

ANNUAL REPORT 2023

volume 32







ANNUAL REPORT 2023

CONTENTS

MESSAGE FROM THE GOVERNOR	4
ABOUT THE BANCO DE MOÇAMBIQUE	6
1. MACROECONOMIC OUTLOOK	9
1.1. External Environment	10
1.2. Domestic Environment and Outlook.....	12
2. MONETARY POLICY AND MARKET DEVELOPMENTS	20
2.1. Monetary Policy Decisions in 2023.....	21
2.2. Interbank Markets.....	23
3. MACROPRUDENTIAL POLICIES AND BANK RESOLUTION	28
3.1. Macroprudential Policies	29
3.2. Crisis Management and Bank Resolution.....	30
4. FINANCIAL SYSTEM PERFORMANCE.....	31
4.1. Characterization of the Financial System	32
4.2. Regulation	34
4.3. Prudential Supervision.....	34
4.4. Conduct Supervision.....	41
5. PAYMENT SYSTEM	45
5.1. National Payment System.....	46
5.2. Regional Payment System.....	48
6. FINANCIAL INCLUSION.....	49
6.1. Geographical Access Indicators.....	50
6.2. Demographic Access Indicators.....	51
6.3. Use of Financial Products and Services	52
FINANCIAL STATEMENTS – 2023	54
STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS	55
INDIVIDUAL AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION	61
INDIVIDUAL AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	62
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	64
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CASH FLOWS.....	66

NOTES TO THE FINANCIAL STATEMENTS.....	67
ANNEX 1: ACRONYMS AND ABBREVIATIONS	145
ANNEX 2: REGULATIONS APPROVED BY THE BM IN 2023.....	147
ANNEX 3: COMPLAINTS LODGED AT THE BANCO DE MOÇAMBIQUE.....	149
ANNEX 4: MISDEMEANOR CASES IN 2023 AND FINES APPLIED	150

TABLES

<i>Table 1: GDP and Inflation in Select Economies.....</i>	<i>11</i>
<i>Table 2: Average Prices of Select Commodities.....</i>	<i>11</i>
<i>Table 3: GDP Growth and Sectoral Contribution.....</i>	<i>13</i>
<i>Table 4: Annual Inflation by Division.....</i>	<i>14</i>
<i>Table 5: Partial Goods Account Developments (USD million).....</i>	<i>18</i>
<i>Table 6: Behavior of Monetary Aggregates</i>	<i>22</i>
<i>Table 7: Liquidity Swaps (millions of meticaïs)</i>	<i>23</i>
<i>Table 8: Issuance of Treasury Bills (millions of meticaïs)</i>	<i>24</i>
<i>Table 9: Reverse Repo Transactions between the BM and Commercial Banks (millions of meticaïs).....</i>	<i>24</i>
<i>Table 10: Standing Facilities.....</i>	<i>25</i>
<i>Table 11: Foreign Exchange Sales between Commercial Banks and Customers (USD million).....</i>	<i>26</i>
<i>Table 12: Foreign Exchange Sales in the Interbank Foreign Exchange Market (USD million) ..</i>	<i>26</i>
<i>Table 13: Banking System Developments (active institutions)</i>	<i>32</i>
<i>Table 14: Risk Profile of Credit Institutions and Financial Companies</i>	<i>39</i>
<i>Table 15: Single Treasury Account Transactions (NC amounts in MZN 10⁶, quantities in 10³ units)</i>	<i>47</i>
<i>Table 16: SADC-RTGS Transactions (amounts in ZAR 10⁶).....</i>	<i>48</i>

CHARTS

<i>Chart 1: Annual Change in Real GDP (%).....</i>	<i>12</i>
<i>Chart 2: GDP Breakdown by Activity Branch.....</i>	<i>13</i>
<i>Chart 3: Mozambique Annual Inflation by Component</i>	<i>14</i>
<i>Chart 4: Sources of Public Deficit Financing (one billion meticaïs).....</i>	<i>15</i>
<i>Chart 5: Nominal Exchange Rate Developments in Commercial Banks (monthly average)</i>	<i>16</i>
<i>Chart 6: Gross International Reserves.....</i>	<i>17</i>
<i>Chart 7: International Investment Position (USD billion).....</i>	<i>19</i>
<i>Chart 8: Developments in Policy Rates and Standing Facilities (%).....</i>	<i>21</i>
<i>Chart 9: Reserve Requirement Ratio Developments.....</i>	<i>22</i>
<i>Chart 10: Developments in Interest Rates on RR Transactions against the MIMO Rate</i>	<i>25</i>
<i>Chart 11: Developments in T-Bill Issuance Rates against the MIMO Rate</i>	<i>25</i>
<i>Chart 12: Exchange Rate Developments (MZN/USD).....</i>	<i>27</i>
<i>Chart 13: Systemic Risk Developments.....</i>	<i>29</i>

Chart 14: Herfindahl-Hirschman Index in the Banking System.....	33
Chart 15: Asset Developments (millions of meticaïs).....	35
Chart 16: Structure of Current Liabilities.....	36
Chart 17: Profit and Loss Statement Composition (millions of meticaïs)	37
Chart 18: Capital Adequacy Ratio.....	38
Chart 19: Developments in the Number of Complaints Lodged at the Banco de Moçambique..	42
Chart 20: Developments in the Interbank Clearing and Settlement Subsystem Transactions (amounts in 10 ⁹ meticaïs, quantities in 10 ³)	46
Chart 21: Developments in MTR Transactions (amounts in MZN 10 ⁶ , volume in 10 ³ units).....	47
Chart 22: Developments in the Number of Mobile Money Agents (per 10 thousand km ²).....	50
Chart 23: Developments in the Number of Bank Branches and Banking Agents (per 10 thousand km ²)	50
Chart 24: Developments in the Number of ATM and POS (per 10 thousand km ²)	51
Chart 25: Developments in the Number of Mobile Money Agents (per 100 thousand adults)....	51
Chart 26: Developments in the Number of Bank Branches and Agents (per 100 thousand adults)	51
Chart 27: Developments in the Number of ATM (per 100 thousand adults).....	52
Chart 28: Developments in the Number of POS (per 100 thousand adults).....	52
Chart 29: Bank Accounts, Mobile Money Accounts and Bank Cards (% of adult population)	53

MESSAGE FROM THE GOVERNOR



2023 was marked by a generalized trend of deceleration of inflation in most countries, in the face of the prevalence of monetary policy tightening implemented by central banks, to ensure inflation convergence to medium-term targets. However, this backdrop was accompanied by the escalation of geopolitical tensions, particularly the emergence of the conflict in the Middle East, with high potential to undermine the behavior of international fuel and food prices and generate a new inflationary wave.

In 2023, the Mozambican economy's recovery trend that started in 2021 continued, with a significant growth of 5% in the gross domestic product, following 4.2% in 2022. This growth was mainly underpinned by the favorable performance of the extractive industry, particularly the production and export of liquefied natural gas (LNG), against a backdrop of slowing secondary and tertiary sectors, driven by the prevalence of adverse factors.

The economy continued to be ravaged by several domestic and external challenges. Domestically, the occurrence of climate shocks and the protracted military conflict in the north of the country are highlighted, as they generate pressure on public finances and limit the fiscal space for investment. On the external side, the outbreak of the conflict in the Middle East in the second half of the year is prominent, due to the uncertainties generated regarding its impact on global oil and food prices, given the region's strategic location for global trade, amid the

absence of solution prospects to end the Russia-Ukraine war.

In 2023, in light of the prevalence of high risks and uncertainties associated with inflation forecasts, **the Banco de Moçambique Monetary Policy Committee decided (i) to keep the MIMO policy rate unchanged at 17.25%, as well as (ii) to increase the reserve requirement ratios in national currency and in foreign currency, from 10.5% to 39.0%, and from 11.5% to 39.5%, respectively**, in order to absorb the excess liquidity from the market, with the potential to generate inflationary pressure.

The aforementioned measures, coupled with the stability of the Metical and the fall in global food and oil prices, were key to the deceleration of inflation to single-digit levels, recorded in the reporting period, standing at 5.3% in December 2023, after peaking at 12.71% in September 2022.

2023 was also characterized by a set of financial system structural reforms, as well as the strengthening of his resilience, highlighting:

- The establishment of the legal framework for the registration of virtual asset service providers at the Banco de Moçambique, which will help to attract more foreign direct investment, and remove the country from the Financial Action Task Force (FATF) gray list.
- The completion of the regulation of the Foreign Exchange Law that renders operational the principle of progressive capital account liberalization provided for therein, which will improve the business environment, thereby facilitating the inflow and outflow of capital, thus increasing the volume of investments.
- The migration process from the Single National Payment Network to the new electronic payment processing platform, managed by SIMOrede, which offers multiple advantages, particularly the interoperability between mobile money networks, banks and other financial service providers.
- The appointment of resident inspectors in commercial banks, in order to ensure the smooth operation of these institutions and thus the stability of the national financial system.

The Banco de Moçambique remained committed to the continued improvement of levels of access to and use of financial services by the population in 2023. In this context, stands out the launch of the fourth edition of the Regulatory Sandbox, which welcomed the participation of eight fintechs, making the initiative a platform for responding to the challenges posed by technological innovation in the field of financial services.

2024 will remain marked by domestic and external challenges, requiring policy makers to act synchronously in order to strengthen the achievements made so far. Domestically, the occurrence of severe weather events is expected, particularly the phenomenon El Niño, in a context where the government is challenged to consolidate the implementation of the ongoing financial program with the International Monetary Fund, under the Extended Credit Facility (ECF). On the external side, geopolitical conflicts are expected to continue to influence the behavior of global markets, generating uncertainty and compelling greater prudence in policy decisions.

Nonetheless, the Banco de Moçambique expects, on the one hand, the continued positive performance of economic activity, driven by the extractive industry, particularly due to the implementation of liquefied natural gas projects in the Rovuma basin; and on the other, that the inflation trend observed in 2023 should continue, converging to single digit.

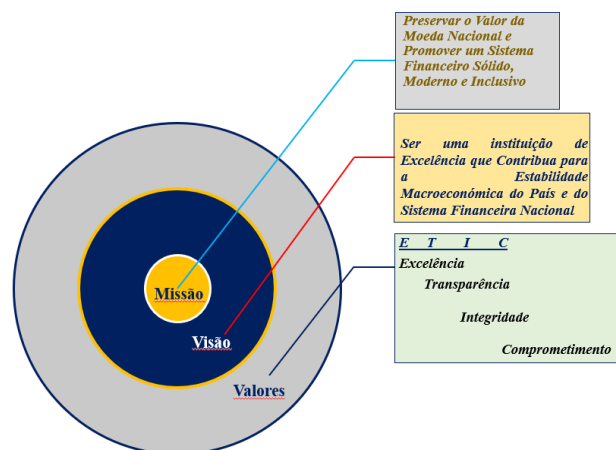
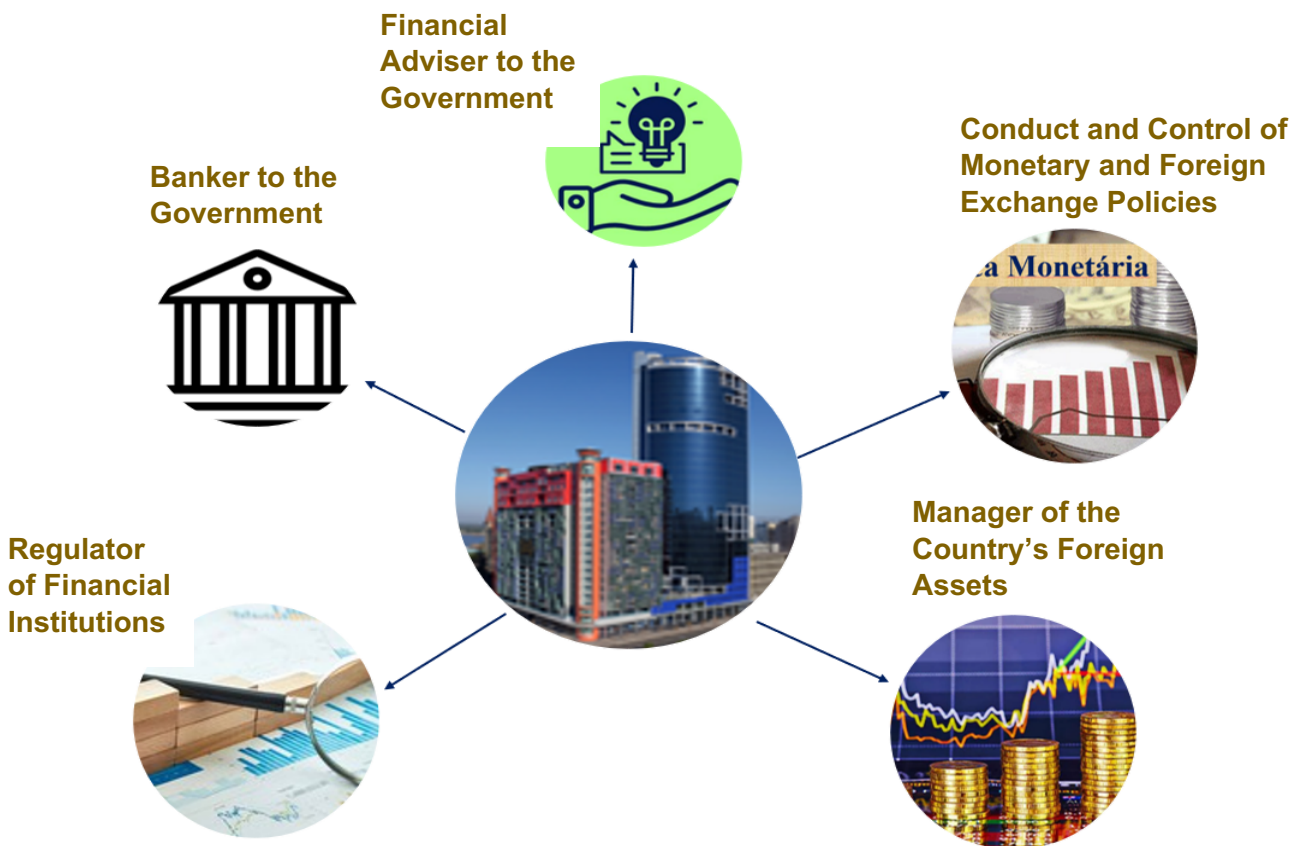
Rogério Lucas Zandamela
Governor

ABOUT THE BANCO DE MOÇAMBIQUE



Overview

The Banco de Moçambique is the central bank of the Republic of Mozambique, and was created on 17 May 175, as part of the commitments made in the Lusaka Accords in 1974, inheriting the patrimony and values of the Mozambique Department of Banco Nacional Ultramarino. The main objective of the Banco de Moçambique is to preserve the value of the national currency – *the Metical* – which means keeping inflation low and stable.



Board of Directors



Rogério Lucas Zandamela

Appointment:

- August 2016, and reappointed in August 2021.

Responsibilities:

- Chairman of the Board of Directors of the Banco de Moçambique, the Monetary Policy Committee and the Financial Stability Committee.
- Corporate and Executive Services.

Career Background:

- Staff member at the International Monetary Fund, as of 1988, having served as Resident Representative and Head of Mission in several countries in Asia, Africa, Latin America and Asia.
- Assistant Professor of Economics in 2006 at Eastern Michigan University.

Education:

- PhD in Economics, and Postgraduate in Development Economics.



Gertrudes Tovela

Board Member

Appointment:

- Took up duties in 2015, and was reappointed in 2020.

Responsibilities:

- Banking Operations, Issuance and Payment Systems Inspection.

Career Background:

- Coordinated IT, Payments and Culture (2015), and Banking Operations, Issuance and Payment Systems Inspection (2017).
- Professor at the Faculty of Sciences at UEM.
- CEO at the Sociedade Interbancária de Moçambique (SIMO), from 2018 to 2020.
- Deputy National Director of Infrastructures and Information Systems – Ministry of Science and Technology (2010 to 2015).
- Systems Analyst and Software Developer at CFM (2000 to 2004).

Education:

- PhD in Information Systems.



Benedita Guimino

Board Member

Appointment:

- Appointed in 2019, and reappointed in 2024.

Responsibilities:

- Financial Stability.

Career Background:

- Coordinated Administrative Services and Property and Financial Services and Human Resources (2019).
- Director of the BM's Departments of Issuance and Treasury (2014-2018), and Payment Systems and Issuance and Treasury (2018-2019).
- Executive Director at the Sociedade Interbancária de Moçambique (SIMO) - 2017/18.

Education:

- Master's Degree in Development Economics.



Jamal Omar

Board Member

Appointment:

- Took up duties in 2019, having been reappointed in 2024.

Responsibilities:

- Monetary Stability.

Career Background:

- Coordinated Financial Stability (2020), and Administrative Services and Property (2022).
- Adviser to the Governor of the Banco de Moçambique (2017).
- Director of International Relations and Protocol at the BM (2019).
- IMF-appointed economist in charge of the External Sector of the São Tomé and Príncipe team, and participated in IMF missions to São Tomé and Príncipe and Republic of Congo (2010 to 2011).
- Project Analyst and Adviser to the Managing Director - Sociedade de Fomento Pesqueiro (1996-1998).

Education:

- Master's Degree in Development Economics.



Silvina de Abreu

Board Member

Appointment:

- Took up duties in 2019.

Responsibilities:

- Administrative Services and Property.

Career Background:

- Coordinated Banking Operations, Issuance and Payment Systems Inspection (2019) and Monetary Stability (2020).
- Director of the BM Governor (2017) and Communications (2018) Offices, as well as the International Relations (2014-2017), Foreign Affairs (2011-2014), Economic Research (2006-2011) and Markets (2000-2006) Departments.
- She was a professor at the Eduardo Mondlane University and the Maputo Commercial Institute.

Education:

- Master's Degree in Financial Economics.



Maria Majimeja

Board Member

Appointment:

- Took up duties in 2022.

Responsibilities:

- Financial Services and Human Resources.

Career Background:

- Coordinates Banking Operations, Issuance and Payment Systems Inspection (2022).
- Director of the BM Governor's Office and Adviser to the BM Governor (2021).
- Director of the Chimoio (2020) and Quelimane (2019) branches
- Assistant Director at the Departments of Accounting and Budget (2018), Statistics and Reporting (2017) and Economic Research (2007-2017).

Education:

- Postgraduate in Financial Economics.

1.

MACROECONOMIC OUTLOOK



1.1. EXTERNAL ENVIRONMENT

In 2023, the prevalence of monetary policy tightening by most economies, with the aim to ensure inflation convergence to their medium-term targets, led to a general trend of deceleration in inflation, albeit, in the main economies, inflation remained above targets until the end of December. Fuel and food have contributed most to the slowdown in global inflation, with prices falling due to weak demand and normalization of the supply chain.

In turn, economic activity was mixed, with the world's two largest economies (the US and China) seeing a significant acceleration in economic growth rates, while the Eurozone, the United Kingdom and South Africa experienced a significant slowdown.

1.1.1. Gross Domestic Product and Inflation

The World Economic Outlook (WEO) estimates published in January 2024 indicate that, in 2023, global economic growth and inflation slowed by 40 bps to 3.1% and 180 bps to 6.9%, respectively (Table 1).

Indeed, the GDP of the advanced economies bloc slowed from 2.6% in 2022 to 1.6% in 2023, reflecting the weak performance of European economies. On the positive side, the acceleration of economic growth in the US, from 1.9% to 2.5% in the same period, driven by public expenditure and private consumption, is highlighted.

In emerging market economies, economic performance was mixed. On the positive side, China's economy is prominent, with an acceleration in economic growth to 5.2% in 2023, following 3% in 2022, as a result of the implementation of fiscal stimulus.

In the Sub-Saharan Africa region, economic growth slowed to 3.3% after 4.0% in 2022, mainly reflecting the decline in growth in South Africa from 1.9% to 0.6%. South Africa, which is struggling with electricity supply problems, is the Sub-Saharan Africa's second-largest economy at about 20%, lagging behind Nigeria, at 23%.

Table 1: GDP and Inflation in Select Economies

	Real GDP – Annual Change (%)			CPI – Annual Average Change (%)		
	2021	2022	2023	2021	2022	2023*
World Economy	6.3	3.5	3.1	4.7	8.7	6.9
Advanced Economies	5.6	2.6	1.6	3.1	7.3	4.6
United States of America	5.9	1.9	2.5	4.7	8.0	4.1
Eurozone	5.6	3.4	0.5	2.6	8.4	5.6
Japan	2.2	1.0	1.9	-0.2	2.5	3.2
United Kingdom	7.6	4.3	0.5	2.6	9.1	7.7
Emerging Market Economies	6.9	4.1	4.1	5.8	9.8	8.5
Brazil	4.9	3.0	3.1	8.3	9.3	4.7
India	9.1	7.2	6.7	5.5	6.7	5.5
Russia	5.6	-1.2	3.0	6.7	13.8	5.3
China	8.5	3.0	5.2	0.9	1.9	0.7
Sub-Saharan Africa	4.7	4.0	3.3	11.0	14.5	15.8
South Africa	4.7	1.9	0.6	4.6	6.9	5.8

Source: WEO (January/2024 and October/2023) *Estimates (WEO, Oct/2023)

1.1.2. Prices of Key Commodities

Global prices of key commodities traded by Mozambique declined in 2023. Among the export commodities, the fall in the prices of natural gas by 60.1% and thermal coal by 49.9% is highlighted. Regarding import commodities, the price of oil decreased by 17.2%, wheat by 20.8% and corn by 20.7%, as shown in Table 2.

Table 2: Average Prices of Select Commodities

Description	2022	2023	Change (%)
Key Import Products			
Oil (USD/bbl)	99.8	82.6	-17.2
Wheat (USD/mt)	430.0	340.4	-20.8
Rice ^{/a} (USD/mt)	436.8	553.7	26.8
Corn (USD/mt)	318.8	252.7	-20.7
Key Export Products			
Aluminum (USD/mt)	2,705.0	2,256.0	-16.6
Gas ^b (USD/mmbtu)	6.4	2.5	-60.1
Thermal Coal (USD/mt)	344.9	172.8	-49.9
Sugar ^{/c} (USD/kg)	0.4	0.5	26.8
Cotton (USD/kg)	2.9	2.1	-26.9
Gold (USD/toz)	1.8	1.9	7.9

Source: World Bank Commodities Price Data, The Pink Sheet (February/2024). a-Thailand; b-USA; c-world)

1.2. DOMESTIC ENVIRONMENT AND OUTLOOK

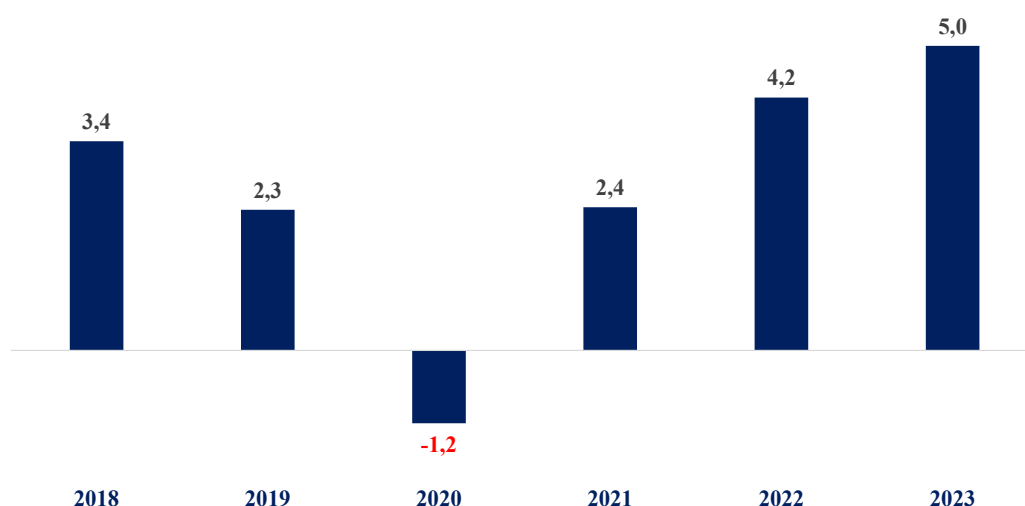
1.2.1. Real Sector

1.2.1.1. Gross Domestic Product (GDP)

According to the preliminary estimates of the National Statistics Bureau (INE), economic growth accelerated to 5.0% in 2023, following 4.2% in 2022 (Chart 1), driven by the impact of the production and export of Liquefied Natural Gas (LNG), started at the end of 2022.

Meanwhile, the growth of other activity sectors slowed in 2023, due to the joint effects of weak domestic demand, limited public investment and climate shocks, such as cyclone Freddy.

Chart 1: Annual Change in Real GDP (%)



Source: INE

The decomposition of GDP growth in 2023 (Table 3) reveals a greater dynamism of the primary sector, with a contribution of 3.1 pp, of which 2.3 pp arose from the extractive industry (growth of 35.9%, with a weight of 8.1% in GDP). In contrast, the performance of the secondary sector deteriorated, due to the contraction of manufacturing (-4.4%) and the construction sector (-3.3%).

On the other hand, the contribution of the tertiary sector decreased by 30 bp compared to 2022, driven by the slowdown in transport and communications services and trade.

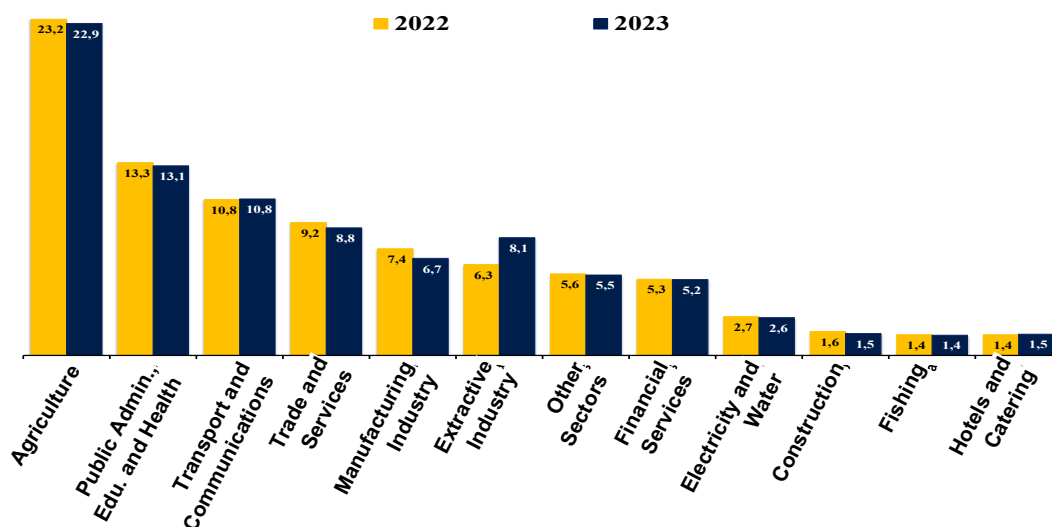
Table 3: GDP Growth and Sectoral Contribution

Description	Annual Change (%)		Contribution (pp)	
	2022	2023	2022	2023
Primary Sector	6.0	10.2	1.8	3.1
Agriculture	5.5	3.7	1.3	0.9
Fishing	1.3	2.2	0.0	0.0
Extractive Industry	9.0	35.9	0.5	2.3
Secondary Sector	0.6	-2.7	0.1	-0.3
Electricity and Water	4.1	2.2	0.1	0.1
Manufacturing Industry	-0.7	-4.4	-0.1	-0.3
Construction	1.0	-3.3	0.0	-0.1
Tertiary Sector	4.1	3.6	1.9	1.6
Trade and Services	2.7	0.8	0.3	0.1
Hotels and Catering	10.7	8.2	0.1	0.1
Transport and Communications	8.9	5.4	0.9	0.6
Financial Services	3.1	4.6	0.2	0.2
Public Admin. Education and Health	2.6	3.3	0.4	0.4
Other Sectors	0.9	3.4	0.1	0.2
Tax on Products	3.3	4.6	0.4	0.5
GDP at market prices	4.2	5.0	4.2	5.0

Source: INE, 2024 (2014=100)

The structure of economic activity has not changed significantly, with the tertiary sector maintaining the majority weight in GDP, followed by the primary sector. Agriculture continued to dominate national production, accounting for 22.9%. Meanwhile, the increase in the weight of the extractive industry by 180 bps, due to the onset of LNG production (Chart 2), is highlighted.

Chart 2: GDP Breakdown by Activity Branch



Source: INE, 2024 (2014=100)

1.2.1.2. Prices

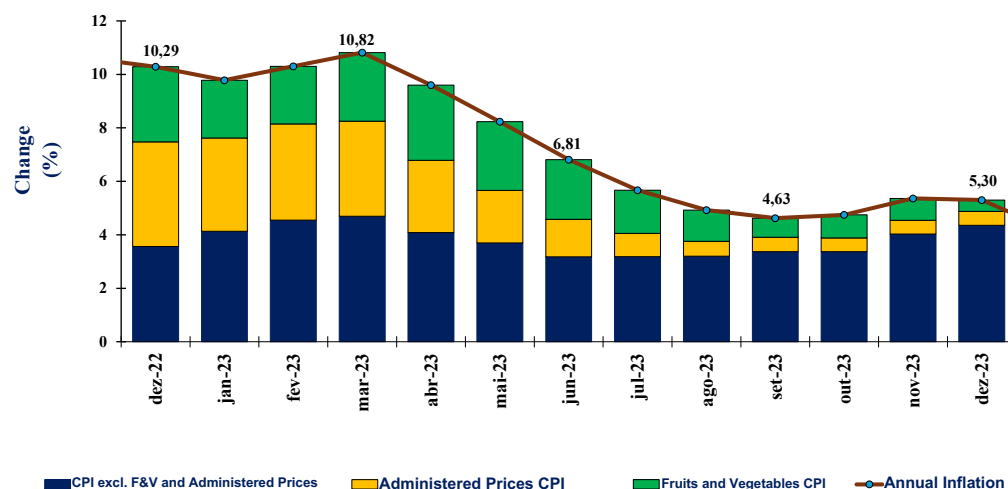
In December 2023, Mozambique's annual inflation decelerated to 5.3%, following 10.9% in the same period of 2022 (Table 4), mainly reflecting the combined effects of restrictive domestic monetary policy, greater supply of fruits and vegetables, as well as the stabilization of domestic fuel prices. Internationally, falling food and fuel prices have also contributed to slowing inflation in Mozambique.

