

# ANNUAL REPORT 2019

FINANCIAL STATEMENTS volume 28







# ANNUAL REPORT 2019





BANCO DE MOÇAMBIQUE

# ANNUAL REPORT

Under the Law 1/92, of 3rd January, the Banco de Moçambique (BM) was empowered to act as a Central Bank

The present Annual Report edition reports the activities of BM in 2019 .

Publishing Committe: Banco de Moçambique

Accounting department

Accounting and Budget Department

Department of Economic Studies and Statistics

Banking Prudential Supervision Department

Payment Systems Department

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## BOARD OF DIRECTORS



Governor **Rogério Lucas Zandamela** (center)

**LEFT**

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Deputy Governor **Victor Pedro Gomes**  
Board Member **Felisberto Dinis Navalha**  
Board Member **Benedita Maria Guimino**

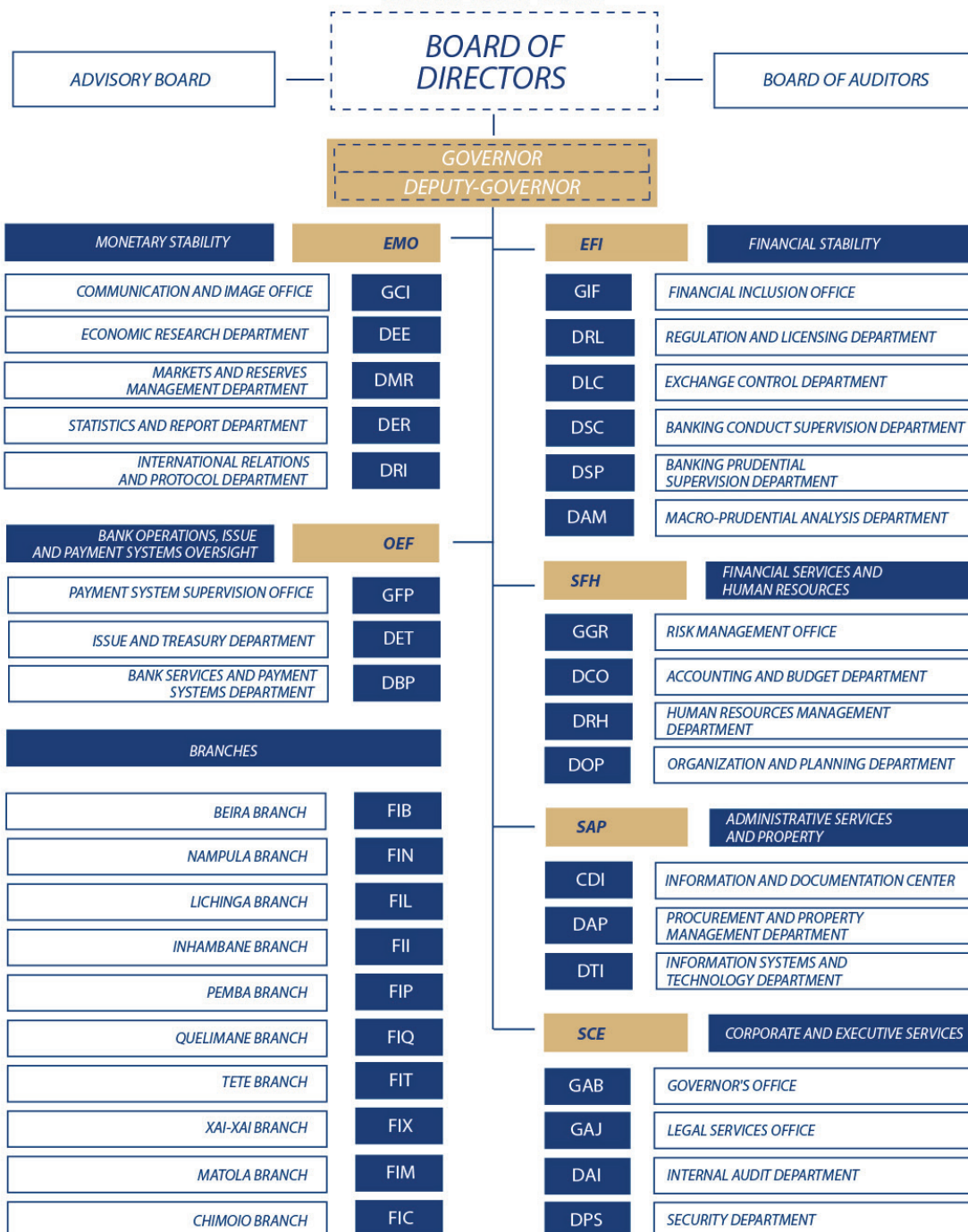
**RIGHT**

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Board Member **Gertrudes Adolfo Macueve Tovela**  
Board Member **Jamal Omar**  
Board Member **Silvina de Abreu**



## ORGANIZATION CHART



## CONTENTS





**BANCO DE MOÇAMBIQUE**  
**INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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<b>TABLE OF CONTENTS</b>	<b>PAGES</b>
STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS	3
INDEPENDENT AUDITOR'S REPORT	4 - 7
INDIVIDUAL AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
INDIVIDUAL AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS	9
INDIVIDUAL AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	10
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	11 - 12
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 91







## FOREWORD



# FINANCIAL STATEMENTS



1



**BANCO DE MOÇAMBIQUE**  
**INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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**STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS**

The Board of Directors is responsible for the due preparation and presentation of the consolidated and individual 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 in question, as well as notes to the financial statements, which include a summary of key accounting policies and other explanatory notes, in accordance with the Organic Law of the Banco de Moçambique and International Financial Reporting Standards.

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 individual 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 1/92 of 3 January, Organic Law of the Banco de Moçambique, the financial statements for the financial year ended 31 December 2019, referred to in the first paragraph, has been approved by the Board of Directors on 30 December 2021, and, on their behalf, shall be signed by:

**BOARD OF DIRECTORS**

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**Benedita Maria Guimino**

*Board member for Financial Services and Human Resources*







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CP 4200

TO  
BOARD OF DIRECTORS OF THE 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 8 to 91, which comprise the individual and consolidated statements of financial position as at 31 December 2019, 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 matter described in the paragraph 1 below and the effects of matter described on 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 2019, 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 Due to the fact that the predecessor auditor issued an Adverse Opinion on the previous year's financial statements, we are unable to ensure the completeness, existence and accuracy of the opening balances (comparative balances), nor its impact on the closing balances as at 31 December 2019. This situation represents a limitation on the scope of our work.

2 Although the article 14 of Law 01/92 of 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 the approximate amount of 38 261 614 thousand Meticaís, nor has the Bank recognised the income associated with this State debt in the approximate amount of 9 909 190 thousand Meticaís.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical recommendation from Board of Accountants and Auditors of Mozambique (OCAM). 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 Bank and Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Emphasis**

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 to the individual and consolidated financial statements which discloses contingent assets relating to monetary policy costs.

Our opinion is not modified in respect of these matters.

### **Other matters - Comparative financial statements**

The individual and consolidated financial statements of the Bank and Group for the year ended 31 December 2018 were audited by another auditor, who expressed an adverse opinion on 15 July 2020.

### **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 1.2 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 nr 02/SAC/OCAM/2012, represented by:

Abdul Satar A. Hamid **BDO**

Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 30 December 2021



**BANCO DE MOÇAMBIQUE**  
**INDIVIDUAL AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

		INDIVIDUAL				CONSOLIDATED	
	Notes	2019	2018 Restated	2018	2019	2018 Restated	2018
Assets							
Foreign currency	6	1.901.584	559.726	559.740	1.901.584	559.726	559.740
Deposit with other financial institutions	7	2.163.157	3.707.172	3.707.200	2.825.070	4.058.203	4.037.349
Gold	8	11.848.561	1.612.989	1.612.989	11.848.561	1.612.989	1.612.989
Financial assets at fair value through profit or loss	9	24.238.208	23.421.503	23.421.503	24.238.208	23.421.503	23.436.503
Financial assets at fair value through other comprehensive income	10	196.402.469	157.854.514	157.875.106	196.402.469	157.854.514	157.875.106
Financial assets at amortized cost	11	82.189.391	62.018.799	62.018.799	82.267.917	62.079.036	62.018.799
Financial investments	12	660.410	660.410	660.410	-	-	-
Other tangible assets	13	39.476.525	31.353.247	31.353.247	40.066.986	31.967.495	31.967.378
Intangible assets	14	49.153	47.641	47.641	351.704	475.479	475.479
Other financial assets	15	58.213.228	50.065.242	50.646.365	57.600.282	49.560.624	50.138.617
Foreign exchange	16	38.261.614	28.112.319	41.461.591	38.261.614	28.112.319	41.461.591
Employee benefits assets	21	2.481.164	-	-	2.481.164	-	-
Total Assets		457.885.464	359.413.562	373.364.591	458.245.558	359.701.889	373.583.551
Liabilities							
Banknotes and coins in circulation	17	59.534.702	53.481.569	53.481.569	59.534.702	53.481.569	53.481.569
Deposits from other institutions	18	165.380.987	116.232.735	116.232.971	165.380.987	116.232.735	116.232.971
Mozambique Government Treasury bills issued and other monetary instruments	19	212.089.239	172.860.050	172.860.050	212.089.239	172.860.050	172.860.050
Foreign Loans	20	16.611.374	18.649.860	18.649.860	16.611.374	18.649.860	18.649.860
Employee benefits obligation	21	-	549.478	549.478	-	549.478	549.478
Other liabilities	22	1.962.379	2.226.474	2.226.488	2.380.971	2.695.167	2.692.128
Provisions		-	-	-	-	23.633	23.633
Total Liabilities		455.578.681	364.000.166	364.000.416	455.997.273	364.492.492	364.489.689
Equity							
Capital	23	2.596.721	2.596.721	2.596.721	2.596.721	2.596.721	2.596.721
Legal reserve	24	488.412	488.412	488.412	543.215	503.402	503.402
Non-distributable reserves	24	5.734.317	3.846.149	4.768.365	4.880.974	3.039.341	3.901.050
Fair value revaluation reserve – available for sale	24	379.855	43.330	43.330	379.855	43.330	43.330
Fixed asset revaluation reserves		10.391.442	922.215	-	10.391.442	922.215	-
Retained earnings		(12.483.431)	-	-	(12.484.220)	-	-
Net profit/(loss) of the year		(4.800.533)	(12.483.431)	1.467.347	(4.648.310)	(12.484.220)	1.460.751
		2.306.783	(4.586.604)	9.364.175	1.659.677	(5.379.211)	8.505.254
Non-controlling interest	24	-	-	-	588.608	588.608	588.608
Total Equity		2.306.783	(4.586.604)	9.364.175	2.248.285	(4.790.603)	9.093.862
Total Liabilities and Equity		457.885.464	359.413.562	373.364.591	458.245.558	359.701.889	373.583.551

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**

*Director of Accounting and Budget*

**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 2019**

(Amounts expressed in thousands of Meticals)

	Notes	INDIVIDUAL			CONSOLIDATED		
		2019	2018 Restated	2018	2019	2018 Restated	2018
Interest and similar income	26.1	9.621.497	9.200.435	9.200.435	9.667.428	9.201.797	9.187.207
Interest and similar expenses	26.2	(16.397.834)	(19.418.891)	(19.418.891)	(16.451.382)	(19.429.133)	(19.429.133)
Net interest income		(6.776.337)	(10.218.456)	(10.218.456)	(6.783.954)	(10.227.336)	(10.241.926)
Fees and commission income	27.1	-	-	-	1.378.369	1.475.653	1.475.653
Fees and commission expense	27.2	-	-	-	(727.152)	(708.772)	(708.772)
Net fees and commission income		-	-	-	651.217	766.881	766.881
Net gains from foreign currency operations and revaluation of gold	28	14.084.523	4.825.877	18.776.655	14.086.306	4.814.223	18.765.001
Other operating income	29	292.919	1.508.594	1.508.594	337.882	1.556.151	1.517.651
Total income		7.601.105	(3.883.985)	10.066.793	8.291.451	(3.090.081)	10.807.607
Staff costs	30	(6.381.801)	(5.577.168)	(5.577.168)	(6.544.839)	(5.729.036)	(5.691.921)
Depreciation	13	(564.269)	(512.407)	(512.407)	(600.663)	(554.060)	(554.060)
Amortization	14	(15.029)	(927)	(927)	(145.837)	(54.499)	(54.300)
Other operating expenses	31	(2.745.595)	(2.508.944)	(2.508.944)	(2.977.112)	(3.032.911)	(3.022.942)
Impairment losses on tangible assets		(2.694.944)	-	-	(2.694.944)	-	-
Provisions		-	-	-	23.633	(23.633)	(23.633)
Total operating expenses		(12.401.638)	(8.599.446)	(8.599.446)	(12.939.761)	(9.394.139)	(9.346.856)
Net profit/(loss) of the year		(4.800.533)	(12.483.431)	1.467.347	(4.648.310)	(12.484.220)	1.460.751
Net realized income		(4.800.533)	(12.483.431)	1.467.347	(4.648.310)	(12.484.220)	1.460.751
Consolidated net profit attributable to:							
BANCO DE MOÇAMBIQUE		-	-	-	(4.722.676)	(12.480.988)	1.463.984
Non-controlling interest		-	-	-	74.366	(3.232)	(3.233)

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**

Director of Accounting and Budget

**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 2019**  
 (Amounts expressed in thousands of Meticaís)

	INDIVIDUAL			CONSOLIDATED		
	2019	2018 Restated	2018	2019	2018 Restated	2018
Net profit/(loss) of the year	(4.800.533)	(12.483.431)	1.467.347	(4.648.310)	(12.484.220)	1.460.751
<b>Other comprehensive income</b>						
Revaluation of tangible fixed assets	9.469.227	-	-	9.469.227	-	-
Prior period adjustments	911.259	96.311	-	904.536	(764.858)	-
Actuarial study adjustment	3.458.074	-	-	3.458.074	-	-
Changes in fair value - financial assets available-for-sale	336.525	(8.835)	(8.835)	336.525	(8.835)	(8.835)
Changes in fair value - employee benefits	(2.481.164)	(549.478)	(549.478)	(2.481.164)	(549.478)	(549.478)
<b>Total comprehensive income</b>	<b>6.893.388</b>	<b>(12.945.433)</b>	<b>909.034</b>	<b>7.038.888</b>	<b>(13.807.391)</b>	<b>902.438</b>

