



## **Mozambican Banks**

### **Strong operating results feed bottom-line**

#### **Economic performance reflects growth in the banking sector**

Mozambique has been one of the fastest growing economies in Sub-Saharan Africa in the last decade, witnessing an average annual real GDP growth rate of 7.3% in the period. It compares with an average growth of 4.7% in the region. In 2014, economic activity expanded 7.4%, with the financial services sector playing once again a leading role in the country's impressive growth performance. There are currently 18 banks registered at the Central Bank. However, nearly 90% of the total assets, loans and deposits of the banking sector are held by the six largest players, which are foreign-owned (mostly by Portuguese and South African investors). We believe the performance of these six banks provides us with a fairly accurate picture of how the sector as a whole has behaved in a certain period of time.

#### **Balance sheet continued to expand rapidly**

Our analysis of the 2014 results of these banks leads us to several conclusions. First, the key balance sheet figures continued to expand at impressive growth rates. Assets, loans and deposits all increased more than 20% from the previous year. This allowed the transformation ratio (loans-to-deposits) to improve to 73.6% (vs. 69.9% in 2013). Second, nearly three-fourths of the loans and deposits were denominated in Meticaís, as banks continued to reduce their share of foreign currency loans largely owing to the stricter regulatory requirements for granting loans in this type of currency. Third, more than 60% of the deposits were sight deposits, a level that has remained stable in recent years. Fourth, asset quality ratios have recently deteriorated, but remain at relatively comfortable levels. And fifth, most of the sector is still well capitalized, despite a reduction of the solvency ratios of some of the banks.

#### **Improvement in both efficiency and profitability levels**

The combined net profit of the six banks increased once again last year, as a robust operating performance helped offset higher provisioning charges and taxes. Despite the lower interest rates and a more competitive business environment in 2014, these banks were able to deliver a highly improved net interest income performance in the period, benefiting from substantial volume growth. Revenues were also boosted by stronger trading gains, which in some cases accounted for more than a quarter of total banking income. Costs continued to reflect the branch expansion strategy of most banks as well as the higher wages from a more competitive labor market. However, total costs per employee and per branch remained rather stable from 2013. Meanwhile, provisions increased significantly, partly owing to the precautionary measures for potential future risks taken by some banks. All in all, one could say that the local banking sector saw an improvement in both efficiency and profitability levels in 2014 relatively to the previous year.

**Research**

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**Banking**

**Tiago Bossa Dionísio**

(+351) 211 214 431

tiago.dionisio@eaglestone.eu

## MOZAMBICAN BANKING SECTOR

The Mozambican banking sector has expanded rapidly in the last few years, with 18 banks currently registered at the Banco de Moçambique, the country's Central Bank. None of the banks are listed while the largest players are owned by Portuguese and South African investors. Updated information on all of these banks is also often not easily available to the public, namely in what concerns their 2014 accounts.

*The Mozambican banking sector consists of 18 banks*

MOZAMBICAN BANKING SYSTEM		
	Start of Operations	Majority Shareholder
Standard Bank Moçambique	1967	Standard Bank (South Africa)
Millennium bim	1995	Millenniumbcp (Portugal)
BCI - Fomento	1996	CGD Group (Portugal)
Socremo - Banca de Microfinanças	1998	AfriCap Microfinance Investment Company (Mauritius)
Mauritius Commercial Bank (Moçambique)	1999	Mauritius Commercial Bank Limited (Mauritius)
African Banking Corporation (Moçambique)	1999	BancABC (Botswana)
Ecobank (1)	2000	Ecobank Group (Togo)
Banco Mercantil e de Investimentos	2001	INSS (Mozambique)
Banco Oportunidade de Moçambique	2005	Opportunity Transformation Investments Inc. (USA)
Barclays Bank Moçambique	2005	Absa Group (South Africa)
FNB Mozambique	2007	First Rand Group (South Africa)
Moza Banco	2008	Moçambique Capitais (Mozambique)
Banco Terra	2008	Rabobank (Netherlands)
United Bank for Africa Mozambique	2010	UBA (Nigeria)
Banco Nacional de Investimento	2011	IGEPE (Mozambique)
Banco Único	2011	Cort. Amorim / VisaBeira (Portugal) and Nedbank (S. Africa)
Capital Bank	2013	FMB Group (Malawi)
Banco Mais (2)	2014	Geocapital (Portugal / Macau)

(1) Ecobank bought Banco ProCredit in June 2014; (2) Previously denominated Banco Tchuma.  
Sources: Annual Reports and Eaglestone Securities.

The six largest banks represent nearly 90% of the sector's total assets, loans and deposits and so we believe they provide a fairly accurate picture of the performance of the local banking sector. These banks are: Millennium bim; Banco Comercial e de Investimento (BCI); Standard Bank; Moza Banco; Barclays Bank Mozambique; and Banco Único. We note that Moza Banco and Banco Único have recently recorded quite impressive growth rates and are likely to gain additional market share from their larger peers going forward.

*In our analysis, we look at the financial accounts of the six largest banks operating in Mozambique*

SIX MAJOR BANKS - 2014						
	Assets (US\$ mn)	Loans (US\$ mn)	Deposits (US\$ mn)	Net Profit (US\$ mn)	Branches	Employees
Millennium bim	3,102	1,690	2,296	110.8	166	2,367
BCI - Fomento	2,944	1,739	2,173	39.0	168	2,456
Standard Bank Moçambique	1,468	682	1,144	47.0	41	1,081
Moza Banco	688	406	503	4.6	45	636
Barclays Bank Moçambique	677	294	418	-0.5	47	755
Banco Único	375	225	309	0.6	17	390

Source: Annual Reports and Eaglestone Securities.

The local banking sector continued to attract the interest of foreign investors in 2014. Early in the year, Nedbank finalized the acquisition of a 36.6% stake in Banco Único while, in June, Togo-based Ecobank bought Banco ProCredit. There are also reports suggesting that Standard Chartered is looking to obtain a license to operate in the country. Furthermore, relevant stakes in BCI and Moza Banco are also believed to be on sale. All in all, we believe that the banking sector will remain on the radar screens of local and foreign investors particularly considering the huge potential offered by the LNG and the coal sectors.

*Local banks continue to attract the interest of foreign investors*

## OVERVIEW OF 2014 RESULTS

In this report, we look at the 2014 figures of these six banks and try to analyze the main trends recently seen for the sector. We break this report into two sections. First, we look at the main balance sheet and profit and loss account numbers of the aforementioned banks on a combined basis. We also present the key ratios for both financial statements. Second, we look at each bank individually in more detail and analyze its 2014 results. In the annex, we provide several graphs and tables comparing the key figures and indicators for these banks.

*First, we look at the six banks on a combined basis and, second, we look at each bank in more detail*

The combined net assets of the six largest banks operating in Mozambique increased 22% YoY

*Total assets of the six*

to MZM 310,884 million (US\$ 9,252 million) last year. This was due to a continued strong evolution in net loans, which were up 27% YoY to MZM 169,212 million (US\$ 5,036 million) and represented 54.4% of the total assets (vs. 52.3% in 2013). Loans denominated in local currency continued to increase, accounting for 75.5% of the total loan portfolio in the period (vs. 72.9% in 2013).

*largest banks stood at US\$ 9.3 billion in 2014*

We highlight that the amount of non-performing loans stood at MZM 5,304 million (US\$ 158 million), a rise of 75% from the year before. This means that the NPL ratio increased to 3.03% from 2.19% in 2013, while coverage fell to 120% from 175% in the previous year. This fall occurred despite the fact that loan loss provisions were up nearly 19% YoY. All in all, the ratio of provisions to gross loans was down 21bps to 3.63% at the end of 2014.

*Loans denominated in local currency represented nearly 80% of total loans*

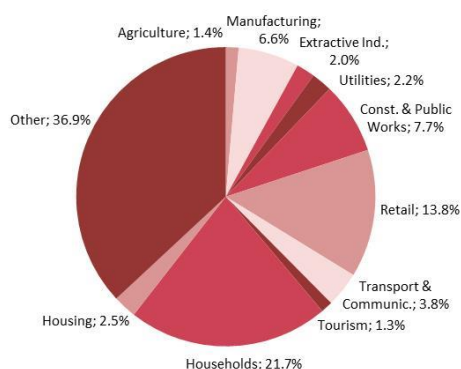
SIX MAJOR BANKS	Million MZM				Million US\$				% Change (MZM)				
	2011	2012	2013	2014	2011	2012	2013	2014	11/10	12/11	13/12	14/13	
<b>BALANCESHEET</b>													
Net Assets	166,632	215,422	255,766	310,884	6,143	7,253	8,520	9,252	10.9%	29.3%	18.7%	21.5%	
Customer Loans (net)	87,085	104,417	133,654	169,212	3,210	3,516	4,452	5,036	4.7%	19.9%	28.0%	26.6%	
Local Currency Loans	57,741	72,801	101,262	132,638	2,129	2,451	3,373	3,948	1.3%	26.1%	39.1%	31.0%	
Loan Loss Provisions	3,850	4,773	5,343	6,370	142	161	178	190	30.9%	24.0%	11.9%	19.2%	
Non-Performing Loans	1,558	2,332	3,048	5,324	57	79	102	158	19.1%	49.7%	30.7%	74.6%	
Customer Deposits	122,587	161,979	191,259	229,913	4,519	5,454	6,371	6,843	9.1%	32.1%	18.1%	20.2%	
Local Currency Deposits	84,854	109,088	136,454	169,344	2,848	3,673	4,545	5,040	30.9%	28.6%	25.1%	24.1%	
Sight Deposits	76,433	100,927	117,067	144,567	2,649	3,398	3,900	4,303	10.7%	32.0%	16.0%	23.5%	
Equity	23,623	29,356	32,444	40,374	871	988	1,081	1,202	34.5%	24.3%	10.5%	24.4%	
<b>MAIN RATIOS</b>													
Loans/Deposits	71.0%	64.5%	69.9%	73.6%	71.0%	64.5%	69.9%	73.6%	-3.0%	-6.6%	5.4%	3.7%	
Loans/Assets	52.3%	48.5%	52.3%	54.4%	52.3%	48.5%	52.3%	54.4%	-3.1%	-3.8%	3.8%	2.2%	
Deposits/Liabilities	85.7%	87.1%	85.6%	85.0%	85.7%	87.1%	85.6%	85.0%	1.1%	1.3%	-1.4%	-0.6%	
Loans in Local Currency (% of Total)	63.5%	66.7%	72.9%	75.5%	63.5%	66.7%	72.9%	75.5%	-2.7%	3.2%	6.2%	2.7%	
Deposits in Local Currency (% of Total)	69.2%	67.3%	71.3%	73.7%	63.0%	67.3%	71.3%	73.7%	11.5%	-1.9%	4.0%	2.3%	
Sight Deposits (% of Total)	62.4%	62.3%	61.2%	62.9%	58.6%	62.3%	61.2%	62.9%	0.9%	0.0%	-1.1%	1.7%	
Loans per Branch (000 MZM/US\$)	243,935	258,457	314,480	349,612	8,993	8,702	10,476	10,405	-6.7%	6.0%	21.7%	11.2%	
Deposits per Branch (000 MZM/US\$)	343,380	400,939	450,021	475,028	12,659	13,500	14,991	14,138	-2.8%	16.8%	12.2%	5.6%	
NPL Ratio	1.71%	2.14%	2.19%	3.03%	1.71%	2.14%	2.19%	3.03%	0.19%	0.42%	0.06%	0.84%	
NPL Coverage	247.2%	204.7%	175.3%	119.7%	247.2%	204.7%	175.3%	119.7%	22.1%	-42.4%	-29.5%	-55.6%	
BS Provisions/Loans (gross)	4.23%	4.37%	3.84%	3.63%	4.23%	4.37%	3.84%	3.63%	0.82%	0.14%	-0.53%	-0.22%	

Source: Annual Reports and Eaglestone Securities.

Meanwhile, total deposits rose 20% YoY to MZM 229,913 million (US\$ 6,843 million) and clearly remain the main source of funding for the sector as they represented 85% of total liabilities (roughly the same amount as in the previous year). Sight deposits accounted for just over 60% of total deposits, a figure that has not changed much over the last four years, while deposits in local currency increased to 73.7% of the total. In brief, the Loans-to-Deposits ratio rose to 73.6%, which compares with 69.9% in 2013.

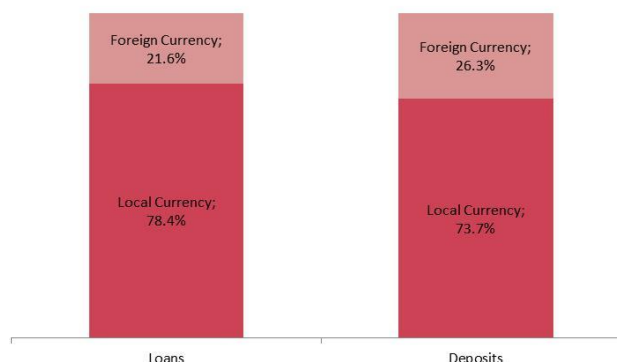
*Deposits remain the main source of funding for the banking sector*

#### LOAN PORTFOLIO BREAKDOWN BANKING SECTOR - 2014



Source: Central Bank.