Table 4: Annual Inflation by Division

Classes	Inflation (%)	
	2022	2023
Food and non-alcoholic beverages	14.39	9.13
Alcoholic beverages and tobacco	1.32	7.32
Clothing and footwear	1.45	3.52
Housing and related services	4.61	2.77
Furniture and domestic appliances	4.16	2.54
Health	4.95	0.95
Transport	19.34	2.87
Communication	-0.03	2.34
Leisure, recreation, and culture	0.46	-1.05
Education	3.75	9.83
Hotels and catering	5.62	5.74
Various goods and services	3.91	5.80
Headline Inflation	10.91	5.30

Source: INE, 2024

Chart 3: Mozambique Annual Inflation by Component



Source: INE, 2024

Chart 3 shows the breakdown of domestic inflation, evidencing the benign effect of the slowdown in prices of (i) fruit and vegetables, which in 2023 registered an average increase of only 3.78%, far below the 33% in 2022, and (ii) administered prices, whose growth stood at 2.57%, following 18.83% in 2022.

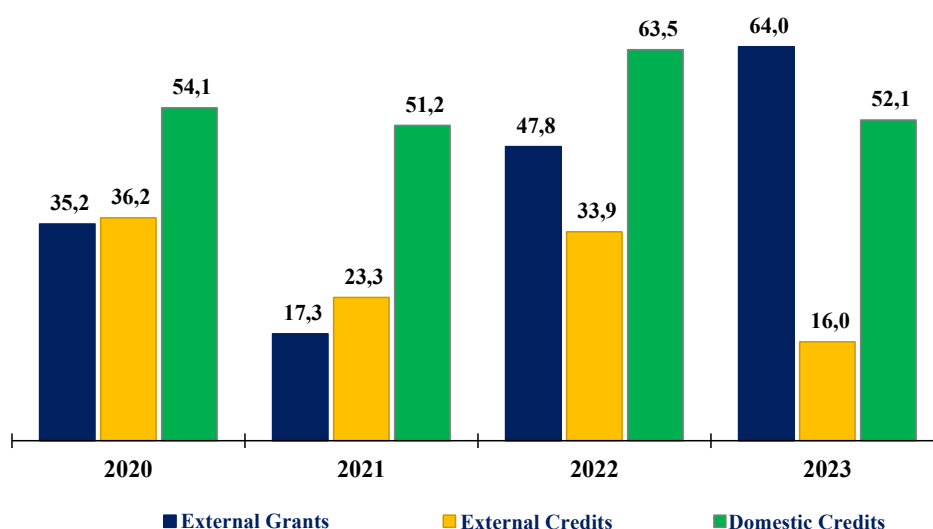
1.2.2. State Budget Financing

In 2023, the State collected revenues of MZN 326 billion, which against expenditure of MZN 460 billion, resulted in an overall deficit before grants of MZN 133.8 billion.

In order to cover the deficit, the State resorted to domestic debt in the amount of MZN 52.1 billion Meticaïs, through net issuances of Treasury Bonds (MZN 36.4 billion) and Treasury Bills (MZN 15.7 billion), respectively, and external debt equivalent to MZN 16 billion. The remainder was covered by external grants amounting to MZN 64 billion (Chart 4).

For 2022, the overall deficit narrowed by 4.1% (5.7 billion Meticaïs), as a result of higher revenue growth compared to higher expenditure, amounting to MZN 43.1 billion and MZN 37.4 billion, respectively.

Chart 4: Sources of Public Deficit Financing (one billion meticaïs)



Source: MEF

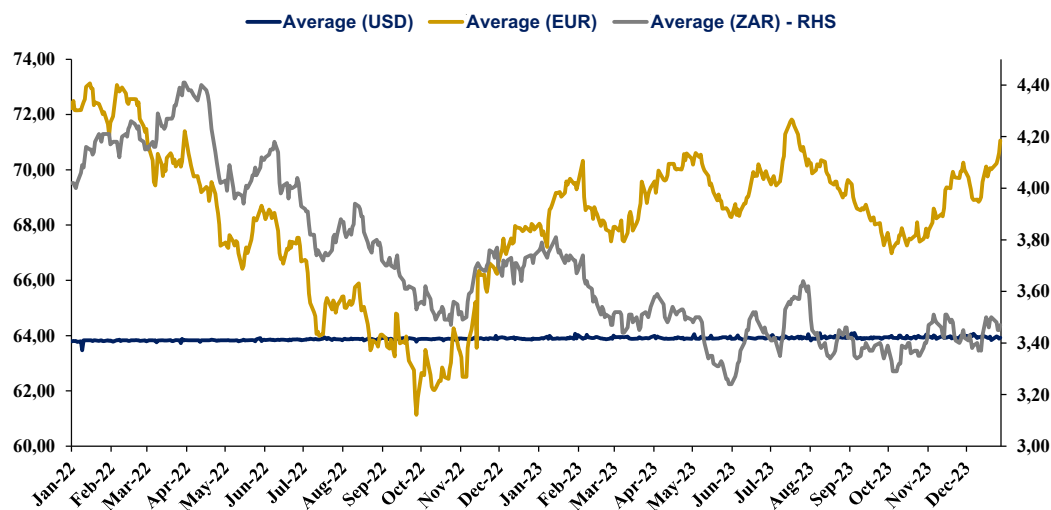
1.2.3. External Sector

1.2.3.1. Exchange Rate

Throughout 2023, the US dollar remained stable on the domestic foreign exchange market, having been quoted at MZN/USD 63.93 at the end of the year.

In the same period, the Euro and the Rand, the two most traded currencies in Mozambique, after the USD, showed different behaviors, with the former appreciating by 3.8%, and the latter depreciating by 7.2%, against the Metical. At the end of the period, the Euro was priced at MZN/EUR 71.06 and the Rand at MZN/ZAR 3.47 (Chart 5).

Chart 5: Nominal Exchange Rate Developments in Commercial Banks (monthly average)



Source: BM

1.2.3.2. International Reserves

At the end of 2023, Net International Reserves (NIR) stood at USD 3.4 billion, a build-up of USD 658 million compared to the end of 2022.

This build-up is mainly underpinned by the following foreign currency inflows at the BM:

- Net supplies by commercial banks amounting to USD 578 million; and
- Unconsigned external grants and credits to the State, equivalent to USD 386 million;

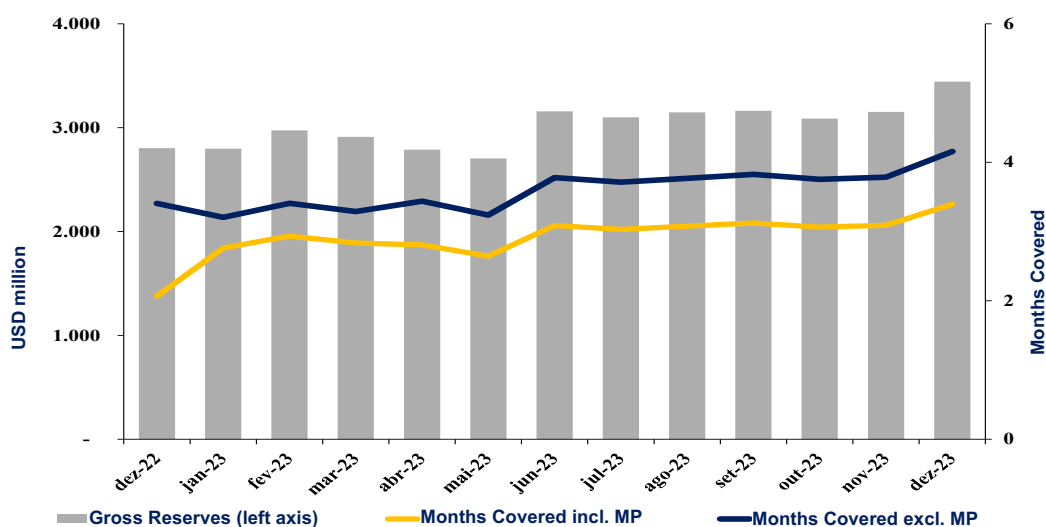
- Other inflows in favor of the State, earmarked for public projects with external financing, in the amount of approximately USD 522 million; and
- Various purchases, making up USD 314 million, mostly linked to tax payments by megaprojects based on foreign investment.

On the outflows side, the highlights are as follows:

- External public debt payments in the amount of USD 661 million; and
- Sales in the Interbank Foreign Exchange Market, to cover part of the fuel import bill (USD 452 million).

Gross international reserves stood at USD 3,5 billion at the end of December, which represents an expansion of about 23% compared to the same period in 2022. In fact, this amount is sufficient to cover 4.3 months of imports of goods and services, excluding transactions of megaprojects (Chart 6).

Chart 6: Gross International Reserves



Source: BM

1.2.3.3. Current Account

Provisional data show that, in 2023, Mozambique's transactions with the rest of the world led to a current account deficit of USD 2.4 billion. However, this deficit accounts for an improvement of about 64.8% (USD 4.5 billion) compared to 2022, mainly driven by the

decline in goods imports by USD 4.2 billion. It is worth noting that imports in 2022 saw an historic increase associated with the registration of the arrival of the Coral Sul FLNG floating platform, valued around USD 4.2 billion (Table 3).

Table 5: Partial Goods Account Developments (USD million)

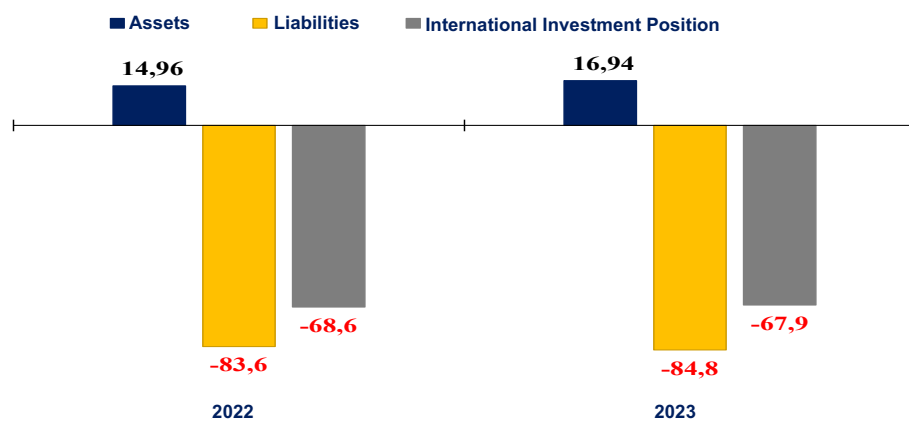
Description	2022			2023			Change
	Excl. MP	MP	Incl. MP	Excl. MP	MP	Incl. MP	Incl. MP
Current Account	-5 437	-1 443	-6 880	-5 092	2 667	-2 426	4 455
Balance of Assets	-5 781	725	-5 056	-5 821	4 918	-903	4 153
Exports	2 109	6 172	8 281	2 051	6 225	8 276	-4.4
Imports	7 890	5 448	13 337	7 872	1 307	9 180	-4 158
Balance of Services	-180	-1 286	-1 466	-271	-717	-988	478.4
Primary Income Balance	-549	-873	-1 422	-312	-1 525	-1 837	-415.3
Secondary Income Balance	1 073	-9	1 064	1 312	-9	1 303	238.5
Capital Account	442	0	442	442	0	442	-0.4
Financial Account	4 130	1 437	5 567	5 036	-2 621	2 415	-3 152
including, FDI	530	1 929	2 458	422	2 087	2 509	51.0
Other Investments	3 618	-492	3 126	4 610	-4 709	-99	-3 225
Commercial Credits	2 086	2 523	4 608	2 496	-1 838	658	-3 950

1.2.3.4. International Investment Position

The International Investment Position (IIP)¹ recorded a negative balance of USD 67.9 billion at the end of 2023. Foreign assets of Mozambique residents made up USD 16.9 billion, compared to USD 84.8 billion of assets in Mozambique of non-residents. Compared to the end of 2022, the IIP balance improved by 1.1% (USD 757 million), as a result of a greater increase in assets held abroad by residents in Mozambique (USD 2 billion), against an increase in assets held in the country by non-residents by USD 1.2 billion (Chart 7).

¹ The IIP is the difference (balance) between assets (various investments and loans) held by residents abroad, and those held domestically by non-residents. The latter are a liability for the country. A negative IIP means that non-residents hold more assets in the country than those held by residents abroad.

Chart 7: International Investment Position (USD billion)



Source: BM

2.

MONETARY POLICY AND MARKETS DEVELOPMENTS

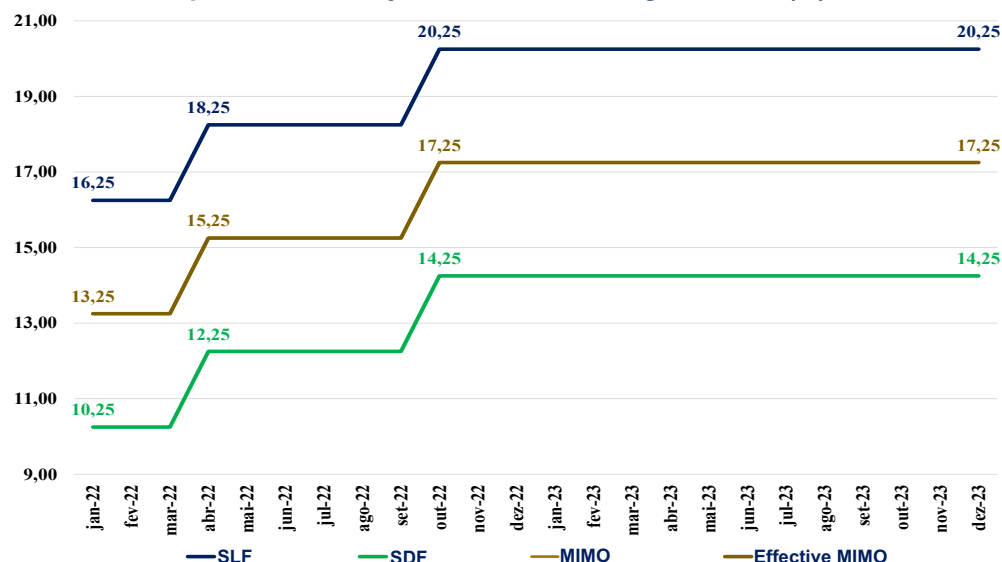


2.1. MONETARY POLICY DECISIONS IN 2023

In 2023, the Banco de Moçambique Monetary Policy Committee (MPC), the body responsible for monetary policy decisions, held six ordinary sessions and decided to keep the policy rate (MIMO) unchanged at 17.25%, in line with the prevalence of high risks and uncertainties associated with inflation forecasts, despite the prospects of single-digit inflation in the medium term.

In the same period, the MPC also decided to keep unchanged the interest rates on the Standing Lending Facility (SLF) and the Standing Deposit Facility (SDF), at 20.25% and 14.25%, respectively, with the effective MIMO rate remaining at 17.25%, the same level as the MIMO rate (Chart 8).

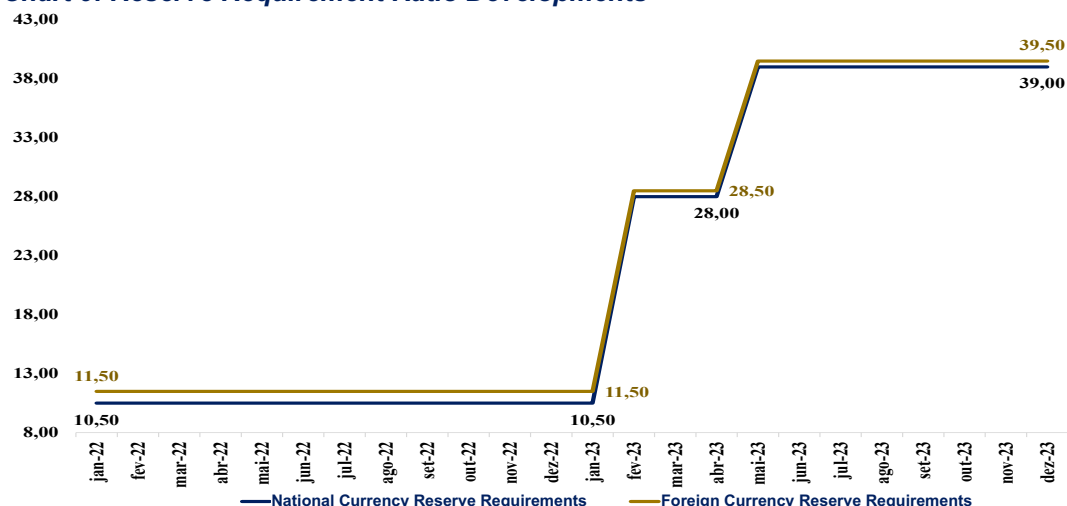
Chart 8: Developments in Policy Rates and Standing Facilities (%)



Source: BM

Still in the same financial year, the MPC also decided to progressively increase (in January and May) the reserve requirement ratios for liabilities in national currency from 10.5% to 39.0%, and liabilities in foreign currency from 11.5% to 39.5% (Chart 9), in order to absorb excess liquidity, which had the potential to generate inflationary pressure.

Chart 9: Reserve Requirement Ratio Developments



Source: BM

2.1.1. Developments in Key Monetary Aggregates

In 2023, the prevalence of restrictive financial conditions, coupled with the State's weak financial activity, with impact on the containment of aggregate demand, conditioned the developments of monetary and credit aggregates. In fact, money supply (M3)² slowed to 3.3%, while credit to the economy decreased by 2.2% (Table 6).

Table 6: Behavior of Monetary Aggregates

Description	Annual Change (MZN million)		Annual Change (%)	
	2022	2023	2022	2023
Change in Money Supply (M3)	51 949	21 269	9	3.3
Change in BCC	6 966	-351	12	-0.6
Change in Total Deposits	44 983	21 621	8	3.7
Change in NC Deposits	43 317	21 059	12	4.8
Change in FC Deposits	1 666	561	1	0.4
Change in USD Deposits	25	8	1	0.3
Change in Credit to the Economy	10 879	-6 369	4	-2.2

Source: BM

² M3 = banknotes and coins in circulation outside the banking system plus total deposits in national and foreign currency of residents, excluding state deposits.

2.2. INTERBANK MARKETS

2.2.1. Interbank Money Market (MMI)

In July 2023, the new BM operational guidelines for the Interbank Money Market (MMI) came into force, which consist of the following:

- holding repo (liquidity provision) or reverse repo (liquidity absorption) auctions for the 7-day maturity at pre-fixed interest rate (MIMO policy rate);
- discontinuation of the 63-day maturity;
- the 28-day maturity and the 35-day maturity are considered to have the same characteristic (one month), depending on the calendar days of the month; and
- introduction of overnight repo and reverse repo auctions, at a pre-fixed interest rate (MIMO policy rate), issued on the last working day of each reserve requirements maintenance period, so as to level liquidity of the banking system.

In aggregate terms, in the MMI, there was a significant increase in the dynamics of operations between banks in 2023 (414% compared to the previous year), standing at MZN 400,852.00 million, against MZN 77,912.00 million in the previous year (Table 7). The interest rates charged on those transactions stood at the same level as the MIMO rate for the reporting period, which implied an increase of approximately 153 bps, compared to the weighted average rate (WAR) recorded in the previous year (15.72%).

Table 7: Liquidity Swaps (millions of meticaís)

Maturity	Number of Transactions	Amount	WAR (%)
Unsecured Lending			
Overnight	295	192 589.00	17.25
2 to 7 days	10	6 409.00	17.25
2023	305	198 998.00	17.25
2022	166	57 963.00	15.67
Secured Lending (Repo) between Banks			
Overnight	693	200 179.00	17.25
2 to 7 days	9	1 675.00	17.25
2023	702	201 854.00	17.25
2022	108	19 949.00	15.89

Source: BM

Regarding Treasury Bill (T-Bill) issuance, and as shown in Table 8, there was a decline in investments in Type A T-Bills in 2023, with the weighted average rate (WAR) increasing by 224 bps compared to the previous year, in aggregate terms. In turn, the volume of Type B T-Bill investments increased by about 18% compared to last year, reaching MZN 217,893.00 million, against MZN 264,826.00 million in 2022.

Table 8: Issuance of Treasury Bills (millions of meticaís)

Maturity (days)	Offer Amount	Subscription Amount	WAR (%)
Type A T-Bill Issuance			
91	115 900.00	98 558.00	17.89
182	54 400.00	43 567.00	17.94
364	70 100.00	52 434.00	18.01
2023	240 400.00	194 559.00	17.94
2022	263 100.00	245 006.00	15.70
Type B T-Bill Issuance			
182	12 390.00	12 493.00	17.91
364	12 000.00	10 841.00	18.04
2023	24 390.00	23 334.00	17.97
2022	24 255.00	19 820.00	15.29

Source: BM

In 2023, investments in Reverse Repo (RR) operations declined by approximately 29%, accompanied by an increase in the WAR, in aggregate terms, by 182 bps compared to the previous year (Table 9).

Table 9: Reverse Repo Transactions between the BM and Commercial Banks (millions of meticaís)

Maturity (days)	Offer Amount	Subscription Amount	WAR (%)
Overnight	149 300.00	149 766.00	17.25
7 days	2 620 400.00	2 592 939.00	17.28
1 month	104 700.00	103 265.00	17.47
63 days	8 100.00	7 300.00	17.62
2023	2 882 500.00	2 853 270.00	17.28
2022	4 138 350.00	4 016 563.00	15.46

Source: BM

In turn, the standing facilities segment was marked by a significant increase of 717% in the use of the SLF window, and by a 6% drop in SDF operations, when compared to the previous year (Table 10).

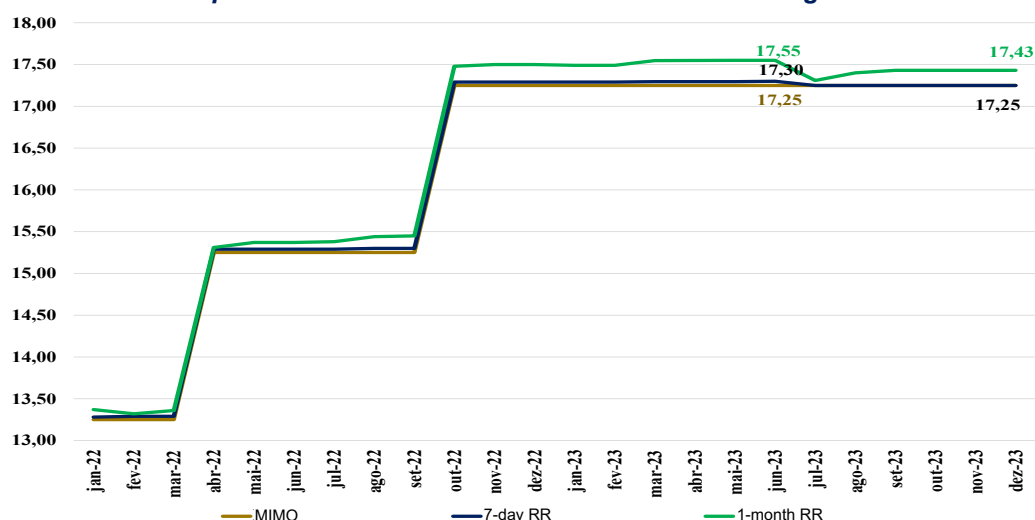
Table 10: Standing Facilities

Period	Lending (MZN million)				Deposit (MZN million)			
	Total Amount	No. of Days	Average Amount	WAR (%)	Total Amount	No. of Days	Average Amount	WAR (%)
2023	869 908.92	154	5 648.76	20.25	2 020 422.96	249	8 114.15	14.25
2022	106 440.58	119	894.46	19.70	2 149 649.64	251	8 564.34	12.49

Source: BM

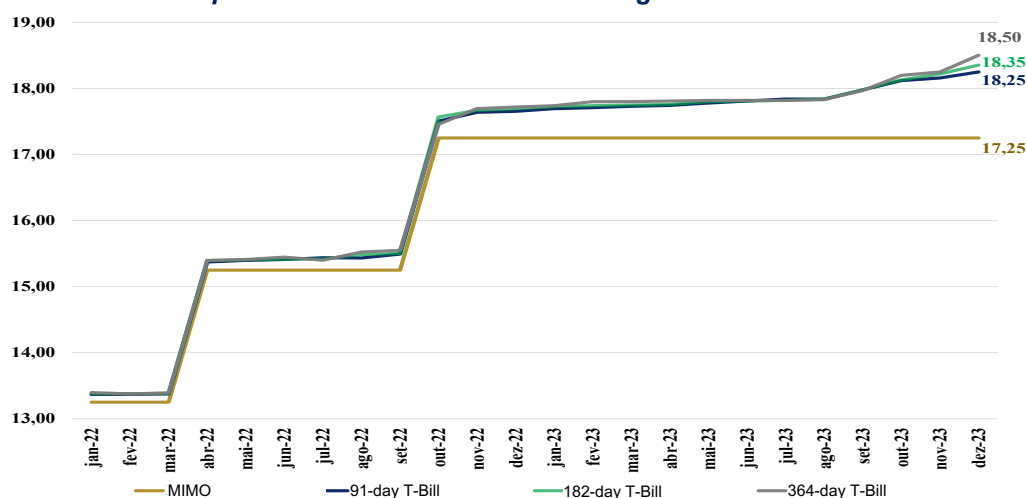
In general, 2023 was characterized by MMI interest rates remaining within the corridor formed between the SLF and SDF interest rates, around the MIMO rate in effect, highlighting the upward trend in T-Bill interest rates, as shown in Charts 10 and 11.

Chart 10: Developments in Interest Rates on RR Transactions against the MIMO Rate



Source: BM

Chart 11: Developments in T-Bill Issuance Rates against the MIMO Rate



Source: BM

2.2.2. Interbank Foreign Exchange Market (MCI)

In March 2023, the BM started phasing-out its contribution to the payment of fuel import bills. In the first phase, it reduced from up to 100% to up to 60%, and later in June of the same year, it completely withdrew its contribution to this mechanism, so that commercial banks and gas stations began to support the entire payment of fuel import bills.

Between January and May 2023, the volume of foreign exchange sales by the BM to commercial banks in the Interbank Foreign Exchange Market (MCI), for the payment of fuel bills, stood at USD 481.43 million, a 46% reduction compared to the volume recorded in 2022 (USD 893.45 million). Between June and December 2023, the BM did not intervene in the MCI. In addition, the volume of foreign exchange transactions between banks in the MCI decreased by 74% in 2023, from USD 518 million in 2022 to USD 135 million (Table 11).

Table 11: Foreign Exchange Sales between Commercial Banks and Customers (USD million)

Period	Foreign Currency Sales by the BM*		Foreign Currency Sales between Commercial Banks	
	Amount	Weighted Average FX Rate (USD/MZN)	Amount	Weighted Average FX Rate (USD/MZN)
2023	481.43	64.51	135.09	64.34
2022	893.45	64.51	518.00	64.22

*In order to contribute to the fuel bill

Source: BM

Table 12: Foreign Exchange Sales in the Interbank Foreign Exchange Market (USD million)

Period	Purchases	Sales	Derivatives	Total
2023	8 170.40	8 399.85	318.02	16 888.28
2022	7 093.40	6 262.75	57.06	13 413.21

Note: Includes all traded currencies, converted to USD

Source: BM

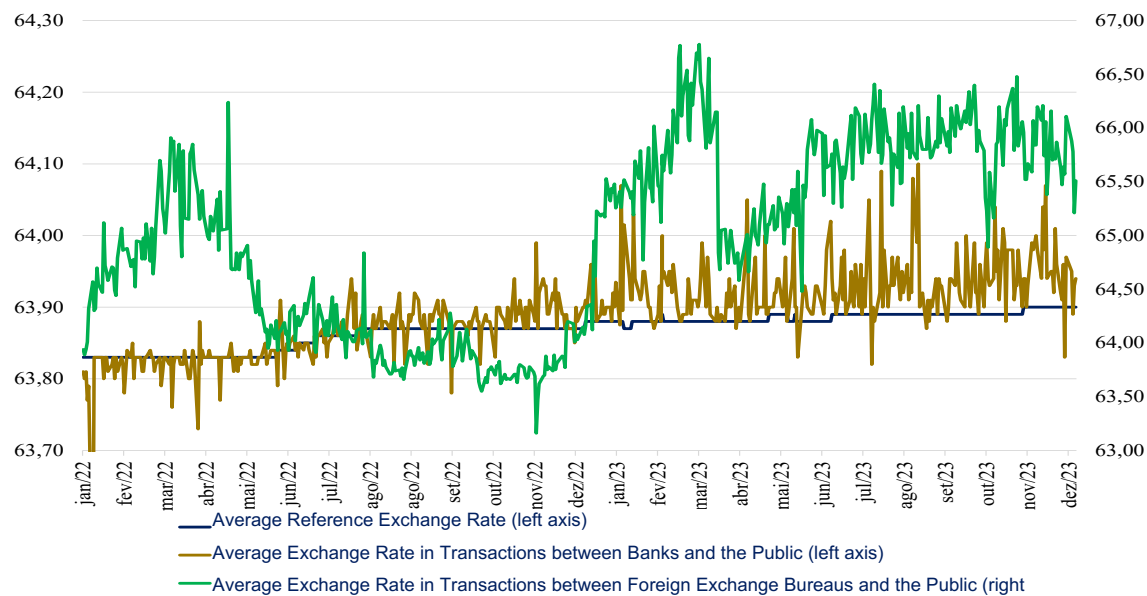
In the same financial year, commercial banks' sales to their customers exceeded purchases by USD 229.45 million, and when compared to the figures observed in 2022, purchases and sales represent increases of 15% and 34%, respectively (Table 12).