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**

*Director of Accounting and Budget*

**BOARD OF DIRECTORS**

**Benedita Maria Guimino**

*Board member for Financial Services and Human Resources*



**BANCO DE MOÇAMBIQUE**  
**INDIVIDUAL AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

	Notes	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non- distributable reserve	Legal reserve	Retained earnings	Net profit/(loss) of the year	Total equity
<b>Balance at 1 January 2018</b>		<b>2.361.314</b>	<b>52.165</b>	<b>922.215</b>	<b>2.020.224</b>	<b>488.412</b>	<b>5.587.898</b>	<b>(3.073.400)</b>	<b>8.358.829</b>
Increase in capital		235.407	-	-	(235.407)	-	-	-	-
Declared dividends		-	-	-	-	-	(3.073.400)	3.073.400	-
Incorporation into reserves of net income for 2017		-	-	-	2.514.498	-	(2.514.498)	-	-
Total comprehensive income for 2018		-	-	-	-	-	-	(12.483.431)	(12.483.431)
Total prior period adjustments		-	-	-	96.311	-	-	-	96.311
Adjustment - fair value of financial assets	24	-	(8.835)	-	-	-	-	-	(8.835)
Employee benefits assets	21	-	-	-	(549.478)	-	-	-	(549.478)
<b>Balance at 31 December 2018 (restated)</b>		<b>2.596.721</b>	<b>43.330</b>	<b>922.215</b>	<b>3.846.148</b>	<b>488.412</b>	<b>-</b>	<b>(12.483.431)</b>	<b>(4.586.604)</b>
Net profit/(loss) of the years transfer for 2018		-	-	-	-	-	(12.483.431)	12.483.431	-
Total comprehensive income for 2019		-	-	-	-	-	-	(4.800.533)	(4.800.533)
Total actuarial statement adjustment for 2019		-	-	-	3.458.074	-	-	-	3.458.074
Total prior period adjustments		-	-	-	911.259	-	-	-	911.259
Adjustment - Revaluation of tangible fixed assets		-	-	9.469.227	-	-	-	-	9.469.227
Adjustment - fair value of financial assets	24	-	336.525	-	-	-	-	-	336.525
Employee benefits assets	21	-	-	-	(2.481.164)	-	-	-	(2.481.164)
<b>Balance at 31 December 2019</b>		<b>2.596.721</b>	<b>379.855</b>	<b>10.391.442</b>	<b>5.734.317</b>	<b>488.412</b>	<b>(12.483.431)</b>	<b>(4.800.533)</b>	<b>2.306.783</b>

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**  
*Director of Accounting and Budget*

**BOARD OF DIRECTORS**

**Benedita Maria Guimino**  
*Board member for Financial Services and Human Resources*





**BANCO DE MOÇAMBIQUE**  
**INDIVIDUAL AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non- distributable reserve	Legal reserve	Retained earnings	Net profit/(loss) of the year	Total equity	Non- controlling interest	Total equity
<b>Balance at 31 December 2017</b>	<b>2.361.314</b>	<b>52.165</b>	<b>922.215</b>	<b>2.085.610</b>	<b>488.412</b>	<b>5.591.864</b>	<b>(3.073.400)</b>	<b>8.428.180</b>	<b>582.280</b>	<b>9.010.460</b>
Increase in capital	235.407	-	-	(235.407)	-	-	-	-	6.328	6.328
Declared dividends	-	-	-	-	-	(3.073.400)	3.073.400	-	-	-
Incorporation into reserves of net income for 2017	-	-	-	2.503.474	-	(2.503.474)	-	-	-	-
Legal reserves constitution	-	-	-	-	14.990	(14.990)	-	-	-	-
Total comprehensive income for 2018	-	-	-	-	-	-	(12.484.220)	(12.484.220)	-	(12.484.220)
Total prior period adjustments	-	-	-	(764.858)	-	-	-	(764.858)	-	(764.858)
Adjustment - fair value of financial assets	24	(8.835)	-	-	-	-	-	(8.835)	-	(8.835)
Employee benefits assets	21	-	-	(549.478)	-	-	-	(549.478)	-	(549.478)
<b>Balance at 31 December 2018 (restated)</b>	<b>2.596.721</b>	<b>43.330</b>	<b>922.215</b>	<b>3.039.341</b>	<b>503.402</b>	<b>-</b>	<b>(12.484.220)</b>	<b>(5.379.211)</b>	<b>588.608</b>	<b>(4.790.603)</b>
Total comprehensive income for 2019	-	-	-	-	-	-	(4.648.310)	(4.648.310)	-	(4.648.310)
Legal reserves constitution	-	-	-	(39.813)	39.813	-	-	-	-	-
Net profit/(loss) of the years transfer for 2018	-	-	-	-	-	(12.484.220)	12.484.220	-	-	-
Total actuarial statement adjustment for 2019	-	-	-	3.458.074	-	-	-	3.458.074	-	3.458.074
Total prior period adjustments	-	-	-	904.536	-	-	-	904.536	-	904.536
Adjustment - Revaluation of tangible fixed assets	-	-	9.469.227	-	-	-	-	9.469.227	-	9.469.227
Adjustment - fair value of financial assets	24	336.525	-	-	-	-	-	336.525	-	336.525
Employee benefits assets	21	-	-	(2.481.164)	-	-	-	(2.481.164)	-	(2.481.164)
<b>Balance at 31 December 2019</b>	<b>2.596.721</b>	<b>379.855</b>	<b>10.391.442</b>	<b>4.880.974</b>	<b>543.215</b>	<b>(12.484.220)</b>	<b>(4.648.310)</b>	<b>1.659.677</b>	<b>588.608</b>	<b>2.248.285</b>

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**  
Director of Accounting and Budget

**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 2019**  
(Amounts expressed in thousands of Meticaís)

	INDIVIDUAL			CONSOLIDATED		
	2019	2018 Restated	2018	2019	2018 Restated	2018
<b>Cash flows from operating activities</b>						
Net profit/(loss) of the year	(4.800.533)	(12.483.431)	1.467.347	(4.648.310)	(12.484.220)	1.460.751
Adjustments for:						
Depreciation and amortization	579.299	513.334	513.334	746.500	608.559	608.360
Fixed assets revaluation	(9.469.227)	-	-	(9.469.227)	-	-
Impairment losses on tangible assets	2.694.944	-	-	2.739.636	44.692	-
Tangible and intangible assets	1.590.241	(689)	-	1.547.081	10.800	-
Pension fund costs	(2.481.164)	(7.127.832)	(549.478)	(2.481.164)	(7.127.832)	(549.478)
Net interest and similares	6.776.337	10.218.456	-	6.783.954	10.227.336	-
Prior period adjustments	-	922.215	(378.819)	-	922.215	100.200
<b>Cash flows from operating activities</b>	<b>(5.110.103)</b>	<b>(7.957.947)</b>	<b>1.052.384</b>	<b>(4.781.530)</b>	<b>(7.798.450)</b>	<b>1.619.833</b>
Changes in:						
Financial assets at fair value through other comprehensive income	(816.705)	(2.127.810)	(2.127.810)	(801.705)	(1.467.400)	(1.482.400)
Other financial assets	(8.147.986)	2.620	(578.503)	(8.039.658)	295.931	(282.062)
Financial assets at amortized cost	(20.170.592)	(62.018.799)	(62.018.800)	(20.203.881)	(62.079.036)	(62.018.800)
Deposits from other institutions	49.148.252	(1.977.252)	(1.977.016)	49.148.252	(1.977.252)	(1.977.016)
Pension fund assets	(549.478)	-	(6.578.354)	(549.478)	-	(6.578.354)
Other liabilities	(264.095)	(702.260)	(541.874)	(337.829)	(902.038)	(928.710)
Treasury bills issued on behalf of the Government and other monetary instruments	39.229.188	24.456.408	32.100.647	39.229.189	24.456.408	32.100.647
Foreign exchange repayable by the Government	(10.149.295)	(3.186.161)	(16.535.433)	(10.149.295)	(3.186.161)	(16.535.433)
<b>Net cash flow from changes in working capital</b>	<b>48.279.289</b>	<b>(45.553.254)</b>	<b>(58.257.143)</b>	<b>48.295.595</b>	<b>(44.859.549)</b>	<b>(57.702.128)</b>
<b>Net cash from operating activities</b>	<b>43.169.186</b>	<b>(53.511.201)</b>	<b>(57.204.759)</b>	<b>43.514.065</b>	<b>(52.657.998)</b>	<b>(56.082.295)</b>
<b>Cash flow from investing activities</b>						
Acquisition of property, plant and equipment	(3.503.505)	(5.299.247)	(5.299.247)	(3.516.111)	(5.501.936)	(5.502.071)
Acquisition of intangible assets	(16.541)	(32.695)	(32.695)	(23.594)	(39.347)	(39.347)
Changes in cash and cash equivalents and investments in credit institutions and foreign currency	(10.033.415)	141.260.124	133.615.843	(10.344.297)	141.203.178	133.579.779
Changes in financial assets available-for-sale	(38.547.955)	(70.224.956)	(70.254.383)	(38.547.955)	(70.870.366)	(70.254.383)
Interest and similar income	9.621.497	9.200.435	-	9.667.428	9.201.797	-
<b>Net cash from investing activities</b>	<b>(42.479.919)</b>	<b>74.903.661</b>	<b>58.029.518</b>	<b>(42.764.529)</b>	<b>73.993.326</b>	<b>57.783.978</b>
<b>Cash flow from financing activities</b>						
Increase in banknotes and coins in circulation	6.053.133	4.033.490	4.033.490	6.053.133	4.033.490	4.033.490
Changes in external financing	(2.038.486)	(1.549.442)	(1.549.442)	(2.038.486)	(1.549.442)	(1.549.442)
Dividends paid	-	(3.073.400)	(3.073.400)	-	(3.073.400)	(3.073.400)
Changes in reserves	11.693.920	(1.619.624)	-	11.687.198	(1.552.249)	-
Capital inflows	-	235.407	(235.407)	-	235.407	(241.736)
Interest and similar expenses	(16.397.834)	(19.418.891)	-	(16.451.382)	(19.429.133)	(954.531)
<b>Net cash flow from financing activities</b>	<b>(689.267)</b>	<b>(21.392.460)</b>	<b>(824.759)</b>	<b>(749.537)</b>	<b>(21.335.327)</b>	<b>(1.785.619)</b>
Net change in cash and cash equivalents	-	-	-	85.882	(119.254)	(83.936)
Cash and cash equivalents at the beginning of the year	-	-	-	181.031	300.285	244.085
Cash and cash equivalents end of the year	-	-	-	266.913	181.031	160.149

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**

*Director of Accounting and Budget*

**BOARD OF DIRECTORS**

**Benedita Maria Guimino**

*Board member for Financial Services and Human Resources*





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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**NOTE 1 – BASIS OF PREPARATION**

**1.1. Introduction**

The Banco de Moçambique, hereinafter also referred to as the 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 State 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 financial statements for the financial year ended 31 December 2019 have been approved by the Board of Directors of the Bank on 30 December 2021.

The accompanying financial statements are expressed in thousands of meticaís 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.

In terms of account presentation, the balances for the financial year 2018 have been restated, to reflect the consolidation of its subsidiary and adjustments made to allow for comparability with the balances presented in 2019.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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## **1.2. Structure of the financial statements**

The financial statements herein have been prepared as per the Organic Law of the Banco de Moçambique and International Financial Reporting Standards (IAS/IFRS), as decided by the Board of Directors on 2 August 2019, with the derogations described in point 2.2.

In cases where the International Financial Reporting Standards contravene the Organic Law and other instruments approved by the Bank, the Organic Law of the Bank or other policies related to the nature of activities carried out by the central bank shall prevail.

The Organic Law lays down rules for recognizing and classifying assets and liabilities in foreign currency when there are fluctuations in values, but is not prescriptive as to other accounting principles to be adopted by the Bank. It is in this context that the Board of the Bank, supported by article 61 of the Organic Law, which confers the powers to adopt its own rules for accounting and presentation of accounts, decided to partially adopt IAS/IFRS.

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 has, in turn, impacted the BM'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 taking into account the right conferred by Law to adopt own rules for the accounting of their operations, the BM has made adjustments to its financial reporting structure, and not all the subsidiaries were consolidated.

Preparing financial statements in accordance with Organic Law and the IAS/IFRS requires the Bank to make judgments 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

---

**NOTE 2 – MAIN ACCOUNTING POLICIES**

**2.1. Main accounting policies**

The main 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 meticals. Foreign currency transactions are converted to meticals 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 force 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 State and, for this reason, must be presented in an account of the financial position (special account for exchange movements).



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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### **2.1.2 Financial assets and liabilities**

Financial assets and liabilities are recognized on the date of trading. The Bank has applied IFRS 9, as of 1 January 2018, and moved to classify its financial assets 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, taking into account its 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
- Remuneration of General Managers.

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



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

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 category through comprehensive income category are initially recognized and subsequently measured at fair value. Changes in fair value are recognized in comprehensive income, with the exception of recognition of interest revenue and foreign exchange gains and losses, which are recognized under net income.

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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

Regardless of the assessment of the business model, the Bank may classify an asset at fair value through profit or loss, if this eliminates any inconsistencies in the recognition (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:

- Prices of an active market;
- Recent sales prices of similar assets; or
- Valuation methods and techniques, where there is no active market, which have the underlying following 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

A market is considered to be 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

### **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 non-hedging gain or loss on a debt instrument subsequently measured at fair value through profit or loss is recognized under 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 on behalf of the State, 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 lifetime 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.





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

---

#### **2.1.4. Impairment of financial assets**

The Bank did not apply IFRS 9 as of 1 January 2019. However, 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 foreign exchange.

#### **2.1.6. Other tangible assets**

The other tangible assets of the Bank are measured at revalued cost, deducted from their respective accumulated depreciation and accumulated impairment losses. 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 revaluated by an independent company and accounted at their 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 property, plant and equipment are only recognized as assets if they are likely to result in future economic benefits for the Bank. When incurred, all maintenance and repair expenses are recognized as expenses.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

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

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:

	<b>Number of years</b>
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. Impairment losses are recognized under profit or loss.

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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

---

Intangible assets are amortized using the straight-line basis over the estimated useful life of the asset, which generally stands for 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 takes on its behalf several transactions on behalf of the government, including the opening and maintenance of 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**

The Bank has set up an individual pension fund, as of 1 January 1993, to meet employee pension obligations. This fund was established upon the decision of the Board of Directors. The pension fund is managed by Kuhanha - 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.

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



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

rate used in this calculation is determined based on market rates associated with Mozambican treasury bonds.

The remeasuring gains and losses, including (i) actuarial gains and losses arising 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, including: (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**

Pursuant to 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 salary 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



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

---

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.

For the calculation of the effective interest rate, future cash flows are estimated considering all the contractual terms of the financial instrument, 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 undertaking of a significant act is recognized when the significant act has been completed;
- Income from services and commissions earned as services are provided are recognized under 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 under profit or loss using the effective interest rate method.

#### **2.2. Derogations**

Regarding the specifics of its activity as the regulator of the financial system and body responsible for implementing monetary and foreign exchange policies in the country, and managing international reserves, the Bank has decided not to adopt the following standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies:

- **IAS 21 – the effects of exchange rate changes:** Gains and losses stemming from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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a financial position account (special account for 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 exchange movements shows an outstanding balance, the State 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 exchange movements at the end of each financial year shall be credited to an account held on behalf of the State, 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Net result with derogation	(4.800.533)	(12.483.431)	(4.648.310)	(12.484.220)
Unrealized foreign exchange loss (IAS 21)	(10.149.295)	(3.186.161)	(10.149.295)	(3.186.161)
Financial instruments impairments (IFRS 9)	(465.043)	(7.581.245)	(465.043)	(7.581.245)
Net result without derogation	<b>(15.414.871)</b>	<b>(23.250.837)</b>	<b>(15.262.648)</b>	<b>(23.251.626)</b>
Equity with derogation	2.306.783	(4.586.604)	2.248.285	(4.790.603)
Value exchange account	(38.261.614)	(28.112.319)	(38.261.614)	(28.112.319)
Financial instruments impairments (IFRS 9)	(8.046.288)	(7.581.245)	(8.046.288)	(7.581.245)
Equity without derogation	<b>(44.001.119)</b>	<b>(40.280.168)</b>	<b>(44.059.617)</b>	<b>(40.484.167)</b>
Value exchange account	-	-	-	-
Result for foreign exchange operations	3.935.228	1.639.716	3.935.228	1.639.716

### 2.3. Scope of consolidation

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

	Share capital	% Participation	Assets		Liabilities		Equity	
			2019	2018	2019	2018	2019	2018
Sociedade Interbancária de Moçambique, Sa	1.265.510	51%	1.798.484	1.798.484	1.423.387	1.423.387	375.097	375.097
Kuhanha - Sociedade Gestora de Fundo de Pensões do BM	15.000	100%	84.367	84.367	3.053	3.053	81.314	81.314

- 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 companies are eliminated. Profits and losses resulting from transactions between Group 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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In the Bank's individual 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 became effective as of 1 January 2019 and, where applicable, have been adopted by the Bank accordingly:**

IFRS 16 - Leases (new). This standard replaces IAS 17 - Leases, having a significant impact on the accounting by lessees, who are now required to recognize a lease liability reflecting future lease payments and an asset for the right to use the identifiable asset underlying the lease contract. The definition of a lease contract has also been changed and is now based on the right to control the use of an identifiable asset. In its initial application (transition), IFRS 16 can be applied retrospectively with restatement of comparatives or a modified retrospective approach can be followed, in which the comparatives are not restated and the effects of the initial adoption of the standard are recognized in the opening balance of retained earnings. This new standard has no material impact on the Bank's financial statements.