#### LOANS AND DEPOSITS BY CURRENCY - 2014



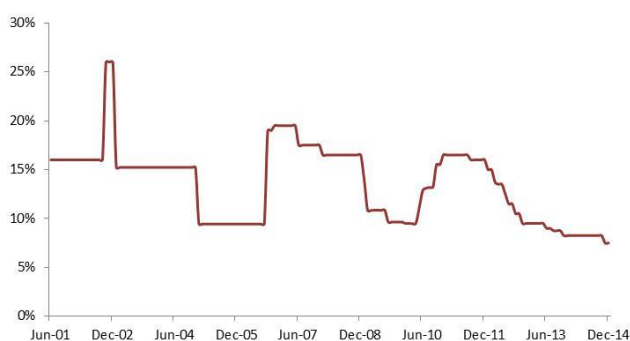
Sources: Annual Reports and Eaglestone Securities.

The combined net profit of the six banks increased 29% YoY to MZM 6,767 million (US\$ 201 million) last year. The strong increase in the bottom-line was mainly attributable to a healthy operating performance, which more than offset higher provisions and taxes in the period. Both ROE and ROA improved slightly to 16.8% and 2.18%, respectively. On the revenue front, we

*The bottom-line increase was due to a healthy operating performance, which more than offset higher provisions and taxes*

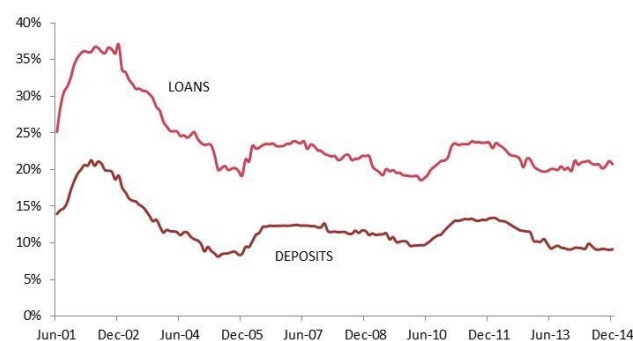
highlight the 20% YoY increase in net interest income. It was boosted by stronger volumes and represented 54.9% of total banking income (vs. 55.8% in 2013). Banks indicated that their net interest income continued to be impacted by the ongoing reduction in benchmark interest rates by the Central Bank (the lending facility was reduced by a further 75bps in 2014 to stand at 7.5% at the end of the year) as well as the increased competition in the sector. Most of these banks also saw a stronger contribution from trading income.

## STANDING LENDING FACILITY – CENTRAL BANK



Source: Central Bank.

## AVERAGE INTEREST RATES (ONE YEAR)



Source: Central Bank.

The cost performance of the sector continued to reflect the expansion strategy of most banks in recent years and also the higher wages resulting from the tougher competitive environment in the labor market, namely related to the increase in demand for skilled labor. The total number of employees and branches in these six banks increased by 682 to 7,685 people (10% YoY) and by 59 to 484 branches (14% YoY). This notwithstanding, we note that total costs per employee and per branch remained relatively stable from the previous year. In addition, efficiency ratios saw an annual improvement, as the C/I ratio decreased to 57.1% from 60.5% in 2013.

*Efficiency levels actually improved, despite the cost increase*

Below the operating income line, loan loss provisions rose 34% YoY on the back of the strong increase in the loan portfolio. Cost of risk actually increased only 6bp to 118bps, but was lower than in 2011-12. Most banks stated that they decided to increase their provisioning levels as a precautionary measure for potential future risks, namely on the economic front. Net profit was also impacted by much higher taxes last year, with the effective tax rate increasing to 22.7% from 21% previously.

*Banks increased their provisioning levels due to strong loan growth but also as a precautionary measure for potential future risks*

SIX MAJOR BANKS	Million MZM				Million US\$				% Change (MZM)				
	2011	2012	2013	2014	2011	2012	2013	2014	11/10	12/11	13/12	14/13	
<b>P&amp;L ACCOUNT</b>													
Net Interest Income	11,847	10,786	11,981	14,411	437	363	399	429	32.4%	-9.0%	11.1%	20.3%	
Fees & Commissions	2,965	3,551	4,445	5,137	109	120	148	153	29.5%	19.7%	25.2%	15.6%	
Other Banking Income	3,299	4,509	5,042	6,685	122	152	168	199	-17.7%	36.7%	11.8%	32.6%	
<b>Banking Income</b>	<b>18,111</b>	<b>18,846</b>	<b>21,469</b>	<b>26,233</b>	<b>668</b>	<b>635</b>	<b>715</b>	<b>781</b>	<b>18.8%</b>	<b>4.1%</b>	<b>13.9%</b>	<b>22.2%</b>	
Staff Costs	4,666	5,538	6,624	7,284	172	186	221	217	26.1%	18.7%	19.6%	10.0%	
Other Costs	4,281	4,493	4,950	6,173	158	151	165	184	10.3%	5.0%	10.2%	24.7%	
Depreciation	869	1,151	1,414	1,534	32	39	47	46	28.7%	32.4%	22.9%	8.5%	
<b>Total Costs</b>	<b>9,816</b>	<b>11,182</b>	<b>12,989</b>	<b>14,992</b>	<b>362</b>	<b>376</b>	<b>433</b>	<b>446</b>	<b>18.9%</b>	<b>13.9%</b>	<b>16.2%</b>	<b>15.4%</b>	
<b>Operating Income</b>	<b>8,295</b>	<b>7,664</b>	<b>8,480</b>	<b>11,241</b>	<b>306</b>	<b>258</b>	<b>282</b>	<b>335</b>	<b>18.7%</b>	<b>-7.6%</b>	<b>10.6%</b>	<b>32.6%</b>	
Net Loan Loss Provisions (LLP)	1,427	1,462	1,495	2,002	53	49	50	60	44.6%	2.5%	2.3%	34.0%	
Other	-274	-304	-359	-482	-10	-10	-12	-14	-59.2%	11.0%	18.1%	34.4%	
<b>Pre-Tax Profits</b>	<b>6,595</b>	<b>5,899</b>	<b>6,627</b>	<b>8,757</b>	<b>243</b>	<b>199</b>	<b>221</b>	<b>261</b>	<b>23.7%</b>	<b>-10.6%</b>	<b>12.3%</b>	<b>32.1%</b>	
Taxes	1,381	1,261	1,390	1,989	51	42	46	59	25.7%	-8.7%	10.2%	43.1%	
<b>Net Profit</b>	<b>5,214</b>	<b>4,638</b>	<b>5,236</b>	<b>6,767</b>	<b>192</b>	<b>156</b>	<b>174</b>	<b>201</b>	<b>23.2%</b>	<b>-11.1%</b>	<b>12.9%</b>	<b>29.2%</b>	
<b>MAIN RATIOS</b>													
Net Interest Margin (NII/ATA)	7.48%	5.65%	5.09%	5.09%	7.48%	5.65%	5.09%	5.09%	0.9%	-1.8%	-0.6%	0.0%	
Net Interest Income (% of Banking Revenue)	65.4%	57.2%	55.8%	54.9%	65.4%	57.2%	55.8%	54.9%	6.7%	-8.2%	-1.4%	-0.9%	
Fees (% of Banking Income)	16.4%	18.8%	20.7%	19.6%	16.4%	18.8%	20.7%	19.6%	1.3%	2.5%	1.9%	-1.1%	
Staff Costs (% of Total Costs)	47.5%	49.5%	51.0%	48.6%	47.5%	49.5%	51.0%	48.6%	2.7%	2.0%	1.5%	-2.4%	
Costs per Employee (MZM/US\$)	813,863	871,411	945,858	947,838	30,004	29,340	31,508	28,209	10.1%	7.1%	8.5%	0.2%	
Total Costs per Branch (MZM/US\$)	27,496	27,678	30,562	30,975	1,013.7	931.9	1,018.0	921.9	-99.9%	0.7%	10.4%	1.4%	
Cost-to-Income (incl. Depreciation)	54.2%	59.3%	60.5%	57.1%	54.2%	59.3%	60.5%	57.1%	0.0%	5.1%	1.2%	-3.4%	
Net LLP (% of Loans)	1.64%	1.40%	1.12%	1.18%	1.64%	1.40%	1.12%	1.18%	0.5%	-0.2%	-0.3%	0.1%	
Tax Rate	20.9%	21.4%	21.0%	22.7%	20.9%	21.4%	21.0%	22.7%	0.3%	0.4%	-0.4%	1.7%	
ROE	22.1%	15.8%	16.1%	16.8%	22.1%	15.8%	16.1%	16.8%	-2.0%	-6.3%	0.3%	0.6%	
ROA	3.13%	2.15%	2.05%	2.18%	3.13%	2.15%	2.05%	2.18%	0.3%	-1.0%	-0.1%	0.1%	

Source: Annual Reports and Eaglestone Securities.

## MILLENNIUM BIM (BIM)

Millennium bim (BIM) reported a net profit of MZM 3,724 million (US\$ 111 million) in 2014, up 8% YoY. This represents a ROE and a ROA of 20.7% and 3.57%, respectively. Bottom-line was aided by a healthy revenue performance (+12% YoY) that more than offset a 10% increase in costs and higher loan loss provisions. Specifically, net interest income was boosted by strong volumes and represented 61% of total revenues (vs. 58.9% in 2013). It also benefited from a favorable impact in AFS assets, despite a lower interest rate environment witnessed throughout the year after the Central Bank cut interest rates by 75bps. Fees and other banking income also saw an improvement from the previous year. Fees benefited from greater commercial banking activity and the use of new channels, namely in credit cards, money transfers and credit guarantees.

Meanwhile, the increase in operating costs reflects the branch expansion strategy of the bank. BIM had 166 branches at the end of the year after the opening of nine new branches while the number of employees reached 2,367 (38 more than in 2013). The cost-to-income (including depreciation) stood at 42.9%, a slight drop from the 43.6% recorded in the previous year. Below the operating income line, loan loss provisions rose 12% YoY, which in large part also reflects the increase in the loan portfolio. Cost of risk stood at 88bps, slightly lower than the 93bps recorded in 2013.

Net loans increased 18% and represented 54.5% of total assets (the same as in 2013) while deposits rose 19% YoY. The L/D ratio stood relatively unchanged at about 74%. It is also worth noting that NPLs surged 57% YoY, meaning that the NPL ratio deteriorated to 2.47% from 1.85% in 2013 (NPL coverage stood at a comfortable 212%). Finally, the solvency ratio stood at 19%, which is well above the required level of 8%.

*BIM's net profit improved 8% YoY to MZM 3.3 billion and was aided by a healthy revenue performance that more than offset higher costs and provisions*

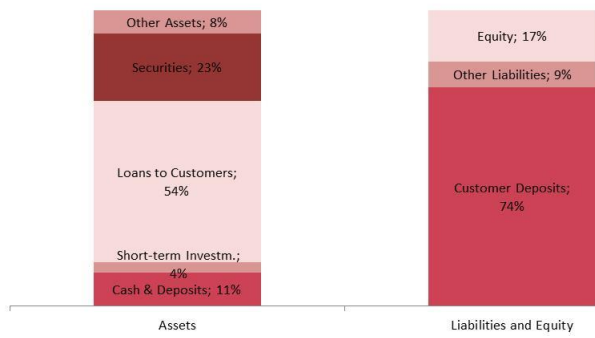
*Revenues were mainly boosted by stronger NII while higher costs reflect the bank's branch expansion strategy*