This segment's total turnover stood at USD 16,888.28 million in 2023, compared to USD 13,413.21 million recorded in 2022, highlighting the 457% increase compared to the previous year in the volume of financial derivatives transactions (foreign exchange forward transactions and foreign exchange swaps).

In the reporting period, the MZN/USD parity was stable, with the average exchange rates practiced in all segments of the foreign exchange market, albeit more volatile, gravitating

around the reference exchange rate, particularly in the segment of foreign exchange bureaus (Chart 12).

Chart 12: Exchange Rate Developments (MZN/USD)



Source: BM

3.

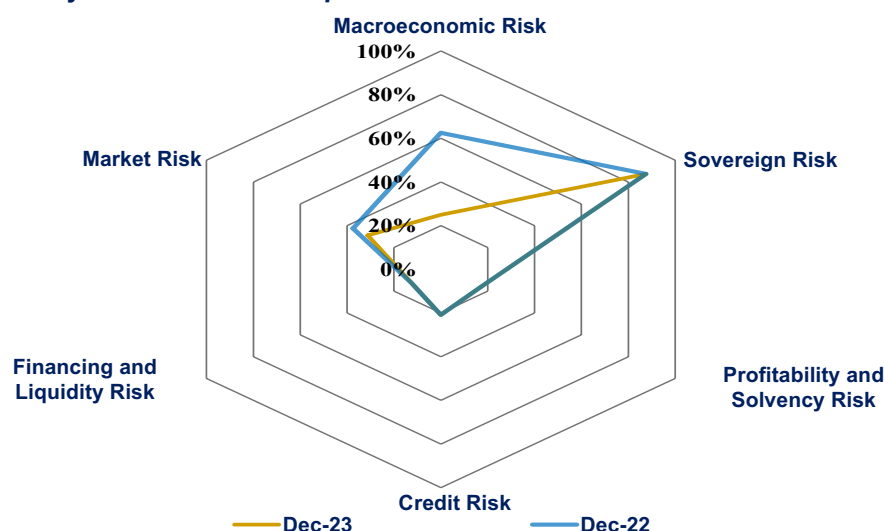
MACROPRUDENTIAL POLICIES AND BANK RESOLUTION



3.1. MACROPRUDENTIAL POLICIES

The macroprudential analysis shows that in 2023, systemic risk remained moderate, underpinned by the favorable developments in key macroeconomic and financial indicators, particularly (i) the fall in annual inflation to single-digit levels, the prevalence of exchange rate stability, as well as (iii) the recovery of economic activity, driven, essentially, by the performance of the extractive industry. This has helped to reduce macroeconomic and market risk.

Chart 13: Systemic Risk Developments



Source: BM

The reporting period was also characterized by the maintenance of a solid and resilient banking system, evaluated by capitalization and liquidity indicators, despite the prevalence of high risks and vulnerabilities at home and abroad.

Amid this backdrop, the BM has adopted a stance of maintaining all macroprudential policy instruments. Thus, the conservation buffers for domestic systemically important banks (D-SIBs) and quasi-systemically important banks remained unchanged at 2.0% and 1.0%, respectively.

Moreover, the macroprudential lending requirements for credit institutions (CIs), namely loan-to-value (LTV) and debt-to-income (DTI), remained capped at 100%.

3.2. CRISIS MANAGEMENT AND BANK RESOLUTION

In the financial year 2023, the Banco de Moçambique, in compliance with Notice No. 2/GBM/2022, of 31 May³, carried out the evaluation of the recovery plans of all banks, in order to assess their adequacy regarding:

- The implementation of the proposed mechanisms to maintain or restore the feasibility and financial situation of the institution; and
- The plan and the specific options included therein that can be implemented quickly and effectively in situations of financial stress, including scenarios that lead other institutions to implement recovery plans simultaneously.

Also in 2023, the institutions subject to Notice No. 4/GBM/2022, of July 14⁴ submitted the information required for drawing up resolution plans, which culminated in the analysis and validation of the information reported by each financial institution.

³ Notice No. 2/GBM/2022, of 31 May lays down the information to be provided by recovery plans, as well as the presentation, maintenance and revision procedures.

⁴ Notice No. 4/GBM/2022, of 14 July lays down the rules for providing information for drawing up resolution plans.

4.

FINANCIAL SYSTEM PERFORMANCE



4.1. CHARACTERIZATION OF THE FINANCIAL SYSTEM

4.1.1. Developments in the number of institutions supervised by the BM

In 2023, the number of microfinance institutions increased, namely microbanks and moneylenders, and financial brokerage companies, which increased, respectively, from 12 to 14, from 2,096 to 2,304 and from 1 to 2.

The number of banks, credit unions, investment companies, credit card issuers or managers, foreign exchange bureaus, savings and loan organizations and payment service providers remained unchanged (Table 13).

Table 13: Banking System Developments (active institutions)

Type of institution	2023	2022	Change
Banks	15	15	-
Microbanks	14	12	2
Credit Unions	4	4	-
Investment Companies	1	1	-
Credit Card Issuing or Management Companies	1	1	-
Foreign Exchange Bureaus	8	8	-
Savings and Loans Organizations	13	13	-
Payment Service Providers	5	5	-
Financial Brokerage Companies	2	1	1
Moneylenders	2.304	2.096	208

Source: BM

4.1.2. Capital Composition and Structure

The share capital structure of institutions remained mostly dominated by foreign capital, particularly in the banks with the largest market share, despite the slight increase in the participation of nationals.

In December 2023, foreign capital made up MZN 46.12 billion, corresponding to 82.61% of the total share capital of banks, with the remaining MZN 9.71 billion (17.39%) accounting for the volume of participation of nationals.

In individual terms, Banco Comercial e de Investimentos, SA maintained its position as the bank with the largest share capital at MZN 10.00 billion, followed by Moza Banco, SA. and Absa Bank Mozambique, SA., with MZN 7.02 billion and MZN 5.50 billion respectively.

In terms of the proportion of the participation of countries in banks in the reporting period, South African capital continued to dominate the national financial system, remaining at around 29.5%, followed by Portuguese capital, which stood at 25.30% (against 26.71% in 2022).

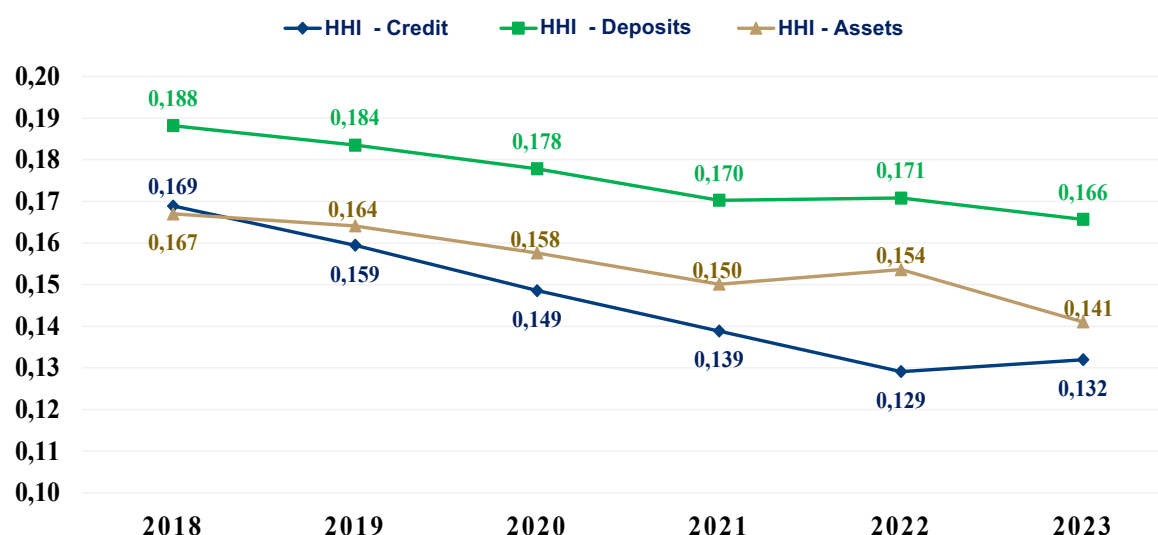
On the other hand, Mozambique's share of the share capital of banks stood at 17.39%, with Namibia accounting for the lowest proportion (0.002%) in terms of share capital in the Mozambican banking system.

4.1.3. Concentration Levels

In 2023, the level of concentration in total assets, credit, and deposits in the five largest banks⁵ continued to decline, concentrating 75.68% of total assets, 72.09% of credit and 81.43% of deposits, representing reductions of 2.1 pp, 0.4 pp and 0.6 pp, respectively, compared to 2022.

As shown in Chart 14, the Herfindahl-Hirschman Index (HHI) stood at 0.132 for credit (0.129 in 2022), 0.141 for assets (0.154 in 2022) and 0.166 for deposits (0.171 in 2022). All remained below 0.18, indicating a reasonable concentration level.

Chart 14: Herfindahl-Hirschman Index in the Banking System



Source: BM

⁵ They aggregate D-SIB, quasi-DSIB and one systemically unimportant bank.

4.2. REGULATION

In the reporting period, the Banco de Moçambique approved a total of ten notices and five circulars (see Annex 3), which highlight the regulations that arose from the reforms carried out regarding the National Payment System and which culminated in the launch of the Real-Time Gross Settlement System in November 2023, namely:

- Notice No. 9/GBM/2023 of 29 December regarding the Real-Time Gross Settlement System Regulation; and
- Notice No. 10/GBM/2023 of 29 December which approves the Electronic Clearing System Regulation.

Regarding the compliance with the recommendations of the Financial Action Task Force (FATF) and rendering operational the Law No. 14/2023, of 28 August, which establishes the Legal System and Measures for Anti-Money Laundering and Counter-Terrorism Financing, the legal framework for the registration of virtual asset service providers at the Banco de Moçambique was established, as provided by Notice No. 4/GBM/2023, of 4 September.

4.3. PRUDENTIAL SUPERVISION

4.3.1. Developments in key economic-financial and prudential indicators

In 2023, the banking system remained stable, resilient, well capitalized and with satisfactory profitability levels, as evidenced by (i) the increase in assets, (ii) the increase in profits, as well as (iii) the prevalence of a capital adequacy ratio above twice the minimum requirement.

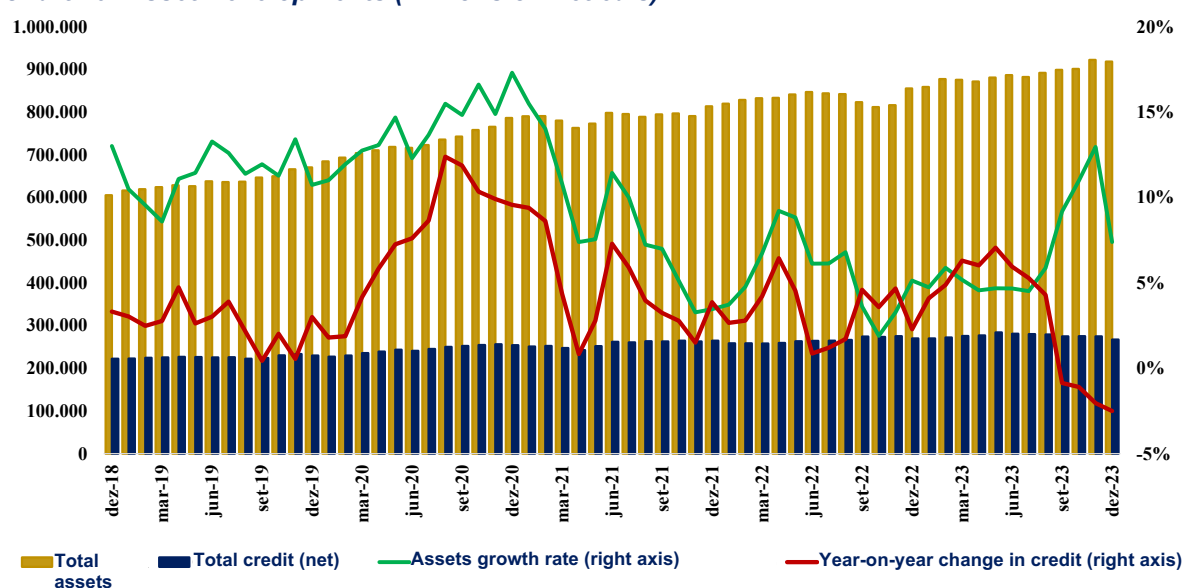
4.3.1.1. Assets

The aggregate balance sheet of the banking system showed total assets of MZN 918,490 million in 2023, a growth of 7.39% compared to 2022 (Chart 12), reflecting the effort of commercial banks in mobilizing resources to respond to the increase in reserve requirement ratios.

The asset structure of the banking system continued to be dominated by credit, with around 29% (after 31.6% in 2022), in a context where the cash and cash equivalents at the central bank grew into the second-largest assets component, with around 27% (up from 10% in 2022), reflecting the channeling of a significant part of the liquid assets of credit institutions to the central bank, driven by the increase in reserve requirement ratios.

The analysis of the credit portfolio quality shows that non-performing loans (NPL) slightly improved, despite remaining above the conventional maximum level of 5%, standing at 8.25% in December 2023, following 8.99% in December 2022. This slight improvement is mainly spurred by the combined effect of the decline in the credit portfolio and the increase in the write-off levels, which particularly occurred in the second half of 2023.

Chart 15: Asset Developments (millions of meticaís)

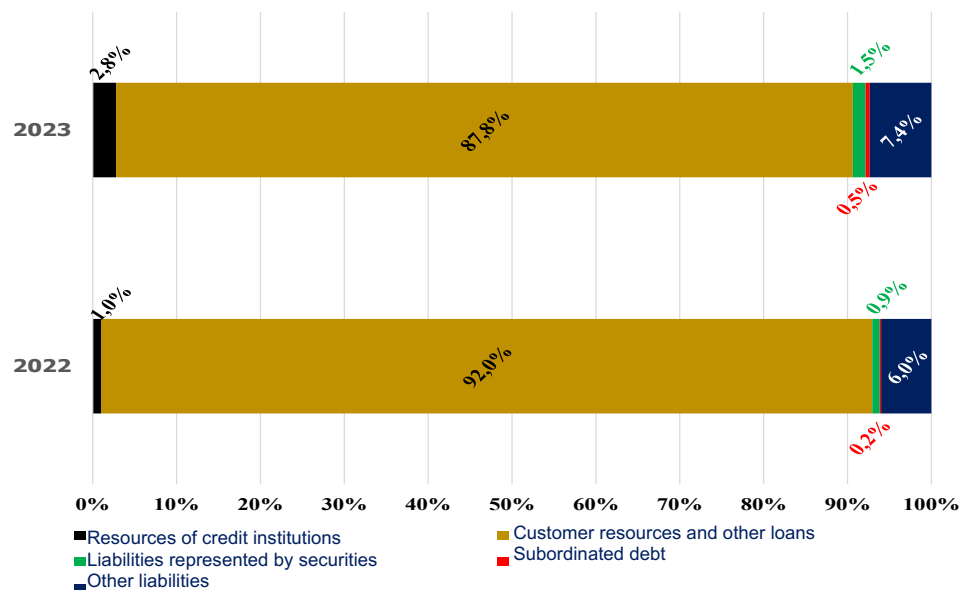


Source: BM

4.3.1.2. Liabilities

Customer resources and other loans remained the main source of funds raised by institutions, albeit their weight in the current liabilities structure decreased from 91.95% in 2022 to 87.84% in 2023, due to the strategy adopted by some institutions to call on other sources of financing in order to meet short-term obligations, highlighting the increase in resources from credit institutions and central bank loans (Chart 16).

Chart 16: Structure of Current Liabilities



Source: BM

It should be noted that, for the most part, customer resources and other loans comprise deposits, 76.05% of which are in national currency and the other 23.95% in foreign currency.

Risk analysis based on liquidity ratio⁶ reveals that, despite the decline in liquid assets throughout 2023, the financial system continued to present comfortable levels of liquidity above the minimum requirement of 25%, standing at 47.71% in December 2023, against the 70.42% in the same period of the previous year.

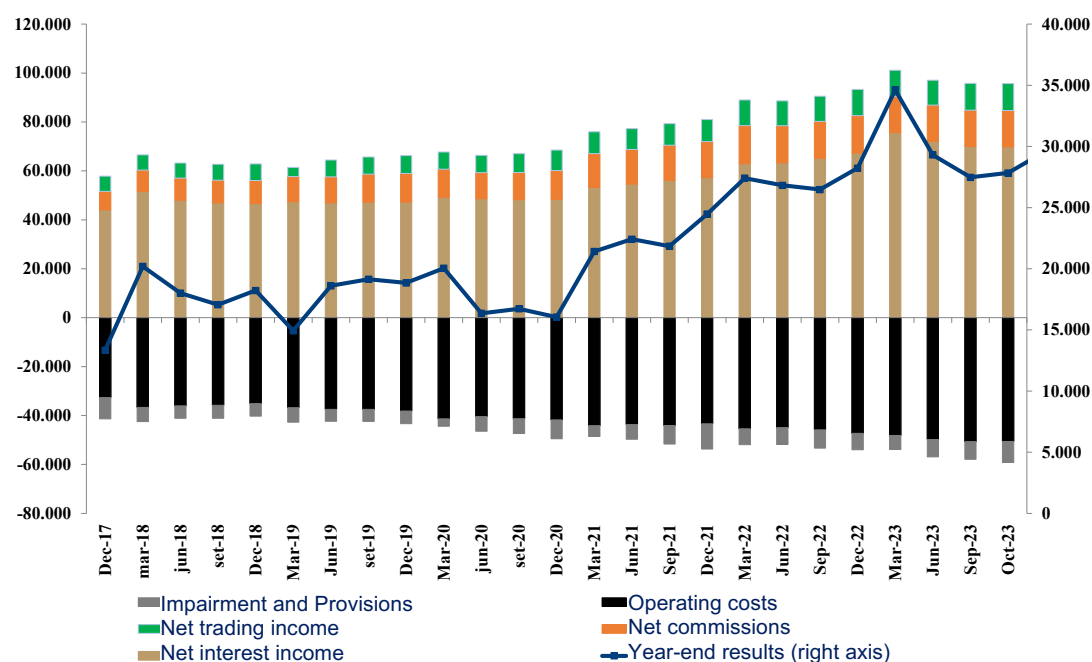
4.3.1.3. Profit-and-Loss and Profitability

In 2023, the profitability of the system remained positive and stable, despite the slight slowdown in the developments of key indicators. The prevalence of high interest rates (particularly the prime rate, which increased from 22.5% in 2022 to 24.1% in 2023) and the resulting increase in the cost associated with deposit-taking and loans in the interbank money market, coupled with a substantial reduction in available liquidity in credit

⁶ The liquidity ratio concerns the ratio of liquid assets to short-term liabilities and measures the ease with which credit institutions are able to meet expected and unexpected near-term cash demands.

institutions, contributed to undermining the net interest income and net income, which grew by 3.64% and 9%, respectively, which represent slowdowns of 13.97 pp and 6.32 pp compared to 2022 (Chart 17).

Chart 17: Profit and Loss Statement Composition (millions of meticaís)



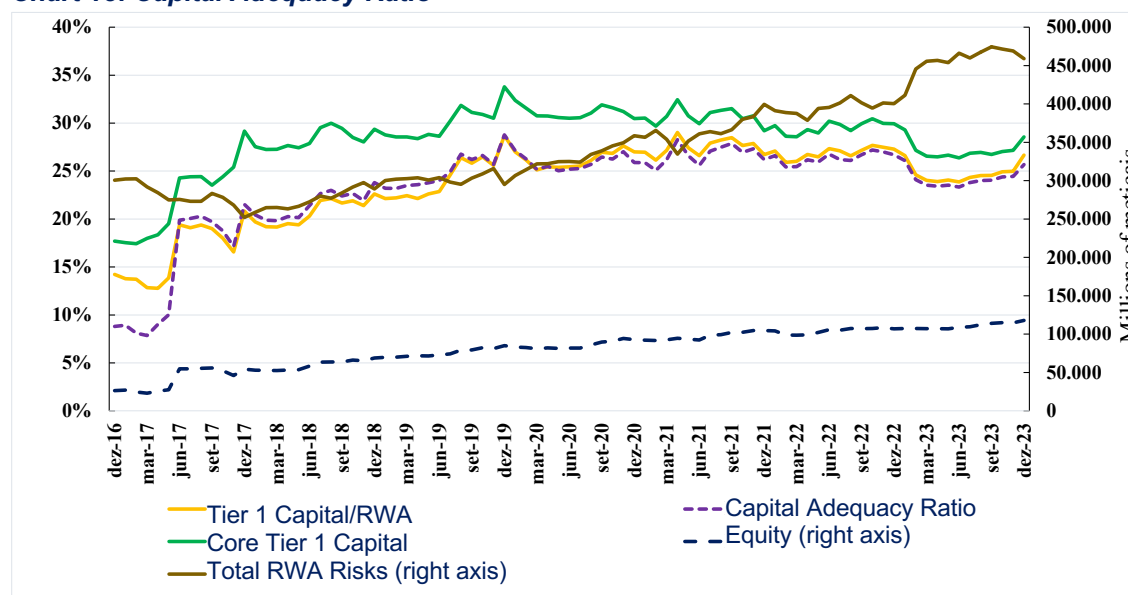
Source: BM

4.3.1.4. Capital Adequacy

The current regulatory framework requires banks to maintain, at all times, a capital adequacy ratio of no less than 12%, and for other credit institutions this ratio should not be less than 8% (Chart 18).

In 2023, the capital adequacy ratio of the banking system decreased by 1pp compared to 2022, standing at 26%. This drop follows from an increase in equity (10%) in a smaller proportion compared to the increase in risk-weighted assets (15%), partly explained by the reduced incorporation of the results achieved in 2022 into equity, due to the payment of dividends.

Chart 18: Capital Adequacy Ratio



Source: BM

4.3.2. Supervisory Proceedings

4.3.2.1. Off-site Supervision

The result of the CAMELS assessment⁷ indicates that, in 2023, the majority of supervised institutions remained concentrated in categories II (satisfactory) and III (reasonable), as in the previous year, equivalent to about 89.3% of the total assets of credit institutions and financial companies, an increase of 9.1 pp compared to 2022 (Table 14).

⁷ The CAMELS methodology (Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk) is used to rate the economic-financial and prudential situation of credit institutions, and comprises five levels applicable to every institution: **Category I** - institutions that are sound in all respects and generally have components rated 1 or 2. Deficiencies are minor and can be solved regularly by the board and managers. **Category II** - institutions that are fundamentally sound, stable and able to withstand economic fluctuations. There are only moderate deficiencies that can be addressed by the Board and top management if willing to do so. **Category III** - institutions less able to withstand business fluctuations and more vulnerable to external influences. Risk management practices are not adequate due to the size, complexity and risk profile of the institution. **Category IV** - institutions with unsafe and unhealthy practices. Have critical financial problems or serious management deficiencies resulting in poor performance, and require close supervision. **Category V** - institutions that present extremely inappropriate and unsafe practices. Performance is highly deficient, pose high risk and bankruptcy is highly likely.

Table 14: Risk Profile of Credit Institutions and Financial Companies

Risk Profile	Number of Institutions		Total Assets in 2023 (%)
	2023	2022	
Strong (I)	0	0	0.0%
Satisfactory (II)	5	3	68.8%
Reasonable (III)	15	19	20.5%
Weak (IV)	7	6	10.2%
Critical (V)	5	4	0.5%
Total	32	32	100%

Source: BM

4.3.2.2. On-site Supervision

In the course of 2023, the Banco de Moçambique carried out nine on-site inspections, namely two ad-hoc and seven regulars, culminated with the following key findings:

- Inadequate governance systems that do not ensure the effective and prudent management of institutions;
- Challenges, both in compliance with foreign exchange legislation, as well as Notice No. 04/GGBM/2003, of 18 September, on the location of data processing centers;
- Lack of effectiveness of control functions and widespread absence of compliance culture;
- Inconsistency of information submitted to the regulator due to the occurrence of significant errors and distortions; and
- Widespread non-compliance with Notice No. 04/GBM/2013, of September 18, which establishes the Risk Management Guidelines.

As a result, the Banco de Moçambique initiated only one misdemeanor case against a credit institution, concerning the violation of the legislation on Risk Management Guidelines and the Credit Institutions and Financial Companies Act (LICSF), culminating in the imposition of fines of about MZN 135 million.

4.3.2.3. Supervision regarding Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction

In the reporting period, three inspections were carried out on an equal number of financial institutions, two credit institutions and a financial company, in the typology of payment service providers, and it was found, in general, the prevalence of violations of the legislation on AML/CFTP, and it is worth highlighting:

Regarding credit institutions:

- Faulty setting up of Know Your Customer (KYC) processes for customers, supported by inadequate policies, procedures and methodologies associated with customer due diligence (CDD), ongoing due diligence (ODD) and enhanced due diligence (EDD);
- Faulty system of categorization of customers classified as Politically Exposed Persons (PEP) according to their risk profile, supported by the categorization of customers as low and medium risk;
- Absence of internal regulations for compliance with the legislation regarding the obligation of superior approval for the establishment of the business relationship with PEPs and carrying out transactions of value equal to or greater than the thresholds provided by law.
- Non-compliance with the duty to report transactions above the thresholds that can be reported to the Mozambique Financial Information Office (GIFiM);
- Closure of alerts issued by the internal monitoring system without due analysis and reporting to the GIFiM;
- Late reporting to the GIFiM of suspicious activities and/or transactions;
- Non-compliance with the duty of verification in carrying out operations with external parties; and
- Operations carried out abroad without observance of geographical risk.

With regard to financial companies:

- Absence of an AML/CFTP system capable of monitoring and reporting suspicious activity to the GIFiM; and
- Lack of effective mechanisms for identifying and monitoring PEP customers in the process of establishing business relationships.

4.4. CONDUCT SUPERVISION

4.4.1. Off-site and On-site Inspections to Credit Institutions and Financial Companies

In 2023, off-site inspections carried out by the Banco de Moçambique as part of conduct supervision to credit institutions and financial companies, focused on three vectors, namely:

- **Proposed contractual terms and conditions** – a total of 176 proposals were analyzed involving 15 credit institutions and financial companies, of which 60 proposals (131.4% more compared to 2022) are associated with the introduction or revision of terms and conditions of new electronic payment products;
- **Proposed prices** - 36 proposals have been inspected (down 45% compared to 2022) of various financial products and services from 12 credit institutions and financial companies; and
- **Proposed advertisements for financial products and services** - 106 proposals were inspected, an increase of 51% compared to 2022, with credit being the most advertised product, with a weight close to 34% (6 pp more compared to the previous year).

In turn, in the context of on-site inspections, four inspections were carried out, of which two were comprehensive in matters of market conduct and financial consumer protection. With regard to the other two, one was a follow-up to previous inspection actions linked to compliance with specific BM determinations (on-site and off-site), and another in the context of the analysis and handling of consumer complaints.

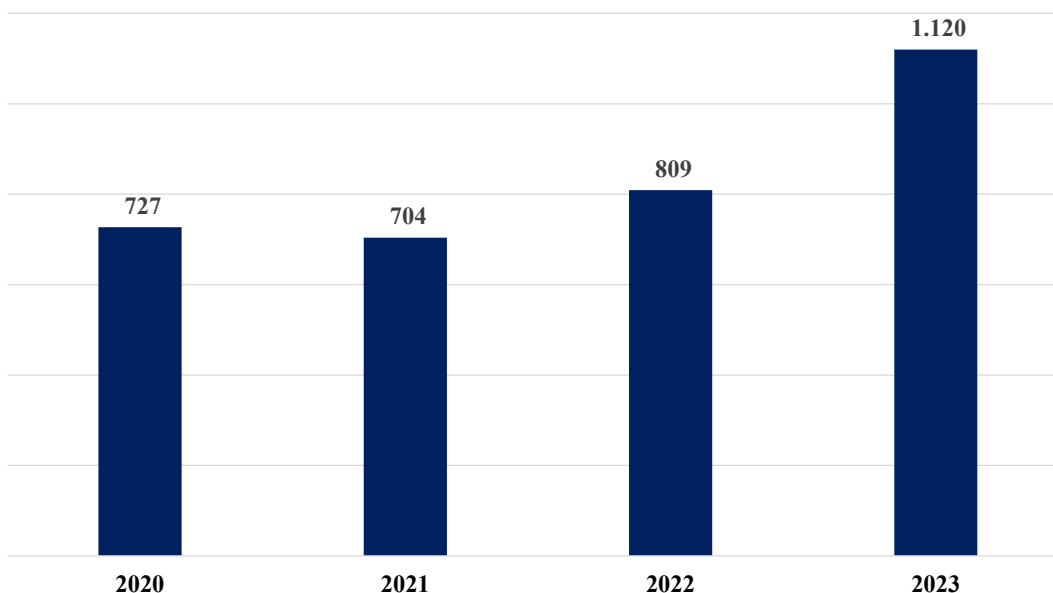
It is noteworthy that the on-site inspection was held at the headquarters of the institutions and included visits to the branches, in two formats:

- The first consisted of the use of the “mystery shopper” tool, with the aim of evaluating, among others, the level of understanding of front-office staff regarding the compliance with duties of information and diligence, in the context of marketing of financial products and services, particularly consumer credit, earmarked credit and deposit; and
- The second consisted of official visits by inspectors, with the aim of diagnosing the reasons behind the increase in long queues in the branches of the main institutions and the measures adopted and/ or to be adopted by the institutions for their management, as well as raising awareness on issues of conduct and consumer protection in management bodies of the business units of the institutions visited.