IFRS 9 – Prepayment Features with Negative Compensation (Amendments) - To be applied for fiscal years beginning on or after 1 January 2019. This amendment to the standard introduces the possibility of an entity classifying financial assets with prepayment features with negative compensation, at amortised cost, provided that specific conditions are met, instead of being classified at fair value through profit or loss. The amendment has no impact on the Bank's financial statements.

IFRIC 23 - Uncertainty over Income Tax Treatment (new) - To be applied for fiscal years beginning on or after 1 January 2019. This is an interpretation of IAS 12 - Income Taxes, and refers to the measurement and recognition requirements to be applied when there is uncertainty as to whether the tax authorities will accept a particular tax treatment for income taxes.

If there is uncertainty about the tax administration's position on a specific transaction, the entity should make its best estimate and record the income tax assets or liabilities in the light of IAS 12





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

---

(and not IAS 37 Provisions, Contingent Liabilities and Contingent Assets) based on the expected value or most likely value. This interpretation has no material impact on financial statements.

IAS 28 Long-term investments in associates and joint ventures (amendment) - to be applied in financial years as of 1 January 2019. This amendment clarifies that long-term investments in associates and joint ventures (components of an entity's investment in associates and joint ventures), which are not being measured using the equity method, are accounted for in accordance with IFRS 9. Long-term investments in associates and joint ventures are subject to the impairment model of estimated losses, before being added, for impairment testing purposes, to the overall investment in an associate or joint venture, where there are impairment indicators. The amendment of this standard had no significant impact on the financial statements.

**2.4.2. Amendments to published standards, whose application is mandatory for annual periods beginning after 1 January 2020:**

IAS 1 and IAS 8 (amendment) - Definition of materiality. This amendment introduces a change to the concept of materiality and clarifies that the mention of unclear information refers to situations whose effect is similar to the omission or distortion of such information, and the entity must assess materiality considering the financial statements as a whole. Clarification is also given to the meaning of 'key users of financial statements', these being defined as 'current and future investors, lenders and creditors' who rely on the financial statements for a significant part of the information they need. This amendment has no material impact on the Bank's financial statements.

Framework. As a result of the publication of the new conceptual framework, the IASB introduced changes in the text of several standards and interpretations, such as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, SIC 32, in order to clarify the application of the new definitions of asset/liability and expense/income, as well as some of the characteristics of financial information. These amendments are of retrospective application, unless this is impracticable. This amendment has no material impact on the Bank financial statements.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

IFRS 3 (amendment) - Business definition. This amendment constitutes a revision to the definition of business for the purposes of recording business combinations. The new definition requires that an acquisition includes an input and a substantial process that jointly generate outputs. Outputs are now defined as goods and services that are provided to customers, that generate revenues, excluding returns in the form of cost savings, and other economic benefits to shareholders. Concentration tests are now permitted to determine whether a transaction is an acquisition of an asset or a business. This amendment has no material impact on the Bank's financial statements.

IFRS 9 and IFRS 7 (amendment) - Reform of reference interest rates. These amendments are part of the first phase of the IASB's 'IBOR reform' project and allow exemptions related to the reform of the benchmark for benchmark interest rates. The exemptions relate to hedge accounting, in terms of: i) risk components; ii) the 'highly probable' requirement; iii) prospective valuation; and iv) recycling of the cash flow hedge reserve, and aim that the reform of the benchmark interest rates does not determine the cessation of hedge accounting. However, any hedge ineffectiveness found must continue to be recognized in the income statement. This amendment has no material impact on the Bank's financial statements.

IFRS 17 - Insurance Contracts. IFRS 17 replaces IFRS 4 - Insurance Contracts, the standard which has been in force on an interim basis since 2004. IFRS 17 is applicable to all entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. For fixed-fee service contracts, whose primary purpose is to provide services, entities have the option to account in accordance with IFRS 17 or IFRS 15. As with IFRS 4, financial guarantee contracts are permitted to be within the scope of IFRS 17 provided the entity has explicitly classified them as insurance contracts. Insurance contracts in which the entity is the policy holder are not within the scope of IFRS 17 (with the exception of reinsurance ceded). IFRS 17 is based on the current measurement of technical liabilities at each reporting date. The current measurement can be based on a complete model (building block approach) or a simplified model (premium allocation approach). The recognition of the technical margin is different depending on whether it is positive or negative. IFRS 17 is of retrospective application. This amendment has no material impact on the Bank's financial statements.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

### **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

Obligations with retirement and survivor pensions and other post-employment or short-term benefits are estimated based on 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 in a true and appropriate manner the Bank's financial position, its financial performance and cash flows in all material respects.

#### Impairment

The Bank did not fully adopt IFRS 9, as of 1 January 2018 (partial adoption), as referred to in point 2.2. However, 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaïs)

---

The other tangible assets of the Bank are measured at revalued cost, deducted from their respective accumulated depreciation and accumulated impairment losses. 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

**NOTE 4 – POLICY CHANGES, ESTIMATES, AND ERRORS**

In order to improve the relevance, reliability and comparability of the Bank's financial statements, they were restated in 2018, the impact of which is presented below:

	INDIVIDUAL			CONSOLIDATED		
	Audited	Adjustments	Restated	Audited	Adjustments	Restated
<b>Financial Position</b>						
<b>Assets</b>						
Foreign currency	559.740	(14)	559.726	<b>559.740</b>	(14)	<b>559.726</b>
Loans and advances to banks	3.707.200	(28)	3.707.172	<b>4.037.349</b>	20.854	<b>4.058.203</b>
Financial assets at fair value through profit or loss	-	-	-	<b>23.436.503</b>	(15.000)	<b>23.421.503</b>
Financial assets at fair value through other comprehensive income	157.875.106	(20.592)	157.854.514	157.875.106	(20.592)	157.854.514
Financial assets at amortized cost	-	-	-	62.018.799	60.237	62.079.036
Other tangible assets	-	-	-	31.967.378	117	31.967.495
Other financial assets	50.646.365	(581.123)	50.065.242	50.138.617	(577.993)	49.560.624
Exchange movements	41.461.591	(13.349.272)	28.112.319	41.461.591	(13.349.272)	28.112.319
<b>Total Assets</b>	<b>254.250.002</b>	<b>(13.951.029)</b>	<b>240.298.973</b>	<b>371.495.083</b>	<b>(13.881.662)</b>	<b>357.613.421</b>
<b>Liabilities</b>						
Deposits from banks	116.232.971	(236)	116.232.735	116.232.971	(236)	116.232.735
Other liabilities	2.226.488	(14)	2.226.474	2.692.128	3.039	2.695.167
<b>Total Liabilities</b>	<b>118.459.459</b>	<b>(250)</b>	<b>118.459.209</b>	<b>118.925.099</b>	<b>2.803</b>	<b>118.927.902</b>
<b>Equity</b>						
Non-distributable reserves	4.768.365	(922.216)	3.846.149	3.901.050	(846.719)	3.054.331
Fixed asset revaluation reserves	-	922.215	922.215	-	922.215	922.215
Net result	1.467.347	(13.950.778)	(12.483.431)	1.460.751	(13.959.961)	(12.499.210)
<b>Total Equity</b>	<b>6.235.712</b>	<b>(13.950.779)</b>	<b>(7.715.067)</b>	<b>5.361.801</b>	<b>(13.884.465)</b>	<b>(8.522.664)</b>
<b>Total Liabilities and Equity</b>	<b>124.695.171</b>	<b>(13.951.029)</b>	<b>110.744.142</b>	<b>124.286.900</b>	<b>(13.881.662)</b>	<b>110.405.238</b>
<b>Profit or loss statement</b>						
Interest and similar income	-	-	-	9.187.207	14.590	9.201.797
Net gains from foreign currency operations and revaluation of gold	18.776.655	(13.950.778)	4.825.877	18.765.001	(13.950.778)	4.814.223
Other operating income	-	-	-	1.517.651	38.500	1.556.151
Staff costs	-	-	-	(5.691.921)	(37.115)	(5.729.036)
Amortization	-	-	-	(54.300)	(199)	(54.499)
Other operating expenses	-	-	-	(3.022.942)	(9.969)	(3.032.911)

The restatement sets out to accommodate the accounting policy amendment, in which the Bank moved to consolidate its subsidiary Kuhanha, as well as the correction of the accounting classification of the income from foreign currency and gold transaction.

Additionally, the Bank started to account for its Buildings using the revalued cost method. It was not possible to account for the impact of this change in previous years as it proved to be impracticable. The comparatives figures are presented using the historical cost method.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

**NOTE 5 – FINANCIAL RISK MANAGEMENT**

The Banco de Moçambique is exposed to a number of financial risks, including: 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 conducted 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 defined by the Board of Directors.

**5.1 Strategy for using financial instruments**

In light of its nature, the activities of the Bank are mainly focused on managing international reserves, as per 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 so as to meet the following needs:

- Ensuring that the country is able to absorb shocks from the Balance of Payments;
- Maintaining the confidence of economic players 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



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

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** - intended 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





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

---

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, taking into account the ratings of the managers and legal regulations in force. A benchmark is defined for the management of the global international reserves portfolio, as is 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 for using financial instruments, the following table shows the Bank's various financial assets and liabilities as of 31 December 2019, 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 2019, 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 2019**  
(Amounts expressed in thousands of Meticaís)

The following tables show the Bank's various financial assets and liabilities as of 31 December 2019, broken down into various categories of IFRS 9 - Financial Instruments: recognition and measurement.

31-12-2019	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
<b>Financial assets</b>						
Foreign currency	-	1.901.584	-	-	-	<b>1.901.584</b>
Deposit with other financial institution	-	2.163.157	-	-	-	<b>2.163.157</b>
Fair value through profit or loss	24.238.208	-	-	-	-	<b>24.238.208</b>
Fair value through other comprehensive income	-	-	-	196.402.469	-	<b>196.402.469</b>
Treasury bills	-	-	82.189.391	-	-	<b>82.189.391</b>
Other financial assets	-	58.213.228	-	-	-	<b>58.213.228</b>
<b>Total financial assets</b>	<b>24.238.208</b>	<b>62.277.969</b>	<b>82.189.391</b>	<b>196.402.469</b>	<b>-</b>	<b>365.108.037</b>
<b>Financial liabilities</b>						
Banknotes and coins in circulation	-	-	-	-	59.534.702	<b>59.534.702</b>
Deposit from other institutions	-	-	-	-	165.380.987	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	212.089.239	<b>212.089.239</b>
Foreign loans	-	-	-	-	16.611.374	<b>16.611.374</b>
Other liabilities	-	-	-	-	1.962.379	<b>1.962.379</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455.578.681</b>	<b>455.578.681</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

31-12-2018	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	Other financial liabilities	Total
<b>Financial assets</b>						
Foreign currency	-	559.726	-	-	-	559.726
Deposit with other financial institution	-	3.707.172	-	-	-	3.707.172
Fair value through profit or loss	23.421.503	-	-	-	-	23.421.503
Fair value through other comprehensive income	-	-	-	157.854.514	-	157.854.514
Treasury bills	-	-	62.018.799	-	-	62.018.799
Other financial assets	-	50.065.242	-	-	-	50.065.242
<b>Total financial assets</b>	<b>23.421.503</b>	<b>54.332.140</b>	<b>62.018.799</b>	<b>157.854.514</b>	<b>-</b>	<b>297.626.956</b>
<b>Financial liabilities</b>						
Banknotes and coins in circulation	-	-	-	-	53.481.569	53.481.569
Deposits from other institutions	-	-	-	-	116.232.735	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	172.860.050	172.860.050
Foreign loans	-	-	-	-	18.649.860	18.649.860
Other liabilities	-	-	-	-	2.226.474	2.226.474
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363.450.688</b>	<b>363.450.688</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

The following tables show the Bank's various financial assets and liabilities as of 31 December 2019, broken down into various IFRS 9 categories - Financial Instruments: recognition and measurement.

31-12-2019	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
<b>Financial assets</b>						
Foreign currency	-	1.901.584	-	-	-	<b>1.901.584</b>
Deposit with other financial institution	-	2.825.070	-	-	-	<b>2.825.070</b>
Fair value through profit or loss	24.238.208	-	-	-	-	<b>24.238.208</b>
Fair value through other comprehensive income	-	-	-	196.402.469	-	<b>196.402.469</b>
Treasury bills	-	-	82.267.917	-	-	<b>82.267.917</b>
Other financial assets	-	57.600.282	-	-	-	<b>57.600.282</b>
<b>Total financial assets</b>	<b>24.238.208</b>	<b>62.326.935</b>	<b>82.267.917</b>	<b>196.402.469</b>	<b>-</b>	<b>365.235.530</b>
<b>Financial liabilities</b>						
Banknotes and coins in circulation	-	-	-	-	59.534.702	<b>59.534.702</b>
Deposits from other institutions	-	-	-	-	165.380.987	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	212.089.239	<b>212.089.239</b>
Foreign loans	-	-	-	-	16.611.374	<b>16.611.374</b>
Other liabilities	-	-	-	-	2.380.971	<b>2.380.971</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>455.997.273</b>	<b>455.997.273</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

31-12-2018	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
<b>Financial assets</b>						
Foreign currency	-	559.726	-	-	-	<b>559.726</b>
Deposit with other financial institution	-	4.058.203	-	-	-	<b>4.058.203</b>
Fair value through profit or loss	23.421.503	-	-	-	-	<b>23.421.503</b>
Fair value through other comprehensive income	-	-	-	157.854.514	-	<b>157.854.514</b>
Treasury bills	-	-	62.079.036	-	-	<b>62.079.036</b>
Other financial assets	-	49.560.624	-	-	-	<b>49.560.624</b>
<b>Total financial assets</b>	<b>23.421.503</b>	<b>54.178.553</b>	<b>62.079.036</b>	<b>157.854.514</b>	<b>-</b>	<b>297.533.606</b>
<b>Financial liabilities</b>						
Banknotes and coins in circulation	-	-	-	-	53.481.569	<b>53.481.569</b>
Deposits from other institutions	-	-	-	-	116.232.735	<b>116.232.735</b>
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	172.860.050	<b>172.860.050</b>
Foreign loans	-	-	-	-	18.649.860	<b>18.649.860</b>
Other liabilities	-	-	-	-	2.695.167	<b>2.695.167</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>363.919.381</b>	<b>363.919.381</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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## **5.2. Credit risk**