*The NPL ratio deteriorated to 2.47%, but coverage stood at a comfortable 212%*

MILLENNIUM BIM (BIM)	MZM Million				US\$ Million				% Change (MZM)		
Year	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13
<b>BALANCESHEET</b>											
Net Assets	62,099	73,144	87,886	104,217	2,289	2,463	2,928	3,102	17.8%	20.2%	18.6%
Customer Loans (net)	34,192	38,230	47,921	56,795	1,261	1,287	1,596	1,690	11.8%	25.3%	18.5%
Loan Loss Provisions	2,603	2,845	2,969	3,137	96	96	99	93	9.3%	4.4%	5.6%
Non-Performing Loans	629	870	940	1,477	23	29	31	44	38.4%	8.1%	57.1%
Customer Deposits	45,327	53,918	64,574	77,144	1,671	1,815	2,151	2,296	19.0%	19.8%	19.5%
Equity	11,085	13,114	15,512	18,026	409	442	517	536	18.3%	18.3%	16.2%
<b>P&amp;L ACCOUNT</b>											
Net Interest Income	5,853	4,887	5,060	5,848	216	165	169	174	-16.5%	3.5%	15.6%
Fees & Commissions	1,248	1,418	1,725	1,882	46	48	57	56	13.7%	21.6%	9.1%
Other Banking Income	1,515	1,649	1,804	1,861	56	56	60	55	8.8%	9.4%	3.1%
<b>Banking Income</b>	<b>8,616</b>	<b>7,954</b>	<b>8,589</b>	<b>9,591</b>	<b>318</b>	<b>268</b>	<b>286</b>	<b>285</b>	<b>-7.7%</b>	<b>8.0%</b>	<b>11.7%</b>
Staff Costs	1,451	1,677	1,781	1,935	53	56	59	58	15.5%	6.2%	8.7%
Other Costs	1,388	1,487	1,587	1,728	51	50	53	51	7.1%	6.7%	8.9%
Depreciation	293	334	374	450	11	11	12	13	14.1%	12.1%	20.2%
<b>Total Costs</b>	<b>3,132</b>	<b>3,497</b>	<b>3,741</b>	<b>4,112</b>	<b>115</b>	<b>118</b>	<b>125</b>	<b>122</b>	<b>11.7%</b>	<b>7.0%</b>	<b>9.9%</b>
<b>Operating Income</b>	<b>5,484</b>	<b>4,457</b>	<b>4,848</b>	<b>5,479</b>	<b>202</b>	<b>150</b>	<b>161</b>	<b>163</b>	<b>-18.7%</b>	<b>8.8%</b>	<b>13.0%</b>
Net Loan Loss Provisions (LLP)	767	465	446	501	28	16	15	15	-39.4%	-4.0%	12.2%
Other	-245	-148	-209	-407	-9	-5	-7	-12	-39.4%	40.9%	94.6%
<b>Pre-Tax Profits</b>	<b>4,472</b>	<b>3,844</b>	<b>4,193</b>	<b>4,571</b>	<b>165</b>	<b>129</b>	<b>140</b>	<b>136</b>	<b>-14.0%</b>	<b>9.1%</b>	<b>9.0%</b>
Taxes	787	665	731	848	29	22	24	25	-15.5%	9.9%	16.0%
<b>Net Profit</b>	<b>3,686</b>	<b>3,179</b>	<b>3,462</b>	<b>3,724</b>	<b>136</b>	<b>107</b>	<b>115</b>	<b>111</b>	<b>-13.7%</b>	<b>8.9%</b>	<b>7.6%</b>
<b>RATIOS</b>											
Net Interest Margin (NII/ATA)	9.93%	7.23%	6.28%	6.09%	9.93%	7.23%	6.28%	6.09%	-2.70%	-0.94%	-0.20%
Net Interest Income (% of Banking Revenue)	67.9%	61.4%	58.9%	61.0%	67.9%	61.4%	58.9%	61.0%	-6.5%	-2.5%	2.1%
Fees (% of Banking Income)	14.5%	17.8%	20.1%	19.6%	14.5%	17.8%	20.1%	19.6%	3.3%	2.3%	-0.5%
Staff Costs (% of Total Costs)	46.3%	47.9%	47.6%	47.1%	46.3%	47.9%	47.6%	47.1%	1.6%	-0.4%	-0.5%
Costs per Employee (MZM/US\$)	650,746	729,565	764,511	817,471	23,991	24,564	25,467	24,329	12.1%	4.8%	4.8%
Cost-to-Income (incl. Depreciation)	36.4%	44.0%	43.6%	42.9%	36.4%	44.0%	43.6%	42.9%	7.6%	-0.4%	-0.7%
Net LLP (% of Loans)	2.24%	1.22%	0.93%	0.88%	2.24%	1.22%	0.93%	0.88%	-1.03%	-0.28%	-0.05%
Tax Rate	17.6%	17.3%	17.4%	18.5%	17.6%	17.3%	17.4%	18.5%	-0.3%	0.1%	1.1%
ROE	33.2%	24.2%	22.3%	20.7%	33.2%	24.2%	22.3%	20.7%	-9.0%	-1.9%	-1.7%
ROA	5.93%	4.35%	3.94%	3.57%	5.93%	4.35%	3.94%	3.57%	-1.59%	-0.41%	-0.37%
Loans/Deposits	75.4%	70.9%	74.2%	73.6%	75.4%	70.9%	74.2%	73.6%	-4.5%	3.3%	-0.6%
Loans/Assets	55.1%	52.3%	54.5%	54.5%	55.1%	52.3%	54.5%	54.5%	-2.8%	2.3%	0.0%
Deposits/Liabilities	88.9%	89.8%	89.2%	89.5%	88.9%	89.8%	89.2%	89.5%	1.0%	-0.6%	0.3%
Loans in Local Currency (% of Total)	75.2%	69.6%	71.6%	74.8%	75.2%	69.6%	71.6%	74.8%	-5.6%	2.0%	3.2%
Deposits in Local Currency (% of Total)	74.8%	73.9%	77.1%	78.6%	74.8%	73.9%	77.1%	78.6%	-1.0%	3.3%	1.5%
Loans per Branch ('000 MZM/US\$)	247,770	253,181	305,227	342,137	9,134	8,525	10,167	10,183	2.2%	20.6%	12.1%
Deposits per Branch ('000 MZM/US\$)	328,456	357,074	411,298	464,721	12,109	12,023	13,701	13,831	8.7%	15.2%	13.0%
Solvency Ratio	17.9%	21.7%	21.4%	19.0%	17.9%	21.7%	21.4%	19.0%	3.8%	-0.3%	-2.4%
NPL Ratio	1.71%	2.12%	1.85%	2.47%	1.71%	2.12%	1.85%	2.47%	0.41%	-0.27%	0.62%
NPL Coverage	414.0%	326.9%	315.7%	212.3%	414.0%	326.9%	315.7%	212.3%	-87.1%	-11.2%	-103.4%
BS Provisions/Loans (gross)	7.08%	6.93%	5.83%	5.23%	7.08%	6.93%	5.83%	5.23%	-0.15%	-1.09%	-0.60%

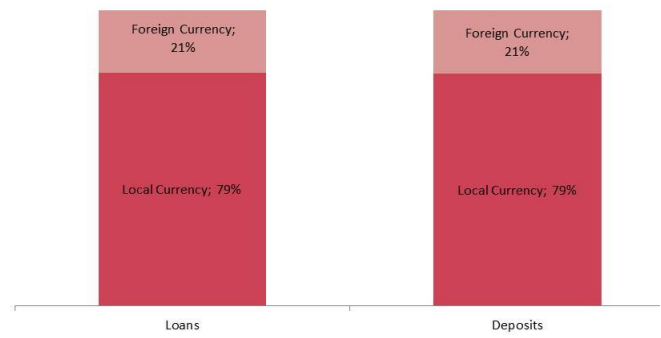
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



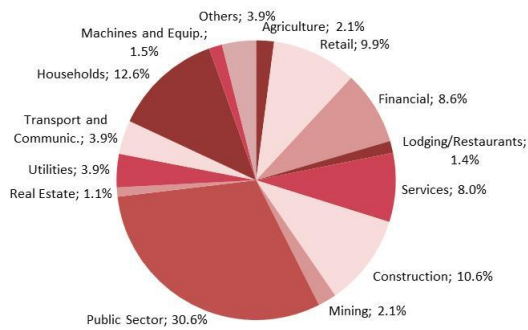
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



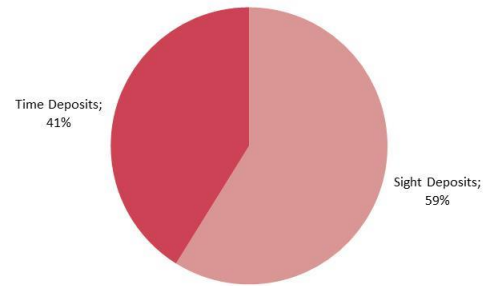
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



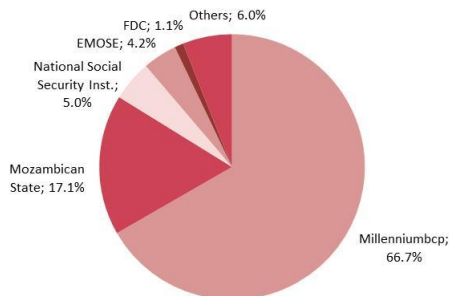
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.

## BANCO COMERCIAL E DE INVESTIMENTO (BCI)

BCI disclosed a net profit of MZM 1,310 million (US\$ 39 million) in 2014, an increase of 8% from the previous year, and representing a ROE and ROA of 17.6% and 1.32%, respectively. On the operating front, revenues saw another strong performance across the board and were up 29% YoY. Higher volumes and a good management in customer spread (in a lower interest rate and more competitive environment) allowed for a 31% increase in net interest income. Strong trading gains (nearly 22% of banking income) and fees also supported revenues. As for costs, they reflect the increase in the number of employees (+335 to 2,456 at end-2014) and branches (+35 to 168). All in all, the C/I ratio stood at 62.2% (vs. 64.8% in 2013).

*BCI disclosed a strong set of operating results, which more than offset much higher provisions and taxes*

We note that results were impacted by stronger provisions, which nearly doubled in the period (cost of risk at 130bps vs. 85bps in 2013). The bank stated that this increase was due to a more prudent risk management policy for potential future risks, particularly bearing in mind that loans have consistently expanded at a strong rate in recent years (18% annual growth in the last four years). This allowed balance sheet provisions to represent 2.37% of gross loans (vs. 1.84% in 2013). The bottom-line was also impacted by a higher effective tax rate of 25.2%, which compares with 12-15% in the previous two years.

*The bank stated that the increase in provisions was due to a more prudent risk management policy*

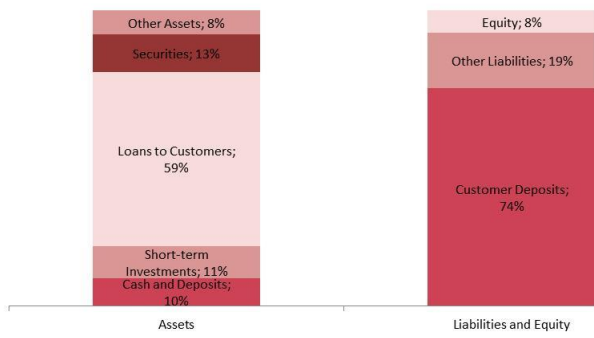
We also highlight that the NPL ratio increased to 4% from 0.97% in 2013. However, the bank stated that this was due to the introduction of Basel II norms at the start of the year. This rule states that the entire loan (and not just the amount that is non-performing) is now considered for the calculation of asset quality ratios as soon as there is a delay in the payment of that loan. Finally, BCI reported a solvency ratio of 8.64%, slightly lower than the 9.23% in 2013 (both ratios are calculated under Basel II rules).