4.4.2. Complaints lodged at the Banco de Moçambique

In 2023, the number of complaints increased by 38.49% compared to the previous year, totaling 1,120 complaints (Chart 19). This growth can be associated to the fact that there is greater financial awareness among consumers of financial products and services about rights and obligations, largely arising from the financial education campaigns that the BM have been carrying out.

Chart 19: Developments in the Number of Complaints Lodged at the Banco de Moçambique



Source: BM

It should be noted that, in the reporting period, BCI, BIM and Bayport remained the most complained institutions in the system, with 23.8%, 22.1% and 8.7%, respectively, of the total complaints. Regarding mobile money networks, m-Mola and M-Pesa are highlighted, with weights of 4.1% and 3.6% of the total, respectively (see Annex 3).

4.4.3. Sanctions Proceedings

Several irregularities were found in the complaints received and inspections carried out, highlighting irregularities in the collection of commissions and charges for financial products and services.

Thus, in addition to the issuance of specific determinations and recommendations to ensure compliance with standards and duties of conduct by the credit institutions and financial companies, about MZN 808 million were also recovered and returned to financial consumers, of which approximately MZN 506 million (62.61%) arose from undue charges to economic agents subscribing to POS and MZN 264 million (about 33%), from the undue collection of commissions and charges from contracting and managing bank credit.

In addition, various violations were found, related to the implementation of standards and non-compliance with deadlines by the credit institutions and financial companies. As a result of these violations, the Banco de Moçambique initiated 13 misdemeanor cases, of which 4 were completed and the fines concerned were applied, particularly against Letshego and BIM, whose figures amounted to MZN 21.4 million and MZN 17.2 million, respectively (Annex 4). It should be noted that the remaining misdemeanor cases are still ongoing.

4.4.4. Activities of Foreign Exchange Bureaus

In the financial year 2023, foreign exchange bureaus yielded a positive result in the order of MZN 10.6 million, an increase of 124% compared to December 2022.

The market share of foreign exchange bureaus, determined on the basis of total assets, showed a concentration of 49.33% in one of them in the reporting period, while the remaining five presented a balanced distribution.

The total assets of the foreign exchange bureaus stood at MZN 50.60 million in December 2023, an expansion of 18.4% compared to 2022, justified by the increase in the amount

of cash and equivalents at credit institutions (18.44%), which represents a weight of 77.82% of total assets.

In turn, liabilities recorded a slight increase of about MZN 0.18 million (5% more compared to 2022), standing at MZN 4.05 million.

4.4.5. Activities of Mobile Money Networks

Mobile money networks yielded a positive result of MZN 1,737 million in 2023, an increase of 4.7% compared to the result recorded in 2022, mainly arising from commission income with a 96% share of total profit.

The assets of mobile money institutions stood at MZN 18,446 million, a change of 20.63% compared to the balance of 2022. This is mainly composed of cash and cash equivalents in credit institutions in the total amount of 16,632 million meticaís (equivalent to 90%).

On the liabilities side, other customer resources are predominant (funds received from the public) at MZN 11,154 million (82.76% of the total).

5.

PAYMENT SYSTEM



5.1. NATIONAL PAYMENT SYSTEM

The National Payment System (NPS) is fundamentally composed of 2 main subsystems, namely (i) the Interbank Clearing and Settlement Subsystem – CEL, and (ii) the Wholesale Funds Transfer System that comprises the State Electronic Funds Transfer System (STF) and Metical in Real time (MTR).

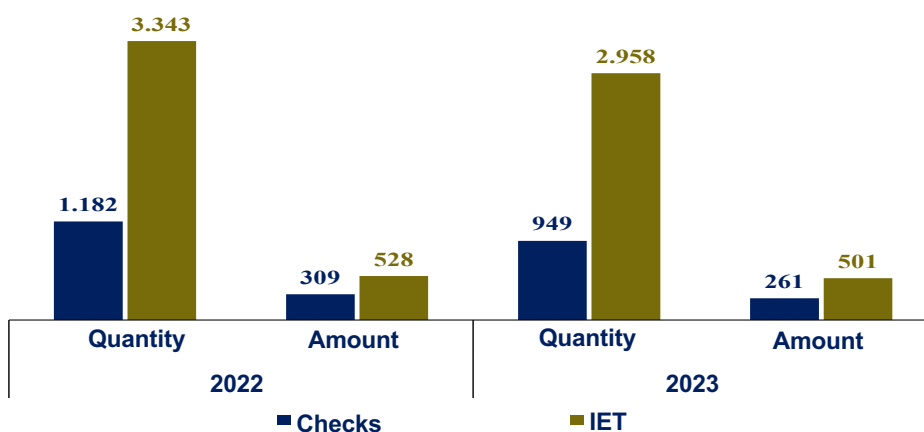
In 2023, the Banco de Moçambique was challenged with the adoption of actions aimed at materializing the objectives of the National Payment System (NPS) provided for in the Strategic Plan of the Banco de Moçambique 2021-2023, particularly the implementation of the Real-Time Gross Settlement (RTGS) System, the Automated Clearing House (ACH) and the connection of all credit institutions to the single national network managed by SIMO (SIMOrede).

5.1.1. Interbank Clearing and Settlement Subsystem

In 2023, the Interbank Clearing and Settlement (CEL) Subsystem was less dynamic compared to the previous year, with decreases in the number and amount traded (Chart 15).

This scenario is explained by the decline observed in the use of checks and interbank electronic transfers (IET) as means of payment, due to the growing preference for real-time transfers and other remote access electronic payment channels, amidst the increase in the number of returns due to insufficient funds (140.5% in 2023).

Chart 20: Developments in the Interbank Clearing and Settlement Subsystem Transactions (amounts in 10⁹ meticals, quantities in 10³)



Source: BM

5.1.2. Wholesale Funds Transfer System

5.1.2.1. State Electronic Funds Transfer System (STF)

During 2023, the State made about 12,2 million payments through the State Electronic Funds Transfer System (STF), an increase of 18.81% compared to 2022. In value terms, state payments totaled MZN 636,950.18 million, a reduction of about 6% (Table 15).

Table 15: Single Treasury Account Transactions (NC amounts in MZN 10⁶, quantities in 10³ units)

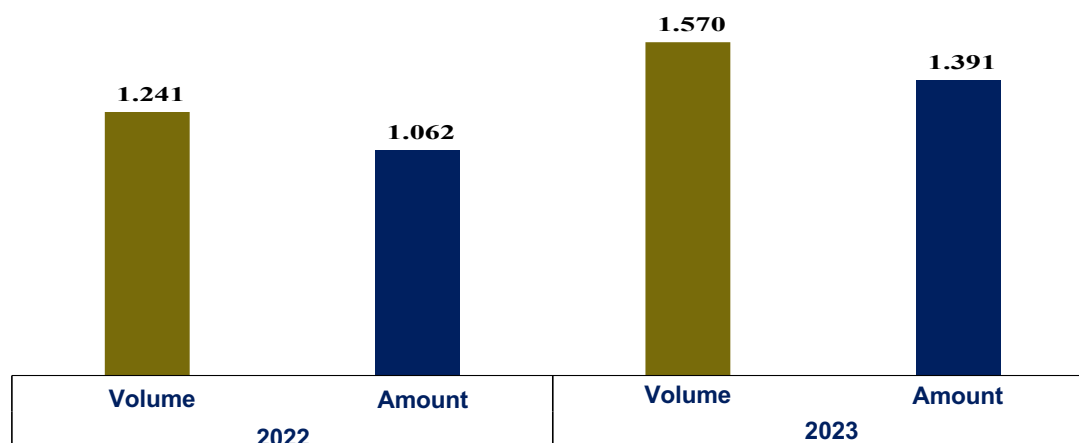
Description	2022		2023		Change	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
MZN	10 271	678 906	12 202	636 950	19%	-6%
USD	93	131 780	113	227 705	22%	73%
EUR	24	16 699	23	16 569	-4%	-1%

Source: BM

5.1.2.2. Metical in Real time

In turn, in the period reporting, 1,569,776 payment orders were processed in the MTR, for a total amount of MZN 1,404,380.69 million, an increase of about 21% and 18%, respectively compared to 2022 (Chart 21). This behavior is largely explained by the platform's level of security and reliability, coupled with the immediate availability of funds to the final beneficiary.

Chart 21: Developments in MTR Transactions (amounts in MZN 10⁶, volume in 10³ units)



Source: BM

5.2. REGIONAL PAYMENT SYSTEM

In 2023, seven credit institutions in Mozambique were linked to the SADC-RTGS platform, which allows participating countries to make payments and receive amounts in real time.

During the same period, Mozambican banks sent a total of 6,869 transactions via the SADC-RTGS, amounting to ZAR 4,484,613,734.97. Furthermore, banks received 4,073 transactions totaling ZAR 4,436,534,073.06, with a net outflow of ZAR 48,079,661.91 (Table 16).

Table 16: SADC-RTGS Transactions (amounts in ZAR 10⁶)

Banco	Inflows		Outflows		Balance (amount)
	Quantity	Amount	Quantity	Amount	
Absa Bank	358	470	871	469	0.26
S. Bank	482	2 126	1 878	2 145	-19
FNB	772	735	1 903	743	-8.72
Moza banco	380	121	540	122	-1.09
NedBank	1 843	985	1 164	1 002	-16.62
Banco Mais	24	0	246	0	0.01
Access Bank	214	0	267	3	-2.88
Total	4 073	4 437	6 869	4 485	-48.08

Source: BM

6.

FINANCIAL INCLUSION

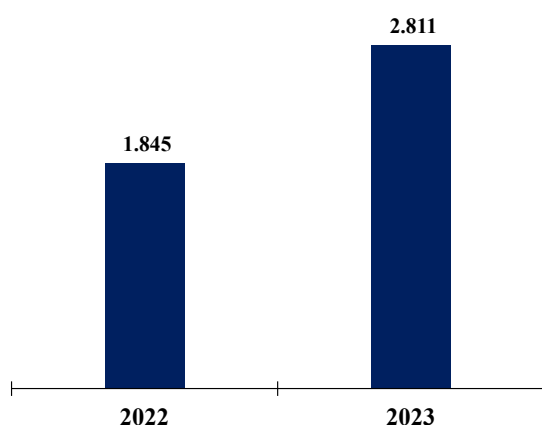


The financial Inclusion indicators are analyzed in demographic and geographical dimensions and, as provided by the National Financial Inclusion Strategy (ENIF 2016-2022), these refer to (i) the number of access points divided per 100 thousand adults and (ii) the number of access points per 10 thousand km², calculated based on the main access points to financial services, namely bank branches, banking agents, ATM, POS and mobile money agents.

6.1. GEOGRAPHICAL ACCESS INDICATORS

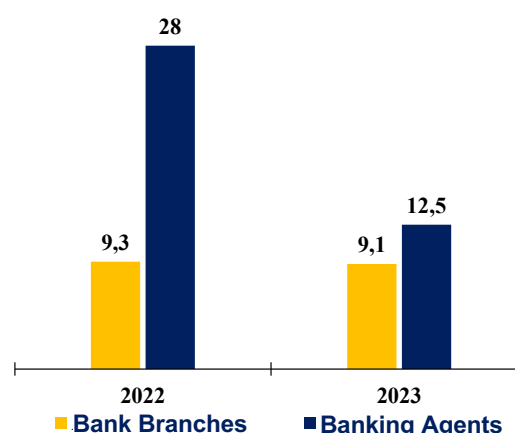
In 2023, in terms of geographical access, the positive change in mobile money agents is highlighted, having reached 2,811 agents per 10,000 km², from 1,845 in 2022 (Chart 17). On the other hand, there was a prominent decline in banking agents from 28 agents per 10,000 km² in 2022, to 12.5 in 2023 (Chart 22). This decrease was influenced by the reclassification process of this group, in which a considerable number came to be considered as “sales promoters”.

Chart 22: Developments in the Number of Mobile Money Agents (per 10 thousand km²)



Source: BM and INE

Chart 23: Developments in the Number of Bank Branches and Banking Agents (per 10 thousand km²)

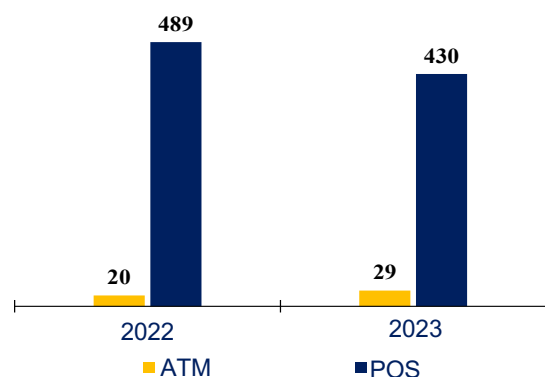


Source: BM and INE

On the other hand, the number of bank branches per 10,000 km² slightly declined from 9.3 branches in 2022 to 9.1 in 2023 (Chart 23). This decrease is explained by factors associated with economic and financial unsustainability, contractual lease issues and insecurity arising from the protracted military tensions in the Cabo Delgado province.

2023 was also characterized by an increase in the ATM ratio per 10,000 km² to 29.2, against 19.6 ATM per 10,000 km² in 2022. In turn, there was a negative change in POS, from 488,6 POS per 10,000 km², to 430,3 in 2023, due to the evaluation process of the actual use of these points of sale that occurred during the migration from the *Bizfirst* platform to *Euronet* (Chart 24).

Chart 24: Developments in the Number of ATM and POS (per 10 thousand km²)

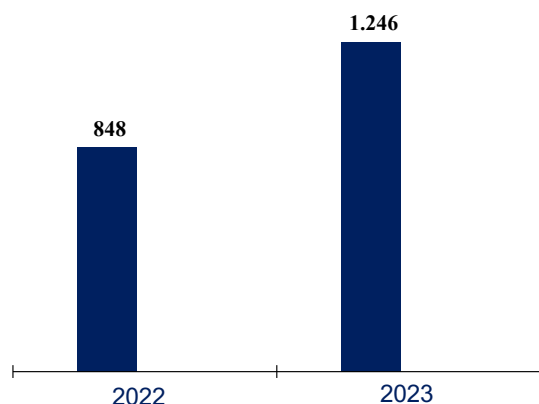


Source: BM and INE

6.2. DEMOGRAPHIC ACCESS INDICATORS

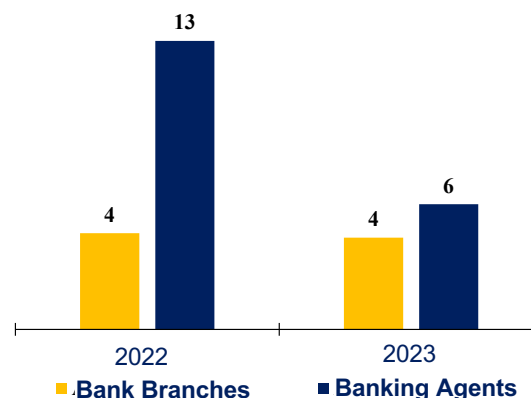
Demographic access indicators also recorded a mixed behavior in 2023. Indeed, the number of mobile money agents grew to 1,246.3 agents per 100,000 adults, compared to 847.6 in 2022 (Chart 25).

Chart 25: Developments in the Number of Mobile Money Agents (per 100 thousand adults)



Source: BM and INE

Chart 26: Developments in the Number of Bank Branches and Agents (per 100 thousand adults)

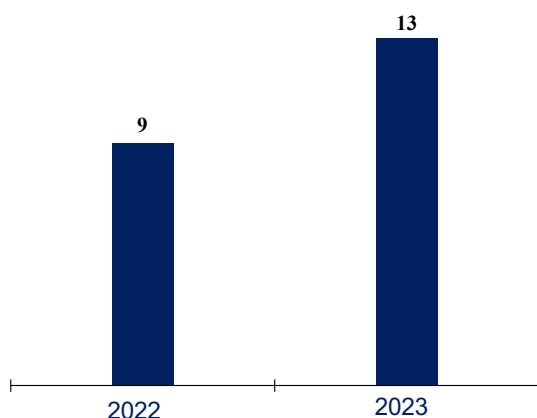


Source: BM and INE

On the other hand, with regard to bank branches and agents per 100,000 adults, there was a decline over the same period (explained by the aforementioned factors), going from 4.3 branches and 12.9 agents per 100,000 adults, in 2022, to 4.1 branches and 5.6 agents per 100,000 adults, respectively (Chart 26).

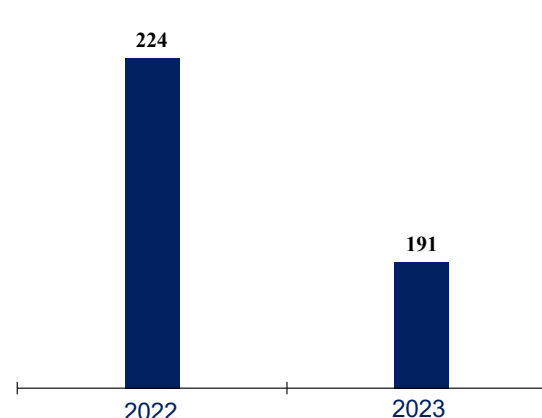
The number of ATM per 100,000 adults increased from 9.0 in 2022 to 12.9 in 2023 (Chart 27).

Chart 27: Developments in the Number of ATM (per 100 thousand adults)



Source: BM and INE

Chart 28: Developments in the Number of POS (per 100 thousand adults)



Source: BM and INE

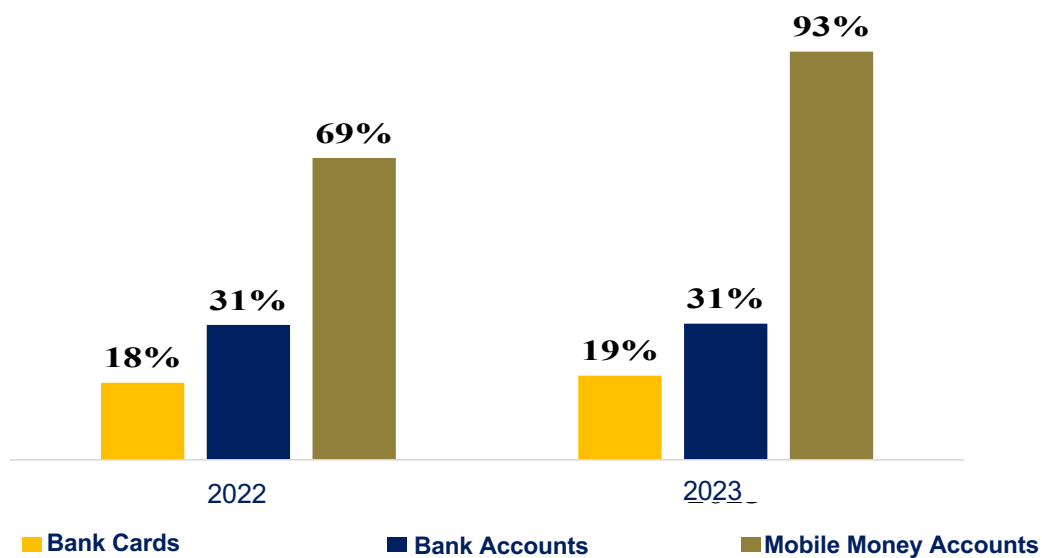
The opposite trend was observed in the level of POS availability, which decreased from 224.4 POS per 100,000 adults in 2022 to 190.8 in 2023 (Chart 28).

6.3. USE OF FINANCIAL PRODUCTS AND SERVICES

Regarding use indicators, the proportion of bank cards to the total adult population has seen a positive change, growing from 17.5% in 2022 to 19.1% in 2023. In turn, the proportion of bank accounts to the total adult population increased slightly, from 30.6% in 2022 to 30.9% in 2023.

With regard to mobile money accounts to the total adult population, there was a prominent increase from 68.5% in 2022 to 92.6% in 2023 (Chart 29).

Chart 29: Bank Accounts, Mobile Money Accounts and Bank Cards (% of adult population)



Source: BM and INE

7.

FINANCIAL
STATEMENTS





STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the due preparation and presentation of the individual and consolidated financial statements of the Banco de Moçambique, comprising the financial position statement, profit or loss statement, comprehensive income statement, statement of changes in equity and cash flow statement for the financial year then ended, as well as the notes to the financial statements, which include a summary of key accounting policies and other explanatory notes, as provided by the Organic Law of the Banco de Moçambique and its own standards based on the International Financial Reporting Standards (IAS/IFRS).

The Board of Directors is also responsible for the development, implementation, and maintenance of an internal control system relevant to the preparation and appropriate presentation of consolidated and separate financial statements that are free from material distortion, due to both fraud and error, and for keeping adequate accounting records and an effective risk management system.

APPROVAL OF THE FINANCIAL STATEMENTS

Pursuant to Articles 64 and 65 of Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique, the financial statements for the financial year ended 31 December 2023, referred to in the first paragraph, have been approved by the Board of Directors on 27 March 2024, and shall, on their behalf, be signed by:

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources

TO THE
BOARD OF DIRECTORS OF BANCO DE MOÇAMBIQUE
MAPUTO

INDEPENDENT AUDITOR'S REPORT

Qualified opinion

We have audited the individual and consolidated financial statements of BANCO DE MOÇAMBIQUE (the Bank and Group), set out on pages 9 to 88, which comprise the individual and consolidated statements of financial position as at 31 December 2023, the individual and consolidated income statements, the individual and consolidated statements of comprehensive income, the individual and consolidated statements of changes in equity, and the individual and consolidated statements of cash flows for the year then ended; and notes to the individual and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the paragraph 1 and except for the effects of the matters described in the paragraph 2 in the *Basis for Qualified Opinion* section of our report, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of BANCO DE MOÇAMBIQUE as at 31 December 2023, and its financial performance and its individual and consolidated cash flows for the year then ended in accordance with the accounting policies described in note 1.2 to the consolidated and individual financial statements.

Basis for qualified opinion

1 Although article 14 of Law 01/92 of the 3 January (organic law) defines that the debit balances of exchange rate fluctuations must be recognised by the Government of Mozambique, which will issue public debt securities in favour of the Central Bank, we noted that the Government of Mozambique has not assumed its responsibility since 2005 in an approximate amount of 98 817 051 thousand Meticaís, neither has the Bank recognised the accumulated income associated with this State debt in an approximate amount of 26 777 137 thousand Meticaís. This situation, along with the fact that the accounting system does not allow validation of the balance of this heading, as well as the fact that the Government of Mozambique has not confirmed the amount of interest on loans granted, in an approximate amount of 34 044 031 thousand Meticaís, does not allow us to ensure the completeness and accuracy of these headings, nor confirm their recoverability.

2 In 2021, as a result of the Metical appreciation, and in order to maintain the average results from previous years transactions (in USD and Euros), the Bank made an adjustment to the net average costs of foreign currency reserves, in an approximate amount of 20 154 116 thousand Meticaïs, against the heading foreign exchange fluctuations. Additionally, in 2022, due to a reconciliation in the system that manages foreign currency reserves, a difference was found in an approximate amount of 5 547 504 thousand Meticaïs, which positively affected the results from foreign currency operations heading. Since both transactions were not reversed in 2023, the headings foreign exchange fluctuations, as well the retained earnings, are overstated by approximately 25 701 620 thousand Meticaïs.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Emphasis of matter paragraph

We draw attention to the following situations:

Basis of accounting

Note 1.2 of the individual and consolidated financial statements which describes the basis of accounting. The individual and consolidated financial statements are prepared for the purpose of complying with the financial reporting provisions described in that note and, accordingly, the financial statements may not be suitable for any other purpose.

Contingent assets relating to monetary policy costs

Note 33.1 of the individual and consolidated financial statements which discloses contingent assets relating to monetary policy costs, whose effects are reflected in the Bank's liquidity, as can be seen in note 5.3.

Our opinion is not modified in respect of these matters.

Information other than the individual and consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the individual and consolidated financial statements and our auditor's report thereon.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements with the accounting policies described in note 2.1 to the individual and consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank and Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and/or Group financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and Group to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO (MOZAMBIQUE), LDA

Registered Audit Firm No 02/SAC/OCAM/2012, represented by:

Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 31 March 2024



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticalais)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Assets					
Foreign currency	6	2.226.324	2.244.565	2.226.324	2.244.565
Deposit with other financial institutions	7	1.502.192	8.285.434	2.674.498	9.082.336
Gold	8	16.687.023	14.715.100	16.687.023	14.715.100
Financial assets at fair value through profit or loss	9	39.414.105	37.813.948	39.414.105	37.813.948
Financial assets at fair value through other comprehensive income	10	170.116.623	119.338.816	170.116.623	119.338.816
Financial assets at amortized cost	11	178.657.029	220.686.820	178.745.054	220.756.221
Financial investments	12	660.410	660.410	-	-
Other tangible assets	13	53.706.323	51.595.558	54.095.090	52.037.848
Intangible assets	14	11.864	49.198	107.126	198.055
Other financial assets	15	82.411.837	71.615.527	82.394.610	71.381.511
Foreign exchange	16	98.817.051	90.324.178	98.817.051	90.324.178
Employee benefits assets	21	6.730.561	9.021.959	6.730.561	9.021.959
Total Assets		650.941.342	626.351.513	652.008.065	626.914.537
Liabilities					
Banknotes and coins in circulation	17	80.456.159	80.737.885	80.456.159	80.737.885
Deposits from other institutions	18	287.544.178	140.881.515	287.544.178	140.881.515
Mozambique Government Treasury bills issued and other monetary instruments	19	264.814.112	385.038.822	264.814.112	385.038.822
Foreign Loans	20	9.331.192	15.487.951	9.331.192	15.487.951
Other liabilities	22	6.961.732	1.038.708	7.504.147	1.466.040
Total Liabilities		649.107.373	623.184.881	649.649.788	623.612.213
Equity					
Capital	23	2.596.721	2.596.721	2.596.721	2.596.721
Legal reserve	24	488.412	488.412	607.072	546.742
Non-distributable reserves	24	17.372.048	17.372.048	17.372.048	17.011.129
Employee benefits reserve	24	(14.810.864)	(10.603.313)	(14.810.864)	(10.603.313)
Fair value revaluation reserve – available for sale	24	(152.994)	(967.660)	(152.994)	(967.660)
Fixed asset revaluation reserves	24	7.827.003	10.391.392	7.827.003	10.391.392
Retained earnings		(13.825.070)	(15.842.773)	(14.340.473)	(15.846.114)
Net result		2.338.713	(268.195)	2.727.330	(171.753)
		1.833.969	3.166.632	1.825.843	2.957.144
Non-controlling interest	24	-	-	532.434	345.180
Total Equity		1.833.969	3.166.632	2.358.277	3.302.324
Total Liabilities and Equity		650.941.342	626.351.513	652.008.065	626.914.537

ACCOUNTING DEPARTMENT

Lígia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Interest and similar income	26.1	17.012.920	10.427.736	17.105.425	10.489.866
Interest and similar expenses	26.2	(15.768.653)	(22.514.439)	(15.813.652)	(22.567.004)
Net interest income		1.244.267	(12.086.703)	1.291.773	(12.077.138)
Fees and commission income	27.1	-	-	2.158.012	1.779.998
Fees and commission expense	27.2	-	-	(814.411)	(858.440)
Net fees and commission income		-	-	1.343.601	921.558
Net gains from foreign currency operations and revaluation of gold	28	12.065.283	21.268.249	12.064.038	21.270.636
Other operating income	29	666.134	345.078	738.639	395.736
Total income		13.975.684	9.526.624	15.438.051	10.510.792
Staff costs	30	(6.407.205)	(4.651.703)	(6.846.956)	(5.006.294)
Depreciation	13	(1.154.596)	(1.246.686)	(1.254.926)	(1.361.789)
Amortization	14	(24.002)	(25.120)	(84.054)	(80.269)
Other operating expenses	31	(4.051.168)	(3.871.310)	(4.479.580)	(4.136.990)
Impairment losses of receivables		-	-	(43.311)	(98.878)
Provisions		-	-	(1.894)	1.675
Total operating expenses		(11.636.971)	(9.794.819)	(12.710.722)	(10.682.544)
Net profit/(loss) of the year		2.338.713	(268.195)	2.727.330	(171.753)
Net realized income		2.338.713	(268.195)	2.727.330	(171.753)
Consolidated net profit attributable to:					
BANCO DE MOÇAMBIQUE		-	-	2.540.075	(216.226)
Non-controlling interest		-	-	187.255	44.473

ACCOUNTING DEPARTMENT

Lígia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Other comprehensive income				
Items not reclassifiable for results in subsequent years				
Prior period adjustments	(357.215)	3.540.674	(357.216)	3.565.062
Actuarial study adjustment	(4.207.551)	(3.291.197)	(4.207.551)	(3.291.197)
Reclassifiable items for results in subsequent years				
Adjustment - Revaluation of tangible fixed assets	(2.564.389)	-	(2.564.389)	-
Changes in fair value - financial assets available-	814.666	(942.643)	814.666	(942.643)
Total comprehensive income	(3.975.776)	(961.361)	(3.587.160)	(840.531)

ACCOUNTING DEPARTMENT

Ligia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of metical)