### **5.2.1. Risk control and mitigation policies**

The Bank assumes a certain level of exposure to credit risk in its business, i.e., 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 of 31 December 2019, was as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Deposit with other financial institution	2.163.157	3.707.172	2.825.070	4.058.203
Financial assets at fair value through profit or loss	24.238.208	23.421.503	24.238.208	23.421.503
Financial assets at fair value through other comprehensive income	196.402.469	157.854.514	196.402.469	157.854.514
Financial assets at amortized cost	82.189.391	62.018.799	82.267.917	62.079.036
Other financial assets	58.213.228	50.065.242	57.600.282	49.560.624
<b>Total at 31 December</b>	<b>363.206.453</b>	<b>297.067.230</b>	<b>363.333.945</b>	<b>297.506.375</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

### 5.2.3. Quality of financial assets

The following table provides a summary of the Bank's credit quality of financial assets as of 31 December 2019:

31.12.2019

	Deposit with other financial institution	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 assets	Total
AAA	138.248	6.572.530	17.076.342	-	-	23.787.120
AA - to AA+	1.219.507	8.830.975	64.407.956	-	-	74.458.438
A- to A+	693.029	138.704	108.951.574	-	-	109.783.307
Below A -	112.364	8.695.999	4.374.276	-	-	13.182.639
Unrated	9	-	1.592.321	82.189.391	58.213.228	141.994.949
<b>Total</b>	<b>2.163.157</b>	<b>24.238.208</b>	<b>196.402.469</b>	<b>82.189.391</b>	<b>58.213.228</b>	<b>363.206.454</b>

31.12.2018

	Deposit with other financial institution	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 assets	Total
AAA	1.206.950	685.420	46.578.149	-	-	48.470.519
AA - to AA+	228.183	2.409.058	84.936.211	-	-	87.573.452
A- to A+	1.702.275	-	24.383.803	-	-	26.086.078
Below A -	845.937	20.327.025	624.117	-	-	21.797.079
Unrated	(276.173)	-	1.332.234	62.018.799	50.065.242	113.140.102
<b>Total</b>	<b>3.707.172</b>	<b>23.421.503</b>	<b>157.854.514</b>	<b>62.018.799</b>	<b>50.065.242</b>	<b>297.067.230</b>

The following table provides a group summary of the credit quality of financial assets as of 31 December 2019:

31.12.2019

	Deposit with other financial institution	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 assets	Total
AAA	138.248	6.572.530	17.076.342	-	-	23.787.120
AA - to AA+	1.219.507	8.830.975	64.407.956	-	-	74.458.438
A- to A+	693.029	138.704	108.951.574	-	-	109.783.307
Below A -	112.364	8.695.999	4.374.276	-	-	13.182.639
Unrated	661.922	-	1.592.321	82.267.917	57.600.282	142.122.441
<b>Total</b>	<b>2.825.070</b>	<b>24.238.208</b>	<b>196.402.469</b>	<b>82.267.917</b>	<b>57.600.282</b>	<b>363.333.945</b>





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

31.12.2018

	Deposit with other financial institution	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 assets	Total
AAA	1.206.950	685.420	46.578.149	-	-	48.470.519
AA - to AA+	228.183	2.409.058	84.936.211	-	-	87.573.452
A- to A+	1.702.275	-	24.383.803	-	-	26.086.078
Below A -	845.937	20.327.025	624.117	-	-	21.797.079
Unrated	74.858	-	1.332.234	62.079.036	49.560.624	113.046.752
<b>Total</b>	<b>4.058.203</b>	<b>23.421.503</b>	<b>157.854.514</b>	<b>62.079.036</b>	<b>49.560.624</b>	<b>296.973.880</b>

#### 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 return 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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### **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 referred to in note - 4.1. "Strategy for using financial instruments" means 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 of 31 December 2019, 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 taking into account 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 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2019

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
<b>Financial assets and Gold</b>									
Foreign currency	-	472.062	1.378.774	369	50.342	-	-	36	<b>1.901.584</b>
Deposits with other financial institutions	-	101.947	496.067	102.729	80.823	370.713	30.800	980.077	<b>2.163.157</b>
Gold	-	-	-	-	-	-	-	11.848.561	<b>11.848.561</b>
Financial assets at fair value through profit and loss	69.827	24.166.774	1.607	-	-	-	-	-	<b>24.238.208</b>
Financial assets at fair value through other comprehensive income	2.084	151.022.805	(0)	2.329.767	23.864.207	-	19.183.605	-	<b>196.402.469</b>
Financial assets at amortized cost	82.189.391	-	-	-	-	-	-	-	<b>82.189.391</b>
Other financial assets	43.746.284	623.286	1.063.403	(547.692)	98.049	62.589	-	13.167.310	<b>58.213.228</b>
<b>Total</b>	<b>126.007.585</b>	<b>176.386.875</b>	<b>2.939.851</b>	<b>1.885.174</b>	<b>24.093.422</b>	<b>433.302</b>	<b>19.214.405</b>	<b>25.995.985</b>	<b>376.956.598</b>
<b>Financial liabilities</b>									
Banknotes and coins in circulation	59.508.299	(1)	26.330	-	74	-	-	-	<b>59.534.702</b>
Deposits from other institutions	113.016.868	48.617.811	2.844.490	173	209.095	-	-	692.551	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	212.090.062	(1.179)	-	-	-	356	-	-	<b>212.089.239</b>
Foreign loans	-	-	-	-	-	16.611.374	-	-	<b>16.611.374</b>
Other liabilities	435.092	1.565.354	25.838	3.420	60.838	(118.927)	-	(9.236)	<b>1.962.379</b>
<b>Total</b>	<b>385.050.321</b>	<b>50.181.984</b>	<b>2.896.658</b>	<b>3.593</b>	<b>270.006</b>	<b>16.492.803</b>	<b>-</b>	<b>683.315</b>	<b>455.578.681</b>
<b>Overall operating position</b>	<b>(259.042.736)</b>	<b>126.204.890</b>	<b>43.194</b>	<b>1.881.581</b>	<b>23.823.416</b>	<b>(16.059.502)</b>	<b>19.214.405</b>	<b>25.312.670</b>	<b>(78.622.083)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
<b>Financial assets and Gold</b>									
Foreign currency	-	519.664	2.762	357	36.907	-	-	36	559.726
Deposits with other financial institutions	-	847.354	860.496	170.941	9.755	1.440.174	33.842	344.610	3.707.172
Gold	-	-	-	-	-	-	-	1.612.989	1.612.989
Financial assets at fair value through profit and loss	72.721	23.347.143	1.639	-	-	-	-	-	23.421.503
Financial assets at fair value through other comprehensive income	18.700	94.103.866	-	2.235.903	22.867.054	-	18.312.603	20.316.388	157.854.514
Financial investment	-	-	-	-	-	-	-	-	-
Other financial assets	27.245.947	81.255.661	104.515.509	1.322.248	26.022.041	2.990.036	-	(193.286.200)	50.065.242
<b>Total</b>	<b>89.356.167</b>	<b>200.073.689</b>	<b>105.380.406</b>	<b>3.729.449</b>	<b>48.935.757</b>	<b>4.430.210</b>	<b>18.346.445</b>	<b>(171.012.177)</b>	<b>299.239.945</b>
<b>Financial liabilities</b>									
Banknotes and coins in circulation	53.481.496	(1)	-	-	74	-	-	-	53.481.569
Deposits from other institutions	73.176.523	39.694.358	2.709.977	167	182.865	-	-	468.845	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	172.860.873	(1.179)	-	-	-	356	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	-	18.649.860
Other liabilities	1.200.332	928.969	157.594	3.013	64.742	(118.928)	-	(9.249)	2.226.474
<b>Total</b>	<b>300.719.224</b>	<b>40.622.147</b>	<b>2.867.571</b>	<b>3.180</b>	<b>247.681</b>	<b>18.531.289</b>	<b>-</b>	<b>459.596</b>	<b>363.450.688</b>
<b>Overall operating position</b>	<b>(211.363.057)</b>	<b>159.451.542</b>	<b>102.512.835</b>	<b>3.726.269</b>	<b>48.688.076</b>	<b>(14.101.079)</b>	<b>18.346.445</b>	<b>(171.471.774)</b>	<b>(64.210.743)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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

At 31 December 2019

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
<b>Financial assets and Gold</b>									
Foreign currency	-	472.062	1.378.774	369	50.342	-	-	36	<b>1.901.584</b>
Deposits with other financial institutions	661.913	101.947	496.067	102.729	80.823	370.713	30.800	980.077	<b>2.825.069</b>
Gold	-	-	-	-	-	-	-	11.848.561	<b>11.848.561</b>
Financial assets at fair value through profit and loss	69.827	24.166.774	1.607	-	-	-	-	-	<b>24.238.208</b>
Financial assets at fair value through other comprehensive income	2.084	151.022.805	(0)	2.329.767	23.864.207	-	19.183.605	-	<b>196.402.469</b>
Financial assets at amortized cost	82.267.917	-	-	-	-	-	-	-	<b>82.267.917</b>
Other financial assets	43.133.337	623.286	1.063.403	(547.692)	98.049	62.589	-	13.167.310	<b>57.600.282</b>
<b>Total</b>	<b>126.135.077</b>	<b>176.386.875</b>	<b>2.939.851</b>	<b>1.885.174</b>	<b>24.093.422</b>	<b>433.302</b>	<b>19.214.405</b>	<b>25.995.985</b>	<b>377.084.089</b>
<b>Financial liabilities</b>									
Banknotes and coins in circulation	59.508.299	(1)	26.330	-	74	-	-	-	<b>59.534.702</b>
Deposits from other institutions	113.016.868	48.617.811	2.844.490	173	209.095	-	-	692.551	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	212.090.062	(1.179)	-	-	-	356	-	-	<b>212.089.239</b>
Foreign loans	-	-	-	-	-	16.611.374	-	-	<b>16.611.374</b>
Other liabilities	853.685	1.565.354	25.838	3.420	60.838	(118.927)	-	(9.236)	<b>2.380.971</b>
<b>Total</b>	<b>385.468.914</b>	<b>50.181.984</b>	<b>2.896.658</b>	<b>3.593</b>	<b>270.006</b>	<b>16.492.803</b>	<b>-</b>	<b>683.315</b>	<b>455.997.273</b>
<b>Overall operating position</b>	<b>(259.333.837)</b>	<b>126.204.890</b>	<b>43.194</b>	<b>1.881.581</b>	<b>23.823.416</b>	<b>(16.059.502)</b>	<b>19.214.405</b>	<b>25.312.670</b>	<b>(78.913.184)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
<b>Financial assets and Gold</b>									
Foreign currency	-	519.664	2.762	357	36.907	-	-	36	559.726
Deposits with other financial institutions	351.031	847.354	860.496	170.941	9.755	1.440.174	33.842	344.610	4.058.203
Gold	-	-	-	-	-	-	-	1.612.989	1.612.989
Financial assets at fair value through profit and loss	72.721	23.347.143	1.639	-	-	-	-	-	23.421.503
Financial assets at fair value through other comprehensive income	18.700	94.103.866	(0)	2.235.903	22.867.054	-	18.312.603	20.316.388	157.854.514
Financial assets at amortized cost	62.079.036	-	-	-	-	-	-	-	62.079.036
Other financial assets	26.741.329	81.255.661	104.515.509	1.322.248	26.022.041	2.990.036	-	(193.286.200)	49.560.624
<b>Total</b>	<b>89.262.817</b>	<b>200.073.689</b>	<b>105.380.406</b>	<b>3.729.449</b>	<b>48.935.757</b>	<b>4.430.210</b>	<b>18.346.445</b>	<b>(171.012.177)</b>	<b>299.146.596</b>
<b>Financial liabilities</b>									
Banknotes and coins in circulation	53.481.496	(1)	-	-	74	-	-	-	53.481.569
Deposits from other institutions	73.176.523	39.694.358	2.709.977	167	182.865	-	-	468.845	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	172.860.873	(1.179)	-	-	-	356	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	-	18.649.860
Other liabilities	1.669.025	928.969	157.594	3.013	64.742	(118.928)	-	(9.249)	2.695.167
<b>Total</b>	<b>301.187.917</b>	<b>40.622.147</b>	<b>2.867.571</b>	<b>3.180</b>	<b>247.681</b>	<b>18.531.289</b>	<b>-</b>	<b>459.596</b>	<b>363.919.381</b>
<b>Overall operating position</b>	<b>(211.925.100)</b>	<b>159.451.542</b>	<b>102.512.835</b>	<b>3.726.269</b>	<b>48.688.076</b>	<b>(14.101.079)</b>	<b>18.346.445</b>	<b>(171.471.774)</b>	<b>(64.772.785)</b>





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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#### **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, foreign exchange 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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

At 31 December 2019

	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
<b>Financial assets</b>								
Foreign currency	-	-	-	-	-	-	1.901.584	<b>1.901.584</b>
Deposits with other financial institutions	-	-	-	-	-	-	2.163.157	<b>2.163.157</b>
Financial assets at fair value through profit or loss	216.439	688.722	3.063.076	18.370.368	1.759.288	-	140.316	<b>24.238.208</b>
Financial assets at fair value through other comprehensive income	138.200.811	28.836.386	6.186.121	21.890.913	1.286.154	-	2.084	<b>196.402.469</b>
Financial assets at amortized cost	64.014.159	4.002.639	9.672.593	-	-	-	4.500.000	<b>82.189.391</b>
Other financial assets	-	-	-	-	-	-	58.213.228	<b>58.213.228</b>
<b>Total financial assets</b>	<b>202.431.409</b>	<b>33.527.747</b>	<b>18.921.790</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>-</b>	<b>66.920.369</b>	<b>365.108.037</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	59.534.702	<b>59.534.702</b>
Deposits from other institutions	165.380.987	-	-	-	-	-	-	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	42.604.645	58.657.676	110.826.918	-	-	-	-	<b>212.089.239</b>
Foreign loans	-	-	-	-	-	16.611.374	-	<b>16.611.374</b>
Other liabilities	-	-	-	-	-	-	1.962.379	<b>1.962.379</b>
<b>Total financial liabilities</b>	<b>207.985.632</b>	<b>58.657.676</b>	<b>110.826.918</b>	<b>-</b>	<b>-</b>	<b>16.611.374</b>	<b>61.497.081</b>	<b>455.578.682</b>
<b>Net position</b>	<b>(5.554.223)</b>	<b>(25.129.929)</b>	<b>(91.905.128)</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>(16.611.374)</b>	<b>5.423.288</b>	<b>(90.470.645)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	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
<b>Financial assets</b>								
Foreign currency	-	-	-	-	-	-	559.726	559.726
Deposits with other financial institutions	3.707.172			-	-	-	-	3.707.172
Financial assets at fair value through profit or loss	797.168	463.456	4.076.222	17.359.885	480.228	-	244.544	23.421.503
Financial assets at fair value through other comprehensive income	67.230.158	60.651.536	10.033.566	18.563.975	1.356.545	-	18.735	157.854.514
Financial assets at amortized cost	-	-	62.018.799	-	-	-	-	62.018.799
Financial investment	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	50.065.242	50.065.242
<b>Total financial assets</b>	<b>71.734.498</b>	<b>61.114.991</b>	<b>76.128.587</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>-</b>	<b>50.888.247</b>	<b>297.626.955</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	53.481.569	53.481.569
Deposits from other institutions	116.232.735	-	-	-	-	-	-	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	31.984.233	35.249.552	105.626.265	-	-	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	18.649.860
Other liabilities	-	-	-	-	-	-	2.226.474	2.226.474
<b>Total financial liabilities</b>	<b>148.216.967</b>	<b>35.249.552</b>	<b>105.626.265</b>	<b>-</b>	<b>-</b>	<b>18.649.860</b>	<b>55.708.043</b>	<b>363.450.689</b>
<b>Net position</b>	<b>(76.482.469)</b>	<b>25.865.439</b>	<b>(29.497.679)</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>(18.649.860)</b>	<b>(4.819.796)</b>	<b>(65.823.734)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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