*The solvency ratio is just above the 8% regulatory requirement*

B. COM. E DE INVESTIM. (BCI)	MZM Million				US\$ Million				% Change (MZM)		
	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13
<b>BALANCESHEET</b>											
Net Assets	50,788	68,193	82,796	98,907	1,872	2,296	2,758	2,944	34.3%	21.4%	19.5%
Customer Loans (net)	31,995	36,804	45,255	58,415	1,180	1,239	1,508	1,739	15.0%	23.0%	29.1%
Loan Loss Provisions	759	711	849	1,416	28	24	28	42	-6.3%	19.4%	66.7%
Non-Performing Loans	370	359	448	2,400	14	12	15	71	-3.2%	24.9%	435.7%
Customer Deposits	37,423	50,157	60,025	73,005	1,380	1,689	1,999	2,173	34.0%	19.7%	21.6%
Equity	4,211	5,292	6,100	7,427	155	178	203	221	25.7%	15.3%	21.8%
<b>P&amp;L ACCOUNT</b>											
Net Interest Income	2,427	2,331	2,788	3,648	89	78	93	109	-4.0%	19.6%	30.8%
Fees & Commissions	801	911	1,110	1,449	30	31	37	43	13.7%	21.7%	30.6%
Other Banking Income	761	1,182	1,374	1,689	28	40	46	50	55.2%	16.3%	22.9%
<b>Banking Income</b>	<b>3,990</b>	<b>4,424</b>	<b>5,272</b>	<b>6,786</b>	<b>147</b>	<b>149</b>	<b>176</b>	<b>202</b>	<b>10.9%</b>	<b>19.2%</b>	<b>28.7%</b>
Staff Costs	1,133	1,360	1,701	1,984	42	46	57	59	20.1%	25.0%	16.6%
Other Costs	1,152	1,108	1,260	1,798	42	37	42	54	-3.9%	13.7%	42.8%
Depreciation	224	316	458	439	8	11	15	13	41.2%	44.9%	-4.0%
<b>Total Costs</b>	<b>2,509</b>	<b>2,784</b>	<b>3,418</b>	<b>4,222</b>	<b>93</b>	<b>94</b>	<b>114</b>	<b>126</b>	<b>11.0%</b>	<b>22.8%</b>	<b>23.5%</b>
<b>Operating Income</b>	<b>1,481</b>	<b>1,640</b>	<b>1,854</b>	<b>2,564</b>	<b>55</b>	<b>55</b>	<b>62</b>	<b>76</b>	<b>10.7%</b>	<b>13.1%</b>	<b>38.3%</b>
Net Loan Loss Provisions (LLP)	259	66	383	762	10	2	13	23	-74.6%	481.8%	98.8%
Other	0	-49	-94	-49	0	-2	-3	-1	n.m.	93.4%	-47.7%
<b>Pre-Tax Profits</b>	<b>1,221</b>	<b>1,526</b>	<b>1,377</b>	<b>1,753</b>	<b>45</b>	<b>51</b>	<b>46</b>	<b>52</b>	<b>24.9%</b>	<b>-9.7%</b>	<b>27.3%</b>
Taxes	224	230	167	443	8	8	6	13	3.0%	-27.3%	164.4%
<b>Net Profit</b>	<b>998</b>	<b>1,295</b>	<b>1,210</b>	<b>1,310</b>	<b>37</b>	<b>44</b>	<b>40</b>	<b>39</b>	<b>29.8%</b>	<b>-6.6%</b>	<b>8.3%</b>
<b>RATIOS</b>											
Net Interest Margin (NII/ATA)	4.96%	3.92%	3.69%	4.02%	4.96%	3.92%	3.69%	4.02%	-1.04%	-0.22%	0.32%
Net Interest Income (% of Banking Revenue)	60.8%	52.7%	52.9%	53.8%	60.8%	52.7%	52.9%	53.8%	-8.1%	0.2%	0.9%
Fees (% of Banking Income)	20.1%	20.6%	21.0%	21.3%	20.1%	20.6%	21.0%	21.3%	0.5%	0.4%	0.3%
Staff Costs (% of Total Costs)	45.2%	48.9%	49.8%	47.0%	45.2%	48.9%	49.8%	47.0%	3.7%	0.9%	-2.8%
Costs per Employee (MZM/US\$)	665,362	713,723	801,860	807,701	24,529	24,031	26,711	24,039	7.3%	12.3%	12.3%
Cost-to-Income (incl. Depreciation)	62.9%	62.9%	64.8%	62.2%	62.9%	62.9%	64.8%	62.2%	0.0%	1.9%	-2.6%
Net LLP (% of Loans)	0.81%	0.18%	0.85%	1.30%	0.81%	0.18%	0.85%	1.30%	-0.63%	0.67%	0.46%
Tax Rate	18.3%	15.1%	12.2%	25.2%	18.3%	15.1%	12.2%	25.2%	-3.2%	-2.9%	13.1%
ROE	23.7%	24.5%	19.8%	17.6%	23.7%	24.5%	19.8%	17.6%	0.8%	-4.6%	-2.2%
ROA	1.96%	1.90%	1.46%	1.32%	1.96%	1.90%	1.46%	1.32%	-0.1%	-0.4%	-0.1%
Loans/Deposits	85.5%	73.4%	75.4%	80.0%	85.5%	73.4%	75.4%	80.0%	-12.1%	2.0%	4.6%
Loans/Assets	63.0%	54.0%	54.7%	59.1%	63.0%	54.0%	54.7%	59.1%	-9.0%	0.7%	4.4%
Deposits/Liabilities	80.3%	79.7%	78.3%	79.8%	80.3%	79.7%	78.3%	79.8%	-0.6%	-1.5%	1.5%
Loans in Local Currency (% of Total)	60.0%	56.7%	71.1%	74.7%	60.0%	56.7%	71.1%	74.7%	-3.3%	14.4%	3.5%
Deposits in Local Currency (% of Total)	72.7%	75.2%	77.5%	77.1%	72.7%	75.2%	77.5%	77.1%	2.5%	2.3%	-0.4%
Loans per Branch ('000 MZM/US\$)	266,625	287,531	340,266	347,709	9,830	9,681	11,335	10,348	7.8%	18.3%	2.2%
Deposits per Branch ('000 MZM/US\$)	311,862	391,848	451,314	434,556	11,497	13,194	15,034	12,933	25.6%	15.2%	-3.7%
Solvency Ratio	13.1%	10.9%	9.2%	8.6%	13.1%	10.9%	9.2%	8.6%	-2.2%	-1.7%	-0.6%
NPL Ratio	1.13%	0.96%	0.97%	4.01%	1.13%	0.96%	0.97%	4.01%	-0.17%	0.02%	3.04%
NPL Coverage	205.0%	198.3%	189.6%	59.0%	205.0%	198.3%	189.6%	59.0%	-6.6%	-8.7%	-130.6%
BS Provisions/Loans (gross)	2.32%	1.90%	1.84%	2.37%	2.32%	1.90%	1.84%	2.37%	-0.42%	-0.05%	0.52%

Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



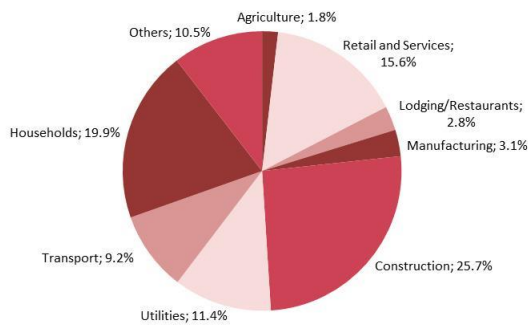
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



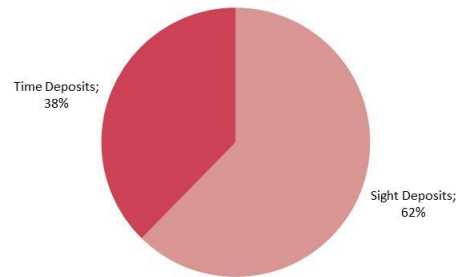
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



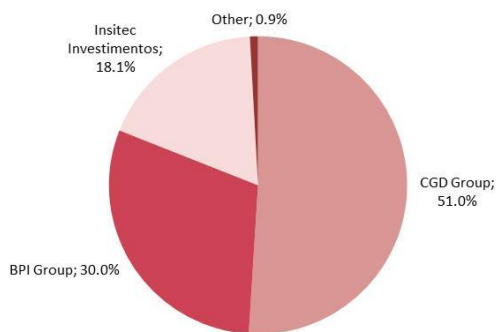
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.



## STANDARD BANK MOZAMBIQUE

Standard Bank Mozambique reported a net profit of MZM 1,578 million (US\$ 47 million) in 2014 (+27% YoY). The robust improvement in the bottom-line was due to a healthy operating performance (+16% YoY) and a fall of 41% in loan loss provisions. On the revenue side, we highlight the strong increase in other banking income (36% YoY), which is mostly related with much higher gains in FX operations. The bank stated that it continues to innovate in this area, as it aims to become the market leader in this type of services. Net interest income and fees saw single-digit growth in the period, with the former aided by the bank's ongoing strategy to increase its loan portfolio (+21% YoY), which offset the impact of a lower interest rate environment witnessed in 2014. Although deposits rose only 8%, the L/D ratio stood at 59.6% (vs. 53% in 2013), remaining well below the average of 75.5% for the other five largest players in the banking sector.

Unsurprisingly, costs were up in the period and reflect the bank's branch expansion plans, which in 2014 saw the opening of four new branches and the hiring of 40 new employees, bringing the total to 41 branches and 1,081 employees at end-2014. Nevertheless, the C/I ratio stood rather unchanged at 54.6%. Meanwhile, as stated above, results were also boosted by lower provisioning charges in the period. The cost of risk stood at 84bp, less than half of the 172bps in the previous year. The bank mentioned that these lower provisions reflect its greater efforts in risk management and the implementation of new credit risk measures since 2013.

We note that asset quality ratios improved from the previous year, with the NPL ratio standing at 2.03% and NPL coverage at 89% (vs. 2.61% and 86%, respectively, in 2013). Finally, the bank's solvency ratio was 9.75%, below the 13.29% recorded in 2013.

*Standard Bank recorded an improvement in net profit due to a healthy operating performance and a fall in provisions in the period*

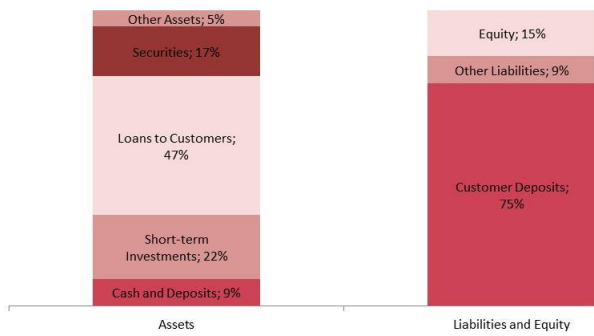
*The lower provisions reflect the bank's greater efforts in risk management*

*Asset quality improved while solvency remains above the required level*

STANDARD BANK MOÇAMBIQUE	MZM Million				US\$ Million				% Change (MZM)			
	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13	
<b>BALANCESHEET</b>												
Net Assets	34,712	42,361	44,133	49,324	1,280	1,426	1,470	1,468	22.0%	4.2%	11.8%	
Customer Loans (net)	12,756	14,932	18,921	22,911	470	503	630	682	17.1%	26.7%	21.1%	
Loan Loss Provisions	106	317	434	421	4	11	14	13	197.8%	37.0%	-3.0%	
Non-Performing Loans	120	422	506	474	4	14	17	14	250.9%	19.9%	-6.3%	
Customer Deposits	27,510	35,119	35,717	38,424	1,014	1,182	1,190	1,144	27.7%	1.7%	7.6%	
Equity	5,206	6,056	6,854	7,980	192	204	228	237	16.3%	13.2%	16.4%	
<b>P&amp;L ACCOUNT</b>												
Net Interest Income	2,355	2,346	2,365	2,572	87	79	79	77	-0.4%	0.8%	8.8%	
Fees & Commissions	572	661	826	883	21	22	28	26	15.5%	25.0%	6.9%	
Other Banking Income	887	1,319	1,394	1,893	33	44	46	56	48.8%	5.6%	35.8%	
<b>Banking Income</b>	<b>3,814</b>	<b>4,326</b>	<b>4,584</b>	<b>5,348</b>	<b>141</b>	<b>146</b>	<b>153</b>	<b>159</b>	<b>13.4%</b>	<b>6.0%</b>	<b>16.7%</b>	
Staff Costs	1,041	1,236	1,455	1,610	38	42	48	48	18.7%	17.7%	10.7%	
Other Costs	818	904	925	1,179	30	30	31	35	10.5%	2.3%	27.4%	
Depreciation	102	102	113	130	4	3	4	4	0.4%	10.6%	15.0%	
<b>Total Costs</b>	<b>1,962</b>	<b>2,243</b>	<b>2,493</b>	<b>2,919</b>	<b>72</b>	<b>76</b>	<b>83</b>	<b>87</b>	<b>14.3%</b>	<b>11.2%</b>	<b>17.1%</b>	
<b>Operating Income</b>	<b>1,853</b>	<b>2,083</b>	<b>2,091</b>	<b>2,429</b>	<b>68</b>	<b>70</b>	<b>70</b>	<b>72</b>	<b>12.4%</b>	<b>0.4%</b>	<b>16.1%</b>	
Net Loan Loss Provisions (LLP)	134	325	326	193	5	11	11	6	142.7%	0.5%	-40.9%	
<b>Pre-Tax Profits</b>	<b>1,719</b>	<b>1,758</b>	<b>1,765</b>	<b>2,236</b>	<b>63</b>	<b>59</b>	<b>59</b>	<b>67</b>	<b>2.3%</b>	<b>0.4%</b>	<b>26.7%</b>	
Taxes	531	515	518	658	20	17	17	20	-3.0%	0.7%	27.0%	
<b>Net Profit</b>	<b>1,188</b>	<b>1,244</b>	<b>1,246</b>	<b>1,578</b>	<b>44</b>	<b>42</b>	<b>42</b>	<b>47</b>	<b>4.6%</b>	<b>0.2%</b>	<b>26.6%</b>	
<b>RATIOS</b>												
Net Interest Margin (NII/ATA)	7.05%	6.09%	5.47%	5.50%	7.05%	6.09%	5.47%	5.50%	-0.96%	-0.62%	0.04%	
Net Interest Income (% of Banking Revenue)	61.7%	54.2%	51.6%	48.1%	61.7%	54.2%	51.6%	48.1%	-7.5%	-2.6%	-3.5%	
Fees (% of Banking Income)	15.0%	15.3%	18.0%	16.5%	15.0%	15.3%	18.0%	16.5%	0.3%	2.7%	-1.5%	
Staff Costs (% of Total Costs)	53.1%	55.1%	58.4%	55.2%	53.1%	55.1%	58.4%	55.2%	2.0%	3.2%	-3.2%	
Costs per Employee (MZM/US\$)	1,167,407	1,275,984	1,397,734	1,489,576	43,038	42,962	46,560	44,333	9.3%	9.5%	9.5%	
Cost-to-Income (incl. Depreciation)	51.4%	51.8%	54.4%	54.6%	51.4%	51.8%	54.4%	54.6%	0.4%	2.5%	0.2%	
Net LLP (% of Loans)	1.05%	2.18%	1.72%	0.84%	1.05%	2.18%	1.72%	0.84%	1.13%	-0.45%	-0.88%	
Tax Rate	30.9%	29.3%	29.4%	29.4%	30.9%	29.3%	29.4%	29.4%	-1.6%	0.1%	0.1%	
ROE	22.8%	20.5%	18.2%	19.8%	22.8%	20.5%	18.2%	19.8%	-2.3%	-2.3%	1.6%	
ROA	3.42%	2.94%	2.82%	3.20%	3.42%	2.94%	2.82%	3.20%	-0.5%	-0.1%	0.4%	
Loans/Deposits	46.4%	42.5%	53.0%	59.6%	46.4%	42.5%	53.0%	59.6%	-3.8%	10.5%	6.7%	
Loans/Assets	36.7%	35.3%	42.9%	46.5%	36.7%	35.3%	42.9%	46.5%	-1.5%	7.6%	3.6%	
Deposits/Liabilities	93.2%	96.7%	95.8%	92.9%	93.2%	96.7%	95.8%	92.9%	3.5%	-0.9%	-2.9%	
Loans in Local Currency (% of Total)	68.6%	63.7%	64.5%	67.5%	68.6%	63.7%	64.5%	67.5%	-4.9%	0.8%	3.0%	
Deposits in Local Currency (% of Total)	48.7%	42.0%	46.2%	51.2%	48.7%	42.0%	46.2%	51.2%	-6.7%	4.2%	5.0%	
Loans per Branch ('000 MZM/US\$)	375,166	439,188	511,382	558,809	13,831	14,787	17,035	16,631	17.1%	16.4%	9.3%	
Deposits per Branch ('000 MZM/US\$)	809,109	1,032,899	965,314	937,161	29,829	34,778	32,156	27,892	27.7%	-6.5%	-2.9%	
Solvency Ratio	19.0%	17.7%	13.3%	9.7%	19.0%	17.7%	13.3%	9.7%	-1.3%	-4.4%	-3.5%	
NPL Ratio	0.94%	2.77%	2.61%	2.03%	0.94%	2.77%	2.61%	2.03%	1.83%	-0.15%	-0.58%	
NPL Coverage	88.4%	75.0%	85.8%	88.8%	88.4%	75.0%	85.8%	88.8%	-13.4%	10.7%	3.0%	
BS Provisions/Loans (gross)	0.83%	2.08%	2.24%	1.80%	0.83%	2.08%	2.24%	1.80%	1.25%	0.16%	-0.44%	