	Notes	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non-distributable reserve	Employee benefits reserve	Legal reserve	Retained earnings	Profit for the year	Total equity
Balance at 1 January 2021		2.596.721	(25.017)	10.391.392	13.831.374	(7.312.116)	488.412	(16.443.596)	600.823	4.127.993
Net results transfer for 2021		-	-	-	-	-	-	600.823	(600.823)	-
Total comprehensive income for 2022		-	-	-	-	-	-	-	(268.195)	(268.195)
Total prior period adjustments		-	-	-	3.540.674	(3.291.197)	-	-	-	249.477
Adjustment - fair value of financial assets	24	-	(942.643)	-	-	-	-	-	-	(942.643)
Balance at 31 December 2022		2.596.721	(967.660)	10.391.392	17.372.048	(10.603.313)	488.412	(15.842.773)	(268.195)	3.166.632
Net results transfer for 2022		-	-	-	-	-	-	(268.195)	268.195	-
Total comprehensive income for 2023		-	-	-	-	-	-	-	2.338.713	2.338.713
Total prior period adjustments		-	-	-	-	-	-	(357.215)	-	(357.215)
Adjustment - Revaluation of tangible fixed assets		-	-	(2.564.389)	-	-	-	2.564.389	-	-
Total actuarial statement adjustment		-	-	-	-	(4.207.551)	-	-	-	(4.207.551)
Adjustment - fair value of financial assets	24	-	893.390	-	-	-	-	-	-	893.390
Derecognition of variation in securities sold	24	-	(78.724)	-	-	-	-	78.724	-	-
Balance at 31 December 2023		2.596.721	(152.994)	7.827.003	17.372.048	(14.810.864)	488.412	(13.825.070)	2.338.713	1.833.969

ACCOUNTING DEPARTMENT

Lígia Siteo

Head of the Accounting and Budget Department

BOARD OF DIRECTORS

Benedita Maria Guimino

Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

	Notes	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non-distributable reserve	Employee benefits reserve	Legal reserve	Retained earnings	Profit for the year	Total equity	Non- controlling interest	Total equity
Balance at 1 January 2021		2.596.721	(25.017)	10.391.392	13.379.307	(7.312.116)	546.611	(16.298.525)	575.725	3.854.098	288.757	4.142.855
Net results transfer for 2021		-	-	-	2.500	-	131	573.094	(575.725)	-	-	-
Total comprehensive income for 2022		-	-	-	-	-	-	(171.753)	(171.753)	(171.753)	-	(171.753)
Total prior period adjustments		-	-	-	3.629.322	(3.291.197)	-	(120.683)	-	217.442	56.423	273.865
Adjustment - fair value of financial assets	24	-	(942.643)	-	-	-	-	-	-	(942.643)	-	(942.643)
Balance at 31 December 2022		2.596.721	(967.660)	10.391.392	17.011.129	(10.603.313)	546.742	(15.846.114)	(171.753)	2.957.144	345.180	3.302.324
Net results transfer for 2022		-	-	-	-	-	65.727	(237.480)	171.753	-	-	-
Total comprehensive income for 2023		-	-	-	-	-	-	2.727.330	2.727.330	2.727.330	-	2.727.330
Total actuarial statement adjustment		-	-	-	-	(4.207.551)	-	-	-	(4.207.551)	-	(4.207.551)
Total prior period adjustments		-	-	-	360.919	-	(5.397)	(899.992)	-	(544.470)	187.254	(357.216)
Adjustment - Revaluation of tangible fixed assets		-	-	(2.564.389)	-	-	-	2.564.389	-	-	-	-
Adjustment - fair value of financial assets	24	-	893.390	-	-	-	-	-	-	893.390	-	893.390
Derecognition of variation in securities so	24	-	(78.724)	-	-	-	-	78.724	-	-	-	-
Balance at 31 December 2023		2.596.721	(152.994)	7.827.003	17.372.048	(14.810.864)	607.072	(14.340.473)	2.727.330	1.825.843	532.434	2.358.277

ACCOUNTING DEPARTMENT

Lígia Siteo

Head of the Accounting and Budget Department

BOARD OF DIRECTORS

Benedita Maria Guimino

Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Cash flows from operating activities					
Net profit/(loss) of the year		2.338.713	(268.195)	2.727.330	(171.753)
Adjustments for:					
Depreciation and amortization		1.178.598	1.271.806	1.338.980	1.442.058
Impairment losses on tangible assets		-	-	2.534	-
Tangible and intangible assets		-	-	47.567	92.092
Net interest and similares		(1.244.267)	12.086.703	(1.291.773)	12.077.138
Prior period adjustments		(357.215)	-		(66.889)
Cash flows from operating activities		1.915.829	13.090.314	2.824.638	13.372.646
Changes in:					
Financial assets at fair value through profit or loss		(1.600.157)	(5.581.171)	(1.600.157)	(5.581.171)
Other financial assets		(10.796.310)	(10.971.703)	(11.013.099)	(11.113.986)
Financial assets at amortized cost		42.029.791	(67.942.859)	42.011.167	(67.955.851)
Deposits from other institutions		146.662.663	(2.065.971)	146.662.663	(2.065.971)
Pension fund assets		2.291.398	619.511	2.291.398	619.511
Other liabilities		5.923.024	(7.483.427)	6.038.107	(7.544.214)
Treasury bills issued on behalf of the Government and other monetary instruments		(120.224.710)	84.444.586	(120.224.710)	84.444.586
Foreign exchange repayable by the Government		(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Net cash flow from changes in working capital		55.792.826	(26.278.265)	55.672.496	(26.494.327)
Net cash from operating activities		57.708.655	(13.187.950)	58.497.134	(13.121.680)
Cash flow from investing activities					
Acquisition of property, plant and equipment		(3.265.361)	(6.529.432)	(3.346.419)	(6.598.842)
Acquisition of intangible assets		13.332	(13.614)	(8.975)	(22.483)
Changes in cash and cash equivalents and investments in credit institutions and foreign currency		4.829.560	22.147.930	4.454.156	22.059.095
Changes in financial assets available-for-sale		(50.777.807)	20.291.300	(50.777.807)	20.291.300
Interest and similar income		17.012.920	10.427.736	17.105.425	10.489.866
Net cash from investing activities		(32.187.356)	46.323.920	(32.573.620)	46.218.935
Cash flow from financing activities					
Increase in banknotes and coins in circulation		(281.726)	7.989.483	(281.726)	7.989.483
Changes in external financing		(6.156.759)	(17.917.847)	(6.156.759)	(17.917.847)
Changes in reserves		(3.314.161)	(693.166)	(3.671.377)	(601.887)
Interest and similar expenses		(15.768.653)	(22.514.439)	(15.813.652)	(22.567.004)
Net cash flow from financing activities		(25.521.299)	(33.135.969)	(25.923.514)	(33.097.255)
Net change in cash and cash equivalents				233.769	(6.741)
Cash and cash equivalents at the beginning of the year	7.1	-	-	212.888	219.629
Cash and cash equivalents end of the year	7.1	-	-	446.657	212.888

ACCOUNTING DEPARTMENT

Ligia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



NOTE 1 – BASIS OF PREPARATION

1.1. Introduction

The Banco de Moçambique (Bank) is the central bank of the Republic of Mozambique and has its head office at Av. 25 de Setembro, 1695, Maputo. Its capital is fully underwritten and injected by the Government of the Republic of Mozambique.

The main objective of the Bank is to preserve the value of the national currency.

To this end, the Bank also undertakes the following functions:

- a) promoting better monetary policy;
- b) guiding credit policy with a view to promoting the economic and social growth and development of the country;
- c) Managing external cash and cash equivalents in order to maintain an adequate volume of means of payment necessary for international trade; and
- d) Disciplining banking.

The Board of Directors of the Bank has approved the financial statements for the financial year ended 31 December 2023 on 27 March 2024.

The accompanying financial statements are expressed in thousands of meticaïs and have been prepared in accordance with the fundamental principles of business continuity, substance over form, materiality, and historical cost, with the exception of assets and liabilities accounted at fair value, namely financial assets at fair value through profit or loss and financial assets at fair value through comprehensive income.

1.2. Structure of the financial statements

The financial statements herein have been prepared in compliance with the Organic Law of the Banco de Moçambique and its own IAS/IFRS-based standards, as decided by the Board of Directors on 1 September 2023, with the derogations described in point 2.2.

In cases where its own IAS/IFRS-based standards oppose the Organic Law and other instruments approved by the Bank, the Organic Law of the Bank or other policies associated with the nature of the activities carried out by the central bank shall prevail.



The Organic Law lays down rules for the recognition and classification of assets and liabilities in foreign currency when there are fluctuations in values, but is not prescriptive relating to the other accounting principles to be adopted by the Bank. In this light, the Board of the Bank, as provided by Article 61 of the Organic Law, which confers the prerogative to adopt its own rules for accounting and presentation of accounts, decided to adopt its own IAS/IFRS-based standards.

The Bank has subsidiaries and associates operating in different branches of activity, so each of them has a different impact on the financial statements, which affects the Bank's decision regarding the implementation of accounting policies that best reflect the nature of a central bank.

Thus, considering the nature of the activities of the subsidiaries and associates and considering the right conferred by Law to adopt own rules for the accounting of their operations, the Bank has made adjustments to its financial reporting structure, and not all the subsidiaries were consolidated.

Preparing financial statements in compliance with the Organic Law and own IAS/IFRS-based standards (partial adoption) requires the Bank to make judgements and estimates and use assumptions that may affect the implementation of accounting policies and the amounts of income, expenses, assets, and liabilities. Changes in such assumptions, or their differences from reality, may have an impact on estimates and judgments.

The areas that involve a higher level of judgment or complexity, or where significant assumptions and estimates are used in preparing the financial statements, are analyzed in Note 3.

NOTE 2 – KEY ACCOUNTING POLICIES

2.1. Key accounting policies

The key accounting policies adopted by the Bank are described below.

2.1.1. Foreign currency transactions

The Bank's accounting records are processed and held in meticaís. Foreign currency transactions are converted to meticaís using the exchange rate in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are converted into currencies using the exchange rate in force at the reporting date.



Non-monetary assets in foreign currency that are valued at historical cost are converted at the exchange rate in effect on the date of the transaction. Non-monetary assets in foreign currency that are valued at fair value shall be converted at the exchange rate in force on the date on which the fair value is determined.

During the financial year, the aggregation of gains or losses on foreign currency transactions is made currency by currency, by the difference between the value of transactions and the weighted average cost of the day, calculated based on the “daily net cost method”.

The daily net cost method is the method for calculating the weighted average cost, according to which the weighted average cost of each currency is only changed when the quantity bought on the day is greater than the quantity sold. When the quantity bought on the day is less than the quantity sold, the weighted average cost does not change.

With regard to gains and losses arising from the foreign exchange revaluation of active and passive positions in foreign currency, the Bank applies the provisions of Article 14 of the Organic Law - No. 1/92 of 3 January, which determines that these gains and losses are attributable to the Government and, for this reason, must be presented in an account of the financial position (special account for unrealized foreign exchange movements).

The following are the exchange rates used for foreign currency conversion, reported as of 31 December 2023.

	Currency	Average exchange rate	
		2023	2022
Countries			
Meticaïs per currency units			
USA	USD	63,90	63,87
South Africa	ZAR	3,47	3,77
Australia	AUD	43,42	43,39
European Union	EUR	70,65	68,18
England	GBP	81,24	76,83
IMF	SDR	85,74	85,00

2.1.2 Financial assets and liabilities

Financial assets and liabilities are recognized on the trading date. As of 1 January 2018, the Bank applies IFRS 9 in the classification of financial assets, and groups them into the following categories:

- Financial assets at amortized cost;



- Financial assets measured at fair value through comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification and measurement provided for in IFRS 9 differs from IAS 39 in the following aspects:

- Classification and measurement are no longer based on rules, but on the valuation of the business model, carried out by the Board, which is based on how financial assets are actually managed. The objective is to align the classification of financial assets with the Bank's business;
- A specific valuation of the existence of embedded derivatives is not necessary, since solely payments of principal and interest ("SPPI") are applied.

Classification according to IFRS 9 for investments in debt instruments is carried out by the Board, considering the business model and the characteristics of contractual cash flows. In the test to the business model, the Bank determines the purpose for which it holds the financial assets, that is, whether (i) to receive cash flows; (ii) to receive cash flows and sell; or (iii) to sell. When determining the business model of a group of assets, the following factors are considered:

- History of cash flow receipts;
- Valuation of asset performance and reporting to the Board;
- Risk assessment and management; and
- Compensation of Board Members.

In the solely payments of principal and interest test, the Bank determines whether the receipts of contractual cash flows represent solely payments of principal and interest on specific dates. In making this valuation, the Bank considers whether the contractual cash flows are consistent with a loan agreement, that is, whether the interest includes only remuneration on the time value of the money, credit risk, other loan risks and a profit margin consistent with the type of loan. A financial asset is measured at amortized cost if the following criteria are met:

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

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



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

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

Financial assets included in the fair value through comprehensive income category are initially recognized at cost and subsequently measured at fair value. Changes in fair value are recognized in comprehensive income, with the exception of interest income, foreign exchange gains and losses, which are recognized in profit or loss.

When the financial asset is derecognized, the previously accumulated gain or loss in comprehensive income is reclassified to net profit or loss.

According to the new model, the fair value category through profit or loss is the residual category. Financial assets must be classified at fair value through profit or loss, if they do not meet the criteria for classification at fair value, through comprehensive income or amortized cost. Financial assets included in the fair value category through profit or loss shall be measured at fair value, with all changes recognized in net profit or loss.

Regardless of the assessment of the business model, the Bank may classify an asset at fair value through profit or loss, if it prevents any eventual accounting mismatch.

Investments in equity instruments are always measured at fair value. Capital instruments are those that meet the definition of “equity” from the perspective of the issuer, as defined in IAS 32. Capital instruments that are held for trading shall be classified at fair value through profit or loss. For all other shares, the Board has the possibility to make an irrevocable election in the initial recognition, instrument by instrument, to present changes in fair value in comprehensive income rather than profit or loss. If this election is made, all changes to fair value, excluding dividends that are a return on investment, will be included in comprehensive income. There is no recycling of comprehensive income values for profit or loss (for example, on the sale of a capital investment), nor are there any impairment requirements. However, the Bank may transfer the accumulated gain or loss on net equity.



Fair value means the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

Fair value is determined based on:

- Active market prices;
- Recent sales prices of similar assets; or
- Valuation methods and techniques, where there is no active market, which have the following underlying criteria:
 - Level 1: financial instruments measured according to market prices or providers; or
 - Level 2: Financial instruments measured according to internal measurement methodologies, mostly considering observable market data; and/or
 - Level 3: Financial instruments measured according to internal valuation methodologies, essentially considering assumptions or adjustments not observable in the market and with significant impact on the measurement of the instrument.

A market is considered active and therefore liquid if it trades regularly. In general, there are market prices for securities and derivatives (futures and options) traded on the exchange.

Financial assets are derecognized when: (i) the Bank's contractual rights to receiving cash flows expire, and (ii) the Bank has substantially transferred all the risks and benefits associated to their holding, or (iii) despite holding a part but not substantially all the risks and benefits associated to their holding, the Bank has transferred control over the asset.

Amortized cost

Financial assets at amortized cost are assets held for the purpose of receiving contractual cash flows representing solely payments of principal and interest (SPPI) and are not classified at fair value through profit or loss. The net value of these assets is adjusted considering accumulated impairment losses and interest income is calculated based on the effective interest rate. Both interest and any dividends are taken into account in the profit or loss statement.

Fair value through comprehensive income

Financial assets measured at fair value through comprehensive income are assets held for receiving contractual cash flows and/or sale, where cash flows represent solely payments of principal and



interest (SPPI) and are not classified at fair value through profit or loss. Changes in the net value are recognized in comprehensive income, except for impairment losses and reversals and interest income on the amortized cost of the financial asset that are recognized in the profit or loss statement. When the financial asset is derecognized, the previously accumulated gain or loss in comprehensive income is reclassified to net profit or loss. Dividends received on assets classified in this category are recognized in net income.

If a capital instrument is not held for trading, the Bank may make the irrevocable decision, on initial recognition, to classify it at fair value through comprehensive income, excluding dividends to be recognized in net income.

Fair value through profit or loss

Financial assets shall be classified at fair value through profit or loss, if they do not meet the criteria of fair value through comprehensive income or amortized cost, this being the residual category of IFRS 9.

In addition, financial assets may, at initial recognition, be classified at fair value through profit or loss, if this classification removes or significantly reduces a measurement or recognition inconsistency, or if the financial asset is part of a portfolio of financial assets held for trading managed and measured in terms of daily performance on the basis of fair value. A gain or loss on a debt instrument subsequently measured at fair value through profit or loss, other than hedging, is recognized in net income. Interest income is calculated based on the effective interest rate. Both interest and any dividends are taken into account in the profit or loss statement.

Financial liabilities

Financial liabilities include banknotes and coins in circulation, deposits from other institutions, Treasury securities issued in favor of the Government, other instruments arising from monetary policy and financing obtained from the International Monetary Fund (IMF).

Financial liabilities are initially recognized at fair value, including expenses and commissions considered incremental to the transaction, and are subsequently measured at amortized cost.

Any difference between the net received amount of transaction costs and the amount payable at maturity is recognized in the comprehensive income statement over the life of the liability using the effective interest method.



2.1.3. Cash and cash equivalents

The banknotes and coins comprising the Bank's cash balance at the end of the financial year have been deducted from the value of the banknotes and coins in circulation because they do not represent currency in circulation.

2.1.4. Impairment of financial assets

As of 1 January 2023, the Bank has not applied IFRS 9. Meanwhile, impairment losses are recognized in the Bank's financial position, when there is objective evidence of a loss event affecting the estimated future cash flow of the financial asset and such loss can be estimated with reasonable confidence.



2.1.5. Gold

Gold is measured at the average price of gold quoted in US dollars at the end of the year on the London gold market. Changes in the fair value of gold, resulting from changes in price, are recognized under profit or loss.

Foreign exchange gains and losses on gold transactions are recognized in the special account for unrealized foreign exchange movements.

2.1.6. Other tangible assets

The Bank's other tangible assets are measured at historical cost except for buildings that are at revalued cost, less accumulated depreciation, and accumulated impairment losses. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.

The latest property revaluation was carried out on 31 December 2019 by an independent company, and these were recorded at fair value.

The fair value of the properties has been determined as per the IFRS 13 (fair value measurement), which defines fair value as the amount receivable for the sale of an asset or payable for the transfer of a financial liability in a current transaction between market participants, at the date of valuation.

Subsequent costs of tangible fixed assets are recognized as an asset only if they are likely to result in future economic benefits for the Bank. When incurred, all maintenance and repair expenses are recognized as expenses.

The property revaluation gains have been recognized in the respective Property Revaluation Reserves. On the other hand, impairment losses have been recorded under the Profit or Loss Statement for the financial year at the revaluation date.

Depreciation of property, plant, and equipment is calculated using the straight-line basis to depreciate their cost to their residual value, based on the following depreciation rates reflecting the expected useful life of the assets:

	Number of years
Buildings	50
Computer equipment	4
Cars	4 - 5
Other assets	10



The residual values, useful lives and depreciation methods of assets shall be reviewed at the end of each financial year and prospectively adjusted, where appropriate. Where there is an indication that an asset may be impaired, the Bank estimates its recoverable value and recognizes an impairment loss where the net value exceeds the recoverable value of those assets.

The recoverable amount is determined by the greatest of its fair value less costs of sale and its use value, the latter being calculated on the basis of the present value of the estimated future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

Other tangible assets are derecognized when they are sold or when future economic benefits from their use or sale are no longer expected. The gains and losses generated in the derecognition of these assets are recognized in the profit or loss for the period.

2.1.7. Intangible assets

Under this item, the Bank mainly records the costs of acquiring software when it is expected that the economic benefits will be passed on beyond the financial year in which the expenditure is incurred.

Intangible assets are amortized using the straight-line basis over the estimated useful life of the asset, which is generally three years.

The depreciation method, useful life, and residual value of each item of intangible assets are revised at each reporting date.

2.1.8. Transactions with the Government

The Bank undertakes various transactions on behalf of the Government, including opening and maintaining accounts for sponsored projects. Transactions in which the Bank acts only as an agent and does not assume any risks and benefits, as well as the assets and liabilities arising from these transactions, are not reflected in the financial statements.

2.1.9. Costs of the production of banknotes and coins

The costs of producing banknotes and coins are recognized under Other Assets. At the time of issue, they are amortized against profit or loss for a period of 3 to 5 years, respectively, from the date of the respective issue.



2.1.10. Retirement pension obligations

As of 1 January 1993, the Bank has set up a separate pension fund to meet employee pension liabilities. The fund was established by resolution of the Board of Directors. The pension fund is managed by Kuanha - Sociedade Gestora do Fundo de Pensões, S.A.

The policy adopted by the Bank sets out to assume full responsibility for the payment of employee retirement pensions, including the allocation of benefits to widows, minor orphans, and disabled employees.

The existing pension plan corresponds to a defined benefit plan, since it defines the criteria for determining the amount of pension an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and contribution. This plan shall be financing by the employees and the employer, as provided by Decree No. 100/2019, of 31 December.

The obligations of the Bank with retirement pensions shall be calculated annually, at the accounts closing date, by an independent actuary, based on the Projected Unit Credit Method. The discount rate used in this calculation was based on the increase in interest rates on investments made in the bond market; the prime rate of the Mozambican financial system; resumption of economy financing by the IMF and other cooperation partners; post-COVID-19 macroeconomic recovery; and financial system stability.

Remeasuring gains and losses, including (i) actuarial gains and losses from differences between the actuarial assumptions used, and the amounts actually recorded (experience gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return on assets and the amounts obtained, are recognized against equity under Other Comprehensive Income.

Each year, the Bank recognizes, as a cost, the total net value of the following: (i) the cost of the current service; (ii) the cost of interest, less the expected return on the fund's assets; (iii) the effect of any early retirement, which includes the early amortization of associated actuarial gains and losses; and (iv) gains and losses resulting from changes in assumptions or changes in the conditions of benefits. The components listed above are recognized under "Staff Expenses".



2.1.11. Seniority Bonus

In accordance with the Collective Labor Agreement (CLT) for the Mozambican banking sector, the Bank has undertaken to award active employees who complete fifteen, twenty and thirty years of good and effective service a seniority bonus equal respectively to one, two and three months of their current monthly remuneration (in the year of assignment).

The Bank determines annually the present value of benefits with seniority bonuses through actuarial calculations. Actuarial assumptions (financial and demographic) are based on reporting-date expectations for wage growth and are based on mortality tables adapted to the Bank's population. The discount rate used in this calculation is determined based on market rates associated with Mozambican treasury bonds.

2.1.12. Interest recognition

Income on interest on financial instruments measured at amortized cost and on financial assets at fair value through comprehensive income is recognized under interest and similar income items, using the effective interest rate method. Interest on financial assets at fair value through profit or loss is also included under interest and similar income. Interest on financial liabilities is recognized under interest and similar expenses

The effective interest rate is the rate that accurately discounts estimated future payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period, for the carrying amount of the financial asset or liability. The effective interest rate is established in the initial recognition of financial assets and liabilities and is not subsequently revised.

In order to calculate the effective interest rate, future cash flows are estimated taking into account all the contractual terms of the financial instrument, while disregarding any future credit losses. The calculation includes commissions that are an integral part of the effective interest rate, transaction costs and all bonuses and discounts directly related to the transaction.

2.1.13. Recognition of income from services and commissions

Income from services and commissions is recognized as follows:

- Income from services and commissions obtained in the execution of a significant act is recognized when the significant act has been completed;
- Revenues from services and commissions earned as services are provided are recognized in profit or loss in the period to which they relate; and

- Income from services and commissions that are an integral part of the effective interest of a financial instrument is recorded in profit or loss using the effective interest rate method.

2.2. Exemptions

Regarding the specifics of its activity as the regulator of the financial system and responsibility for implementing monetary and foreign exchange policies in the country, as well as managing international reserves, the Bank, while adopting its own IAS/IFRS-based standards, has decided not to adopt the following standards issued by the International Accounting Standards Boards, as well as the interpretations issued by the International Financial Reporting Interpretations Committee and previous bodies:

- **IAS 21 – the effects of exchange rate changes:** Gains and losses from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under a financial position account (special account for unrealized foreign exchange movements), under Article 14 (2) of Law No. 1/92 of 3 January – Organic Law of the Banco de Moçambique, which states that “if, at the end of the financial year, the special account for unrealized foreign exchange movements shows an outstanding balance, the Government shall settle this balance by issuing public debt securities in favor of the Bank or any other manner proposed by the Board of Directors of the Bank”; and (3) of the same article, which states that “any credit balance in the special account for unrealized foreign exchange movements at the end of each financial year shall be credited to an account held on behalf of the Government, where the Bank shall pay interest at a rate to be determined by the Board of Directors”.
- **IFRS 9 – Financial Instruments:** with the exception of the methodology for the calculation of expected credit losses (impairments) provided for in paragraph 5.5, the Bank moved to classify its other financial assets, at the time of initial recognition, in accordance with the requirements introduced by IFRS 9 in the category of:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through comprehensive income; and
 - Financial assets measured at fair value.

The impact of derogations from IAS 21 and IFRS 9 is presented in the following table:



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Unrealized foreign exchange loss (IAS 21)	(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Financial instruments impairments (IFRS 9)	329.587	366.089	329.587	366.089
Net profit/(loss) of the year without derogation	(5.824.573)	(17.199.337)	(5.435.956)	(17.102.895)
Equity with derogation	1.833.969	3.166.632	2.358.277	3.302.324
Value exchange account	(98.817.051)	(90.324.178)	(98.817.051)	(90.324.178)
Financial instruments impairments (IFRS 9)	8.797.242	(8.467.655)	8.797.242	(8.467.655)
Equity without derogation	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)

2.3. Scope of consolidation

The Bank holds and applies the comprehensive consolidation method in its financial statements and those of the following subsidiaries:

	Equity	Banco de Moçambique share		Non-controlling interest	
	2023	%	2023	%	2023
SIMO	1.086.601	51%	554.167	49%	532.434
Kuhanha	98.117	100%	98.117	0%	-
Total	1.184.718	-	652.284	-	532.434

- Sociedade Interbancária de Moçambique, S.A., based in Mozambique, 51% owned, whose main objective is the management of electronic card and payment systems;
- Kuhanha - Sociedade Gestora do Fundo de Pensões of the Banco de Moçambique, S.A., based in Mozambique, 100% owned, whose primary objective is the management of the pension fund of the Banco de Moçambique.

Transactions, balances, revenues, and expenses in operations between the group's companies are eliminated. Profits and losses resulting from transactions between the group's companies, recognized in assets, are also eliminated. Associates' accounting policies are changed as necessary to ensure consistency with group policies.

When the group ceases to have control of a subsidiary, the share's book value is revalued at fair value on the date of the sale. The carrying value is recognized under gains or losses.

In the Bank's separate financial statements, subsidiaries are valued at historical cost and recognized as financial investments.



2.4. Changes in international standards and interpretations

2.4.1. The following rules and interpretations came into effect as of 1 January 2023 and shall be applied by the Bank, where applicable:

IAS 37 Onerous Contracts. The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify what “contract performance costs” represent when assessing whether a contract is for consideration. Some entities apply that apply the “incremental cost” approach may see the value of their provisions increase, or new provisions recognized for contracts for consideration, as a result of the new definition. Effective date: annual periods starting on or after 1 January 2023.

IFRS 1 - Subsidiary, as a first-time adopter of IFRS. The amendment allows a subsidiary applying IFRS 1, paragraph D16(a), to measure the differences between cumulative foreign exchange conversions using the amounts informed by its parent company, based on the date of transition to IFRS by the parent company. Effective date: annual periods starting on or after 1 January 2023.

IFRS 9 – The amendment clarifies the commissions included by the entity when applying the “10 percent” test provided by paragraph B3.3.6 of IFRS 9 when assessing whether a financial liability should be derecognized. An entity shall only include the commissions paid or received between the entity (the debtor) and the creditor, including commissions paid or received by the entity or the creditor on behalf of the other party. Effective date: annual periods starting on or after 1 January 2023.

IFRS 16 – Amendment of illustrative example 13 accompanying IFRS 16. The aim is to remedy an inconsistency in the accounting treatment of incentives assigned by the lessor to the lessee. This improvement is of prospective application. Effective date: annual periods starting on or after 1 June 2023.

IAS 41 Lifting of the requirement to exclude cash flows from taxation in the fair measurement of biological assets, ensuring their consistency with the principles of IFRS 3 – Fair Value. This improvement is of prospective application. Effective date: annual periods starting on or after 1 June 2023.

IAS 16 Property, plant, and equipment – now prohibits the deduction of proceeds arising from property, plant, and equipment testing outputs from the book value of such assets. The proceeds from selling property, plant, and equipment outputs shall be recognized under profit or loss for the



financial year, as provided by the applicable regulations, as well as directly concerned expenses. This amendment shall apply retrospectively, without the restatement of comparatives. Effective date: annual periods starting on or after 1 January 2023.

Amendments to IFRS 3 – References to the conceptual framework for financial reporting This amendment updates the references to the conceptual structure in the IFRS 3 contents, as regards the identification of an asset or liability in terms of business combinations, without introducing amendments to accounting requirements for recording business combinations. This amendment also makes it clear that when applying the acquisition method, liabilities and contingent liabilities shall be analyzed in light of IAS 37, while disregarding the conceptual framework's definition of liability, and that the acquiree's contingent assets cannot be recognized in a business combination. Effective date: annual periods starting on or after 1 January 2023.

IAS 12 Deferred tax related to assets and liabilities arising from a single transaction IAS 12 requires entities to record deferred tax on certain specific transactions when their simultaneous initial recognition gives rise to equal amount of taxable temporary differences and deductible temporary differences. Such transactions relate to the recognition of right-of-use assets and lease liabilities, and decommissioning, restoration or similar liabilities with the corresponding amounts recognized as part of the cost of the related asset, if they are not relevant for tax purposes at the date of initial recognition. Thus, these temporary differences do not qualify for the exemption from the initial recognition of deferred tax assets or liabilities. The cumulative effect of the initial application of this amendment is recognized as an adjustment to the opening balance of retained earnings (or other component of equity) for the earliest comparative period presented. Effective date: annual periods starting on or after 1 January 2023.