At 31 December 2019

	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
<b>Financial assets</b>								
Foreign currency	-	-	-	-	-	-	1.901.584	<b>1.901.584</b>
Deposits with other financial institutions	-	-	-	-	-	-	2.825.070	<b>2.825.070</b>
Financial assets at fair value through profit or loss	216.439	688.722	3.063.076	18.370.368	1.759.288	-	140.316	<b>24.238.208</b>
Financial assets at fair value through other comprehensive income	138.200.811	28.836.386	6.186.121	21.890.913	1.286.154	-	2.084	<b>196.402.469</b>
Financial assets at amortized cost	64.014.159	4.002.639	9.751.119	-	-	-	4.500.000	<b>82.267.917</b>
Other financial assets	-	-	-	-	-	-	57.600.282	<b>57.600.282</b>
<b>Total financial assets</b>	<b>202.431.409</b>	<b>33.527.747</b>	<b>19.000.315</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>-</b>	<b>66.969.335</b>	<b>365.235.528</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	59.534.702	<b>59.534.702</b>
Deposits from other institutions	165.380.987	-	-	-	-	-	-	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instruments	42.604.645	58.657.676	110.826.918	-	-	-	-	<b>212.089.239</b>
Foreign loans	-	-	-	-	-	16.611.374	-	<b>16.611.374</b>
Other liabilities	-	-	-	-	-	-	2.380.971	<b>2.380.971</b>
<b>Total financial liabilities</b>	<b>207.985.632</b>	<b>58.657.676</b>	<b>110.826.918</b>	<b>-</b>	<b>-</b>	<b>16.611.374</b>	<b>61.915.673</b>	<b>455.997.274</b>
<b>Net position</b>	<b>(5.554.223)</b>	<b>(25.129.929)</b>	<b>(91.826.603)</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>(16.611.374)</b>	<b>5.053.662</b>	<b>(90.761.746)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	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
<b>Financial Assets</b>								
Foreign currency	-	-	-	-	-	-	559.726	559.726
Deposits with other financial institutions	3.707.172	-	-	-	-	-	351.031	4.058.203
Financial assets at fair value through profit and loss	797.168	463.456	4.076.222	17.359.885	480.228	-	244.544	23.421.503
Financial assets at fair value through other comprehensive income	67.230.158	60.651.536	10.033.566	18.563.975	1.356.545	-	18.735	157.854.514
Financial assets at amortized cost	-	-	62.079.037	-	-	-	-	62.079.036
Other financial assets	-	-	-	-	-	-	49.560.624	49.560.624
<b>Total financial assets</b>	<b>71.734.498</b>	<b>61.114.991</b>	<b>76.188.824</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>-</b>	<b>50.734.660</b>	<b>297.533.606</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	53.481.569	53.481.569
Deposits from other institutions	116.232.735	-	-	-	-	-	-	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	31.984.233	35.249.552	105.626.265	-	-	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	18.649.860
Other liabilities	-	-	-	-	-	-	2.695.167	2.695.167
<b>Total financial liabilities</b>	<b>148.216.967</b>	<b>35.249.552</b>	<b>105.626.265</b>	<b>-</b>	<b>-</b>	<b>18.649.860</b>	<b>56.176.736</b>	<b>363.919.381</b>
<b>Net position</b>	<b>(76.482.469)</b>	<b>25.865.439</b>	<b>(29.437.442)</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>(18.649.860)</b>	<b>(5.442.076)</b>	<b>(66.385.776)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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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 2019, the effect on profits or losses and equity of the Bank arising from a +/- 25 basis point change in the interest rate is 239,735 thousand meticaís (2018: 3,621 thousand meticaís) and 745,469 thousand meticaís (2018: 23,363 thousand meticaís), 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, foreign loans and other foreign currency balances expose the Bank to foreign exchange risk, even if, ultimately, the risk falls under the State, 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 an account for exchange movements, under asset or liability, as per the case.





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

As of 31 December 2019, the Bank's financial and gold assets and liabilities, denominated in national and foreign currencies, are presented as follows:

At 31 December 2019

	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
<b>Financial assets and gold</b>								
Foreign currency	-	-	-	-	-	-	1.901.584	1.901.584
Deposits with other financial institutions	-	-	-	-	-	-	2.163.157	2.163.157
Gold	-	-	-	-	-	-	11.848.561	11.848.561
Financial assets at fair value through profit or loss	216.439	688.722	3.063.076	18.370.368	1.759.288	-	140.316	24.238.208
Financial assets at fair value through other comprehensive income	138.200.811	28.836.386	6.186.121	21.890.913	1.286.154	-	2.084	196.402.469
Financial assets at amortized cost	64.014.159	4.002.639	9.672.593	-	-	-	4.500.000	82.189.391
Other financial assets	-	-	-	-	-	-	58.213.228	58.213.228
<b>Total financial assets and gold</b>	<b>202.431.409</b>	<b>33.527.747</b>	<b>18.921.790</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>-</b>	<b>78.768.930</b>	<b>376.956.598</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	59.534.702	59.534.702
Deposits from other institutions	165.380.987	-	-	-	-	-	-	165.380.987
Treasury bills issued on behalf of the State and other monetary instruments	42.604.645	58.657.676	110.826.918	-	-	-	-	212.089.239
Foreign loans	-	-	-	-	-	16.611.374	-	16.611.374
Other liabilities	-	-	-	-	-	-	1.962.379	1.962.379
<b>Total financial liabilities</b>	<b>207.985.632</b>	<b>58.657.676</b>	<b>110.826.918</b>	<b>-</b>	<b>-</b>	<b>16.611.374</b>	<b>61.497.081</b>	<b>455.578.680</b>
<b>Net position</b>	<b>(5.554.223)</b>	<b>(25.129.930)</b>	<b>(91.905.128)</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>(16.611.374)</b>	<b>17.271.849</b>	<b>(78.622.082)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	1 month	3 to 12 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
<b>Financial assets and gold</b>								
Foreign currency	-	-	-	-	-	-	559.726	559.726
Deposits with other financial institutions	3.707.172	-	-	-	-	-	-	3.707.172
Gold	-	-	-	-	-	-	1.612.989	1.612.989
Financial assets at fair value through profit or loss	797.168	463.456	4.076.222	17.359.885	480.228	-	244.544	23.421.503
Financial assets at fair value through other comprehensive income	67.230.158	60.651.536	10.033.566	18.563.975	1.356.545	-	18.735	157.854.514
Financial investments	-	-	-	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	50.065.242	50.065.242
<b>Total financial assets and gold</b>	<b>71.734.498</b>	<b>61.114.991</b>	<b>76.128.587</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>-</b>	<b>52.501.236</b>	<b>299.239.945</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	53.481.569	53.481.569
Deposits from other institutions	116.232.735	-	-	-	-	-	-	116.232.735
Treasury bills issued on behalf of the State and other monetary instruments	31.984.233	35.249.552	105.626.265	-	-	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	18.649.860
Other liabilities	-	-	-	-	-	-	2.226.474	2.226.474
<b>Total financial liabilities</b>	<b>148.216.967</b>	<b>35.249.552</b>	<b>105.626.265</b>	<b>-</b>	<b>-</b>	<b>18.649.860</b>	<b>55.708.043</b>	<b>363.450.688</b>
<b>Net position</b>	<b>(76.482.469)</b>	<b>25.865.439</b>	<b>(29.497.678)</b>	<b>35.923.860</b>	<b>1.836.773</b>	<b>(18.649.860)</b>	<b>(3.206.807)</b>	<b>(64.210.743)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(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 2019

	1 month	3 to 12 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
<b>Financial assets and gold</b>								
Foreign currency	-	-	-	-	-	-	1.901.584	<b>1.901.584</b>
Deposits with other financial institutions	659.852	-	-	-	-	-	2.165.218	<b>2.825.070</b>
Gold	-	-	-	-	-	-	11.848.561	<b>11.848.561</b>
Financial assets at fair value through profit or loss	216.439	688.722	3.063.076	18.370.368	1.759.288	-	140.316	<b>24.238.208</b>
Financial assets at fair value through other comprehensive income	138.200.811	28.836.386	6.186.121	21.890.913	1.286.154	-	2.084	<b>196.402.469</b>
Financial assets at amortized cost	64.014.159	4.002.639	9.751.119	-	-	-	4.500.000	<b>82.267.917</b>
Other financial assets	-	-	-	-	-	-	57.600.282	<b>57.600.282</b>
<b>Total financial assets and gold</b>	<b>203.091.260</b>	<b>33.527.747</b>	<b>19.000.316</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>-</b>	<b>78.158.044</b>	<b>377.084.089</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	59.534.702	<b>59.534.702</b>
Deposits from other institutions	165.380.987	-	-	-	-	-	-	<b>165.380.987</b>
Treasury bills issued on behalf of the State and other monetary instrun	42.604.645	58.657.676	110.826.918	-	-	-	-	<b>212.089.239</b>
Foreign loans	-	-	-	-	-	16.611.374	-	<b>16.611.374</b>
Other liabilities	-	-	-	-	-	-	2.380.971	<b>2.380.971</b>
<b>Total financial liabilities</b>	<b>207.985.632</b>	<b>58.657.676</b>	<b>110.826.918</b>	<b>-</b>	<b>-</b>	<b>16.611.374</b>	<b>61.915.673</b>	<b>455.997.273</b>
<b>Net position</b>	<b>(4.894.372)</b>	<b>(25.129.930)</b>	<b>(91.826.602)</b>	<b>40.261.280</b>	<b>3.045.442</b>	<b>(16.611.374)</b>	<b>16.242.371</b>	<b>(78.913.183)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2018

	1 month	3 to 12 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
<b>Financial assets and gold</b>								
Foreign currency	-	-	-	-	-	-	559.726	559.726
Deposits with other financial institutions	3.707.172	-	-	-	-	-	351.031	4.058.203
Gold	-	-	-	-	-	-	1.612.989	1.612.989
Financial assets at fair value through profit and loss	797.168	463.456	4.076.222	17.359.885	480.228	-	244.544	23.421.503
Financial assets at fair value through other comprehensive income	67.230.158	60.651.536	10.033.566	18.563.975	1.356.545	-	18.735	157.854.514
Financial assets at amortized cost	-	-	-	-	-	-	-	62.079.036
Other financial assets	-	-	-	-	-	-	49.560.624	49.560.624
<b>Total financial assets and gold</b>	<b>71.734.497</b>	<b>61.114.991</b>	<b>76.188.824</b>	<b>36.168.404</b>	<b>1.836.773</b>	<b>-</b>	<b>52.347.649</b>	<b>299.146.595</b>
<b>Financial liabilities</b>								
Banknotes and coins in circulation	-	-	-	-	-	-	53.481.569	53.481.569
Deposits from other institutions	116.232.735	-	-	-	-	-	-	116.232.735
Treasury bills issued on behalf of the State and other monetary instrun	31.984.233	35.249.552	105.626.265	-	-	-	-	172.860.050
Foreign loans	-	-	-	-	-	18.649.860	-	18.649.860
Other liabilities	-	-	-	-	-	-	2.695.167	2.695.167
<b>Total financial liabilities</b>	<b>148.216.967</b>	<b>35.249.552</b>	<b>105.626.265</b>	<b>-</b>	<b>-</b>	<b>18.649.860</b>	<b>56.176.736</b>	<b>363.919.380</b>
<b>Net position</b>	<b>(76.482.470)</b>	<b>25.865.439</b>	<b>(29.437.441)</b>	<b>36.168.404</b>	<b>1.836.773</b>	<b>(18.649.860)</b>	<b>(3.829.087)</b>	<b>(64.772.785)</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

As of December 31, 2019, the effect on profits or losses and equity of the Bank in the face of an appreciation or depreciation of the metical by about 10% versus the total in foreign currency, is 8,462,592 thousand meticaís (2018: 1,652,886 thousand meticaís) and 7,048,206 thousand meticaís (2018: 789,682 thousand meticaís), 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 regularity of their 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	
	2019	2018 Restated	2019	2018 Restated
CAD	31	31	31	31
CHF	5	5	5	5
EUR	1.378.774	2.762	1.378.774	2.762
GBP	369	357	369	357
USD	472.062	519.664	472.062	519.664
ZAR	50.342	36.907	50.342	36.907
	<b>1.901.584</b>	<b>559.726</b>	<b>1.901.584</b>	<b>559.726</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

**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	
	2019	2018 Restated	2019	2018 Restated
<b>Cash in credit institutions</b>				
Demand deposits	2.163.157	3.707.172	2.430.070	3.888.203
<b>Advances to credit institutions</b>				
Term deposit	-	-	395.000	170.000
Interest receivable	-	-	-	-
	<b>2.163.157</b>	<b>3.707.172</b>	<b>2.825.070</b>	<b>4.058.203</b>

On 31 December 2019, the maximum and minimum interest rates for these foreign currency investments were as follows:

	2019		2018 Restated	
	Minimum rate	Maximum rate	Minimum rate	Maximum rate
Up to 1 month	-	2,10%	-	1,625%
1 to 3 months	0,18%	6,60%	1,125%	2,125%
3 to 12 months	0,21%	6,67%	1,125%	7,125%
1 to 3 years	1,66%	1,94%	1,125%	3,625%
3 to 5 years	0,4%	4%	0,4%	4%
More than 5 years	-	7%	-	-

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.

**NOTE 8 – GOLD**

This section is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
<b>Gold in coins and bars</b>				
Held outside the country	11.848.561	1.612.989	11.848.561	1.612.989
	<b>11.848.561</b>	<b>1.612.989</b>	<b>11.848.561</b>	<b>1.612.989</b>





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

As of 31 December 2019, gold reserves of approximately 126,494 ounces (2018: 140,484 ounces) were valued at USD 192,753,553 (2018: USD 179,466,202), based on the average price of gold quoted in U.S. dollars at the reporting date on the London gold market.

**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. Through separate agreements signed by them, managers invest the funds made available in assets, specifically stipulated in the agreement. Fees range from 0.10% to 0.30% of the portfolio market value.