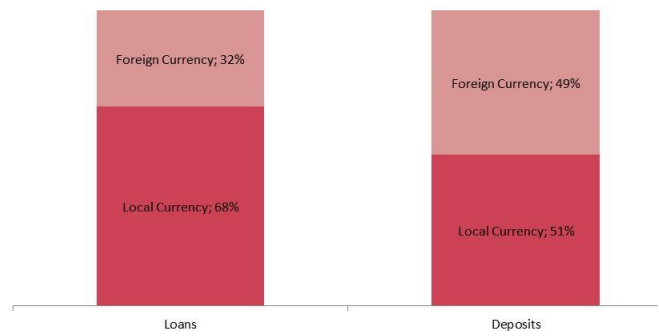
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



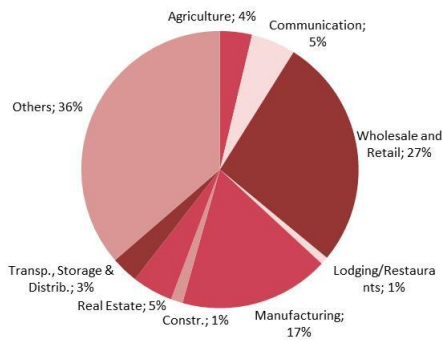
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



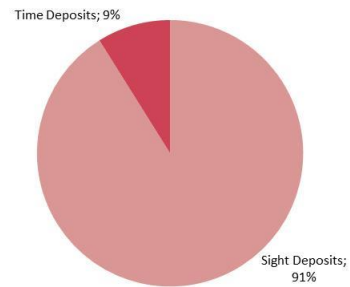
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



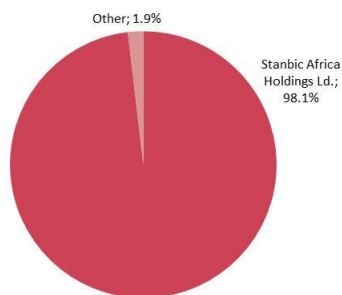
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.

## BARCLAYS BANK MOZAMBIQUE

Barclays Bank Mozambique reported a small loss of MZM 17 million (US\$ 0.5 million) in 2014. It compares with a net loss of MZM 603 million (US\$ 20 million) in the previous year. Despite a strong recovery in revenues (44% YoY) and lower costs (-6% YoY), the bottom-line was significantly impacted by higher provisions in the period. These were up 46% from 2013 and represented 240bps of loans (cost of risk stood at 205bps in 2013). The higher provisions came despite a drop of nearly a third in the amount of NPLs in the period. Still, the NPL ratio stood at 5.65%, which is significantly above its peers, while coverage was 130%. Provisions in the balance sheet now represent 7.35% of gross loans, also well above the level seen at other Mozambican banks.

*Barclays reported a small loss of MZM 17 million (US\$ 0.5 million) due to large provisions*

We highlight that the operating performance of the group rebounded last year following a much stronger contribution from revenues and lower costs. Revenues were boosted by higher net interest income (aided by robust volume growth) and other banking income, namely FX gains (25% of revenues vs. 17% in 2103). However, fees & commissions were down 11% YoY after successive yearly gains in the recent past due to lower “other banking commissions” as well as higher expenses on guarantee commissions.

*The operating performance of the bank was boosted by a recovery in revenues and lower costs*

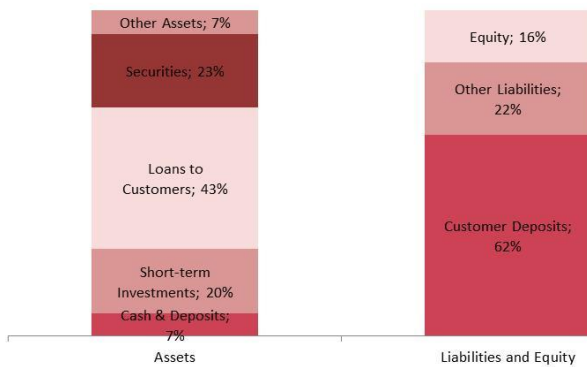
Meanwhile, costs fell in the period after a nearly 20% decrease in staff costs that resulted from much lower pension costs. This came on the back of the approval by the local pension fund authority (ISSM) of changes to the defined pension benefits of the bank in April 2014. Overall, this led to a strong improvement in efficiency levels, as the C/I ratio fell to 86.8% from 133.9% in 2013.

*This allowed for an improvement in efficiency levels*

BARCLAYS BANK MOZAMBIQUE	MZM Million				US\$ Million				% Change (MZM)		
	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13
<b>BALANCESHEET</b>											
Net Assets	13,485	16,157	17,172	22,751	497.1	544.0	572.0	677.1	19.8%	6.3%	32.5%
Customer Loans (net)	6,155	6,471	7,909	9,878	226.9	217.9	263.5	294.0	5.1%	22.2%	24.9%
Loan Loss Provisions	327	716	731	783	12.1	24.1	24.4	23.3	118.9%	2.1%	7.1%
Non-Performing Loans	424	613	868	603	15.6	20.6	28.9	17.9	44.5%	41.6%	-30.6%
Customer Deposits	8,867	11,025	11,974	14,041	326.9	371.2	398.9	417.9	24.3%	8.6%	17.3%
Equity	1,588	2,537	1,691	3,638	58.5	85.4	56.3	108.3	59.8%	-33.3%	115.1%
<b>P&amp;L ACCOUNT</b>											
Net Interest Income	1,023	812	735	953	37.7	27.3	24.5	28.4	-20.6%	-9.5%	29.7%
Fees & Commissions	299	379	441	393	11.0	12.8	14.7	11.7	26.7%	16.3%	-10.8%
Other Banking Income	116	104	19	377	4.3	3.5	0.6	11.2	-10.7%	-81.7%	1885.0%
<b>Banking Income</b>	<b>1,438</b>	<b>1,295</b>	<b>1,194</b>	<b>1,723</b>	<b>53.0</b>	<b>43.6</b>	<b>39.8</b>	<b>51.3</b>	<b>-10.0%</b>	<b>-7.8%</b>	<b>44.3%</b>
Staff Costs	588	658	857	691	21.7	22.2	28.5	20.6	12.0%	30.2%	-19.3%
Other Costs	697	597	558	613	25.7	20.1	18.6	18.2	-14.4%	-6.5%	9.8%
Depreciation	194	216	185	192	7.1	7.3	6.2	5.7	11.5%	-14.4%	3.9%
<b>Total Costs</b>	<b>1,479</b>	<b>1,470</b>	<b>1,599</b>	<b>1,496</b>	<b>54.5</b>	<b>49.5</b>	<b>53.3</b>	<b>44.5</b>	<b>-0.6%</b>	<b>8.8%</b>	<b>-6.5%</b>
<b>Operating Income</b>	<b>-40</b>	<b>-176</b>	<b>-405</b>	<b>227</b>	<b>-1.5</b>	<b>-5.9</b>	<b>-13.5</b>	<b>6.8</b>	<b>335.3%</b>	<b>130.4%</b>	<b>n.m.</b>
Net Loan Loss Provisions (LLP)	258	476	162	237	9.5	16.0	5.4	7.1	84.4%	-66.0%	46.4%
Other	-26	-80	-36	-6	-1.0	-2.7	-1.2	-0.2	206.3%	-55.0%	-82.1%
<b>Pre-Tax Profits</b>	<b>-325</b>	<b>-732</b>	<b>-603</b>	<b>-17</b>	<b>-12.0</b>	<b>-24.7</b>	<b>-20.1</b>	<b>-0.5</b>	<b>125.4%</b>	<b>-17.6%</b>	<b>-97.2%</b>
Taxes	0	0	0	0	0.0	0.0	0.0	0.0	n.m.	n.m.	n.m.
<b>Net Profit</b>	<b>-325</b>	<b>-732</b>	<b>-603</b>	<b>-17</b>	<b>-12.0</b>	<b>-24.7</b>	<b>-20.1</b>	<b>-0.5</b>	<b>125.4%</b>	<b>-17.6%</b>	<b>-97.2%</b>
<b>RATIOS</b>											
Net Interest Margin (NII/ATA)	7.76%	5.48%	4.41%	4.77%	7.76%	5.48%	4.41%	4.77%	-2.28%	-1.07%	0.37%
Net Interest Income (% of Banking Revenue)	71.1%	62.7%	61.5%	55.3%	71.1%	62.7%	61.5%	55.3%	-8.4%	-1.2%	-6.2%
Fees (% of Banking Income)	20.8%	29.3%	36.9%	22.8%	20.8%	29.3%	36.9%	22.8%	8.5%	7.6%	-14.1%
Staff Costs (% of Total Costs)	39.7%	44.7%	53.6%	46.2%	39.7%	44.7%	53.6%	46.2%	5.0%	8.8%	-7.4%
Costs per Employee (MZM/US\$)	1,029,135	1,080,396	1,155,884	915,297	37,940	36,377	38,504	27,241	5.0%	7.0%	7.0%
Cost-to-Income (incl. Depreciation)	102.8%	113.6%	133.9%	86.8%	102.8%	113.6%	133.9%	86.8%	10.8%	20.3%	-47.1%
Net LLP (% of Loans)	4.20%	7.36%	2.05%	2.40%	4.20%	7.36%	2.05%	2.40%	3.16%	-5.31%	0.35%
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ROE	-20.5%	-28.9%	-35.7%	-0.5%	-20.5%	-28.9%	-35.7%	-0.5%	-8.4%	-6.8%	35.2%
ROA	-2.41%	-4.53%	-3.51%	-0.07%	-2.41%	-4.53%	-3.51%	-0.07%	-2.1%	1.0%	3.4%
Loans/Deposits	69.4%	58.7%	66.1%	70.3%	69.4%	58.7%	66.1%	70.3%	-10.7%	7.4%	4.3%
Loans/Assets	45.6%	40.1%	46.1%	43.4%	45.6%	40.1%	46.1%	43.4%	-5.6%	6.0%	-2.6%
Deposits/Liabilities	74.5%	80.9%	77.3%	73.5%	74.5%	80.9%	77.3%	73.5%	6.4%	-3.6%	-3.9%
Loans in Local Currency (% of Total)	n.a.	84.3%	81.4%	81.4%	n.a.	84.3%	81.4%	81.4%	n.a.	-2.9%	0.1%
Deposits in Local Currency (% of Total)	85.9%	71.6%	67.8%	71.0%	n.a.	71.6%	67.8%	71.0%	-14.2%	-3.9%	3.3%
Loans per Branch ('000 MZM/US\$)	133,796	140,679	171,944	210,167	4,933	4,737	5,728	6,255	5.1%	22.2%	22.2%
Deposits per Branch ('000 MZM/US\$)	192,754	239,669	260,303	298,754	7,106	8,070	8,671	8,892	24.3%	8.6%	14.8%
Solvency Ratio	16.8%	30.5%	8.2%	27.4%	16.8%	30.5%	8.2%	27.4%	13.7%	-22.3%	19.1%
NPL Ratio	6.55%	8.53%	10.05%	5.65%	6.55%	8.53%	10.05%	5.65%	1.98%	1.52%	-4.39%
NPL Coverage	77.1%	116.8%	84.2%	130.0%	77.1%	116.8%	84.2%	130.0%	39.7%	-32.5%	45.8%
BS Provisions/Loans (gross)	5.05%	9.96%	8.46%	7.35%	5.05%	9.96%	8.46%	7.35%	4.91%	-1.50%	-1.11%

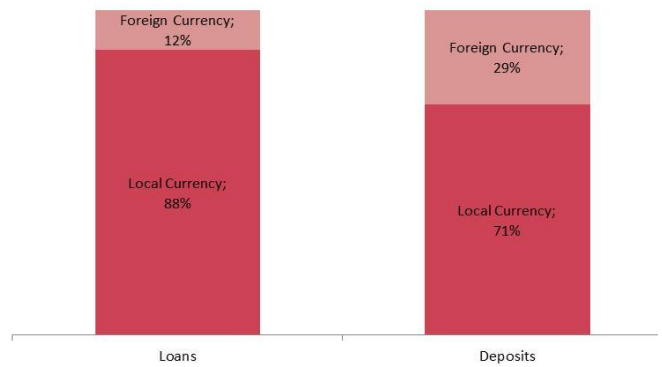
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



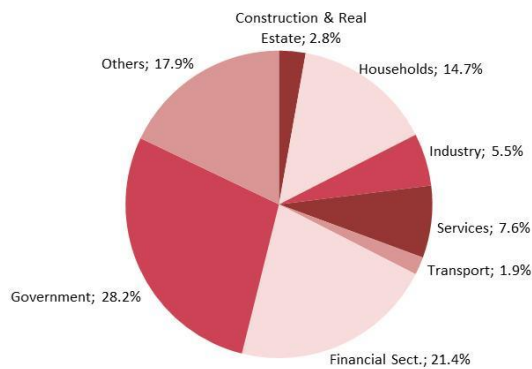
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



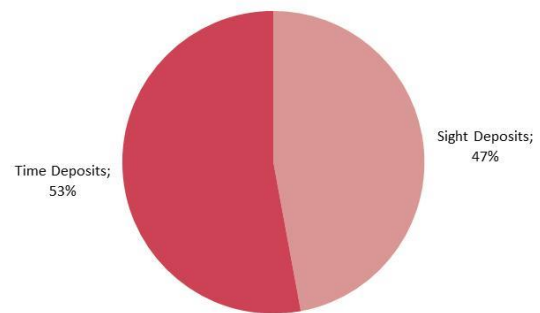
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



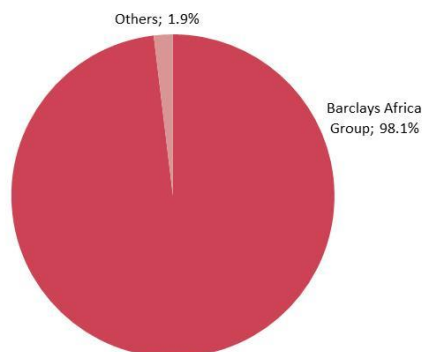
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.