2.4.2. Published standards (new and amendments) and interpretations mandatory for annual periods starting on or after 1 January 2024:

IAS 1 – Classification of liabilities as non-current and current and non-current liabilities with covenants. The published amendments clarify that liabilities are classified as current or non-current balances, depending on an entity's right to defer payment beyond 12 months after the financial reporting date. If, at the reporting date, an entity expects, and has the discretion, to refinance or roll over a liability for at least twelve months after the reporting period under an existing loan facility, it classifies the liability as non-current, even if it would otherwise be due within a shorter

period. However, if the entity does not have the discretion to refinance or roll over (for example, there is no refinancing agreement), the entity shall classify the liability as current.

The published amendments also clarify that the covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if only verified by the creditor entity after the reporting date (e.g., when the covenant is based on the position of the financial position at the reporting date). When an entity classifies liabilities arising from financing agreements as non-current and those liabilities are subject to compliance with covenants, disclosure is required to enable investors to assess the risk of these liabilities becoming repayable within 12 months, such as:

- a) the carrying value of liabilities;
- b) the nature of covenants and the dates of compliance; and
- c) the facts and circumstances that indicate that the entity may have difficulties in complying with covenants on due dates.

Effective date: annual periods starting on or after 1 January 2024.

IFRS 16 – Lease liabilities in a sale and leaseback This amendment to the lease standard introduces guidance on the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a “sale”, according to IFRS 15 principles - Revenue from contracts with customers, with greater impact when some or all lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, seller-lessees shall determine “lease payments” and “revised lease payments” in such a way that they do not recognize gains/(losses) arising from their right of use. Variable lease payments that do not depend on an index or a rate do not meet the definition of “lease payments”. This amendment applies retrospectively. Effective date: annual periods starting on or after 1 January 2024.

IAS 7 and IFRS 7 – Supplier financing arrangements

In supplier financing arrangements, or reverse factoring, a financier undertakes to pay the balances that an entity owes to its suppliers, and the entity, in turn, agrees to pay in compliance with the contracted terms and conditions, on the same date, or later than the date of payment to suppliers. The published amendments require an entity to make additional disclosures about its supplier financing arrangements to allow for:

- a) the assessment of how supplier financing arrangements affect the liabilities and cash flows of the entity; and



b) an understanding of the effect of supplier financing arrangements on an entity's exposure to liquidity risk, and how the entity would be affected if the arrangements were no longer available. These amendments shall apply for annual reporting periods starting on or after 1 January 2024.

NOTE 3 – USE OF ESTIMATES AND JUDGMENTS

Preparing financial statements requires the Board of Directors to make certain judgments and estimates based on historical experience and other factors considered relevant.

Estimates and associated judgments are reviewed on an ongoing basis. Revisions of accounting estimates shall be recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in subsequent periods if the revision affects both the current and future periods.

The main estimates focus on the following areas:

Employee benefits

Liabilities for retirement and survivors' pensions and other post-employment or short-term benefits are estimated on the basis of assumptions and estimates, including the use of actuarial projections, estimated fund profitability and other factors that may impact on expenses and liabilities for pensions and other post-employment benefits.

The Board of Directors considers that the estimates and judgments made are appropriate and that the financial statements present the Bank's financial position, financial performance, and cash flows, in all material respects, in a true and appropriate manner.

Impairment

As of 1 January 2018, the Bank has not fully adopted IFRS, i.e., a partial adoption, as referred to in point 2.2. Meanwhile, impairment losses are recognized in the Bank's financial position, when there is objective evidence of a loss event affecting the estimated future cash flow of the financial asset and such loss can be estimated with reasonable confidence.

Periodically, the Bank analyzes the balance of tangible assets to check for indications of impairment, in order to determine the need to recognize impairment losses or not.

The Bank's tangible assets are measured at historical cost with the exception of buildings, which are at revalued cost, less accumulated depreciation. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.



With reference to 31 December 2019, the properties were reevaluated by an independent company and accounted at their fair value.

The Board of Directors considers that the estimates and judgments made are appropriate and that the financial statements adequately present the Bank's financial position and the result of its operations in all materially relevant aspects.



NOTE 4 – CHANGES IN POLICIES, ESTIMATES, AND ERRORS

For the financial years ended 31 December 2023 and 31 December 2022, there were no changes in accounting policies that had an effect on the comparability of those years, or requiring additional disclosures.

NOTE 5 – FINANCIAL RISK MANAGEMENT

The Banco de Moçambique is exposed to various financial risks, namely market risk, which includes foreign exchange and interest rate risks, liquidity risk, credit risk and operational risk.

Risk management focuses on the unpredictability of financial markets and seeks to minimize the adverse effects of such unpredictability on the Bank's financial performance and capital.

Financial risk management related to the management of international reserves is undertaken by the Risk Management Department under the supervision of the International Reserves Management Committee and the Board of Directors. This department is responsible for identifying, valuing and hedging financial risks, following the guidelines laid down by the Board of Directors.

5.1. Strategy for using financial instruments

In light of its nature, the activities of the Bank are mainly centered on managing international reserves, in accordance with the powers conferred by Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique. In accordance with the International Reserves Management Policy, the Bank manages international reserves in order to meet the following needs:

- Ensuring that the country is able to absorb shocks from the balance of payments;
- Maintain the confidence of economic agents in the country's monetary and exchange rate policies; and
- Protecting the national economy in the event of disasters or external shocks.

The international reserves portfolio may consist of the following financial assets:

- Precious metals;
- Special drawing rights;
- Marketable currencies in the international financial market; and
- Other assets in assured convertible currency.



In the management of international reserves, the Bank shall ensure the observance of good practices relating to prudential and operational principles as regards the choice of portfolio structure, composition of the portfolio by currency, maturity, benchmarks to be taken into account, instruments to be traded, markets where to apply its assets and external partners to be contracted.

The Board of Directors approves: (i) the sources and use of reserves; (ii) the composition of the global portfolio and the criteria for its division into tranches; (iii) the average maturity of the global portfolio (duration); (iv) the eligible financial instruments; (v) the minimum credit quality of financial products and counterparties; and (vi) the decision-making and responsibility levels for reserve management.

The Bank subdivides its global international reserves portfolio into three tranches, defined on the basis of the reasons justifying the maintenance of international reserves and their potential demand, namely:

- **Working capital tranche** - intended to meet estimated monthly liquidity needs for current transactions and potential foreign exchange market interventions;
- **Liquidity tranche** - intended to meet the estimated liquidity needs for covering 1 to 3 months of imports of goods and services and of the government debt service budgeted for the year concerned (maturity up to 1 year); and
- **Investment tranche** - to meet medium and long-term needs and contingencies in times of crisis, consists of any excess of reserves on working capital and liquidity tranches as a whole.

The working capital tranche sets out to preserve the value of the capital, i.e., the security of the invested value. Asset investments shall be carried out in such a way as to ensure the integrity of the capital allocated to each portfolio within the established investment horizon. In this sense, the financial assets in the working capital tranche were classified as financial assets at amortized cost.

The purpose of the liquidity tranche is to make the funds available to meet liquidity needs. Investment management should be carried out so as to ensure an adequate level of funds to meet the obligations as they mature. In order to maintain sufficient liquidity, the majority of reserve assets should be invested in assets with a strong secondary market. In this sense, financial assets in the liquidity tranche were classified as financial assets at fair value through comprehensive income.



The objective of the investment tranche is to maximize returns on capital, subject to capital preservation and liquidity constraints. Reserve assets are invested with the aim of achieving a competitive rate of return while respecting prudential levels of risk. In this sense, the financial assets in the investment tranche were classified as financial assets at fair value.

The Bank manages a part of the portfolio internally and hires external managers to manage its reserves, considering the ratings of the managers and legal regulations in force. A benchmark portfolio is defined for the management of the global international reserves' portfolio, such as a specific benchmark for the internally managed portfolio and for each portfolio under external management. Limits are set for deviations from the benchmark. The Bank receives a monthly report from the custodian, with the violations of the rules set for external managers. Regarding the internally managed portfolio, a daily comparison between the portfolio and the benchmarks is carried out by the department responsible for the management of international reserves. A balance of the portfolio is carried out monthly.

Notwithstanding the matter of the Bank taking as reference the data in the reports received by the custodian, the Bank ensures that the recognized fair value of the securities is determined in accordance with Note 25 – fair value.

In the context of the Bank's strategy as concerns the use of financial instruments, the following table shows the Bank's various financial assets and liabilities as at 31 December 2023, broken down by different categories according to IFRS 9 – Financial instruments: recognition and measurement.

The following tables show the Bank's various financial assets and liabilities as of 31 December 2023, broken down by the different categories of IFRS 9 – Financial instruments: recognition and measurement.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

31-12-2023	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.226.324	-	-	-	2.226.324
Deposit with other financial institutions	-	1.502.192	-	-	-	1.502.192
Fair value through profit or loss	39.414.105	-	-	-	-	39.414.105
Fair value through other comprehensive income	-	-	-	170.116.623	-	170.116.623
Treasury bills	-	-	178.657.029	-	-	178.657.029
Other financial assets	-	82.411.837	-	-	-	82.411.837
Total financial assets	39.414.105	86.140.353	178.657.029	170.116.623	-	474.328.110
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	-	-	-	-	287.544.178	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	264.814.112	264.814.112
Foreign loans	-	-	-	-	9.331.192	9.331.192
Other liabilities	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	-	-	-	-	649.107.373	649.107.373



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

31-12-2022	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.244.565	-	-	-	2.244.565
Deposit with other financial institutions	-	8.285.434	-	-	-	8.285.434
Fair value through profit or loss	37.813.948	-	-	-	-	37.813.948
Fair value through other comprehensive income	-	-	-	119.338.816	-	119.338.816
Treasury bills	-	-	220.686.820	-	-	220.686.820
Other financial assets	-	71.615.527	-	-	-	71.615.527
Total financial assets	37.813.948	82.145.526	220.686.820	119.338.816	-	459.985.110
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	-	-	-	-	140.881.515	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	385.038.822	385.038.822
Foreign loans	-	-	-	-	15.487.951	15.487.951
Other liabilities	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	-	-	-	-	623.184.881	623.184.881



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The following tables show the group's various financial assets and liabilities as at 31 December 2023, broken down by the different categories of IFRS 9 – Financial instruments: recognition and measurement.

31-12-2023	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.226.324	-	-	-	2.226.324
Deposit with other financial institutions	-	2.674.498	-	-	-	2.674.498
Fair value through profit or loss	39.414.105	-	-	-	-	39.414.105
Fair value through other comprehensive income	-	-	-	170.116.623	-	170.116.623
Treasury bills	-	-	178.745.054	-	-	178.745.054
Other financial assets	-	82.394.610	-	-	-	82.394.610
Total financial assets	39.414.105	87.295.432	178.745.054	170.116.623	-	475.571.214
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	-	-	-	-	287.544.178	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	264.814.112	264.814.112
Foreign loans	-	-	-	-	9.331.192	9.331.192
Other liabilities	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	-	-	-	-	649.649.788	649.649.788



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

31-12-2022	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.244.565	-	-	-	2.244.565
Deposit with other financial institutions	-	9.082.336	-	-	-	9.082.336
Fair value through profit or loss	37.813.948	-	-	-	-	37.813.948
Fair value through other comprehensive income	-	-	-	119.338.816	-	119.338.816
Treasury bills	-	-	220.756.221	-	-	220.756.221
Other financial assets	-	71.381.511	-	-	-	71.381.511
Total financial assets	37.813.948	82.708.412	220.756.221	119.338.816	-	460.617.397
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	-	-	-	-	140.881.515	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	385.038.822	385.038.822
Foreign loans	-	-	-	-	15.487.951	15.487.951
Other liabilities	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	-	-	-	-	623.612.213	623.612.213



5.2. Credit Risk

5.2.1. Risk control and mitigation policies

In its activity, the Bank takes on some exposure to credit risk, that is, to the risk of actual default by the counterparty. The Board carefully regulates the Bank's exposure to credit risk and country risk by establishing: (i) the minimum credit ratings for each type of eligible instrument, (ii) the maximum terms per rating for term deposits, (iii) the concentration limits per rating of counterparties, (iv) the concentration limits per country and (v) the risk limits per issuer. These risks are reviewed annually.

The Markets and Reserves Management Department verifies compliance with the limits on a daily basis. For the management and investments of international reserves, the Board shall also define the external entities empowered to provide these services.

The financial assets that potentially expose the Bank to credit concentration risk consist mainly of cash and cash equivalents and investments in other credit institutions, bonds, and other fixed-income securities.

5.2.2. Maximum exposure to credit risk

The maximum exposure to credit risk as at 31 December 2023 was as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Deposit with other financial institutions	1.502.192	8.285.434	2.674.498	9.082.336
Financial assets at fair value through profit or loss	39.414.105	37.813.948	39.414.105	37.813.948
Financial assets at fair value through other comprehensive income	170.116.623	119.338.816	170.116.623	119.338.816
Financial assets at amortized cost	178.657.029	220.686.820	178.745.054	220.756.221
Other financial assets	82.411.837	71.615.527	82.394.610	71.381.511
Total at 31 December	472.101.786	457.740.545	473.344.890	458.372.833



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

5.2.3. Quality of financial assets

The following table provides a summary of the credit quality of financial assets as at 31 December 2023:

31.12.2023

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	157.576	4.865.721	29.302.537	-	-	34.325.834
AA - to AA+	503.504	17.505.159	62.665.117	-	-	80.673.780
A- to A+	400.453	3.395.647	74.876.293	-	-	78.672.393
Below A -	97.777	11.597.462	1.619.871	-	-	13.315.110
Unrated	342.882	150.115	1.652.805	178.657.029	82.411.837	263.214.669
Total	1.502.192	37.514.105	170.116.623	178.657.029	82.411.837	470.201.786

31.12.2022

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	78.986	20.120.936	41.124.393	-	-	61.324.315
AA - to AA+	424.677	8.336.856	32.810.046	-	-	41.571.579
A- to A+	3.072.444	9.052.852	43.342.630	-	-	55.467.926
Below A -	1.430.560	-	411.551	-	-	1.842.112
Unrated	3.278.766	303.303	1.650.196	220.686.820	71.615.527	297.534.613
Total	8.285.434	37.813.948	119.338.816	220.686.820	71.615.527	457.740.546

The following table provides a group summary of the credit quality of financial assets as at 31 December 2023:

31.12.2023

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	157.576	4.865.721	29.302.537	-	-	34.325.834
AA - to AA+	503.504	17.505.159	62.665.117	-	-	80.673.780
A- to A+	400.453	3.395.647	74.876.293	-	-	78.672.394
Below A -	97.777	13.497.462	1.619.871	-	-	15.215.110
Unrated	1.515.188	150.115	1.652.805	178.745.054	82.394.610	264.457.773
Total	2.674.498	39.414.105	170.116.623	178.745.054	82.394.610	473.344.891



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

31.12.2022

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	78.986	20.120.936	41.124.393	-	-	52.856.660
AA - to AA+	424.677	8.336.856	32.810.046	-	-	41.571.579
A- to A+	3.072.444	9.052.853	43.342.630	-	-	55.467.927
Below A -	1.430.560	-	411.551	-	-	1.842.112
Unrated	4.075.668	303.303	1.650.196	220.756.221	71.381.511	298.166.900
Total	9.082.336	37.813.948	119.338.816	220.756.221	71.381.511	449.905.179

5.2.4. Impairment of financial assets

The Bank shall regularly assess whether there is objective evidence that a financial asset, or group of financial assets, shows signs of impairment.

For financial assets showing signs of impairment, their recoverable value shall be determined, with impairment losses recorded against profit or loss.

A financial asset or group of financial assets is impaired when there is objective evidence of a loss from one or more events that occurred after the initial recognition, such as (i) the securities listed, an extended or significant depreciation in its price, and (ii) unlisted equity investments, loans granted, and other financial assets measured at amortized cost when the event impacted the estimated future cash flows of the financial asset, or groups of financial assets that can be estimated reasonably.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed against the profit or loss for the financial year, until the replacement of the acquisition cost, if the increase is objectively related to an event that took place after the recognition of impairment loss, except when addressing shares or other capital instruments, where the subsequent added value is recognized under reserves.

In the case of impairment of assets measured at amortized cost, the loss corresponding to the difference between the carrying amount and the recoverable amount is recognized under profit or loss for the period. Recoverable value is determined as the value of expected future cash flows discounted at the original effective rate of the asset.

5.3. Liquidity risk

Liquidity risk is the risk that an institution does not have the necessary funds to meet its payment obligations at all times.



The Board sets concentration limits by maturity dates, which are revised annually. The Markets and Reserves Management Department verifies compliance with the limits on a daily basis.

As mentioned in Note 5.1. – Strategy for using financial instruments, the Bank subdivides its global portfolio of international reserves into three tranches: working capital tranche, liquidity tranche and investment tranche, according to the reasons justifying the maintenance of international reserves and their potential demand.

Minimum and maximum limits are set for the working capital and liquidity tranches.

Liquidity risk management shall be developed on the basis of cash flow projections and by checking compliance with limits.

The average maturity of all the assets in the portfolio, weighted by their market value (duration) of the international reserves' portfolio, may not, on average, exceed 1 year.

As at 31 December 2023, the liquidity tranche presents a concentration of investments in institutions rated AAA, AA -, AA+, A - and A+.

The following tables analyze the Bank's financial assets and liabilities and gold (individual) by maturity, the amounts being composed of the value of financial assets and liabilities considering the date on which payment, receipt, or maturity of the transactions will take place.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	1.502.192	1.502.192
Gold	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.732.628	-	-	-	-	178.657.029
Other financial assets	-	-	-	-	-	-	82.411.837	82.411.837
Total financial assets and gold	168.083.546	77.964.102	78.950.899	37.714.881	8.592.938	-	119.708.768	491.015.133
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.417.891	649.107.372
Net position	(298.551.802)	48.466.424	22.725.636	37.714.881	8.592.938	(9.331.192)	32.290.877	(158.092.238)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	8.285.434	8.285.434
Gold	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Activos financeiros ao custo amortizado	152.185.075	28.411.323	39.857.945	-	-	221.407	11.071	220.686.820
Other financial assets	-	-	-	-	-	-	71.615.527	71.615.527
Total financial assets and gold	193.302.228	71.885.790	63.133.948	42.696.351	5.633.196	698.374	97.350.324	474.700.210
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	81.787.664	623.184.881
Net position	(126.141.788)	29.416.342	(100.640.448)	42.696.351	5.633.196	(15.010.984)	15.562.660	(148.484.670)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The following tables analyze the group's financial assets and liabilities and gold.

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	1.158.710	-	-	-	-	-	1.515.788	2.674.498
Gold	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.820.653	-	-	-	-	178.745.054
Other financial assets	-	-	-	-	-	-	82.394.610	82.394.610
Total financial assets and gold	169.242.255	77.964.103	79.038.923	37.714.881	8.592.938	-	119.705.137	492.258.237
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.960.306	649.649.788
Net position	(297.393.093)	48.466.425	22.813.659	37.714.881	8.592.938	(9.331.192)	31.744.831	(157.391.551)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	783.214	-	-	-	-	-	8.299.122	9.082.336
Gold	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.927.346	-	-	221.407	11.071	220.756.221
Other financial assets	-	-	-	-	-	-	71.381.511	71.381.511
Total financial assets and gold	194.085.442	71.885.790	63.203.348	42.696.351	5.633.196	698.374	97.129.996	475.332.498
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	82.214.996	623.612.213
Net position	(125.358.574)	29.416.342	(100.571.047)	42.696.351	5.633.196	(15.010.984)	14.915.001	(148.279.714)



5.4. Market risk

Market risk corresponds to the prospects of negative impact on income or capital due to unfavorable movements in the market price of the financial instruments held by the Bank, such as the risk of fluctuations in interest and exchange rates.

The Bank assumes exposure to market risks, i.e., risks arising from open positions in interest rates, foreign currency and other products exposed to market movements.

Market risk consists of interest rate risk, currency risk and price risk.

5.4.1. Interest rate risk

Interest rate risk is the risk of fluctuation to which the cash flows of a financial instrument are subject due to changes in market interest rates.

Investments in credit institutions, bonds and other fixed income securities and financial liabilities are subject to interest rate risk.

The following tables summarize the Bank's (individual) exposure to interest rate risk.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	1.502.192	1.502.192
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.732.628	-	-	-	-	178.657.029
Other financial assets	-	-	-	-	-	-	82.411.837	82.411.837
Total financial assets	168.083.546	77.964.102	78.950.899	37.714.881	8.592.938	-	103.021.745	474.328.111
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other credit institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.417.891	649.107.373
Net position	(298.551.802)	48.466.424	22.725.636	37.714.881	8.592.938	(9.331.192)	15.603.854	(174.779.261)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	8.285.434	8.285.434
Financial assets held-for-trading	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets available-for-sale	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.857.945	-	-	221.407	11.071	220.686.820
Other financial assets	-	-	-	-	-	-	71.615.527	71.615.527
Total financial assets	193.302.228	71.885.790	63.133.948	42.696.351	5.633.196	698.374	82.635.224	459.985.111
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other credit institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	81.787.664	623.184.881
Net position	(126.141.788)	29.416.342	(100.640.448)	42.696.351	5.633.196	(15.010.984)	847.560	(163.199.770)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The following tables summarize the bank's exposure to interest rate risk.

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	2.674.498	2.674.498
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.820.653	-	-	-	-	178.745.054
Other financial assets	-	-	-	-	-	-	82.394.610	82.394.610
Total financial assets	168.083.546	77.964.102	79.038.923	37.714.881	8.592.938	-	104.176.825	475.571.215
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other credit institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.111
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.960.306	649.649.787
Net position	(298.551.802)	48.466.424	22.813.660	37.714.881	8.592.938	(9.331.192)	16.216.519	(174.078.571)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial Assets								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	9.082.336	9.082.336
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.927.346	-	-	221.407	11.071	220.756.221
Other financial assets	-	-	-	-	-	-	71.381.511	71.381.511
Total financial assets	193.302.228	71.885.790	63.203.348	42.696.351	5.633.196	698.374	83.198.111	460.617.398
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other credit institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	82.214.996	623.612.213
Net position	(126.141.788)	29.416.343	(100.571.047)	42.696.351	5.633.196	(15.010.984)	983.115	(162.994.814)



The Bank manages interest rate risk by establishing benchmarks for externally and internally managed portfolios, including a definition of duration for each tranche of the international reserves portfolio.

For external managers, the Bank also established instrument exposure and duration deviation limits on the benchmark, as well as stop loss limits regarding the benchmark.

As at 31 December 2023, the effect on the Bank's profit or loss and equity arising from a +/- 25 basis point change in interest rate is negative at (475,958) thousands of meticaïs (2022: negative 409,680 thousands of meticaïs) and 928,266 thousands of meticaïs (2022: 943,841 thousands of meticaïs), respectively.

5.4.2. Foreign exchange risk

Foreign exchange risk arises from transactions in assets and liabilities denominated in foreign currency. Cash and cash equivalents, investments and resources of credit institutions, gold, securities, external financing, and other foreign currency balances expose the Bank to foreign exchange risk, even if ultimately the risk falls under the Government, as explained in the following paragraph. The Bank manages this risk by limiting the currency composition of the international reserves' portfolio. The Board shall approve the limits of exposure to foreign exchange risk.

As a result of the provisions of Article 14 of the Organic Law, gains and losses arising from the foreign exchange revaluation of active and passive positions in foreign currency shall fall under a value fluctuation account, under asset or liability, as per the case.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

As at 31 December 2023, the Bank's financial and gold assets and liabilities, denominated in national and foreign currencies, are presented as follows:

At 31 December 2023

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
Financial assets and Gold									
Foreign currency	-	1.240.333	921.019	371	64.563	-	-	38	2.226.324
Cash and claims in credit institutions	-	542.440	499.192	97.049	2.171	342.873	15.499	2.968	1.502.192
Gold	-	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets held-for-trading	128.640	39.283.817	1.648	-	-	-	-	-	39.414.105
Financial assets available-for-sale	4.982	142.873.436	4.168.715	2.849.276	11.132.249	-	9.087.954	11	170.116.623
Financial assets at amortized cost	178.657.029	-	-	-	-	-	-	-	178.657.029
Other financial assets	50.729.262	11.551.753	1.654.089	119.145	29.773	5.224.811	-	13.103.004	82.411.837
Total	229.519.913	195.491.779	7.244.663	3.065.841	11.228.756	5.567.684	9.103.453	29.793.044	491.015.133
Financial liabilities									
Banknotes and coins in circulation	80.456.159	-	-	-	-	-	-	-	80.456.159
Deposits from other credit institutions	197.154.263	87.974.562	1.710.154	197	172.631	-	-	532.371	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	264.814.112	-	-	-	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	-	9.331.192
Other liabilities	94.820	1.707.306	73.557	2.265	2.358	5.043.296	-	38.130	6.961.732
Total	542.519.354	89.681.868	1.783.711	2.462	174.989	14.374.488	-	570.501	649.107.373
Overall operating position	(312.999.441)	105.809.911	5.460.952	3.063.379	11.053.767	(8.806.804)	9.103.453	29.222.543	(158.092.240)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2022

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
Financial assets and Gold									
Foreign currency	-	1.125.174	1.068.513	351	50.490	-	-	37	2.244.565
Cash and claims in credit institutions	-	4.541.299	136.280	116.734	18.643	3.277.705	19.466	175.307	8.285.434
Gold	-	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	128.640	37.683.718	1.590	-	-	-	-	-	37.813.948
Financial assets at fair value through other comprehensive income	-	93.761.600	-	2.341.839	12.256.476	-	10.978.891	10	119.338.816
Activos financeiros ao custo amortizado	220.686.820	-	-	-	-	-	-	-	220.686.820
Other financial assets	41.124.211	11.392.562	1.282.542	674.623	98.337	5.224.811	-	11.818.441	71.615.527
Total	261.939.671	148.504.353	2.488.925	3.133.547	12.423.946	8.502.516	10.998.357	26.708.895	474.700.210
Financial liabilities									
Banknotes and coins in circulation	80.737.885	-	-	-	-	-	-	-	80.737.885
Deposits from other credit institutions	85.469.253	52.169.487	2.356.411	187	179.190	-	-	706.987	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	385.038.822	-	-	-	-	-	-	-	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	-	15.487.951
Other liabilities	89.083	902.055	-	3.301	24.944	-	-	19.325	1.038.708
Total	551.335.043	53.071.542	2.356.411	3.488	204.134	15.487.951	-	726.312	623.184.881
Overall operating position	(289.395.372)	95.432.811	132.514	3.130.059	12.219.812	(6.985.435)	10.998.357	25.982.583	(148.484.671)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The following tables summarize the group's financial assets and liabilities and gold denominated in national and foreign currency and are presented as follows:

At 31 December 2023

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
Financial assets and Gold									
Foreign currency	-	1.240.333	921.019	371	64.563	-	-	38	2.226.324
Cash and claims in credit institutions	1.172.306	542.440	499.192	97.049	2.171	342.873	15.499	2.968	2.674.498
Gold	-	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	128.640	39.283.817	1.648	-	-	-	-	-	39.414.105
Financial assets at fair value through other comprehensive income	4.982	142.873.436	4.168.715	2.849.276	11.132.249	-	9.087.954	11	170.116.623
Financial assets at amortized cost	178.745.054	-	-	-	-	-	-	-	178.745.054
Other financial assets	50.712.035	11.551.753	1.654.089	119.145	29.773	5.224.811	-	13.103.004	82.394.610
Total	230.763.017	195.491.779	7.244.663	3.065.841	11.228.756	5.567.684	9.103.453	29.793.044	492.258.237
Financial liabilities									
Banknotes and coins in circulation	80.456.159	-	-	-	-	-	-	-	80.456.159
Deposits from other credit institutions	197.154.263	87.974.562	1.710.154	197	172.631	-	-	532.371	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	264.814.112	-	-	-	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	-	9.331.192
Other liabilities	637.235	1.707.306	73.557	2.265	2.358	5.043.296	-	38.130	7.504.147
Total	543.061.769	89.681.868	1.783.711	2.462	174.989	14.374.488	-	570.501	649.649.788
Overall operating position	(312.298.752)	105.809.911	5.460.952	3.063.379	11.053.767	(8.806.804)	9.103.453	29.222.543	(157.391.551)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

At 31 December 2022

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
Financial assets and Gold									
Foreign currency	-	1.125.174	1.068.513	351	50.490	-	-	37	2.244.565
Cash and claims in credit institutions	796.902	4.541.299	136.280	116.734	18.643	3.277.705	19.466	175.307	9.082.336
Gold	-	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	128.640	37.683.718	1.590	-	-	-	-	-	37.813.948
Financial assets at fair value through other comprehensive income	-	93.761.600	-	2.341.839	12.256.476	-	10.978.891	10	119.338.816
Financial assets at amortized cost	220.756.221	-	-	-	-	-	-	-	220.756.221
Other financial assets	40.890.195	11.392.562	1.282.542	674.623	98.337	5.224.811	-	11.818.441	71.381.511
Total	262.571.958	148.504.353	2.488.925	3.133.547	12.423.946	8.502.516	10.998.357	26.708.895	475.332.497
Financial liabilities									
Banknotes and coins in circulation	80.737.885	-	-	-	-	-	-	-	80.737.885
Deposits from other credit institutions	85.469.253	52.169.487	2.356.411	187	179.190	-	-	706.987	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	385.038.822	-	-	-	-	-	-	-	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	-	15.487.951
Other liabilities	516.415	902.055	-	3.301	24.944	-	-	19.325	1.466.040
Total	551.762.375	53.071.542	2.356.411	3.488	204.134	15.487.951	-	726.312	623.612.213
Overall operating position	(289.190.417)	95.432.811	132.514	3.130.059	12.219.812	(6.985.435)	10.998.357	25.982.583	(148.279.716)



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

As at 31 December 2023, the effect on the Bank's profit or loss and equity, amid an appreciation or depreciation of Metical by approximately 10% versus the total in foreign currency is 11,671,079 thousands of meticaïs (2022: 41,111,996 thousands of meticaïs) and 17,480 thousands of meticaïs (2022: 17,466 thousands of meticaïs), respectively.