This section is analyzed as follows:

**31.12.2019**

	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares	13.257	140.316	13.257	140.316
Treasury bills	19.430.274	19.628.195	19.430.274	19.628.195
Bonds of other issuers	3.110.398	3.149.490	3.110.398	3.149.490
Others	1.308.652	1.320.207	1.308.652	1.320.207
<b>Total</b>	<b>23.862.581</b>	<b>24.238.208</b>	<b>23.862.581</b>	<b>24.238.208</b>

**31.12.2018**

	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares	11.574	143.236	26.574	143.236
Treasury bills	1.815.572	18.252.826	1.815.572	18.252.826
Bonds of other issuers	3.361.434	3.269.777	3.361.434	3.269.777
Others	2.082.069	1.755.664	2.082.069	1.755.664
<b>Total</b>	<b>7.270.649</b>	<b>23.421.503</b>	<b>7.285.649</b>	<b>23.421.503</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

**NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME**

This section is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
<b>Debt instruments</b>				
<b>Unlisted securities</b>				
From non-resident issuers				
U.S. Treasury bonds	32.617.255	30.817.571	32.617.255	30.817.571
<b>Investments in credit institutions</b>				
Term deposits	163.785.214	127.036.944	163.785.214	127.036.944
Interest receivable	-	-	-	-
	<u>196.402.469</u>	<u>157.854.514</u>	<u>196.402.469</u>	<u>157.854.514</u>
<b>Equity instruments</b>	-	-	-	-
<b>Unlisted securities</b>				
From non-resident issuers				
Shares	-	-	-	-
From resident issuers	-	-	-	-
Shares	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial assets at fair value through other comprehensive income</b>	<u>196.402.469</u>	<u>157.854.514</u>	<u>196.402.469</u>	<u>157.854.514</u>

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

31.12.2019	Nominal value	Fair value	Acquisition cost	Capital gains	Impairment
<b>Debt instruments</b>					
Mozambican Government Treasury bonds	-	-	-	-	-
U.S. Treasury bonds	-	32.617.255	30.248.960	2.368.295	-
<b>Investments in credit institutions</b>					
Term deposits	163.785.214	163.785.214	163.785.214	-	-
<b>Financial assets at fair value through other comprehensive income</b>	<u>163.785.214</u>	<u>196.402.469</u>	<u>194.034.174</u>	<u>2.368.295</u>	<u>-</u>
<b>31.12.2018</b>					
<b>Debt instruments</b>					
Mozambican Government Treasury bonds	-	-	-	-	-
U.S. Treasury bonds	-	30.817.571	30.248.960	568.611	-
<b>Investments in credit institutions</b>					
Term deposits	127.036.944	127.036.944	127.036.944	-	-
<b>Financial assets at fair value through other comprehensive income</b>	<u>127.036.944</u>	<u>157.854.514</u>	<u>157.285.903</u>	<u>568.611</u>	<u>-</u>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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**NOTE 11 – FINANCIAL ASSETS AT AMORTIZED COST**

The financial assets at amortized cost incorporate the values of the Mozambican State Treasury Bonds and Treasury Bills, which total 4,671,943 thousand meticaís and 77,517,448 thousand meticaís, respectively.

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

Since 2008, as a result of the revision of the contractual terms, securities started to have a tacitly renewable one-year maturity. These securities are remunerated at an interest rate of 27.5% and their fair value is close to the carrying amount at 31 December 2019.

**NOTE 12 – FINANCIAL INVESTMENTS**

The financial investments contain the Bank's subsidiaries already identified in note 2.2. In the individual financial statements, the subsidiaries are valued at historical cost. In the consolidated financial statements, *Sociedade Interbancária de Moçambique, S.A.* (Mozambique Interbank Company) and *Kuhanha — Sociedade Gestora do Fundo de Pensões do Banco de Moçambique, S.A.* (Pension Fund Manager of the Banco de Moçambique) are consolidated as per the full consolidation method.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

**NOTE 13 – OTHER TANGIBLE ASSETS**

The movements in the financial year ended 31 December 2019 were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2019</b>					
Carrying amount at the beginning of the year	18.441.580	633.887	7.550	12.270.230	31.353.248
Additions	1.789.521	181.929	1.634	1.530.421	3.503.505
Gains in revaluation	7.466.211	-	-	2.003.016	9.469.227
Impairments	(925.947)	-	-	(1.768.996)	(2.694.944)
Regularizations	(1.590.241)	-	-	-	(1.590.241)
Depreciation for the year	(395.710)	(168.559)	-	-	(564.269)
<b>Carrying amount at end of year</b>	<b>24.785.414</b>	<b>647.257</b>	<b>9.184</b>	<b>14.034.670</b>	<b>39.476.525</b>
<b>At 31 December 2019</b>					
Cost	26.824.887	2.408.811	18.788	14.034.670	43.287.156
Impairments	(925.947)	-	-	-	(925.947)
Accumulated depreciation	(1.113.526)	(1.761.554)	(9.603)	-	(2.884.684)
<b>Carrying amount</b>	<b>24.785.414</b>	<b>647.257</b>	<b>9.184</b>	<b>14.034.670</b>	<b>39.476.525</b>

The movements under the item of ongoing transfer of asset values for land and buildings refer to the costs of the Office Tower and the Technical Center (*Torre de escritórios e pólo técnico*) in use.

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2018</b>					
Carrying amount at the beginning of the year	12.054.542	303.784	8.896	14.199.185	26.566.407
Additions	769.578	190.794	-	4.338.875	5.299.247
Regularizations	-	-	-	-	-
Transfer	6.009.323	258.507	-	(6.267.830)	-
Depreciation for the year	(391.863)	(119.198)	(1.346)	-	(512.407)
<b>Carrying amount at end of year</b>	<b>18.441.580</b>	<b>633.887</b>	<b>7.550</b>	<b>12.270.230</b>	<b>31.353.247</b>
<b>At 31 December 2018</b>					
Cost	19.412.952	2.280.695	15.733	12.270.230	33.979.610
Accumulated depreciation	(971.372)	(1.646.808)	(8.183)	-	(2.626.363)
<b>Carrying amount</b>	<b>18.441.580</b>	<b>633.887</b>	<b>7.550</b>	<b>12.270.230</b>	<b>31.353.247</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

The movements concerning the Group, for the year ended 31 December 2019, were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2019</b>					
Carrying amount at the beginning of the year	18.597.634	657.211	7.550	12.705.100	31.967.495
Additions	1.792.568	198.752	1.634	1.523.158	3.516.111
Gains in revaluation	7.466.211	-	-	2.003.016	9.469.227
Impairment	(925.947)	-	-	-1.768.996	(2.694.943)
Regularizations	(1.590.241)	-	-	-	(1.590.241)
Depreciation for the year	(399.003)	(201.660)	-	-	(600.663)
<b>Carrying amount at end of year</b>	<b>24.941.221</b>	<b>654.303</b>	<b>9.184</b>	<b>14.462.278</b>	<b>40.066.986</b>
<b>At 31 December 2019</b>					
Cost	27.011.029	2.801.339	18.787	14.462.278	44.293.433
Impairments	(925.947)	-	-	-	(925.948)
Accumulated depreciation	(1.143.860)	(2.147.036)	(9.603)	-	(3.300.499)
<b>Carrying amount</b>	<b>24.941.221</b>	<b>654.303</b>	<b>9.184</b>	<b>14.462.278</b>	<b>40.066.986</b>
	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2018</b>					
Carrying amount at the beginning of the year	12.217.491	606.232	8.896	14.199.183	27.031.802
Additions	769.578	209.157	-	4.523.201	5.501.936
Transfer	6.009.323	258.507	-	(6.267.830)	-
Regularizations	-	(262.729)	-	250.546	(12.183)
Depreciation for the year	(398.758)	(153.955)	(1.346)	-	(554.059)
<b>Carrying amount at end of year</b>	<b>18.597.634</b>	<b>657.211</b>	<b>7.550</b>	<b>12.705.100</b>	<b>31.967.495</b>
<b>At 31 December 2018</b>					
Cost	19.596.047	2.660.932	15.733	12.705.100	34.977.812
Accumulated depreciation	(998.413)	(2.003.721)	(8.183)	-	(3.010.317)
<b>Carrying amount</b>	<b>18.597.634</b>	<b>657.211</b>	<b>7.550</b>	<b>12.705.100</b>	<b>31.967.495</b>

The other tangible assets of the Bank are measured at revalued cost, deducted from their respective accumulated depreciation and accumulated impairment losses. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.

With reference to 31 December 2019, the properties have been reevaluated by an independent company and recorded at fair value, resulting in a revaluation of 10,096,220 thousand meticaís, less impairments and amortization of 2,694,944 thousand meticaís and 626,993 thousand meticaís, respectively.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

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The result of the revaluation can be analyzed as follows:

At 31 December 2019

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Revaluation reserve	10.096.220	-	10.096.220	-
Accumulated impairment	(2.694.944)	-	(2.694.944)	-
Adjustment for amortization	(626.993)	-	(626.993)	-
<b>Revaluation result</b>	<b>6.774.283</b>	<b>-</b>	<b>6.774.283</b>	<b>-</b>

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 an ongoing transaction between market participants, at the date of valuation.

Subsequent costs of property, plant and equipment 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 were 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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.

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 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 2019, as per the cost method, were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2019</b>					
Carrying amount at the beginning of the year	18.441.580	633.887	7.550	12.270.230	31.353.247
Additions	244.679	135.111	3.054	3.120.662	3.503.506
Transfer	-	-	-	-	-
Depreciation for the year	(441.109)	(121.740)	(1.420)	-	(564.269)
<b>Carrying amount at end of year</b>	<b>18.245.150</b>	<b>647.258</b>	<b>9.184</b>	<b>15.390.892</b>	<b>34.292.484</b>
<b>At 31 December 2019</b>					
Cost	19.657.630	2.408.812	18.788	15.390.892	37.476.122
Accumulated depreciation	(1.412.481)	(1.761.554)	(9.603)	-	(3.183.638)
<b>Carrying amount</b>	<b>18.245.150</b>	<b>647.258</b>	<b>9.185</b>	<b>15.390.892</b>	<b>34.292.484</b>

The movements concerning the Group in the year ended 31 December 2018, as per the cost method, were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
<b>At 31 December 2019</b>					
Carrying amount at the beginning of the year	12.054.542	303.784	8.896	14.199.185	26.566.407
Additions	769.578	190.794	-	4.338.875	5.299.247
Regularization	-	-	-	-	-
Transfer	6.009.323	258.507	-	(6.267.830)	-
Depreciation for the year	(391.863)	(119.199)	(1.346)	-	(512.408)
<b>Carrying amount at end of year</b>	<b>18.441.580</b>	<b>633.887</b>	<b>7.550</b>	<b>12.270.230</b>	<b>31.353.247</b>
<b>At 31 December 2019</b>					
Cost	19.412.952	2.280.695	15.733	12.270.230	33.979.610
Accumulated depreciation	(971.372)	(1.646.808)	(8.183)	-	(2.626.363)
<b>Carrying amount</b>	<b>18.441.580</b>	<b>633.887</b>	<b>7.550</b>	<b>12.270.230</b>	<b>31.353.247</b>





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

**NOTE 14 – INTANGIBLE ASSETS**

The movements concerning intangible assets in the financial year 2019 were as follows:

<b>At 31 December 2019</b>	<b>INDIVIDUAL</b>	<b>CONSOLIDATED</b>
<b>Carrying amount at the beginning of the year</b>	47.641	475.479
Additions	16.541	23.594
Regularizations	-	43.160
Impairment for the year	-	(44.692)
Amortization for the year	(15.029)	(145.837)
<b>Carrying amount at the end of the year</b>	<b>49.153</b>	<b>351.704</b>
<b>At 31 December 2019</b>		
Cost	288.616	906.112
Accumulated amortization	(239.463)	(554.408)
<b>Carrying amount</b>	<b>49.153</b>	<b>351.704</b>

The movements concerning intangible assets in the financial year 2018 were as follows:

<b>At 31 December 2018</b>	<b>INDIVIDUAL</b>	<b>CONSOLIDATED</b>
<b>Carrying amount at the beginning of the year</b>	15.184	534.181
Additions	32.695	39.347
Adjustments	689	1.142
Impairment for the year	-	(44.692)
Amortization for the year	(927)	(54.499)
<b>Carrying amount at the end of the year</b>	<b>47.641</b>	<b>475.479</b>
<b>At 31 December 2018</b>		
Cost	271.794	882.237
Accumulated amortization	(224.153)	(406.758)
<b>Carrying amount</b>	<b>47.641</b>	<b>475.479</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

**NOTE 15 – OTHER FINANCIAL ASSETS**

The balance of this item is broken down as follows:

	Notes	INDIVIDUAL		CONSOLIDATED	
		2019	2018 Restated	2019	2018 Restated
Foreign debtors		123.768	114.386	123.768	114.386
Staff loans	15.1	3.876.192	2.845.634	3.876.192	2.845.634
Clearing accounts		831.840	321.953	831.840	321.953
Production costs of banknotes and coins	15.2	3.213.425	2.490.042	3.213.425	2.490.042
Stationery		21.087	24.452	21.087	24.452
Loans and advances granted to the Government	15.3	43.347.744	35.877.260	43.347.744	35.877.260
Other receivables	15.4	6.808.715	7.601.057	6.195.769	7.096.439
Repurchase agreements	15.5	(0)	800.001	(0)	800.001
<b>Gross amount of other assets</b>		<b>58.222.771</b>	<b>50.074.785</b>	<b>57.609.825</b>	<b>49.570.167</b>
Impairment losses		(9.543)	(9.543)	(9.543)	(9.543)
<b>Carrying amount</b>		<b>58.213.228</b>	<b>50.065.242</b>	<b>57.600.282</b>	<b>49.560.624</b>

Impairment losses refer to “Other debtors”:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
<b>Carrying amount at 01 January</b>	9.543	9.543	9.543	9.543
Increases	-	-	-	-
Decreases	-	-	-	-
<b>Carrying amount at 31 December</b>	<b>9.543</b>	<b>9.543</b>	<b>9.543</b>	<b>9.543</b>

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 staff members**

According to the Collective Labor Agreement (CLA), the Bank grants loans for housing, cars, education and other purposes to its employees.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

## 15.2. Costs of the production of banknotes and coins

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Banknotes and coins issued	860.123	805.304	860.123	805.304
Banknotes and coins not issued	2.353.302	1.684.738	2.353.302	1.684.738
	<b>3.213.425</b>	<b>2.490.042</b>	<b>3.213.425</b>	<b>2.490.042</b>
<b>Banknote and coin depreciation</b>				
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Banknotes	429.834	398.197	429.834	398.197
Coins	58.110	53.989	58.110	53.989
	<b>487.944</b>	<b>452.186</b>	<b>487.944</b>	<b>452.186</b>

## 15.3. Loans and advances granted to the government

During the financial year 2019, the Bank granted loans to the State in a total of 39,347,744 thousand meticaís, of which 12,280,175 thousand meticaís at an annual interest rate of 3%; the amount of 22,523,645 thousand meticaís was granted under the conditions laid down by Article 18 of Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique, and the remainder of 4,543,924 thousand meticaís concerns interest.

It should be noted that Article 18 (1) establishes that the Bank "... may grant annually to the state, interest-free credit in the form of a current account, in national currency, up to the maximum amount of ten percent of the ordinary revenues of the general budget of the State, collected in the penultimate financial year". Moreover, Article 18 (2) states that "the withdrawals of the State from the same account will be made solely 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 2019**  
(Amounts expressed in thousands of Meticals)

#### 15.4. Other debtors

The balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Creditors - banknote and coin production	776.485	1.270.982	776.485	1.270.982
MEF - PTA - Bank	245.897	245.897	245.897	245.897
MEF - MEFMI	26.293	26.885	26.293	26.885
Kuhanha	4.035.175	4.035.175	4.035.175	4.035.175
MEF-AFRITAC	9.221	9.221	9.221	9.221
Other active operations (accrued amounts)	918.210	132.295	918.210	132.295
Others	797.434	1.880.602	184.488	1.375.984
	<b>6.808.715</b>	<b>7.601.057</b>	<b>6.195.769</b>	<b>7.096.439</b>

Production = manufacturers

The balance of *Kuhanha* (in representing the Employee Pension Fund of the Banco de Moçambique) refers to a supply contract concluded between the parties. This amount shall be repaid through dividends or the sale of shares relating to its financial contribution.

#### 15.5. Repurchase agreements

Repurchase agreements are overnight facilities granted to commercial entities to cover temporary liquidity shortfalls.

#### NOTE 16 – FOREIGN EXCHANGES

Gains and losses stemming from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under a financial position account (special account for 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 exchange movements shows an outstanding balance, the State 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 exchange movements at the end of each financial year shall be credited to an account held on behalf of the State, where the Bank shall pay interest at a rate to be determined by the Board of Directors”.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Fluctuation in the value - Opening Balance	28.112.319	24.926.158	28.112.319	24.926.158
Unrealized foreign exchange loss for the year	10.149.295	3.186.161	10.149.295	3.186.161
Fluctuation in the value - Closing Balance	<b>38.261.614</b>	<b>28.112.319</b>	<b>38.261.614</b>	<b>28.112.319</b>

Fluctuation in the value = Foreign exchange

Moreover, we present below the impact of the Bank adopting the Organic Law to the detriment of IFRS/IFRS, with regard to this matter.

