho de Administração e aos Colaboradores das Direcções e das Áreas, com quem mais directamente contactou, a disponibilidade que sempre demonstraram e a elevada qualidade do apoio dispensado para a realização do seu trabalho.

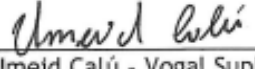
Maputo, 27 de Fevereiro de 2024

O CONSELHO FISCAL

  
Teotonio Jaime dos Anjos Comiche - Presidente

  
Aurélio Chiziane - Vogal

  
Eulália Mário Madime - Vogal

  
Umeid Calú - Vogal Suplente

## BANCO INTERNACIONAL DE MOÇAMBIQUE, S.A.

### PARECER DO CONSELHO FISCAL

### PROPOSTA DE APLICACAO DE RESULTADOS

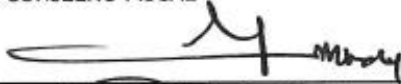
O Conselho Fiscal analisou a proposta de aplicação do Resultado Líquido, referente ao Exercício Económico de 2023, tendo constatado que não contraria as disposições legais e estatutárias aplicáveis.

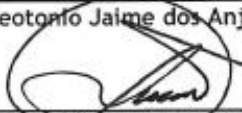
Considerando a solidez financeira, sustentada por um adequado nível de capital, robustez do balanço, confortável posição de liquidez, o Conselho Fiscal é de parecer que a Assembleia Geral aprove a proposta do Conselho de Administração de Distribuição do Resultado Líquido no valor de 7,210,898,719.33 Meticais do seguinte modo:

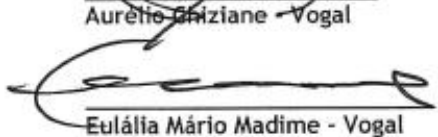
DESCRIÇÃO	%	VALOR (MZN)
Reserva Legal	15.00%	1,081,634,807.90
Reserva especial para estabilização da Situação Líquida	2.50%	180,272,467.98
Distribuição aos accionistas	82.50%	5,948,991,443.45
<b>TOTAL</b>	<b>100.00%</b>	<b>7,210,898,719.33</b>

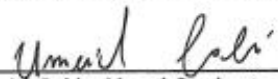
Maputo, 27 de Fevereiro de 2024

O CONSELHO FISCAL

  
Teotonio Jaime dos Anjos Comiche - Presidente

  
Aurélio Briziane - Vogal

  
Eulália Mário Madime - Vogal

  
Umeid Calú - Vogal Suplente

# Millennium

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aqui consigo