5.5. Operational risk

Operational risk can be defined as the possibility of losses arising from the malfunction of computer systems, conveyance systems and the inadequacy or failures of internal processes, people or as a result of exogenous events. For the prevention and control of operational risk, the Bank has implemented several internal control systems. Compliance with internal regulations and procedures is guaranteed by the Internal Audit Department, which is responsible for ensuring the consistent observance. However, the departments separately ensure compliance with the established regulations regarding the operations under their purview.

NOTE 6 – FOREIGN CURRENCY

This item is broken down as follows:

Currency	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
CAD	34	34	34	34
CHF	5	5	5	5
EUR	921.019	1.068.513	921.019	1.068.513
GBP	371	351	371	351
USD	1.240.333	1.125.174	1.240.333	1.125.174
ZAR	64.562	50.488	64.562	50.488
	2.226.324	2.244.565	2.226.324	2.244.565

NOTE 7 – CASH AND CASH EQUIVALENTS IN CREDIT INSTITUTIONS

As to their nature, cash and cash equivalents and investments on credit institutions are analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Cash in credit institutions				
Demand deposits	1.502.192	8.285.434	1.936.349	8.485.822
Advances to credit institutions				
Term deposit	-	-	738.149	596.514
	1.502.192	8.285.434	2.674.498	9.082.336



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

As at 31 December 2023, the maximum and minimum interest rates for these foreign currency investments were as follows:

Term	2023		2022	
	Minimum	Maximum	Minimum	Maximum
Up to 1 month	0,625%	8,840%	1,625%	7,400%
1 to 3 months	0,250%	8,790%	0,100%	8,000%
3 to 12 months	0,005%	5,660%	0,125%	3,875%
1 to 3 years	0,005%	5,512%	0,005%	5,088%
3 to 5 years	0,730%	6,000%	0,375%	4,928%
More than 5 years	-	-	-	-

Cash and cash equivalents and investments in credit institutions are mainly composed of short-term financial assets, and, for this reason, their carrying amount at the reporting date is considered to be close to fair value.

7.1. End-of-period cash and cash equivalents

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Cash	-	-	17	9
Banks	-	-	446.640	212.879
	-	-	446.657	212.888

This balance represents the cash and cash equivalents of the Bank's subsidiaries.

NOTE 8 – GOLD

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Gold in coins and bars				
Held outside the country	16.687.023	14.715.100	16.687.023	14.715.100
	16.687.023	14.715.100	16.687.023	14.715.100

As at 31 December 2023, gold reserves of approximately 126,575 ounces (2022: 126,575 ounces) were valued at USD 261,142,767 (2022: USD 230,391,423), based on the average price of gold quoted in US dollars as of the reporting date on the London gold market.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

NOTE 9 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

They refer to investments under the custody of asset managers appointed by the Bank. Managers invest the funds made available in assets, specifically stipulated in the agreement, through separate agreements signed by them. Fees range from 0.10% to 0.30% of the portfolio market value.

This item is analyzed as follows:

31.12.2023

	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares (Afreximbank and Swift)	97.600	303.442	97.600	303.442
Treasury bills	31.893.795	32.128.582	31.893.795	32.128.582
Bonds of other issuers	3.980.445	3.760.631	3.980.445	3.760.631
Others	3.166.516	3.221.450	3.166.516	3.221.450
Total	39.138.356	39.414.105	39.138.356	39.414.105

31.12.2022

	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares (Afreximbank and Swift)	97.600	303.304	97.600	303.304
Treasury bills	32.187.856	31.665.141	32.187.856	31.665.141
Bonds of other issuers	4.764.929	4.568.226	4.764.929	4.568.226
Others	1.296.967	1.277.277	1.296.967	1.277.277
Total	38.347.351	37.813.948	38.347.351	37.813.948

NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Debt instruments				
Unlisted securities				
From non-resident issuers				
U.S. Treasury bonds	39.583.711	37.955.036	39.583.711	37.955.036
Investments in credit institutions				
Term deposits	130.532.912	81.383.781	130.532.912	81.383.781
Financial assets at fair value through other comprehensive income	170.116.623	119.338.816	170.116.623	119.338.816



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The detail of financial assets at fair value through comprehensive income is presented as follows:

31.12.2023	Nominal value	Fair value	Acquisition cost	Capital gains
Debt instruments				
U.S. Treasury bonds	-	39.583.711	38.935.793	647.918
Investments in credit institutions				
Term deposits	130.532.912	130.532.912	130.064.028	468.884
Financial assets at fair value through other comprehensive income	130.532.912	170.116.623	168.999.821	1.116.802

31.12.2022	Nominal value	Fair value	Acquisition cost	Capital gains
Debt instruments				
U.S. Treasury bonds	-	37.955.036	38.438.640	(483.605)
Investments in credit institutions				
Term deposits	81.383.781	81.383.781	81.055.292	328.489
Financial assets at fair value through other comprehensive income	81.383.781	119.338.816	119.493.932	(155.116)

NOTE 11 – FINANCIAL ASSETS AT AMORTIZED COST

At December 31, 2023, financial assets at amortized cost were as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Treasury bonds	4.696.380	4.545.335	4.784.405	4.614.736
Special issue treasury bills	88.424.834	146.269.411	88.424.834	146.269.411
Use of treasury bills	85.535.815	69.872.074	85.535.815	69.872.074
	178.657.029	220.686.820	178.745.054	220.756.221

Financial assets at amortized cost incorporate the values of Mozambican Government Treasury Bonds and Treasury Bills, which total 4,696,380 thousands of meticaís and 173,960,649 thousands of meticaís, respectively.

The Mozambican Government Treasury Bonds represent securities issued by the Government in favor of the Bank for the settlement of government debt, as provided by Article 14 of Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique.

As of 2008, due to the revision of the contractual terms, the bonds have a one-year maturity, tacitly renewable, and are remunerated at an annual interest rate of 8% and 10.91% for the first and second semesters, respectively. The fair value of these bonds nears the carrying amount as at 31 December 2023.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

NOTE 12 – FINANCIAL INVESTMENTS

The financial investments contain the Bank's subsidiaries already identified in Note 2.3. In the separate financial statements, the subsidiaries are valued at historical cost. In the consolidated financial statements, the Sociedade Interbancária de Moçambique, S. A. and Kuhanha — Sociedade Gestora do Fundo de Pensões do Banco de Moçambique, S. A. are consolidated using the full consolidation method.

NOTE 13 – OTHER TANGIBLE ASSETS

The movements in the financial year ended 31 December 2023 were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	26.490.894	1.117.554	10.857	23.976.253	51.595.558
Additions	79.974	329.744	-	2.855.643	3.265.361
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(794.869)	(357.136)	(2.591)	-	(1.154.596)
Carrying amount at end of year	25.775.999	1.090.162	8.266	26.831.896	53.706.323
At 31 December 2023					
Cost	30.819.569	3.568.136	26.317	26.831.896	61.245.918
Accumulated depreciation	(4.117.623)	(2.477.974)	(18.051)	-	(6.613.648)
Accumulated depreciation	(925.947)	-	-	-	(925.947)
Carrying amount	25.775.999	1.090.162	8.266	26.831.896	53.706.323

The movements under current transfer of asset values for land and buildings refer to the costs of the Bank's buildings in use.

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2022					
Carrying amount at the beginning of the year	24.303.615	849.272	10.023	21.149.902	46.312.812
Additions	3.068.513	631.869	2.699	2.826.351	6.529.432
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation for the year	(881.234)	(363.587)	(1.865)	-	(1.246.686)
Impairment for the year	-	-	-	-	-
Carrying amount at end of year	26.490.894	1.117.554	10.857	23.976.253	51.595.558
Cost					
At 31 December 2022					
Cost	30.713.714	3.375.984	25.807	23.976.253	58.091.758
Accumulated depreciation	(3.296.873)	(2.258.429)	(14.950)	-	(5.570.253)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	26.490.894	1.117.554	10.857	23.976.253	51.595.558



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The movements in the group in the year ended 31 December 2023 were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	26.631.500	1.274.024	10.857	24.121.468	52.037.849
Additions	79.974	402.521	-	2.863.923	3.346.418
Regularizations	(346)	59.453	-	(93.342)	(34.235)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(798.197)	(454.138)	(2.591)	-	(1.254.926)
Asset write-off	-	(16)	-	-	(16)
Carrying amount at end of year	25.912.931	1.281.844	8.266	26.892.049	54.095.090
At 31 December 2023					
Cost	30.999.927	4.442.163	26.317	26.892.049	62.360.456
Accumulated depreciation	(4.161.049)	(3.160.319)	(18.051)	-	(7.339.419)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	25.912.931	1.281.844	8.266	26.892.049	54.095.090
At 31 December 2022					
Carrying amount at the beginning of the year	24.449.569	1.190.330	10.023	21.293.997	46.943.919
Additions	3.068.513	642.641	2.699	2.884.989	6.598.842
Gains in revaluation	-	-	-	-	-
Regularizations	(1.972)	(83.634)	-	(57.518)	(143.124)
Depreciation for the year	(884.610)	(475.314)	(1.865)	-	(1.361.789)
Impairment for the year	-	-	-	-	-
Carrying amount at end of year	26.631.500	1.274.024	10.857	24.121.468	52.037.848
At 31 December 2022					
Cost	30.894.072	4.247.992	25.807	24.121.468	59.289.339
Accumulated depreciation	(3.336.625)	(2.973.968)	(14.950)	-	(6.325.543)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	26.631.500	1.274.024	10.857	24.121.468	52.037.848

The Bank's other tangible assets are measured at historical cost, except for buildings that are at revalued cost, less accumulated depreciation, and accumulated impairment losses. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.

The latest property revaluation was carried out on 31 December 2019 by the independent company REC - Real Estate Consulting, Lda, and recorded at fair value. This resulted in a revaluation of 6,774,283 thousands of meticaís, after deducting impairments and amortization of 2,694,944 thousands of meticaís and 626,993 thousands of meticaís, respectively.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

The result of the revaluation can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Revaluation reserve	10.096.220	10.096.220	10.096.220	10.096.220
Accumulated impairments	(2.694.944)	(2.694.944)	(2.694.944)	(2.694.944)
Amortization adjustment	(3.191.382)	(626.993)	(3.191.382)	(626.993)
Reevaluation result	4.209.894	6.774.283	4.209.894	6.774.283

The fair value of the properties has been determined as per the IFRS 13 (fair value measurement), which defines fair value as the amount receivable for the sale of an asset or payable for the transfer of a financial liability in a current transaction between market participants, at the date of valuation.

Subsequent costs of tangible fixed assets are recognized as an asset only if they are likely to result in future economic benefits for the Bank. When incurred, all maintenance and repair expenses are recognized as expenses.

The property revaluation gains have been recognized in the respective Property Revaluation Reserves. On the other hand, impairment losses have been recorded under the profit or loss account for the financial year.

For valuing land and buildings, when there is a comparable market for similar properties, the Market Comparison Method and/or Market Rent Method were considered.

When there is scarce evidence of property purchase and sale and rental market information prevails, the method of income by “Direct Capitalization” and other was considered. Given its size and use complexity, the “discounted cash flow” income method was also considered, always based on market information.

For valuing the new headquarters facilities in Maputo, Xai-Xai, Beira, Chimoio and Nampula, due to their specific construction and technology, and because there are no similar properties comparable to the properties under evaluation, the depreciated replacement cost method was considered, regarding the construction costs for properties similar to the evaluated properties.

For valuing properties located in areas where market information is insufficient, and predominates a self-construction market, the depreciated replacement cost was considered, regarding construction costs for properties similar to the evaluated properties.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

In the depreciated replacement cost method, the evaluation considers the physical, economic, and functional depreciation of assets as per the on-site inspection.

It should be noted that the equipment and machinery have been valued and consist of air conditioners, generators, fuel tanks, water reservoirs and other special structures, which are considered integral parts of the buildings. It should also be noted that, in the case of the new provincial headquarters, all components, and equipment related to special electrical installation, electronic security, information technology and telecommunications were also valued.

The movements in the financial year ended 31 December 2023, using the cost method, were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	16.919.453	1.117.554	10.857	23.976.254	42.024.118
Additions	79.974	329.744	-	2.855.643	3.265.361
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(820.750)	(219.545)	(3.101)	-	(1.043.396)
Carrying amount at end of year	16.178.677	1.227.753	7.756	26.831.897	44.246.083
At 31 December 2023					
Cost	20.185.279	3.705.727	25.807	26.831.897	50.748.710
Accumulated depreciation	(4.006.602)	(2.477.974)	(18.051)	-	(6.502.627)
Accumulated impairments	-	-	-	-	-
Carrying amount	16.178.677	1.227.753	7.756	26.831.897	44.246.083
At 31 December 2022					
Carrying amount at the beginning of the year	14.322.199	849.272	10.023	21.149.902	36.331.396
Additions	3.068.513	631.869	2.699	2.826.352	6.529.433
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(471.259)	(363.587)	(1.865)	-	(836.711)
Asset write-off	-	-	-	-	-
Carrying amount at end of year	16.919.453	1.117.554	10.857	23.976.254	42.024.118
At 31 December 2022					
Cost	20.105.305	3.375.983	25.807	23.976.254	47.483.349
Accumulated depreciation	(3.185.852)	(2.258.429)	(14.950)	-	(5.459.231)
Accumulated impairments	-	-	-	-	-
Carrying amount	16.919.453	1.117.554	10.857	23.976.254	42.024.118

The movements in the group in the financial year ended 31 December 2023, by the cost method, were as follows:



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	17,060,058	1,274,023	10,857	24,121,468	42,466,406
Additions	79,974	402,521	-	2,863,923	3,346,418
Regularizations	(346)	59,453	-	(93,342)	(34,235)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(824,424)	(186,351)	(3,101)	-	(1,013,876)
Asset write-off	-	(16)	-	-	(16)
Carrying amount at end of year	16,315,262	1,549,630	7,756	26,892,049	44,764,697
At 31 December 2023					
Cost	20,365,290	4,709,949	25,807	26,892,049	51,993,095
Accumulated depreciation	(4,050,028)	(3,160,319)	(18,051)	-	(7,228,398)
Accumulated impairments	-	-	-	-	-
Carrying amount	16,315,262	1,549,630	7,756	26,892,049	44,764,697
	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2022					
Carrying amount at the beginning of the year	14,468,152	1,190,330	10,023	21,293,997	36,962,502
Additions	3,068,513	642,641	2,699	2,884,989	6,598,842
Regularizations	(1,972)	(83,634)	-	(57,518)	(143,124)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(474,635)	(475,314)	(1,865)	-	(951,814)
Asset write-off	-	-	-	-	-
Carrying amount at end of year	17,060,058	1,274,023	10,857	24,121,468	42,466,406
At 31 December 2022					
Cost	20,285,662	4,247,991	25,807	24,121,468	48,680,928
Accumulated depreciation	(3,225,604)	(2,973,968)	(14,950)	-	(6,214,522)
Accumulated impairments	-	-	-	-	-
Carrying amount	17,060,058	1,274,023	10,857	24,121,468	42,466,406

NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets in the financial year 2023 were as follows:

	INDIVIDUAL	CONSOLIDATED
At 31 December 2023		
Carrying amount at the beginning of the year	49.198	198.055
Additions	-	8.975
Regularizations	(13.332)	(13.332)
Amortization for the year	(24.002)	(84.054)
Impairment for the year	-	-
Asset write-off	-	(2.518)
Carrying amount at the end of the year	11.864	107.126
At 31 December 2023		
Cost	355.836	669.290
Accumulated amortization	(343.972)	(562.164)
Impairment for the year	-	-
Carrying amount	11.864	107.126



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

The movements in intangible assets in the financial year 2022 were as follows:

At 31 December 2022	INDIVIDUAL	CONSOLIDATED
Carrying amount at the beginning of the year	60.704	204.810
Additions	13.614	22.483
Regularizations	-	51.031
Amortization for the year	(25.120)	(80.269)
Impairment for the year	-	-
Carrying amount at the end of the year	49.198	198.055

At 31 December 2022		
Cost	367.599	867.223
Accumulated amortization	(318.401)	(669.168)
Accumulated impairments	-	-
Carrying amount	49.198	198.055

NOTE 15 – OTHER FINANCIAL ASSETS

The balance of this item is broken down as follows:

		INDIVIDUAL		CONSOLIDATED	
	Notes	2023	2022	2023	2022
Staff loans	15.1	6.975.177	6.563.571	6.975.177	6.563.571
Clearing accounts		2.321	2.321	2.321	2.321
Production costs of banknotes and coins	15.2	3.292.430	3.372.057	3.292.430	3.372.057
Stationery		16.942	27.020	16.942	27.020
Loans and advances granted to the Government	15.3	66.430.020	58.520.140	66.430.020	58.520.140
Other receivables	15.4	1.214.490	3.139.960	1.197.263	2.905.946
Repurchase agreements	14.5	4.490.000	-	4.490.000	-
Gross amount of other assets		82.421.380	71.625.069	82.404.153	71.391.054
Impairment losses		(9.543)	(9.543)	(9.543)	(9.543)
Carrying amount		82.411.837	71.615.527	82.394.610	71.381.511

Impairment losses refer to “other debtors”:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Carrying amount at 01 January				
Increases	9.543	9.543	9.543	9.543
Decreases	-	-	-	-
Carrying amount at 31 December	9.543	9.543	9.543	9.543



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

With the exception of loans to staff members, the financial assets included in this item are mainly composed of short-term financial assets and therefore their carrying amount is close to their fair value.

15.1. Loans to employees

According to the Collective Labor Agreement, the Bank shall provide loans for housing, cars, education, and other purposes to its employees.

15.2. Costs of the production of banknotes and coins

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes and coins issued	1.000.076	1.022.252	1.000.076	1.022.252
Banknotes and coins not issued	2.292.354	2.349.804	2.292.354	2.349.804
	3.292.430	3.372.057	3.292.430	3.372.057

Banknote and coin depreciation	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes				
Coins	537.857	524.936	537.857	524.936
	70.698	68.634	70.698	68.634
	608.555	593.571	608.555	593.571

15.3. Loans and advances to the Government

As of 31 December 2023, the outstanding loans to the Government stands at 66,430,020 thousands of meticaís, of which 12,765,628 thousands of meticaís at an annual interest rate of 3%; the amount of 43,100,918 thousands of meticaís was granted in compliance with Article 18 of Law No. 1/92 of 3 January, the Organic Law of the Banco de Moçambique, and the remaining 10,563,474 thousands of meticaís concerns interest.

It should be noted that Article 18 (1) establishes that the Bank "... may grant annually to the Government, interest-free credit in the form of a current account, in national currency, up to the maximum amount of ten percent of the ordinary earnings of the General Government Budget for the penultimate financial year". Number 2 of the same article states that "the withdrawals of the Government from the same account will be made only in representation of the budget revenues of the respective financial year and the credit must be settled until the last day of the financial year, in which it has been opened, and if not, the balance will accrue interest at the bank's rediscount rate".



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

15.4. Other debtors

The balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
SIMO				
MEF - PTA - Bank	525.367	213.866	525.367	213.866
Creditors - banknote and coin production	479.328	557.906	444.278	557.906
MEF - MEFMI	178.408	178.324	178.408	178.324
Kuhanha	11.635	34.552	11.635	34.552
Other active operations (accrued amounts)	9.585	9.581	9.585	9.581
Others	10.167	2.145.731	27.990	2.145.731
	1.214.490	3.139.960	1.197.263	2.905.946

NOTE 16 – FLUCTUATION OF VALUES

Gains and losses from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under a financial position account (special account for unrealized foreign exchange movements), under Article 14 (2) of Law No. 1/92 of 3 January – Organic Law, which states that “if, at the end of the financial year, the special account for unrealized foreign exchange movements shows an outstanding balance, the Government shall settle this balance by issuing public debt securities in favor of the Bank or any other manner proposed by the Board of Directors of the Bank”; and (3) of the same Article, which states that “any credit balance in the special account for unrealized foreign exchange movements at the end of each financial year shall be credited to an account held on behalf of the Government, where the Bank shall pay interest at a rate to be determined by the Board of Directors”.

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Fluctuation in the value - Opening Balance	90,324,178	73,026,947	90,324,178	73,026,947
Unrealized foreign exchange loss for the year	8,492,873	17,297,231	8,492,873	17,297,231
Fluctuation in the value - Closing Balance	98,817,051	90,324,178	98,817,051	90,324,178

In addition, we present below the impact of the Bank adopting the Organic Law and its own IAS/IFRS-based standards, to the detriment of IAS/IFRS, in this regard.

Accounts in accordance with IFRS	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	8.492.873	17.297.231	8.492.873	17.297.231
Equity	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	-	-	-	-
Equity	1.833.969	3.166.632	2.358.277	3.302.324
Accumulated amounts due to the government	98.817.051	90.324.178	98.817.051	90.324.178



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticalais)

Accounts in accordance with IFRS	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	8.492.873	17.297.231	8.492.873	17.297.231
Equity	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)
Accounts in accordance with the Organic Law	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	-	-	-	-
Equity	1.833.969	3.166.632	2.358.277	3.302.324
Accumulated amounts due to the government	98.817.051	90.324.178	98.817.051	90.324.178
Impact	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Unrealized foreign exchange loss (IAS 21)	(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Financial instruments impairments (IFRS 9)	329.587	366.089	329.587	366.089
Net profit/(loss) of the year without derogation	<u>(5.824.573)</u>	<u>(17.199.337)</u>	<u>(5.435.956)</u>	<u>(17.102.895)</u>
Equity with derogation	1.833.969	3.166.632	2.358.277	3.302.324
Value exchange account	(98.817.051)	(90.324.178)	(98.817.051)	(90.324.178)
Financial instruments impairments (IFRS 9)	8.797.242	(8.467.655)	8.797.242	(8.467.655)
Equity without derogation	<u>(88.185.840)</u>	<u>(95.625.201)</u>	<u>(87.661.531)</u>	<u>(95.489.509)</u>

NOTE 17 – BANKNOTES AND COINS IN CIRCULATION

As at 31 December 2023, the balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes	101.651.170	104.310.895	101.651.170	104.310.895
Coins	1.806.912	1.677.332	1.806.912	1.677.332
Banknotes and coins held by the Bank	(10.337.737)	(12.775.305)	(10.337.737)	(12.775.305)
Banknotes and coins no longer in use	(12.664.185)	(12.475.038)	(12.664.185)	(12.475.038)
	<u>80.456.159</u>	<u>80.737.885</u>	<u>80.456.159</u>	<u>80.737.885</u>

The banknotes and coins that comprised the Bank's cash balance at the reporting date were deducted from the value of banknotes and coins in circulation for, due to their condition, they do not represent currency in circulation.

The following table shows the value of banknotes and coins in circulation as at 31 December 2023:

Banknotes and coins in circulation (outside the Bank)	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes	78.675.699	79.088.755	78.675.699	79.088.755
Coins	1.780.460	1.649.130	1.780.460	1.649.130
	<u>80.456.159</u>	<u>80.737.885</u>	<u>80.456.159</u>	<u>80.737.885</u>

Currency Reserve



In accordance with Article 15 of Law No. 1/92, regarding the Bank's issue of money, where it exceeds the level of foreign exchange reserves, it shall have full coverage, consisting of:

- Claims on the Government;
- Securities comprising the bank's commercial portfolio;
- Loans granted to credit institutions as a result of gold-backed credit transactions; and
- Claims arising from transactions in loans secured by gold, treasury securities and foreign Government securities granted to credit institutions under Article 41.

Article 12 of Law No. 1/92 defines that foreign exchange reserves consist of gold, bar or ingot, fine silver and platinum, special drawing rights, foreign currency and other assets expressed in foreign currency of assured convertibility.

As at 31 December 2023, foreign exchange reserves amounted to 229,637,843 thousands of meticaïs (2022: 537,342,587 thousands of meticaïs).



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

NOTE 18 – DEPOSITS FROM OTHER INSTITUTIONS

As at 31 December 2023, the balance of this item is broken down as follows:

		INDIVIDUAL		CONSOLIDATED	
	Notes	2023	2022	2023	2022
Deposits in national currency:					
Government		12.777.372	36.872.846	12.777.372	36.872.846
Financial institutions	18.1	183.172.719	43.726.005	183.172.719	43.726.005
Consignment liabilities	18.2	2.170.340	855.155	2.170.340	855.155
Others		924.605	4.539.978	924.605	4.539.978
Deposits in foreign currency:					
Government		36.660.428	32.007.789	36.660.428	32.007.789
Financial institutions	18.1	48.601.998	18.903.634	48.601.998	18.903.634
Consignment liabilities	18.3	3.236.234	3.975.629	3.236.234	3.975.629
Collateral		33	33	33	33
Others		447	445	447	445
		287.544.178	140.881.515	287.544.178	140.881.515

Pursuant to Article 6 (1), Law No. 1/92 of 3 January, Organic Law of the Bank, deposits from financial institutions, including mandatory deposits, may bear interest. Deposits are mainly composed of short-term investments, and for this reason, their carrying amount is close to fair value.

18.1 This balance represents the deposits of local commercial entities with the Bank.

18.2 This balance represents the equivalent in national currency of loans received from the World Bank and other financial institutions for lending to beneficiaries of financing programs.

18.3 This balance covers special project accounts held in the name of the Treasury and other resident entities.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaïs)

NOTE 19 – TREASURY BILLS ISSUED IN FAVOR OF THE GOVERNMENT AND OTHER MONETARY INSTRUMENTS

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Treasury bills issued to finance the State	85.588.272	100.209.411	85.588.272	100.209.411
Treasury bills for Monetary Policy	99.262.997	148.651.806	99.262.997	148.651.806
Marginal lending facilities	78.792.058	134.558.957	78.792.058	134.558.957
Interest payable	1.170.784	1.618.648	1.170.784	1.618.648
	264.814.112	385.038.822	264.814.112	385.038.822

Treasury bills represent debt securities issued by the Bank for periods of three months, six months and one year. Treasury bills are issued in order to serve as instruments for managing money market liquidity through open market operations in the local financial market and to provide the Mozambican Government with short-term funds.

The funds obtained by issuing the Treasury Bills shall be transferred to the Government, at its request, at the same interest rate charged in the market, and for the period agreed with the Government. For this reason, the carrying amount at the reporting date is considered close to fair value. The interest rate on Treasury Bills ranged between 14.25% and 19.00% throughout the year.

NOTE 20 – EXTERNAL FINANCING

The balance of this item is broken down as follows:

Liabilities	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Special drawing rights	8.519.568	13.878.617	8.519.568	13.878.617
Extended credit facility (ESF)	811.624	1.609.333	811.624	1.609.333
Total	9.331.192	15.487.951	9.331.192	15.487.951

This is the extended credit facility under the financing for Poverty Reduction and Growth Program and under the international financial crisis, respectively.

The loans are denominated in Special Drawing Rights (SDR) and their terms and conditions will be honored by the Bank. The potential interest has been duly recognized.

The SDR allocation (amount payable to the IMF) accounts for SDR 108,837,606.50, equivalent to 9,331,192 thousands of meticaïs (2022: SDR 163,277,851.50, equivalent to 13,878,617 thousands of meticaïs).



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

In net terms, the position with the IMF is as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Foreign loans	9.331.192	15.487.951	9.331.192	15.487.951
Assets				
Special drawing rights	342.873	3.277.705	342.873	3.277.705
Total	8.988.319	12.210.246	8.988.319	12.210.246

The special drawing rights asset represents Mozambique's share in the IMF. The carrying amount at the reporting date is considered close to fair value. This amount is included in Note 7 - Cash and cash equivalents and investments in other credit institutions.

NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

The main actuarial assumptions used in the calculation of pension obligations are:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Financial assumptions				
Discount rate	22,00%	23,50%	22,00%	23,50%
Salary increase rate	6,66%	7,40%	6,66%	7,40%
Pension fund increase rate	6,66%	7,40%	6,66%	7,40%
Rate of Return	22,00%	23,50%	22,00%	23,50%
Demographic assumptions				
Mortality table	PF 60/64	PF 60/64	PF 60/64	PF 60/64
Retirement date	Retirement date	Retirement date	Retirement date	Retirement date
% of married employees	70%	70%	70%	70%

The calculation of the retirement pension liabilities of employed persons was made on the assumption that the time of early retirement pension award would be at the earliest opportunity, i.e. the transition to retirement on the date on which the 35 years of service are reached, recognizing the increases in service where applicable.