Accounts in accordance with IFRS	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Net result with derogation	(4.800.533)	(12.483.431)	(4.648.310)	(12.484.220)
Changes unrealized foreign exchange in profit / loss for the year	(10.149.295)	(3.186.161)	10.149.295	(3.186.161)
Equity	(44.001.119)	(40.280.168)	(44.059.617)	(40.484.167)
Accumulated amounts due to the government	-	-	-	-

Accounts in accordance with the Organic Law	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Net result	(4.800.533)	(12.483.431)	(4.648.310)	(12.484.220)
Changes unrealized foreign exchange in profit / loss for the year	-	-	-	-
Equity	2.306.783	(4.586.604)	2.248.285	(4.790.603)
Accumulated amounts due to the government	38.261.614	28.112.319	38.261.614	28.112.319

Impact	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Net result with derogation	(4.800.533)	(12.483.431)	(4.648.310)	(12.484.220)
Unrealized foreign exchange loss (IAS 21)	(10.149.295)	(3.186.161)	(10.149.295)	(3.186.161)
Financial instruments impairments (IFRS 9)	(465.043)	(7.581.245)	(465.043)	(7.581.245)
Net result without derogation	<b>(15.414.871)</b>	<b>(23.250.837)</b>	<b>(15.262.648)</b>	<b>(23.251.626)</b>
Equity with derogation	2.306.783	(4.586.604)	2.248.285	(4.790.603)
Value exchange account	(38.261.614)	(28.112.319)	(38.261.614)	(28.112.319)
Financial instruments impairments (IFRS 9)	(8.046.288)	(7.581.245)	(8.046.288)	(7.581.245)
Equity without derogation	<b>(44.001.119)</b>	<b>(40.280.168)</b>	<b>(44.059.617)</b>	<b>(40.484.167)</b>
Value exchange account	-	-	-	-
Result for foreign exchange operations	3.935.228	1.639.716	3.935.228	1.639.716



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

**NOTE 17 – BANKNOTES AND COINS IN CIRCULATION**

As of 31 December 2019, the balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Banknotes	76.164.592	65.618.610	76.164.592	65.618.610
Coins	1.319.226	1.226.711	1.319.226	1.226.711
Banknotes and coins held by the Bank	(10.584.345)	(6.655.808)	(10.584.345)	(6.655.808)
Banknotes and coins no longer in use	(7.364.771)	(6.707.944)	(7.364.771)	(6.707.944)
	<b>59.534.702</b>	<b>53.481.569</b>	<b>59.534.702</b>	<b>53.481.569</b>

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 of 31 December 2019:

Banknotes and coins in circulation (outside the Bank)	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Banknotes	58.238.310	52.276.630	58.238.310	52.276.630
Coins	1.296.393	1.204.939	1.296.393	1.204.939
	<b>59.534.702</b>	<b>53.481.569</b>	<b>59.534.702</b>	<b>53.481.569</b>

**Monetary 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 State;
- 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 state 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

As of 31 December 2019, foreign exchange reserves amounted to 236,022,935 thousand meticaís (2018: 187,086,609 thousand meticaís).

**NOTE 18 – DEPOSITS OF OTHER INSTITUTIONS**

As of 31 December 2019, the balance of this item is broken down as follows:

		INDIVIDUAL		CONSOLIDATED	
		2019	2018 Restated	2019	2018 Restated
<b>Deposits in national currency:</b>					
Government		57.514.621	23.412.100	57.514.621	23.412.100
Financial institutions	18.1	54.063.614	46.658.301	54.063.614	46.658.301
Consignment liabilities	18.2	289.638	2.389.468	289.638	2.389.468
Others		986.826	469.227	986.826	469.227
<b>Deposits in foreign currency:</b>					
Government		10.729.091	12.359.683	10.729.091	12.359.683
Financial institutions	18.1	38.941.070	28.030.943	38.941.070	28.030.943
Consignment liabilities	18.3	2.855.054	2.911.939	2.855.054	2.911.939
Collateral		770	770	770	770
Others		303	303	303	303
		<b>165.380.987</b>	<b>116.232.735</b>	<b>165.380.987</b>	<b>116.232.735</b>

Pursuant to Article 6 (1), Law No. 1/92 of 3 January, Organic Law of the Bank, deposits from financial institutions, even if they refer to mandatory deposits, may be remunerated. 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 2019**  
 (Amounts expressed in thousands of Meticaís)

**NOTE 19 – TREASURY BILLS ISSUED ON BEHALF OF THE STATE AND OTHER MONETARY INSTRUMENTS**

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Treasury bills issued to finance the State	105.547.021	97.982.026	105.547.021	97.982.026
Treasury bills for Monetary Policy	58.657.676	35.249.552	58.657.676	35.249.552
Marginal lending facilities	42.604.645	31.984.233	42.604.645	31.984.233
Interest payable	5.279.897	7.644.239	5.279.897	7.644.239
	<b>212.089.239</b>	<b>172.860.050</b>	<b>212.089.239</b>	<b>172.860.050</b>

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 state with short-term funds.

The funds obtained by issuing the Treasury Bills shall be transferred to the State at its request at the same rate of interest charged to the market and for such period as may be agreed with the State. For this reason, its carrying amount at the reporting date is considered close to fair value. The interest rate on Treasury Bills, throughout the year, ranged between 9.75% and 13.15%.

**NOTE 20 – FOREIGN LOANS**

The balance of the item is broken down as follows:

Liabilities	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Special drawing rights	9.249.809	9.303.477	9.249.809	9.303.477
Extended credit facility (ESF)	7.361.565	9.346.383	7.361.565	9.346.383
<b>Total</b>	<b>16.611.374</b>	<b>18.649.860</b>	<b>16.611.374</b>	<b>18.649.860</b>

This is the credit extension 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

The allocation of Special Drawing Rights (amount payable to the IMF) represents SDR 108,838,056.00 equivalent to 9,250,146 thousand meticaís, (2018: SDR 108,838,056.00 equivalent to 9,303,477 thousand Meticaís).

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

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Foreign loans	16.611.374	18.649.860	16.611.374	18.649.860
<b>Assets</b>				
Special drawing rights	370.713	1.440.174	370.713	1.440.174
<b>Total</b>	<b>16.240.661</b>	<b>17.209.686</b>	<b>16.240.661</b>	<b>17.209.686</b>

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	
	2019	2018	2019	2018
<b>Financial assumptions</b>				
Discount rate	17,48%	14,92%	17,48%	14,92%
Salary increase rate	5,68%	6,3%	5,68%	6,3%
Pension fund increase rate	5,68%	6,3%	5,68%	6,3%
Rate of Return	17,48%	14,92%	17,48%	14,92%
<b>Demographic assumptions</b>				
Mortality table	PF 60/64	PF 60/64	PF 60/64	PF 60/64
Retirement date	At retirement age	At retirement age	At retirement age	At retirement age
% of married employees	70%	70%	70%	70%

The calculation of the retirement pension obligations of employees 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.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

For the allocation of retirement pension for old age was used the assumption 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.

The pension plan is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Assets	941	963	941	963
Retired persons and pensioners	672	658	672	658
	<b>1.613</b>	<b>1.621</b>	<b>1.613</b>	<b>1.621</b>

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

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Demand deposits	764	5.683	764	5.683
Term deposits	4.803.380	7.714.715	4.803.380	7.714.715
Private bonds	3.890.299	2.132.888	3.890.299	2.132.888
Treasury bonds	6.355.320	4.325.425	6.355.320	4.325.425
Investment properties	1.179.962	1.179.962	1.179.962	1.179.962
Financial investments	5.369.795	5.916.710	5.369.795	5.916.710
Others	1.746.882	1.524.178	1.746.882	1.524.178
Payable	(4.039.938)	(4.040.150)	(4.039.938)	(4.040.150)
	<b>19.306.464</b>	<b>18.759.411</b>	<b>19.306.464</b>	<b>18.759.411</b>

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.

The creditors mainly refer to the amount of 4,035,174 thousand meticaís concerning the advance to *Kuhanha* (representing the Employee Pension Fund of the Banco de Moçambique), in the form of supplies.

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



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
<b>Liabilities as at 1 January</b>	<b>19.308.888</b>	<b>22.623.384</b>	<b>19.308.888</b>	<b>22.623.384</b>
Current service cost	427.432	919.075	427.432	919.075
Interest cost	2.809.500	4.421.775	2.809.500	4.421.775
Actuarial gains on liabilities	(4.301.711)	(7.464.325)	(4.301.711)	(7.464.325)
Pensions paid by the fund	(1.418.809)	(1.191.020)	(1.418.809)	(1.191.020)
<b>Liabilities as at 31 December</b>	<b>16.825.300</b>	<b>19.308.888</b>	<b>16.825.300</b>	<b>19.308.888</b>

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

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
<b>Fund balance at 1 January</b>	<b>18.759.411</b>	<b>14.946.508</b>	<b>18.759.411</b>	<b>14.946.508</b>
Interest income	2.760.386	3.619.749	2.760.386	3.619.749
Bank contributions	883.890	8.450.736	883.890	8.450.736
Results of the revaluation of the fund's assets	(1.678.414)	(7.066.562)	(1.678.414)	(7.066.562)
Pensions paid by the fund	(1.418.809)	(1.191.020)	(1.418.809)	(1.191.020)
<b>Fund balance at 31 December</b>	<b>19.306.464</b>	<b>18.759.411</b>	<b>19.306.464</b>	<b>18.759.411</b>

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Current liabilities for past services	16.825.300	19.308.889	16.825.300	19.308.889
Amount of pension fund assets	(19.306.464)	(18.759.411)	(19.306.464)	(18.759.411)
Excess funding	(2.481.164)	549.478	(2.481.164)	549.478
<b>Deficit</b>	<b>(2.481.164)</b>	<b>549.478</b>	<b>(2.481.164)</b>	<b>549.478</b>

The costs concerning retirement pensions and health benefits can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Current service cost	427.432	919.075	427.432	919.075
Interest cost	2.809.500	4.421.775	2.809.500	4.421.775
Expected return on the fund	(2.760.386)	(3.619.749)	(2.760.386)	(3.619.749)
<b>Cost for the year</b>	<b>476.546</b>	<b>1.721.101</b>	<b>476.546</b>	<b>1.721.101</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

**NOTE 22 – OTHER LIABILITIES**

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Foreign creditors	629.990	14.099	629.990	14.099
Domestic creditors	330.680	783.973	330.680	787.026
Clearing accounts	(8.584)	492.400	(8.584)	492.400
Employee remuneration	235.337	422.206	235.337	422.206
Other trade payables	774.957	513.795	1.193.549	979.435
	<b>1.962.379</b>	<b>2.226.474</b>	<b>2.380.971</b>	<b>2.695.167</b>

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

The value of the other charges to be paid 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 underwritten and injected by the Government of the Republic of Mozambique in a total of 2,596,721 thousand meticaís.

**NOTE 24 – RESERVES**

**LEGAL RESERVE**

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 2018, in view of the net profit of 1,467,347 thousand meticaís, the Board of Directors proposed the following application: 45% for accumulation in non-distributable reserve and 55% for the State in the form of dividends.



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

In view of the restatement of the 2018 accounts balance, the net income went from 1,467,347 thousand meticaís to a loss of 12,483,431 thousand meticaís.

Unrealized gains related to the revaluation reserve of fixed assets, gold investments, financial instruments and post-employment benefits are considered non-distributable in the process of applying income, thus preventing the distribution of unrealized income in the form of dividends.

#### **FAIR VALUE REVALUATION RESERVES**

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

	<b>INDIVIDUAL</b>		<b>CONSOLIDATED</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
At 1 January	43.330	52.165	43.330	52.165
Shares	336.525	(8.835)	336.525	(8.835)
Total change for the year	336.525	(8.835)	336.525	(8.835)
<b>At 31 December</b>	<b>379.855</b>	<b>43.330</b>	<b>379.855</b>	<b>43.330</b>

#### **FIXED ASSET REVALUATION RESERVES**

The balance of this item can be analyzed as follows:

	<b>INDIVIDUAL</b>		<b>CONSOLIDATED</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Balance at 1 January	922.215	922.215	922.215	922.215
Changes during the year	9.469.227	-	9.469.227	-
<b>Balance at 31 December</b>	<b>10.393.461</b>	<b>922.215</b>	<b>10.393.461</b>	<b>922.215</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

## NON-CONTROLLING INTEREST

The following table shows the analysis of the Group's non-controlling interest.

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Non-controlling interest balance at 1 January	-	-	588.608	582.280
Capital			-	6.328
Reserves	-	-	-	-
Net result	-	-	-	-
Adjustments from previous years	-	-	-	-
Non-controlling interest balance at 31 December	-	-	588.608	588.608

## 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 assumptions or adjustments not observable 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.