## MOZA BANCO

Moza Banco announced a net profit of MZM 153 million (US\$ 4.6 million) last year. This compares with MZM 22 million (US\$ 0.7 million) released in 2013. Although figures remain rather modest relatively to the other major players in the sector, the bank's results once again evidence its aggressive expansion strategy implemented since it was founded in 2008. It is worth noting that, when looking at the key balance sheet indicators for 2014, Moza Banco has actually surpassed Barclays as the fourth largest bank in Mozambique.

*Net profit improved significantly, evidencing the bank's aggressive expansion strategy*

Loans and deposits rose 60% and 46%, respectively, as the bank continues to aim to increase its market share in its key segments (corporate, retail and private). Corporate loans represented the largest part of the portfolio (59% of the total vs 64% in 2013) followed by retail (20% vs. 17%) and private banking (7%). We highlight that nearly 90% of the total loans and deposits are in local currency. NPLs increased by only 10%, which bearing in mind the strong increase in lending it meant that the NPL ratio fell to 1.64% from 2.47% in 2013, with the coverage ratio increasing to 160% (vs. 110% in the previous year).

*The bank continues to aim to increase its market share in its key segments*

In terms of the P/L account, revenues were up 50% and costs 39%, allowing operating income to more than double in the period. Growth in net interest income was aided by strong volumes while the strong increase in fees reflects the impact of the greater commercial activity of the bank. The same could be said in terms of other banking income, as the results from the markets and treasury areas show a higher level of activity from the bank with its existing client base as well as increased efforts to reach new potential clients. The C/I ratio fell to 81.8% from 87.8% in the previous year while cost of risk stood at 107bps (vs. 132bps in 2013).

*Operating income more than doubled while C/I fell in the period*

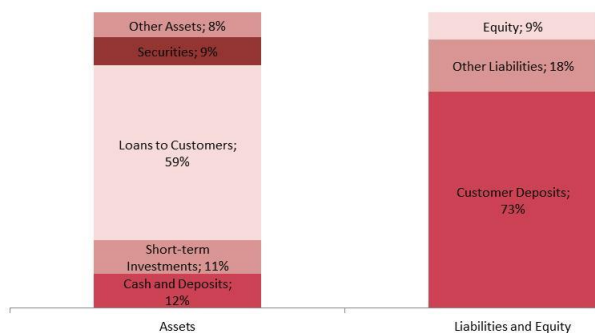
Finally, the bank's solvency ratio fell from 13.5% in 2013 to 10.5% at the end of last year.

*Solvency ratio at 10.5%*

MOZA BANCO	MZM Million				US\$ Million				% Change (MZM)		
	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13
<b>BALANCESHEET</b>											
Net Assets	3,324	8,689	14,820	23,100	122.6	292.6	493.7	687.5	161.4%	70.6%	55.9%
Customer Loans (net)	1,825	4,968	8,249	13,650	67.3	167.3	274.8	406.2	172.2%	66.0%	65.5%
Loan Loss Provisions	51	122	230	369	1.9	4.1	7.7	11.0	139.1%	87.7%	60.5%
Non-Performing Loans	14	63	210	231	0.5	2.1	7.0	6.9	350.9%	233.2%	10.0%
Customer Deposits	2,223	6,218	11,602	16,914	81.9	209.4	386.5	503.4	179.7%	86.6%	45.8%
Equity	964	1,323	1,351	2,098	35.5	44.5	45.0	62.4	37.3%	2.2%	55.3%
<b>P&amp;L ACCOUNT</b>											
Net Interest Income	202	354	652	779	7.4	11.9	21.7	23.2	75.5%	84.2%	19.5%
Fees & Commissions	42	121	236	341	1.6	4.1	7.9	10.2	187.1%	94.9%	44.6%
Other Banking Income	71	125	310	669	2.6	4.2	10.3	19.9	75.8%	147.8%	116.1%
<b>Banking Income</b>	<b>315</b>	<b>600</b>	<b>1,197</b>	<b>1,790</b>	<b>11.6</b>	<b>20.2</b>	<b>39.9</b>	<b>53.3</b>	<b>90.5%</b>	<b>99.6%</b>	<b>49.5%</b>
Staff Costs	128	282	467	622	4.7	9.5	15.5	18.5	120.9%	65.5%	33.2%
Other Costs	126	261	435	648	4.7	8.8	14.5	19.3	106.3%	67.0%	49.0%
Depreciation	24	68	150	195	0.9	2.3	5.0	5.8	178.6%	120.8%	30.0%
<b>Total Costs</b>	<b>278</b>	<b>610</b>	<b>1,052</b>	<b>1,465</b>	<b>10.3</b>	<b>20.6</b>	<b>35.0</b>	<b>43.6</b>	<b>119.3%</b>	<b>72.3%</b>	<b>39.3%</b>
<b>Operating Income</b>	<b>36</b>	<b>-11</b>	<b>146</b>	<b>325</b>	<b>1.3</b>	<b>-0.4</b>	<b>4.8</b>	<b>9.7</b>	<b>-129.3%</b>	<b>n.m.</b>	<b>123.2%</b>
Net Loan Loss Provisions (LLP)	5	71	109	145	0.2	2.4	3.6	4.3	1324.2%	52.5%	33.6%
<b>Pre-Tax Profits</b>	<b>31</b>	<b>-82</b>	<b>37</b>	<b>179</b>	<b>1.2</b>	<b>-2.8</b>	<b>1.2</b>	<b>5.3</b>	<b>n.m.</b>	<b>n.m.</b>	<b>389.1%</b>
Taxes	7	-15	14	26	0.3	-0.5	0.5	0.8	n.m.	n.m.	83.2%
<b>Net Profit</b>	<b>24</b>	<b>-67</b>	<b>22</b>	<b>153</b>	<b>0.9</b>	<b>-2.3</b>	<b>0.7</b>	<b>4.6</b>	<b>n.m.</b>	<b>n.m.</b>	<b>587.3%</b>
<b>RATIOS</b>											
Net Interest Margin (NII/ATA)	7.32%	5.89%	5.54%	4.11%	7.32%	5.89%	5.54%	4.11%	-1.43%	-0.35%	-1.44%
Net Interest Income (% of Banking Revenue)	64.0%	59.0%	54.4%	43.5%	64.0%	59.0%	54.4%	43.5%	-5.0%	-4.6%	-10.9%
Fees (% of Banking Income)	13.4%	20.2%	19.7%	19.1%	13.4%	20.2%	19.7%	19.1%	6.8%	-0.5%	-0.6%
Staff Costs (% of Total Costs)	45.9%	46.2%	44.4%	42.4%	45.9%	46.2%	44.4%	42.4%	0.3%	-1.8%	-1.9%
Costs per Employee (MZM/US\$)	893,097	867,940	1,068,133	977,389	32,925	29,224	35,581	29,089	12.1%	4.8%	4.8%
Cost-to-Income (incl. Depreciation)	88.4%	101.8%	87.8%	81.8%	88.4%	101.8%	87.8%	81.8%	13.4%	-13.9%	-6.0%
Net LLP (% of Loans)	0.27%	1.44%	1.32%	1.07%	0.27%	1.44%	1.32%	1.07%	1.16%	-0.12%	-0.25%
Tax Rate	22.4%	17.9%	39.3%	14.7%	22.4%	17.9%	39.3%	14.7%	-4.5%	21.4%	-24.6%
ROE	2.5%	-5.1%	1.6%	7.3%	2.5%	-5.1%	1.6%	7.3%	-7.6%	6.7%	5.6%
ROA	0.73%	-0.78%	0.15%	0.66%	0.73%	-0.78%	0.15%	0.66%	-1.5%	0.9%	0.5%
Loans/Deposits	82.1%	79.9%	71.1%	80.7%	82.1%	79.9%	71.1%	80.7%	-2.2%	-8.8%	9.6%
Loans/Assets	54.9%	57.2%	55.7%	59.1%	54.9%	57.2%	55.7%	59.1%	2.3%	-1.5%	3.4%
Deposits/Liabilities	94.2%	84.4%	86.1%	80.5%	94.2%	84.4%	86.1%	80.5%	-9.8%	1.7%	-5.6%
Loans in Local Currency (% of Total)	80.6%	91.8%	94.2%	86.4%	80.6%	91.8%	94.2%	86.4%	11.2%	2.4%	-7.8%
Deposits in Local Currency (% of Total)	74.8%	86.0%	86.4%	88.5%	74.8%	86.0%	86.4%	88.5%	11.2%	0.4%	2.1%
Loans per Branch ('000 MZM/US\$)	152,104	155,261	229,135	303,330	5,608	5,228	7,633	9,028	2.1%	47.6%	32.4%
Deposits per Branch ('000 MZM/US\$)	185,239	194,304	322,276	375,877	6,829	6,542	10,735	11,187	4.9%	65.9%	16.6%
Solvency Ratio	35.5%	17.6%	13.5%	10.5%	35.5%	17.6%	13.5%	10.5%	-17.9%	-4.1%	-3.0%
NPL Ratio	0.74%	1.24%	2.47%	1.64%	0.74%	1.24%	2.47%	1.64%	0.49%	1.24%	-0.83%
NPL Coverage	367.0%	194.6%	109.6%	159.9%	367.0%	194.6%	109.6%	159.9%	-172.4%	-85.0%	50.3%
BS Provisions/Loans (gross)	2.73%	2.41%	2.71%	2.63%	2.73%	2.41%	2.71%	2.63%	-0.32%	0.31%	-0.08%

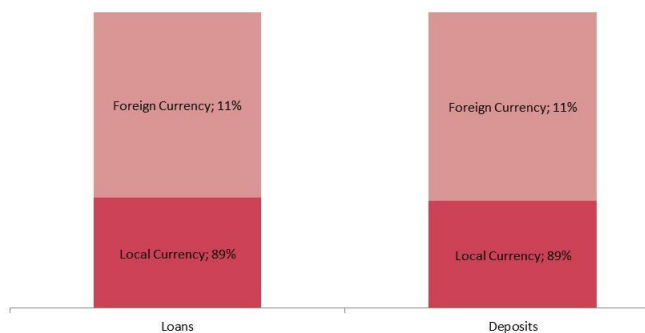
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



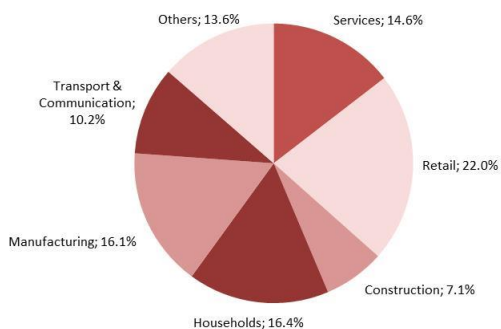
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



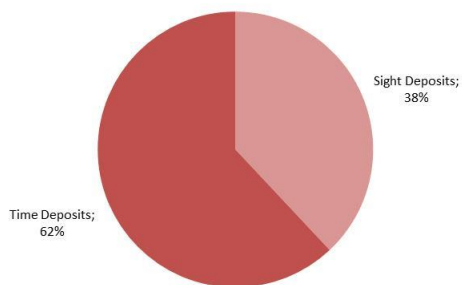
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



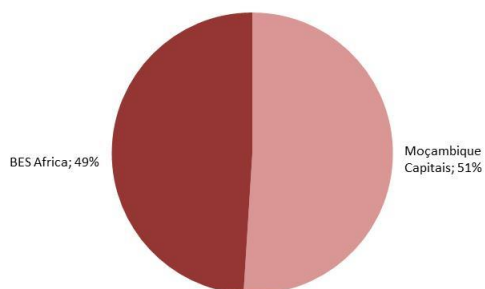
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.