For the allocation of retirement pensions for old age, the assumption is that women retire on the date on which they turn 55 years of age and men on the date on which they turn 60 years of age.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

Participants in the pension plan are broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Assets	1.020	1.002	1.020	1.002
Retired persons and pensioners	806	808	806	808
	1.826	1.810	1.826	1.810

As at 31 December 2023, the Fund's financing level is described as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Current liabilities for past services	(22.421.255)	(18.645.733)	(22.421.255)	(18.645.733)
Amount of pension fund assets	29.151.816	27.667.692	29.151.816	27.667.692
Surplus	6.730.561	9.021.959	6.730.561	9.021.959

The composition of the assets of the employee pension fund of the Banco de Moçambique can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Demand deposits	13.037	1.655	13.037	1.655
Term deposits	3.525.800	4.834.100	3.525.800	4.834.100
Private bonds	4.183.629	3.665.644	4.183.629	3.665.644
Treasury bonds	8.265.108	7.493.919	8.265.108	7.493.919
Investment properties	1.449.180	1.449.180	1.449.180	1.449.180
Financial investments	7.383.359	6.304.357	7.383.359	6.304.357
Others	4.332.876	3.920.071	4.332.876	3.920.071
Payable	(1.173)	(1.233)	(1.173)	(1.233)
	29.151.816	27.667.692	29.151.816	27.667.692

Investment properties are mainly composed of investments in properties and financial holdings. The profitability of these assets depends on the future cash flows that these entities can generate.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The developments in the value of pension fund assets throughout the year can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Fund balance at 1 January	27.667.692	26.702.250	27.667.692	26.702.250
Contributions of current services costs	1.130.967	954.961	1.130.967	954.961
Additional contributions	116.496	-	116.496	-
Pensions paid by the fund	(2.652.819)	(2.290.899)	(2.652.819)	(2.290.899)
System costs	-	(4.562)	-	(4.562)
Other expenses	(29.662)	(26.379)	(29.662)	(26.379)
Estimated return on plan assets	6.342.182	5.209.980	6.342.182	5.209.980
Difference between estimated na actual return	(3.361.488)	(2.748.931)	(3.361.488)	(2.748.931)
Health care	(61.552)	(63.787)	(61.552)	(63.787)
Re-measurement of the asset	-	(64.941)	-	(64.941)
Fund balance at 31 December	29.151.816	27.667.692	29.151.816	27.667.692

The developments in obligations regarding retirement pensions and health benefits can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Responsibilities as at 1 January	18.645.733	17.060.780	18.645.733	17.060.780
Pensions paid by the fund	(2.652.819)	(2.290.899)	(2.652.819)	(2.290.899)
System costs	-	(4.562)	-	(4.562)
Other expenses	(29.662)	(26.379)	(29.662)	(26.379)
Estimated financial cost	4.117.512	3.216.915	4.117.512	3.216.915
Current service cost	308.517	276.340	308.517	276.340
Re-measurement of liabilities (liabilities) for 2023	2.031.974	413.538	2.031.974	413.538
Liabilities as at 31 December	22.421.255	18.645.733	22.421.255	18.645.733

Sensitivity Analysis

Regarding the sensitivity analysis, the discount rate change was assumed at 1%, maintaining the growth rate of wages and pensions of 6.66%. With discount rate stress and the maintenance of wage and pension growth rates, the post-retirement rate would stand at 13.44% and 15.32%, for negative and positive stress, respectively:

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity
Assumptions						
Pre-retirement discount rate	21,00%	22,00%	23,00%	21,00%	22,00%	23,00%
Salary inflation	6,66%	6,66%	6,66%	6,66%	6,66%	6,66%
Growth rate of pensions	6,66%	6,66%	6,66%	6,66%	6,66%	6,66%
Post-retirement discount rate	13,44%	14,38%	15,32%	13,44%	14,38%	15,32%



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

The impact of changing this assumption (discount rate) is presented in the table below:

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity
Past service						
Active workers	5.788.622	5.198.099	4.691.499	5.788.622	5.198.099	4.691.499
Retired workers	16.560.358	15.747.983	15.011.875	16.560.358	15.747.983	15.011.875
Pensioners	1.542.023	1.475.173	1.414.235	1.542.023	1.475.173	1.414.235
	23.891.003	22.421.255	21.117.609	23.891.003	22.421.255	21.117.609
Fund Value	29.151.816	29.151.816	29.151.816	29.151.816	29.151.816	29.151.816
Surplus	5.260.813	6.730.561	8.034.207	5.260.813	6.730.561	8.034.207

For the financial year 2024, a contribution of 1,023,835 thousands of meticaís to the Pension Fund is anticipated.

In 2023, the average contribution to the retirement plan spans 23.5 years (2022: 23.2 years).

NOTE 22 – OTHER LIABILITIES

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Foreign creditors	319.356	22.805	319.356	22.805
Domestic creditors	6.248.805	428.143	6.248.805	428.143
Other trade payables	393.570	587.760	935.985	1.015.092
	6.961.732	1.038.708	7.504.147	1.466.040

These financial instruments are mainly composed of short-term financial liabilities. For this reason, the carrying amount at the reporting date is considered close to fair value.

The value of the other charges payable reflects the change in the maturity procedure for Special Issue Treasury Bills, which were carried over to the following financial year. Previously, the maturities of treasury bills issued in a given financial year matured in the same financial year.

NOTE 23 – CAPITAL

The capital of the Bank is fully subscribed and realized by the Government of the Republic of Mozambique in a total of 2,596,721 thousands of meticaís. The capital is represented by a single 100% share of the Government.



NOTE 24 – RESERVES

LEGAL RESERVES

The amount recorded under this item is intended to ensure the integrity of the share capital.

NON-DISTRIBUTABLE RESERVES

Pursuant to Article 65, Law No. 1/92 of 3 January, Organic Law of the Bank, the investment of profits obtained must be submitted by the Board of Directors and approved by the Government.

For 2022, in view of the net (negative) income of 268,195 thousands of meticaïs, unrealized gains from investments in gold, financial instruments and post-employment benefits are considered non-distributable in the process of application of income, and thus unrealized income cannot be distributed in the form of dividends.

RESERVES OF POST-EMPLOYMENT BENEFITS

The balance of this item can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Balance at 1 january	(10.603.313)	(7.312.116)	(10.603.313)	(7.312.116)
Changes during the year	(4.207.551)	(3.291.197)	(4.207.551)	(3.291.197)
Balance at 31 December	(14.810.864)	(10.603.313)	(14.810.864)	(10.603.313)

FAIR VALUE REVALUATION RESERVES

This item shows the change in debt instruments and shares for the year, which is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
At 1 January	(967.660)	(25.017)	(967.660)	(25.017)
Shares	814.666	(942.643)	814.666	(942.643)
Total change for the year	814.666	(942.643)	814.666	(942.643)
At 31 December	(152.994)	(967.660)	(152.994)	(967.660)

FIXED ASSET REVALUATION RESERVES

The balance of this item can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Balance at 1 january	10.391.392	10.391.392	10.391.392	10.391.392
Changes during the year	(2.564.389)	-	(2.564.389)	-
Balance at 31 December	7.827.003	10.391.392	7.827.003	10.391.392

NON-CONTROLLING INTERESTS



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

The following tables show the analysis of the group's non-controlling interests.

	Equity		Banco de Moçambique share		Non-controlling interest
	2023		%	2023	%
SIMO	1.086.601		51%	554.167	49%
Kuhanha	98.117		100%	98.117	0%
Total	1.184.718		-	652.284	-

	Equity		Banco de Moçambique share		Non-controlling interest
	2022		%	2022	%
SIMO	704.449		51%	359.269	49%
Kuhanha	91.653		100%	91.653	0%
Total	796.102		-	450.922	-

NOTE 25 – FAIR VALUE

For the determination of the fair value of financial assets and liabilities, the Bank uses the following measurement levels:

- Level 1: Financial Instruments and buildings measured according to market prices or providers;
- Level 2: Financial Instruments and buildings measured according to internal valuation methodologies, mostly considering observable market data; and
- Level 3: Financial Instruments and buildings measured according to internal valuation methodologies, essentially considering non-observable assumptions or adjustments in the market, and having a significant impact on the measurement of the instrument.

This hierarchy requires the use of observable market data, when available. Where possible, the Bank considers relevant and observable market prices in its measurement of the fair value of financial instruments and buildings.

The following tables show the analysis of financial instruments and buildings measured at fair value by hierarchical level of fair value.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets and gold						
Gold	16,687,023	-	16,687,023	16,687,023	-	16,687,023
	<u>16,687,023</u>	<u>-</u>	<u>16,687,023</u>	<u>16,687,023</u>	<u>-</u>	<u>16,687,023</u>
Fair value through profit or loss						
Shares	-	303,442	303,442	-	303,442	303,442
Treasury bonds	32,128,582	-	32,128,582	32,128,582	-	32,128,582
Bonds of other issuers	3,760,631	-	3,760,631	3,760,631	-	3,760,631
Others	3,221,450	-	3,221,450	3,221,450	-	3,221,450
	<u>39,110,663</u>	<u>303,442</u>	<u>39,414,105</u>	<u>39,110,664</u>	<u>303,442</u>	<u>39,414,105</u>
Fair value through other comprehensive income						
Mozambican Government Treasury Bonds	-	-	-	-	-	-
U.S. treasury bonds	39,583,711	-	39,583,711	39,583,711	-	39,583,711
Term deposits	-	130,532,912	130,532,912	-	130,532,912	130,532,912
	<u>39,583,711</u>	<u>130,532,912</u>	<u>170,116,623</u>	<u>39,583,711</u>	<u>130,532,912</u>	<u>170,116,623</u>
Other tangible assets						
Buildings	25,775,999	-	25,775,999	25,775,999	-	25,775,999
	<u>25,775,999</u>	<u>-</u>	<u>25,775,999</u>	<u>25,775,999</u>	<u>-</u>	<u>25,775,999</u>
	<u>121,157,396</u>	<u>130,836,354</u>	<u>251,993,750</u>	<u>121,157,395</u>	<u>130,836,354</u>	<u>251,993,751</u>
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	264,814,112	264,814,112	-	264,814,112	264,814,112
	<u>-</u>	<u>264,814,112</u>	<u>264,814,112</u>	<u>-</u>	<u>264,814,112</u>	<u>264,814,112</u>
At 31 December 2022	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets and gold						
Gold	14,715,100	-	14,715,100	14,715,100	-	14,715,100
	<u>14,715,100</u>	<u>-</u>	<u>14,715,100</u>	<u>14,715,100</u>	<u>-</u>	<u>14,715,100</u>
Fair value through profit or loss						
Shares	-	303,304	303,304	-	303,304	303,304
Treasury bonds	31,665,141	-	31,665,141	31,665,141	-	31,665,141
Bonds of other issuers	4,568,226	-	4,568,226	4,568,226	-	4,568,226
Others	1,277,277	-	1,277,277	1,277,277	-	1,277,277
	<u>37,510,645</u>	<u>303,304</u>	<u>37,813,948</u>	<u>37,510,645</u>	<u>303,304</u>	<u>37,813,948</u>
Fair value through other comprehensive income						
Mozambican Government Treasury Bonds	-	-	-	-	-	-
U.S. treasury bonds	37,955,036	-	37,955,036	37,955,036	-	37,955,036
Term deposits	-	81,383,781	81,383,781	-	81,383,781	81,383,781
	<u>37,955,036</u>	<u>81,383,781</u>	<u>119,338,816</u>	<u>37,955,036</u>	<u>81,383,781</u>	<u>119,338,816</u>
Other tangible assets						
Buildings	26,490,894	-	26,490,894	26,490,894	-	26,490,894
	<u>26,490,894</u>	<u>-</u>	<u>26,490,894</u>	<u>26,490,894</u>	<u>-</u>	<u>26,490,894</u>
	<u>116,671,674</u>	<u>81,687,085</u>	<u>198,358,759</u>	<u>116,671,674</u>	<u>81,687,085</u>	<u>198,358,760</u>
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	385,038,822	385,038,822	-	385,038,822	385,038,822
	<u>-</u>	<u>385,038,822</u>	<u>385,038,822</u>	<u>-</u>	<u>385,038,822</u>	<u>385,038,822</u>



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

The following tables show the analysis of financial instruments and buildings recorded at fair value and their comparison with their acquisition cost.

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	Cost	Fair-value	Difference	Cost	Fair-value	Difference
Financial assets and gold						
Gold	16.687.023	16.687.023	-	16.687.023	16.687.023	-
	16.687.023	16.687.023	-	16.687.023	16.687.023	-
Fair value through profit or loss						
Shares	97.600	303.442	205.843	97.600	303.442	205.843
Treasury bonds	31.893.795	32.128.582	234.787	31.893.795	32.128.582	234.787
Bonds of other issuers	3.980.445	3.760.631	(219.814)	3.980.445	3.760.631	(219.814)
Others	3.166.516	3.221.450	54.934	3.166.516	3.221.450	54.934
	39.138.356	39.414.105	275.750	39.138.356	39.414.105	275.750
Fair value through other comprehensive income						
U.S. treasury bonds	39.583.711	39.583.711	-	39.583.711	39.583.711	-
Term deposits	163.315.993	130.532.912	(32.783.081)	163.315.993	130.532.912	(32.783.081)
	202.899.704	170.116.623	(32.783.081)	202.899.704	170.116.623	(32.783.081)
Other tangible assets						
Buildings	18.011.131	25.775.999	7.764.868	18.011.131	25.775.999	7.764.868
	18.011.131	25.775.999	7.764.868	18.011.131	25.775.999	7.764.868
Total financial assets	276.736.213	251.993.750	(24.742.463)	276.736.213	251.993.750	(24.742.463)
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	264.814.112	264.814.112	-	264.814.112	264.814.112	-
Total financial liabilities	264.814.112	264.814.112	-	264.814.112	264.814.112	-

At 31 December 2022	INDIVIDUAL			CONSOLIDATED		
	Cost	Fair-value	Difference	Cost	Fair-value	Difference
Financial assets and gold						
Gold	14.715.100	14.715.100	-	14.715.100	14.715.100	-
	14.715.100	14.715.100	-	14.715.100	14.715.100	-
Fair value through profit or loss						
Shares	97.600	303.304	205.704	97.600	303.304	205.704
Treasury bonds	32.187.856	31.665.141	(522.714)	32.187.856	31.665.141	(522.714)
Bonds of other issuers	4.764.929	4.568.226	(196.703)	4.764.929	4.568.226	(196.703)
Others	1.296.967	1.277.277	(19.689)	1.296.967	1.277.277	(19.689)
	38.347.351	37.813.948	(533.403)	38.347.351	37.813.948	(533.403)
Fair value through other comprehensive income						
U.S. treasury bonds	37.955.036	37.955.036	-	37.955.036	37.955.036	-
Term deposits	163.315.993	81.383.781	(81.932.212)	163.315.993	81.383.781	(81.932.212)
	201.271.029	119.338.816	(81.932.212)	201.271.029	119.338.816	(81.932.212)
Other tangible assets						
Buildings	18.011.131	26.490.894	8.479.763	18.011.131	26.490.894	8.479.763
	18.011.131	26.490.894	8.479.763	18.011.131	26.490.894	8.479.763
Total financial assets	272.344.611	198.358.759	(73.985.852)	272.344.611	198.358.759	(73.985.852)
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	385.038.822	385.038.822	-	385.038.822	385.038.822	-
Total financial liabilities	385.038.822	385.038.822	-	385.038.822	385.038.822	-



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

NOTE 26 – NET INTEREST INCOME

This item is broken down as follows:

26.1. Interest and similar income

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Interest on term deposits	5.157.920	2.197.431	5.157.920	2.197.431
Interest on securities available-for-sale	2.702.764	1.301.654	2.702.764	1.301.654
Interest on securities held-for-trading	770.910	431.727	770.910	431.727
Interest on demand deposits	9.380	2.663	101.885	64.793
Interest on loans and advances granted	8.217.449	6.371.259	8.217.449	6.371.259
Other interest	154.496	123.002	154.496	123.002
	17.012.920	10.427.736	17.105.425	10.489.866

26.2. Interest and similar expenses

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Interest on Treasury Bills issued on behalf of the Mozambican Government and Monetary Securities	13.623.938	21.239.880	13.623.938	21.239.880
Interest on liquidity investments	1.143.544	1.069.011	1.143.544	1.069.011
Other interest and similar expenses	1.001.171	205.549	1.046.170	258.114
	15.768.653	22.514.439	15.813.652	22.567.004

NOTE 27 – FEE AND COMMISSION INCOME

This item is broken down as follows:

27.1. Fee and commission income

Income from fees and commissions	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Services provided	-	-	1.393.100	1.343.806
Transactions made	-	-	764.912	436.125
Other income from fees and commissions	-	-	-	67
	-	-	2.158.012	1.779.998

27.2. Fee and commission expenses

Fee and commission expenses	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Services provided	-	-	814.411	858.440
Transactions made	-	-	-	-
Other income from fees and commissions	-	-	-	-
	-	-	814.411	858.440
Results with fees and commissions	-	-	1.343.601	921.558



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

NOTE 28 – NET GAINS AND LOSSES FROM FOREIGN CURRENCY AND REVALUATION OF GOLD

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Profit from sale of foreign currency				
On operations in gold	(0)	1.790	(0)	1.790
On operations in foreign currency	12.065.283	21.266.459	12.064.038	21.268.846
	12.065.283	21.268.249	12.064.038	21.270.636

For unrealized exchange rate revaluation results, see note 16.

NOTE 29 – OTHER OPERATING INCOME

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Collection costs	38.350	26.271	38.350	26.271
Other services	4.082	2.317	4.082	2.317
Other operating profit	598.142	130.618	670.647	181.276
Other gains	25.562	185.871	25.562	185.871
	666.134	345.078	738.639	395.736

NOTE 30 – STAFF EXPENSES

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Management remuneration	240.089	296.983	269.317	324.066
Employee remuneration	6.912.414	4.991.531	7.302.413	5.307.514
Costs with employee benefits - Note 20	(1.244.744)	(1.090.826)	(1.244.744)	(1.090.826)
Social charges	194.794	136.618	206.387	145.419
Other staff costs	304.653	317.397	313.584	320.121
	6.407.205	4.651.703	6.846.956	5.006.294

Costs with employee benefits presents a negative balance (favorable to the Bank) because the estimated returns for the financial year presented a value greater than the sum of the financial costs and the costs of current services. This also had a positive impact on overall remuneration costs.

As at 31 December 2023, the number of employees of the bank amounted to 1,020 (2022: 1,002).

Top management consists of members of the Board of Directors and the Audit Board of the Bank.



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

NOTE 31 – OTHER OPERATING EXPENSES

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Third-party supplies	513.022	444.075	533.099	462.270
Third-party services	2.279.824	2.282.564	2.688.159	2.530.048
Production costs of banknotes and coins	626.602	606.932	626.602	606.932
Other expenses	568.532	473.652	568.532	473.652
Other losses	63.189	64.087	63.188	64.087
	4.051.168	3.871.310	4.479.580	4.136.990

Other expenses mainly concern direct taxes in the amount of 85,095 thousands of meticaís in 2023 (2022: 72,000 thousands of meticaís) and commissions paid on portfolios under external management in the amount of 68,042 thousands of meticaís in 2023 (2022: 63,951 thousands of meticaís).

The item “third-party services” includes rental costs in the amount of 37,864 thousands of meticaís (2022: 24,995 thousands of meticaís). These short-term contracts, less than 12 months, do not meet the requirements of IFRS 16, so they were considered expenses for the financial year.

NOTE 32 – RELATED PARTIES

The following related parties have been identified:

	2023	2022
Government	Shareholder	Shareholder
Kuhanha	Controlled company	Controlled company
SIMO	Controlled company	Controlled company
Afreximbank	Participated company	Participated company
Swift	Participated company	Participated company
Key management	Members of the board of directors and audit board	Members of the board of directors and audit board

Balances with related parties are as follows:

At 31 December 2023	Government	Key management	Controlled and participated companies	Total
Assets				
Financial assets at amortized cost	85.535.815	-	-	85.535.815
Financial assets at fair value through profit or loss	-	-	963.852	963.852
Credits and advances granted	66.629.647	267.408	479.328	67.376.383
Total	152.165.462	267.408	1.443.180	153.876.051
Liabilities				
Government deposits	49.437.800	-	-	49.437.800
Treasury bills issued on behalf of the State and other monetary instruments	85.588.272	-	-	85.588.272
Total	135.026.072	-	-	135.026.072



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticals)

At 31 December 2022

	Government	Key management	lled and participated comp	Total
Assets				
Financial assets at amortized cost	69.872.074	-	-	69.872.074
Financial assets at fair value through profit or loss	-	-	963.714	963.714
Credits and advances granted	58.742.597	111.445	557.906	59.411.948
Total	128.614.671	111.445	1.521.619	130.247.736
Liabilities				
Government deposits	68.880.635	-	-	68.880.635
Treasury bills issued on behalf of the State and other monetary instruments	100.209.411	-	-	100.209.411
Total	169.090.046	-	-	169.090.046

The flow for the period of transactions carried out by entities related to the Bank, with whom it held balances or made transactions in the year ended 31 December 2023, is as follows:

At 31 December 2023

	Loans	Treasury bills	Contributions to the Pension Fund	Pension Fund Management Committee	Total
Government	50.092	85.535.815	-	-	85.585.907
Kuahanha	-	-	-	91.260	91.260
SIMO	-	-	-	-	-
Afreximbank	-	-	-	-	-
Swift	-	-	-	-	-
Key management	155.963	-	-	-	155.963
	206.055	85.535.815	-	91.260	85.833.130

At 31 December 2022

	Loans	Treasury bills	Contributions to the Pension Fund	Pension Fund Management Committee	Total
Government	50.092	69.872.074	-	-	69.922.166
Kuahanha	-	-	-	68.000	68.000
SIMO	-	-	-	-	-
Afreximbank	-	-	-	-	-
Swift	-	-	-	-	-
Key management	97	-	-	-	97
	50.189	69.872.074	-	68.000	69.990.263

The earnings of the key management and supervision staff members of the Bank are as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Short-term employee benefits	240.089	296.983	269.317	324.066
	240.089	296.983	269.317	324.066

NOTE 33 – COMMITMENTS AND CONTINGENCIES

Pursuant to Article 69, Law No. 1/92 of 3 January, the Bank enjoys, in the same terms as the Government, exemption from all contributions, taxes, fees, administrative licenses, justice tax, stamp tax and other general and special provisions.

However, that exemption does not cover the obligation to retain withholding tax, which is required by law.



In this regard, tax authorities may review the Bank's outlook for ten years, which, due to different interpretations and/or non-compliance with the tax legislation regarding withholding tax, may result in possible corrections. However, the Board of Directors of the Bank considers that any corrections resulting from reviews as to withholding tax (Company Income Tax – IRPC and Personal Income Tax – IRPS) will not have a material effect on the financial statements.

As at 31 December 2023, the Bank has several ongoing judicial proceedings, making up approximately 3,013,836 thousands of meticaïs (2022: 2,623,216 thousand meticaïs), where no cash flow is anticipated, hence no provision has been created.

The guarantees and sureties, as well as the other liabilities, are disclosed in Note 34.

33.1 Contingent assets

Article 3 (3) of the Organic Law states that when implementing economic policy, the Bank observes the policies of the Mozambican Government that is, it exercises this function on behalf of the Mozambican Government. To date, spending on monetary policy has always been borne by the Bank. Thus, costs are to be transferred to the Government, in the amount of approximately 138,520,621 thousands of meticaïs (2022: 125,806,421 thousand meticaïs), recognized by the Bank in its financial statements.

NOTE 34 – OFF-BALANCE SHEET ITEMS

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Guarantees and sureties	177.716	177.716	177.716	177.716
Open documentary credits	5.895.918	1.400.914	5.895.918	1.400.914
Transactions on behalf of the Mozambican Government	6.073.634	1.578.629	6.073.634	1.578.629
	12.147.268	3.157.258	12.147.268	3.157.258

Transactions carried out on behalf of the Government, in which the Bank does not hold any risk inherent in the transaction, were accounted for in off-balance sheet accounts. The Bank only acts as an intermediary in these transactions. The balance of transactions carried out on behalf of the Government mainly includes the nominal value of Treasury Bills, manufactured notes and coins that have not yet been released on the market and promissory notes in favor of the IMF.



NOTE 35 – SUBSEQUENT EVENTS

On 31 January 2024, the Monetary Policy Committee (MPC) of the Banco de Moçambique released Communiqué No. 1/2024 announcing the decision to reduce the MIMO policy rate from 17.25% to 16.50%. This decision is underpinned by the consolidation of prospects of single-digit inflation over the medium term, in a context where the assessment of the risks and uncertainties associated with inflation projections is more favorable.

On the other hand, the Bank's Board believes that the budget approved for the year 2024 will be sufficient to continue its operations.

The Bank shall continue to monitor the developments in the risks and uncertainties associated with inflation forecasts, and will not hesitate to take the necessary corrective measures.

ACCOUNTING DEPARTMENT

Lígia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



ANNEX 1: ACRONYMS AND ABBREVIATIONS

AACB	Association of African Central Banks
ABSA	ABSA Bank Moçambique, SA.
ACH	Automated Clearing House
AML/CFTP	Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction
Bayport	Bayport Financial Services Moçambique, SA.
BCI	Banco Comercial e de Investimentos, SA.
BCC	Banknotes and Coins in Circulation
BIM	Banco Internacional de Moçambique, SA.
BM	Banco de Moçambique
BNI	Banco Nacional de Investimentos, SA.
CDD	Customer Due Diligence
CPC	Cooperativa de Poupança e Crédito, SCRL
EDD	Enhanced Due Diligence (EDD)
FATF	Financial Action Task Force
FCB	First Capital Bank, SA.
FNB	FNB Moçambique, SA.
FATF	Financial Action Task Force
FC	Foreign Currency
GIFiM	Mozambique Financial Information Office
GDP	Gross Domestic Product
HHI	Herfindahl-Hirschman Index
MMI	Interbank Money Market
ICSF	Credit Institutions and Financial Companies
INE	National Statistics Bureau
KYC	Know Your Customer
LICSF	Credit Institutions and Financial Companies Act
LNG	Liquefied Natural Gas
MCI	Interbank Foreign Exchange Market
MMI	Interbank Money Market
MTR	Metical in Real time
MZN	Meticaís
NC	National Currency
NPL	Non-Performing Loan
NPS	National Payment System
ODD	Ongoing Due Diligence
PEFBM	Financial Education Program of the Banco de Moçambique
RR	Reverse Repo

RTGS	Real-Time Gross Settlement System
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
SBM	Standard Bank, SA.
SGM	Banco Société Générale Moçambique, SA.
SIMO	Sociedade Interbancária de Moçambique
SOCREMO	Socremo, Microbanco, SA.
T-Bill	Treasury Bills
UBA	United Bank for Africa Moçambique, SA.
USA	United States of America
USD	United State Dollar
WAR	Weighted Average Rate
WEO	World Economic Outlook

ANNEX 2: REGULATIONS APPROVED BY THE BM IN 2023

Notices:

- Notice No. 1/GBM/2023, of 26 April – Approves the Regulation on Calculation and Maintenance of Reserve Requirements and repeals Notice No. 11/GBM/2021, of 31 December;
- Notice No. 2/GBM/2023, of 16 June – Establishes the Framework for Repatriation and Conversion of Revenues from Re-export of Oil Products;
- Notice No. 3/GBM/2023, of 10 August – Approves the Regulation on the Business of the Non-Banking Agent;
- Notice No. 4/GBM/2023, of 14 September – Regarding the Registration of Virtual Asset Service Providers with the Banco de Moçambique;
- Notice No. 5/GBM/2023, of 16 October – Establishes the rules for disclosure and provision of pre-contractual information regarding credit;
- Notice No. 6/GBM/2023, of 16 October – Approves the Regulation on Ratios and Prudential Limits of Mutual Guarantee Companies.
- Notice No. 7/GBM/2023, of 11 December – Sets the Prudential Rules of Foreign Exchange Bureaus and repeals Notice No. 10/GGBM/95, of 1 September.
- Notice No. 8/GBM/2023, of 11 December – Sets the Ratios and Prudential Limits of Financial Leasing Companies.
- Notice No. 9/GBM /2023, of 29 December – Approves the Regulation of the Interbank Transfer And Settlement System;
- Notice No. 10/GBM/2023, of 29 December – Approves the Regulation of the Electronic Clearing System and repeals Notice No. 2/GBM/2021, of 19 October;

Circulars

- Circular No. 01/EMO/2023 of 25 January – Regarding the Approval of the Reserve Requirements Ratio and repeal of Circular No. 06/EMO/2021 of 14 September;



- Circular No. 02/EMO/2023, of 31 May – Regarding the Approval of the Reserve Requirements Ratio and repeal of Circular No. 01/EMO/2023, of 25 January;
- Circular No. 01/EFI/2023, of 27 October – Fraud Mitigation Measures against False Proposals for Financing of Investment Projects or Donations;
- Circular No. 01/OEF/2023, of 21 November – Electronic Clearing System Procedures;
- Circular No. 02/OEF/2023 of 21 November – Interbank Transfer and Settlement System Procedures.

ANNEX 3: COMPLAINTS LODGED AT THE BANCO DE MOÇAMBIQUE

Complainee financial institution	2022		2023	
	Number	Weight (%)	Number	Weight (%)
BCI	122	15.08	266	23.77
Millennium BIM	231	28.55	247	22.07
Bayport	91	11.25	97	8.67
SBM	52	6.43	77	6.88
Letshego	48	5.93	59	5.27
Absa	41	5.07	46	4.11
M-Mola	3	0.37	46	4.11
Moza	25	3.09	40	3.57
M-Pesa	8	0.99	40	3.57
Access	40	4.94	38	3.4
MyBucks	45	5.56	31	2.77
Moneylenders	36	4.45	29	2.59
FNB	23	2.84	20	1.79
Nedbank	5	0.62	18	1.61
FCB	3	0.37	15	1.34
MAIS	9	1.11	13	1.16
UBA	4	0.49	10	0.89
Ecobank	8	0.99	8	0.71
Microbanco Confiança	3	0.37	6	0.54
SGM	3	0.37	5	0.45
BNi	3	0.37	4	0.36
Caixa Comunitária de Microfinanças	-	-	1	0.09
AC Microbanco	-	-	1	0.09
CPC	-	-	1	0.09
Futuro Microbanco	-	-	1	0.09
Socremo	4	0.49	-	-
M-Kesh	1	0.12	-	-
ULC	1	0.12	-	-
Total: BM	809	100	1 119	100

ANNEX 4: MISDEMEANOR CASES IN 2023 AND FINES APPLIED

Amounts in meticals

Institution	Product or service/subject-matter	Number	Fine
Letshego	Consumer credit and non-compliance with deadlines for responding to the BM	1	21 434 085.00
BIM	Undue collection of commissions and charges	1	17 209 020.00
Mybucks	Complaints handling – non-compliance with response deadlines	1	8 000 000.00
BCI	Complaints handling – not responding to the BM	1	4 015 330.00
SGM	Complaints handling – not responding to the BM	1	1 763 924.55
Total		6	52 422 359.55

Source: BM