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

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

At 31 December 2019	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets and gold</b>						
Gold	11.848.561	-	11.848.561	11.848.561	-	11.848.561
	<u>11.848.561</u>	<u>-</u>	<u>11.848.561</u>	<u>11.848.561</u>	<u>-</u>	<u>11.848.561</u>
<b>Fair value through profit or loss</b>						
Shares	-	140.316	140.316	-	140.316	140.316
Treasury bonds	19.628.195	-	19.628.195	19.628.195	-	19.628.195
Bonds of other issuers	3.149.490	-	3.149.490	3.149.490	-	3.149.490
Others	1.320.207	-	1.320.207	1.320.207	-	1.320.207
	<u>24.097.892</u>	<u>140.316</u>	<u>24.238.208</u>	<u>24.097.893</u>	<u>140.316</u>	<u>24.238.209</u>
<b>Fair value through other comprehensive income</b>						
U.S. treasury bonds	32.617.255	-	32.617.255	32.617.255	-	32.617.255
Term deposits	-	163.785.214	163.785.214	-	163.785.214	163.785.214
	<u>32.617.255</u>	<u>163.785.214</u>	<u>196.402.469</u>	<u>32.617.255</u>	<u>163.785.214</u>	<u>196.402.469</u>
<b>Other tangible assets</b>						
Buildings	24.785.414	-	24.785.414	24.785.414	-	24.785.414
	<u>24.785.414</u>	<u>-</u>	<u>24.785.414</u>	<u>24.785.414</u>	<u>-</u>	<u>24.785.414</u>
	<u>93.349.122</u>	<u>163.925.530</u>	<u>257.274.652</u>	<u>93.349.123</u>	<u>163.925.530</u>	<u>257.274.653</u>
<b>Financial liabilities</b>						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	212.089.239	212.089.239	-	212.089.239	212.089.239
	<u>-</u>	<u>212.089.239</u>	<u>212.089.239</u>	<u>-</u>	<u>212.089.239</u>	<u>212.089.239</u>
At 31 December 2018	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial assets and gold</b>						
Gold	1.612.989	-	1.612.989	1.612.989	-	1.612.989
	<u>1.612.989</u>	<u>-</u>	<u>1.612.989</u>	<u>1.612.989</u>	<u>-</u>	<u>1.612.989</u>
<b>Fair value through profit or loss</b>						
Shares	-	143.236	143.236	-	158.236	158.236
Treasury bonds	18.252.826	-	18.252.826	18.252.826	-	18.252.826
Bonds of other issuers	3.269.777	-	3.269.777	3.269.777	-	3.269.777
Others	1.755.664	-	1.755.664	1.755.664	-	1.755.664
	<u>23.278.267</u>	<u>143.236</u>	<u>23.421.503</u>	<u>23.278.268</u>	<u>158.236</u>	<u>23.436.503</u>
<b>Fair value through other comprehensive income</b>						
U.S. treasury bonds	30.817.571	-	30.817.571	30.817.571	-	30.817.571
Term deposits	-	127.036.944	127.036.944	-	127.036.944	127.036.944
	<u>30.817.571</u>	<u>127.036.944</u>	<u>157.854.514</u>	<u>30.817.571</u>	<u>127.036.944</u>	<u>157.854.514</u>
	<u>55.708.827</u>	<u>127.180.179</u>	<u>182.889.006</u>	<u>55.708.828</u>	<u>127.195.179</u>	<u>182.904.007</u>
<b>Financial liabilities</b>						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	172.860.050	172.860.050	-	172.860.050	172.860.050
	<u>-</u>	<u>172.860.050</u>	<u>172.860.050</u>	<u>-</u>	<u>172.860.050</u>	<u>172.860.050</u>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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 2019	INDIVIDUAL			CONSOLIDATED		
	Cost	Fair-value	Difference	Cost	Fair-value	Difference
<b>Financial assets and gold</b>						
Gold	11.848.561	11.848.561	-	11.848.561	11.848.561	-
	<b>11.848.561</b>	<b>11.848.561</b>	<b>-</b>	<b>11.848.561</b>	<b>11.848.561</b>	<b>-</b>
Fair value through profit or loss						
Shares	13.257	140.316	127.059	13.257	140.316	127.059
Treasury bonds	19.430.274	19.628.195	197.921	19.430.274	19.628.195	197.921
Bonds of other issuers	3.110.398	3.149.490	39.093	3.110.398	3.149.490	39.093
Others	1.308.652	1.320.207	11.555	1.308.652	1.320.207	11.555
	<b>23.862.581</b>	<b>24.238.208</b>	<b>375.627</b>	<b>23.862.581</b>	<b>24.238.208</b>	<b>375.627</b>
<b>Fair value through other comprehensive income</b>						
U.S. treasury bonds	32.617.255	32.617.255	-	32.617.255	32.617.255	-
Term deposits	163.315.993	163.785.214	469.221	163.315.993	163.785.214	469.221
	<b>195.933.248</b>	<b>196.402.469</b>	<b>-</b>	<b>195.933.248</b>	<b>196.402.469</b>	<b>469.221</b>
<b>Other tangible assets</b>						
Buildings	18.011.131	24.785.414	6.774.283	18.011.131	24.785.414	6.774.283
	<b>18.011.131</b>	<b>24.785.414</b>	<b>6.774.283</b>	<b>18.011.131</b>	<b>24.785.414</b>	<b>6.774.283</b>
<b>Total financial assets</b>	<b>249.655.520</b>	<b>257.274.652</b>	<b>7.149.911</b>	<b>249.655.520</b>	<b>257.274.652</b>	<b>7.619.132</b>
<b>Financial liabilities</b>						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	212.089.239	212.089.239	-	212.089.239	212.089.239	-
	<b>212.089.239</b>	<b>212.089.239</b>	<b>-</b>	<b>212.089.239</b>	<b>212.089.239</b>	<b>-</b>
<b>At 31 December 2018</b>						
<b>Financial assets and gold</b>						
Gold	1.612.989	1.612.989	-	1.612.989	1.612.989	-
	<b>1.612.989</b>	<b>1.612.989</b>	<b>-</b>	<b>1.612.989</b>	<b>1.612.989</b>	<b>-</b>
Fair value through profit or loss						
Shares	11.574	143.236	131.662	26.574	158.236	(131.662)
Treasury bonds	1.815.572	18.252.826	16.437.254	1.815.572	18.252.826	(16.437.254)
Bonds of other issuers	3.361.434	3.269.777	(91.657)	3.361.434	3.269.777	91.657
Others	2.082.069	1.755.664	(326.405)	2.082.069	1.755.664	326.405
	<b>7.270.649</b>	<b>23.421.503</b>	<b>16.150.854</b>	<b>7.285.650</b>	<b>23.436.503</b>	<b>(16.150.854)</b>
<b>Fair value through other comprehensive income</b>						
U.S. treasury bonds	30.817.571	30.817.571	-	30.817.571	30.817.571	-
Term deposits	-	-	-	-	-	-
	<b>30.817.571</b>	<b>30.817.571</b>	<b>-</b>	<b>30.817.571</b>	<b>30.817.571</b>	<b>-</b>
<b>Total financial assets</b>	<b>39.701.209</b>	<b>55.852.063</b>	<b>16.150.854</b>	<b>39.716.209</b>	<b>55.867.063</b>	<b>(16.150.854)</b>
<b>Financial liabilities</b>						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	172.860.050	172.860.050	-	172.860.050	172.860.050	-
	<b>172.860.050</b>	<b>172.860.050</b>	<b>-</b>	<b>172.860.050</b>	<b>172.860.050</b>	<b>-</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(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	
	2019	2018	2019	2018 Restated
Interest on term deposits	4.132.360	3.931.423	4.132.360	3.946.012
Interest on securities available-for-sale	1.461.282	1.273.108	1.461.282	1.273.108
Interest on securities held-for-trading	479.685	396.308	479.685	396.308
Interest on demand deposits	69.990	31.075	115.921	17.847
Interest on loans and advances granted	3.448.344	3.543.547	3.448.344	3.543.547
Other interest	29.836	24.974	29.836	24.974
	<b>9.621.497</b>	<b>9.200.435</b>	<b>9.667.428</b>	<b>9.201.797</b>

**26.2. Interest and similar expenses**

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Interest on Treasury Bills issued on behalf of the Mozambican Government and Monetary	16.092.706	19.183.824	16.092.706	19.183.824
Interest on liquidity investments	206.552	154.437	206.552	154.437
Other interest and similar expenses	98.576	80.630	152.124	90.872
	<b>16.397.834</b>	<b>19.418.891</b>	<b>16.451.382</b>	<b>19.429.133</b>

The total interest income from assets measured and classified at fair value through comprehensive income in 2019 was 4,132,360 thousand meticaís (2018: 3,931,423 thousand meticaís) and 1,079,196 thousand meticaís (2018: 1,273,108 thousand meticaís), for term deposits and internal portfolio of securities, respectively.

**NOTE 27 – FEE AND COMMISSION INCOME**

This item is broken down as follows:

**27.1. Fee and commission income**

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Services provided	-	-	1.130.880	1.263.478
Transactions made	-	-	245.958	212.175
Other income from fees and commissions	-	-	1.531	-
	<b>-</b>	<b>-</b>	<b>1.378.369</b>	<b>1.475.653</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticals)

## 27.2 Fee and commission expenses

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Services provided	-	-	548.449	567.695
Transactions made	-	-	-	1.899
Other income from fees and commissions	-	-	178.703	139.178
	-	-	<b>727.152</b>	<b>708.772</b>

## NOTE 28 – NET GAINS FROM FOREIGN CURRENCY OPERATIONS AND REVALUATION ON GOLD

This section is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018 Restated	2019	2018 Restated
Profit from sale of foreign currency				
On operations in gold	516.943	918.587	516.943	918.587
On operations in foreign currency	13.567.580	3.907.290	13.569.363	3.895.636
<b>Total</b>	<b>14.084.523</b>	<b>4.825.877</b>	<b>14.086.306</b>	<b>4.814.223</b>

With regard to the unrealized foreign exchange revaluation income, see Note 16.

## NOTE 29 – OTHER OPERATING INCOME

This section is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Collection costs	4.299	4.208	4.299	4.208
Transfer charges	714	752	714	752
Other services	9.412	2.772	9.412	2.772
Other operating profit	243.858	1.498.430	288.821	1.545.987
Other gains	34.636	2.432	34.636	2.432
	<b>292.919</b>	<b>1.508.594</b>	<b>337.882</b>	<b>1.556.151</b>

## NOTE 30 – STAFF EXPENSES

This section is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Management remuneration	283.813	221.218	303.675	247.410
Employee remuneration	4.780.491	4.589.221	4.893.497	4.693.391
Costs with employee benefits - Note 20	986.644	236.864	986.644	236.864
Social charges	164.752	361.813	166.410	362.685
Other staff costs	166.100	168.052	194.611	188.687
	<b>6.381.801</b>	<b>5.577.168</b>	<b>6.544.839</b>	<b>5.729.036</b>



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

As of 31 December 2019, the number of employees of the bank stood at 941 (2018: 963).

The key management staff members consist of members of the Board of Directors and the Audit Board of the Bank.

**NOTE 31 – OTHER OPERATING EXPENSES**

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Third-party supplies	338.216	283.207	350.943	283.207
Third-party services	1.480.529	1.100.173	1.699.319	1.624.140
Production costs of banknotes and coins	494.928	459.936	494.928	459.936
Other expenses	406.434	601.665	406.434	601.665
Other losses	25.488	63.963	25.488	63.963
	<b>2.745.595</b>	<b>2.508.944</b>	<b>2.977.112</b>	<b>3.032.911</b>

Other expenses mainly refer to direct taxes in the amount of 72,000 thousand meticaís in 2019 (2018: 72,000 thousand meticaís) and commissions paid in respect of portfolios under external management in the amount of 47,397 thousand meticaís in 2019 (2018: 90,662 thousand meticaís).

The third-party services item includes rental costs in the amount of 12,374 thousand meticaís (2018: 15,798 thousand 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 concerned parties have been identified:

	2019	2018
Government	Shareholder	Shareholder
Kuhanha	Controlled company	Controlled company
SIMO	Controlled company	Controlled company
Afreximbank	Participated company	Participated company
Swift	Participated company	Participated company
Top managers	Members of the board of directors and audit board	Members of the board of directors and audit board

The entities concerning the Bank, with whom it conducted transactions in the year ended 31 December 2019, are as follows:



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

	2019			2018			
	Loans	Treasury bonds	Exchange revaluation	Loans	Treasury bonds	Exchange revaluation	Investments
Government	7.470.484	8.037.913	-	4.084.167	-	-	-
Kuhanha	-	-	-	-	-	-	-
SIMO	(63.785)	-	-	196.469	-	-	-
Afreximbank	-	-	(2.895)	-	-	156.598	-
Swift	-	-	(32)	-	-	(45)	1.683
Top managers	4.662	-	-	113.222	-	-	-

Balances with concerned parties are as follows:

**At 31 December 2019**

	Government	Key management	Controlled and participated companies	Total
<b>Assets</b>				
Financial assets at amortized cost	29.671.977	-	-	29.671.977
Financial assets at fair value through profit or loss	-	-	800.719	800.719
Credits and advances granted	43.347.744	139.729	4.894.750	48.382.223
<b>Total</b>	<b>73.019.721</b>	<b>139.729</b>	<b>5.695.469</b>	<b>78.854.919</b>
<b>Liabilities</b>				
Government deposits	68.243.711	-	-	68.243.711
Treasury bills issued on behalf of the State and other monetary instruments	105.547.021	-	-	105.547.021
<b>Total</b>	<b>173.790.732</b>	<b>-</b>	<b>-</b>	<b>173.790.732</b>

**At 31 December 2018**

	Government	Key management	Controlled and participated companies	Total
<b>Assets</b>				
Financial assets at amortized cost	21.634.064	-	-	21.634.064
Financial assets at fair value through profit or loss	-	-	803.646	803.646
Credits and advances granted	35.877.260	135.067	923.361	36.935.688
<b>Total</b>	<b>57.511.324</b>	<b>135.067</b>	<b>1.727.007</b>	<b>59.373.398</b>
<b>Liabilities</b>				
Government deposits	35.771.894	-	-	35.771.894
Treasury bills issued on behalf of the State and other monetary instruments	97.982.026	-	-	97.982.026
<b>Total</b>	<b>133.753.920</b>	<b>-</b>	<b>-</b>	<b>133.753.920</b>

The remuneration of the key management and supervision staff members of the Bank is as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018 Restated
Short-term employee benefits	283.813	221.218	303.675	231.459
	<b>283.813</b>	<b>221.218</b>	<b>303.675</b>	<b>231.459</b>

The flow for the period of transactions carried out by entities concerning the Bank, with whom it held balances or transactions in the year ended 31 December 2019, is as follows:



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

At 31 December 2019

	Government	Key management	Controlled and participated companies	Total
<b>Balance at 1 January 2019</b>	57.511.324	135.067	5.762.181	63.408.572
Additions	15.508.397	37.047	-	15.545.444
Amortizations	-	(32.385)	(66.712)	(99.096)
<b>Balance at 31 December 2019</b>	<b>73.019.721</b>	<b>139.729</b>	<b>5.695.469</b>	<b>78.854.919</b>

### 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 State, 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 respect, the tax authorities can review the outlook of the Bank for ten (10) 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 considers that any corrections resulting from revisions to withholding taxes, corporate income tax (IRPC) and personal income tax (IRPS), will not have a material effect on the financial statements.

As of 31 December 2019, the Bank is involved in several lawsuits, totaling about 2,483,792 thousand meticaís. No cash flow is expected, so 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 State, that is, it exercises this function on behalf of the Mozambican State. To date, the Bank has always borne the monetary policy expenses. Thus, there are costs to be





**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

transferred to the Government of about 71,941,418 thousand meticaís, recognized by the Bank in its financial statements.

**NOTE 34 – OFF-BALANCE SHEET ITEMS**

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2019	2018	2019	2018
Guarantees and sureties	177.716	177.716	177.716	177.716
Open documentary credits	282.211	1.054.528	282.211	1.054.528
Transactions on behalf of the Mozambican Govern	459.926	1.232.243	459.926	1.232.243
	<b>919.853</b>	<b>2.464.487</b>	<b>919.853</b>	<b>2.464.487</b>

Transactions carried out on behalf of the state, 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 state 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 11 March 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a global pandemic, prompting many governments to take stringent measures to contain the virus spread.

The COVID-19 pandemic is an unprecedented challenge for humanity and the world economy, and the Bank is currently assessing its impact on the economy, as a whole, and on the Bank, particularly, as its effects are subject to significant levels of uncertainty.

Meanwhile, in order to mitigate the negative impact of the COVID-19 pandemic on the financial system and the economy, the Bank has taken the following measures:

- Introducing a USD 500 million foreign currency funding line for commercial banks authorized to trade foreign currency;
- Reduction of the reserve requirements on deposits of customers of commercial banks in national and foreign currency;



**BANCO DE MOÇAMBIQUE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 DECEMBER 2019**  
(Amounts expressed in thousands of Meticaís)

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- Non-obligation of constituting provisions for doubtful claims by commercial banks, in the event of debt renegotiation with customers affected by the COVID-19 pandemic;
- In light of the payment system, commercial banks and e-money institutions shall not charge commissions on transactions up to a certain limit, likewise, the daily and annual limits per transaction have been revised upwards; and
- Regarding specific provisions, credit institutions were exempted from the requirement of providing for claims in foreign currency.

On the other hand, the Board of the Bank believes that the budget approved for the year 2020, even with the uncertainties arising from COVID-19, will be sufficient to continue its operations, since the contingency plan has been triggered and covers both operational activities and reserve management.

The Bank will continue to monitor the economic and financial indicators and macroeconomic impacts of COVID-19, and will take additional corrective action where necessary.

**ACCOUNTING DEPARTMENT**

**Alexandre Fumo**

*Director of Accounting and Budget*

**BOARD OF DIRECTORS**

**Benedita Maria Guimino**

*Board member for Financial Services and  
Human Resources*