## BANCO ÚNICO

Banco Único disclosed a net profit of MZM 20 million (US\$ 0.6 million) last year, marking the first time that the bank reported a net profit since it was founded in 2011. This set of results reflects a strong operating performance, which was boosted by a 58% increase in revenues and a more modest rise of 14% in costs. The evolution of revenues was due to a healthy expansion in net interest income that resulted from strong volume growth (both loans and deposits were up 40% YoY) and helped offset the impact of lower interest rates and spreads (due to increased competition in the sector). Fees were also up, with this performance coming on the back of stronger business volumes, namely in terms of general banking commissions as well as card-related fees (+158% YoY). Trading income increased 46% YoY and accounted for 18% of the group's banking income.

The increase in costs reflects the opening of a new branch and two business centers, bringing the total number of branches to 17, and the hiring of 56 additional employees (total workforce stood at 390 people at the end of the year). This moderate increase in costs allowed the C/I ratio to improve to 78.2% from 108.6% in 2013. Below the operating income line, we note that loan loss provisions rose 141% YoY after the strong increase in the loan portfolio. Moreover, the NPL ratio increased from 1.38% to 1.78% while coverage stood at 176% (vs. 170% in 2013). The bank also reported a solvency ratio of 10%, which is roughly the same as the one disclosed in the previous year.

Finally, Nedbank formalized the acquisition of a 36.4% stake in Banco Único last year for US\$ 24.4 million, meaning that the South African bank now holds a similar stake of 36.6% in the bank as Gevisar (controlled by Group Américo Amorim Holdings and Group Visabeira).

*Banco Único disclosed the first profit in its history in 2014*

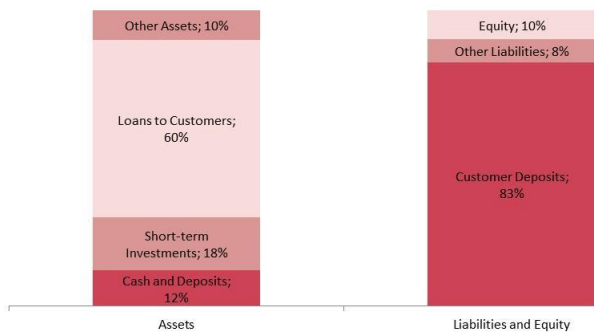
*A strong operating performance, led by a strong increase in revenues, allowed for an improvement in efficiency*

*Nedbank formalized the acquisition of a 36.4% stake in the bank for US\$ 24.4 million*

BANCO ÚNICO Year	MZM Million				US\$ Million				% Change (MZM)		
	2011	2012	2013	2014	2011	2012	2013	2014	12/11	13/12	14/13
<b>BALANCESHEET</b>											
Net Assets	2,224	6,879	8,958	12,584	82.0	231.6	298.4	374.5	209.3%	30.2%	40.5%
Customer Loans (net)	162	3,011	5,398	7,564	6.0	101.4	179.8	225.1	1758.1%	79.3%	40.1%
Loan Loss Provisions	3	61	129	245	0.1	2.1	4.3	7.3	1821.3%	110.5%	89.2%
Non-Performing Loans	0	4	76	139	0.0	0.2	2.5	4.1	n.a.	1610.5%	82.5%
Customer Deposits	1,237	5,543	7,368	10,385	45.6	186.6	245.4	309.1	348.2%	32.9%	40.9%
Equity	571	1,034	936	1,205	21.0	34.8	31.2	35.9	81.2%	-9.5%	28.8%
<b>P&amp;L ACCOUNT</b>											
Net Interest Income	-13	57	382	611	-0.5	1.9	12.7	18.2	n.m.	571.6%	60.0%
Fees & Commissions	3	60	108	189	0.1	2.0	3.6	5.6	1895.0%	79.3%	75.8%
Other Banking Income	-52	131	141	195	-1.9	4.4	4.7	5.8	n.m.	8.2%	38.3%
<b>Banking Income</b>	<b>-62</b>	<b>248</b>	<b>631</b>	<b>996</b>	<b>-2.3</b>	<b>8.3</b>	<b>21.0</b>	<b>29.6</b>	<b>n.m.</b>	<b>155.0%</b>	<b>57.8%</b>
Staff Costs	325	324	364	443	12.0	10.9	12.1	13.2	-0.1%	12.3%	21.5%
Other Costs	98	137	186	207	3.6	4.6	6.2	6.2	40.1%	35.4%	11.5%
Depreciation	33	115	135	129	1.2	3.9	4.5	3.8	246.6%	17.2%	-5.0%
<b>Total Costs</b>	<b>456</b>	<b>577</b>	<b>685</b>	<b>779</b>	<b>16.8</b>	<b>19.4</b>	<b>22.8</b>	<b>23.2</b>	<b>26.5%</b>	<b>18.7%</b>	<b>13.6%</b>
<b>Operating Income</b>	<b>-518</b>	<b>-330</b>	<b>-54</b>	<b>218</b>	<b>-19.1</b>	<b>-11.1</b>	<b>-1.8</b>	<b>6.5</b>	<b>-36.4%</b>	<b>-83.6%</b>	<b>n.m.</b>
Net Loan Loss Provisions (LLP)	3	58	68	164	0.1	2.0	2.3	4.9	1721.3%	16.6%	141.1%
Other	-3	-27	-20	-20	-0.1	-0.9	-0.7	-0.6	902.1%	-26.0%	0.5%
<b>Pre-Tax Profits</b>	<b>-524</b>	<b>-415</b>	<b>-142</b>	<b>34</b>	<b>-19.3</b>	<b>-14.0</b>	<b>-4.7</b>	<b>1.0</b>	<b>-20.8%</b>	<b>-65.8%</b>	<b>n.m.</b>
Taxes	-167	-134	-41	14	-6.2	-4.5	-1.4	0.4	-19.6%	-69.3%	n.m.
<b>Net Profit</b>	<b>-357</b>	<b>-280</b>	<b>-101</b>	<b>20</b>	<b>-13.1</b>	<b>-9.4</b>	<b>-3.4</b>	<b>0.6</b>	<b>-21.4%</b>	<b>-64.0%</b>	<b>n.m.</b>
<b>RATIOS</b>											
Net Interest Margin (NII/ATA)	-1.06%	1.25%	4.83%	5.68%	-1.06%	1.25%	4.83%	5.68%	2.31%	3.58%	0.85%
Net Interest Income (% of Banking Revenue)	20.6%	23.0%	60.5%	61.4%	20.6%	23.0%	60.5%	61.4%	2.4%	37.6%	0.8%
Fees (% of Banking Income)	-4.9%	24.3%	17.1%	19.0%	-4.9%	24.3%	17.1%	19.0%	29.2%	-7.2%	1.9%
Staff Costs (% of Total Costs)	71.2%	56.2%	53.1%	56.8%	71.2%	56.2%	53.1%	56.8%	-15.0%	-3.1%	3.7%
Costs per Employee (MZM/US\$)	1,674,876	1,308,278	1,090,503	1,134,795	61,747	44,050	36,326	33,774	12.1%	4.8%	4.8%
Cost-to-Income (incl. Depreciation)	n.m.	233.1%	108.6%	78.2%	n.m.	233.1%	108.6%	78.2%	n.m.	-124.5%	-30.4%
Net LLP (% of Loans)	1.98%	1.94%	1.26%	2.17%	1.98%	1.94%	1.26%	2.17%	-0.04%	-0.68%	0.91%
Tax Rate	31.9%	32.4%	29.0%	42.0%	31.9%	32.4%	29.0%	42.0%	0.5%	-3.4%	13.0%
ROE	-62.5%	-27.1%	-10.8%	1.6%	-62.5%	-27.1%	-10.8%	1.6%	35.4%	16.3%	12.4%
ROA	-16.04%	-4.08%	-1.13%	0.16%	-16.04%	-4.08%	-1.13%	0.16%	12.0%	2.9%	1.3%
Loans/Deposits	13.1%	54.3%	73.3%	72.8%	13.1%	54.3%	73.3%	72.8%	41.2%	19.0%	-0.4%
Loans/Assets	7.3%	43.8%	60.3%	60.1%	7.3%	43.8%	60.3%	60.1%	36.5%	16.5%	-0.2%
Deposits/Liabilities	74.8%	94.8%	91.8%	91.3%	74.8%	94.8%	91.8%	91.3%	20.0%	-3.0%	-0.6%
Loans in Local Currency (% of Total)	50.6%	81.2%	81.6%	84.1%	50.6%	81.2%	81.6%	84.1%	30.5%	0.5%	2.5%
Deposits in Local Currency (% of Total)	84.2%	64.0%	74.4%	75.2%	84.2%	64.0%	74.4%	75.2%	-20.2%	10.4%	0.8%
Loans per Branch ('000 MZM/US\$)	23,146	231,580	337,401	444,916	853	7,797	11,239	13,242	900.5%	45.7%	31.9%
Deposits per Branch ('000 MZM/US\$)	176,706	426,416	460,501	610,869	6,515	14,357	15,340	18,181	141.3%	8.0%	32.7%
Solvency Ratio	37.4%	17.2%	9.8%	10.0%	37.4%	17.2%	9.8%	10.0%	-20.3%	-7.4%	0.2%
NPL Ratio	0.00%	0.15%	1.38%	1.78%	0.00%	0.15%	1.38%	1.78%	0.15%	1.23%	0.40%
NPL Coverage	n.a.	1379.4%	169.8%	175.9%	n.a.	1379.4%	169.8%	175.9%	n.a.	-1209.7%	6.2%
BS Provisions/Loans (gross)	1.94%	2.00%	2.34%	3.14%	1.94%	2.00%	2.34%	3.14%	0.06%	0.34%	0.79%

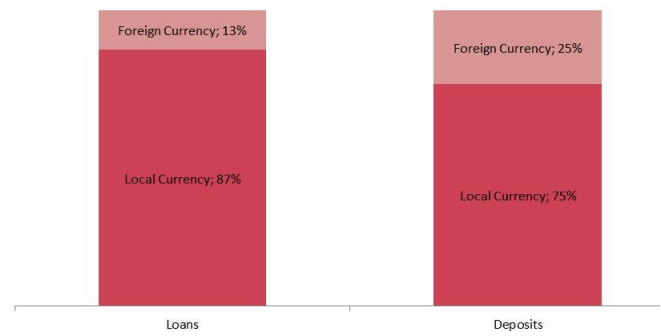
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2014**



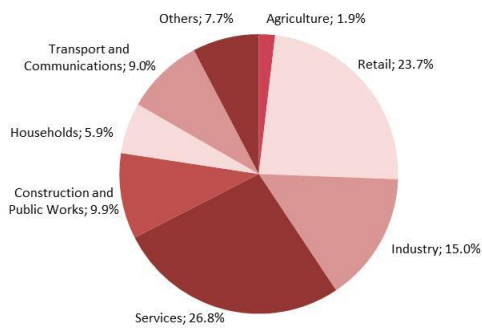
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2014**



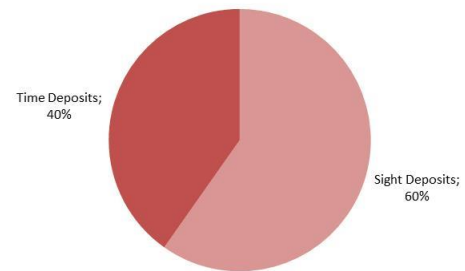
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2014**



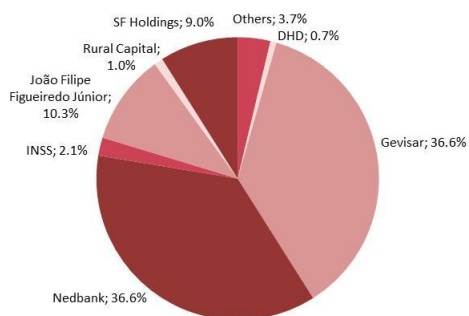
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2014**



Sources: Annual Reports and Eaglestone Securities.



## ANNEX I – SIX MAJOR BANKS COMPARISON (TABLES)

SIX MAJOR BANKS - MAIN INDICATORS					
Year	2010	2011	2012	2013	2014
<b>Net Interest Margin (NII/ATA)</b>					
Millennium bim	8.31%	9.93%	7.23%	6.28%	6.09%
Banco Comercial e de Investimentos	4.87%	4.96%	3.92%	3.69%	4.02%
Standard Bank Mozambique	5.27%	7.05%	6.09%	5.47%	5.50%
Barclays Bank Mozambique	8.02%	7.76%	5.48%	4.41%	4.77%
MozaBanco	8.97%	7.32%	5.89%	5.54%	4.11%
Banco Único	0.21%	-1.06%	1.25%	4.83%	5.68%
<b>Net Interest Income (% of Banking Revenue)</b>					
Millennium bim	59.6%	67.9%	61.4%	58.9%	61.0%
Banco Comercial e de Investimentos	61.9%	60.8%	52.7%	52.9%	53.8%
Standard Bank Mozambique	53.4%	61.7%	54.2%	51.6%	48.1%
Barclays Bank Mozambique	57.5%	71.1%	62.7%	61.5%	55.3%
MozaBanco	58.8%	64.0%	59.0%	54.4%	43.5%
Banco Único	-13.8%	20.6%	23.0%	60.5%	61.4%
<b>Fees (% of Banking Income)</b>					
Millennium bim	13.5%	14.5%	17.8%	20.1%	19.6%
Banco Comercial e de Investimentos	14.1%	20.1%	20.6%	21.0%	21.3%
Standard Bank Mozambique	18.0%	15.0%	15.3%	18.0%	16.5%
Barclays Bank Mozambique	18.8%	20.8%	29.3%	36.9%	22.8%
MozaBanco	13.1%	13.4%	20.2%	19.7%	19.1%
Banco Único	6.0%	-4.9%	24.3%	17.1%	19.0%
<b>Staff Costs (% of Total Costs)</b>					
Millennium bim	45.6%	46.3%	47.9%	47.6%	47.1%
Banco Comercial e de Investimentos	44.4%	45.2%	48.9%	49.8%	47.0%
Standard Bank Mozambique	46.6%	53.1%	55.1%	58.4%	55.2%
Barclays Bank Mozambique	39.2%	39.7%	44.7%	53.6%	46.2%
MozaBanco	51.2%	45.9%	46.2%	44.4%	42.4%
Banco Único	71.7%	71.2%	56.2%	53.1%	56.8%
<b>Costs per Employee (MZM)</b>					
Millennium bim	695,702	650,746	729,565	764,511	817,471
Banco Comercial e de Investimentos	643,202	665,362	713,723	801,860	807,701
Standard Bank Mozambique	940,998	1,167,407	1,275,984	1,397,734	1,489,576
Barclays Bank Mozambique	890,547	1,029,135	1,080,396	1,155,884	915,297
MozaBanco	1,145,474	893,097	867,940	1,068,133	977,389
Banco Único	334,266	1,674,876	1,308,278	1,090,503	1,134,795
<b>Total Costs per Branch (MZM)</b>					
Millennium bim	23,594,381	22,695,478	23,158,689	23,829,637	24,772,084
Banco Comercial e de Investimentos	20,514,111	20,910,211	21,750,585	25,698,493	25,128,189
Standard Bank Mozambique	46,885,769	57,692,559	65,969,511	67,381,631	71,195,196
Barclays Bank Mozambique	24,338,241	32,143,196	31,964,326	34,765,239	31,824,404
MozaBanco	48,477,200	23,195,599	19,076,996	29,216,669	32,548,174
Banco Único	n.a.	65,183,429	44,400,923	42,839,563	45,797,235
<b>Cost-to-Income (incl. Depreciation)</b>					
Millennium bim	40.6%	36.4%	44.0%	43.6%	42.9%
Banco Comercial e de Investimentos	60.5%	62.9%	62.9%	64.8%	62.2%
Standard Bank Mozambique	59.1%	51.4%	51.8%	54.4%	54.6%
Barclays Bank Mozambique	91.1%	102.8%	113.6%	133.9%	86.8%
MozaBanco	49.4%	88.4%	101.8%	87.8%	81.8%
Banco Único	n.m.	n.m.	233.1%	108.6%	78.2%
<b>Net LLP (% of Loans)</b>					
Millennium bim	2.10%	2.24%	1.22%	0.93%	0.88%
Banco Comercial e de Investimentos	0.48%	0.81%	0.18%	0.85%	1.30%
Standard Bank Mozambique	0.16%	1.05%	2.18%	1.72%	0.84%
Barclays Bank Mozambique	1.51%	4.20%	7.36%	2.05%	2.40%
MozaBanco	0.40%	0.27%	1.44%	1.32%	1.07%
Banco Único	n.a.	1.98%	1.94%	1.26%	2.17%
<b>Tax Rate</b>					
Millennium bim	18.0%	17.6%	17.3%	17.4%	18.5%
Banco Comercial e de Investimentos	17.0%	18.3%	15.1%	12.2%	25.2%
Standard Bank Mozambique	31.0%	30.9%	29.3%	29.4%	29.4%
Barclays Bank Mozambique	0.0%	0.0%	0.0%	0.0%	0.0%
MozaBanco	29.9%	22.4%	17.9%	39.3%	14.7%
Banco Único	26.5%	31.9%	32.4%	29.0%	42.0%
<b>ROE</b>					
Millennium bim	28.5%	33.2%	24.2%	22.3%	20.7%
Banco Comercial e de Investimentos	26.1%	23.7%	24.5%	19.8%	17.6%
Standard Bank Mozambique	27.6%	22.8%	20.5%	18.2%	19.8%
Barclays Bank Mozambique	2.6%	-20.5%	-28.9%	-35.7%	-0.5%
MozaBanco	20.1%	2.5%	-5.1%	1.6%	7.3%
Banco Único	-61.0%	-62.5%	-27.1%	-10.8%	1.6%
<b>ROA</b>					
Millennium bim	4.36%	5.93%	4.35%	3.94%	3.57%
Banco Comercial e de Investimentos	1.95%	1.96%	1.90%	1.46%	1.32%
Standard Bank Mozambique	2.47%	3.42%	2.94%	2.82%	3.20%
Barclays Bank Mozambique	0.41%	-2.41%	-4.53%	-3.51%	-0.07%
MozaBanco	4.63%	0.73%	-0.78%	0.15%	0.66%
Banco Único	-39.29%	-16.04%	-4.08%	-1.13%	0.16%

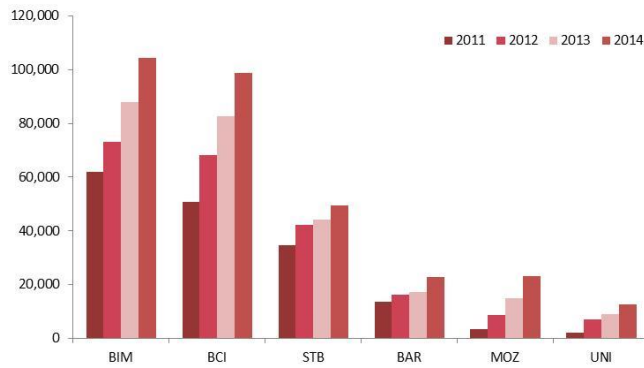
Source: Annual Reports and Eaglestone Securities.

<b>SIX MAJOR BANKS - MAIN INDICATORS (CONT.)</b>					
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Loans/Deposits</b>					
Millennium bim	83.6%	75.4%	70.9%	74.2%	73.6%
Banco Comercial e de Investimentos	88.8%	85.5%	73.4%	75.4%	80.0%
Standard Bank Mozambique	42.0%	46.4%	42.5%	53.0%	59.6%
Barclays Bank Mozambique	69.2%	69.4%	58.7%	66.1%	70.3%
MozaBanco	73.2%	82.1%	79.9%	71.1%	80.7%
Banco Único	n.a.	13.1%	54.3%	73.3%	72.8%
<b>Loans/Assets</b>					
Millennium bim	62.7%	55.1%	52.3%	54.5%	54.5%
Banco Comercial e de Investimentos	63.9%	63.0%	54.0%	54.7%	59.1%
Standard Bank Mozambique	35.2%	36.7%	35.3%	42.9%	46.5%
Barclays Bank Mozambique	43.2%	45.6%	40.1%	46.1%	43.4%
MozaBanco	53.8%	54.9%	57.2%	55.7%	59.1%
Banco Único	n.a.	7.3%	43.8%	60.3%	60.1%
<b>Deposits/Liabilities</b>					
Millennium bim	88.5%	88.9%	89.8%	89.2%	89.5%
Banco Comercial e de Investimentos	77.8%	80.3%	79.7%	78.3%	79.8%
Standard Bank Mozambique	92.0%	93.2%	96.7%	95.8%	92.9%
Barclays Bank Mozambique	74.1%	74.5%	80.9%	77.3%	73.5%
MozaBanco	95.6%	94.2%	84.4%	86.1%	80.5%
Banco Único	n.a.	74.8%	94.8%	91.8%	91.3%
<b>Loans in Local Currency (% of Total)</b>					
Millennium bim	72.1%	75.2%	69.6%	71.6%	74.8%
Banco Comercial e de Investimentos	54.8%	60.0%	56.7%	71.1%	74.7%
Standard Bank Mozambique	67.4%	68.6%	63.7%	64.5%	67.5%
Barclays Bank Mozambique	83.3%	n.a.	84.3%	81.4%	81.4%
MozaBanco	81.7%	80.6%	91.8%	94.2%	86.4%
Banco Único	n.a.	50.6%	81.2%	81.6%	84.1%
<b>Deposits in Local Currency (% of Total)</b>					
Millennium bim	67.2%	74.8%	73.9%	77.1%	78.6%
Banco Comercial e de Investimentos	58.7%	72.7%	75.2%	77.5%	77.1%
Standard Bank Mozambique	35.7%	48.7%	42.0%	46.2%	51.2%
Barclays Bank Mozambique	76.0%	85.9%	71.6%	67.8%	71.0%
MozaBanco	65.7%	74.8%	86.0%	86.4%	88.5%
Banco Único	n.a.	84.2%	64.0%	74.4%	75.2%
<b>Loans per Branch ('000 MZM)</b>					
Millennium bim	277,639	247,770	253,181	305,227	342,137
Banco Comercial e de Investimentos	317,199	266,625	287,531	340,266	347,709
Standard Bank Mozambique	314,469	375,166	439,188	511,382	558,809
Barclays Bank Mozambique	95,817	133,796	140,679	171,944	210,167
MozaBanco	391,472	152,104	155,261	229,135	303,330
Banco Único	n.a.	23,146	231,580	337,401	444,916
<b>Deposits per Branch ('000 MZM)</b>					
Millennium bim	332,284	328,456	357,074	411,298	464,721
Banco Comercial e de Investimentos	357,174	311,862	391,848	451,314	434,556
Standard Bank Mozambique	747,889	809,109	1,032,899	965,314	937,161
Barclays Bank Mozambique	138,448	192,754	239,669	260,303	298,754
MozaBanco	535,159	185,239	194,304	322,276	375,877
Banco Único	n.a.	176,706	426,416	460,501	610,869
<b>Solvency Ratio</b>					
Millennium bim	15.1%	17.9%	21.7%	21.4%	19.0%
Banco Comercial e de Investimentos	12.3%	13.1%	10.9%	9.2%	8.6%
Standard Bank Mozambique	10.8%	19.0%	17.7%	13.3%	9.7%
Barclays Bank Mozambique	17.1%	16.8%	30.5%	8.2%	27.4%
MozaBanco	26.3%	35.5%	17.6%	13.5%	10.5%
Banco Único	13.8%	37.4%	17.2%	9.8%	10.0%
<b>NPL Ratio</b>					
Millennium bim	1.11%	1.71%	2.12%	1.85%	2.47%
Banco Comercial e de Investimentos	1.55%	1.13%	0.96%	0.97%	4.01%
Standard Bank Mozambique	0.79%	0.94%	2.77%	2.61%	2.03%
Barclays Bank Mozambique	5.00%	6.55%	8.53%	10.05%	5.65%
MozaBanco	3.47%	0.74%	1.24%	2.47%	1.64%
Banco Único	n.a.	0.00%	0.15%	1.38%	1.78%
<b>NPL Coverage</b>					
Millennium bim	481.0%	414.0%	326.9%	315.7%	212.3%
Banco Comercial e de Investimentos	140.7%	205.0%	198.3%	189.6%	59.0%
Standard Bank Mozambique	57.6%	88.4%	75.0%	85.8%	88.8%
Barclays Bank Mozambique	67.0%	77.1%	116.8%	84.2%	130.0%
MozaBanco	110.7%	367.0%	194.6%	109.6%	159.9%
Banco Único	n.a.	n.a.	1379.4%	169.8%	175.9%
<b>BS Provisions/Loans (gross)</b>					
Millennium bim	5.36%	7.08%	6.93%	5.83%	5.23%
Banco Comercial e de Investimentos	2.17%	2.32%	1.90%	1.84%	2.37%
Standard Bank Mozambique	0.45%	0.83%	2.08%	2.24%	1.80%
Barclays Bank Mozambique	3.35%	5.05%	9.96%	8.46%	7.35%
MozaBanco	3.84%	2.73%	2.41%	2.71%	2.63%
Banco Único	n.a.	1.94%	2.00%	2.34%	3.14%

Source: Annual Reports and Eaglestone Securities.

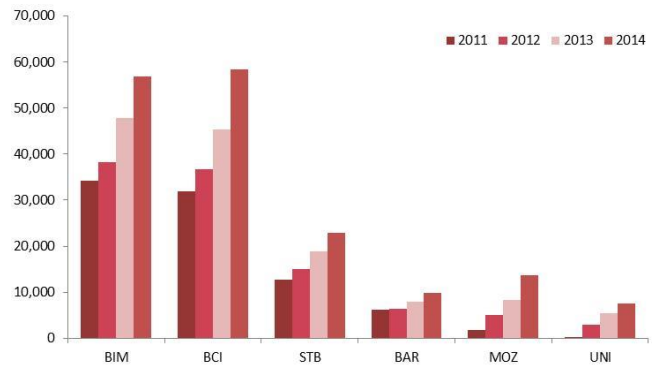
**ANNEX II – SIX MAJOR BANKS COMPARISON (GRAPHS)**

**ASSETS (MZM MILLION)**



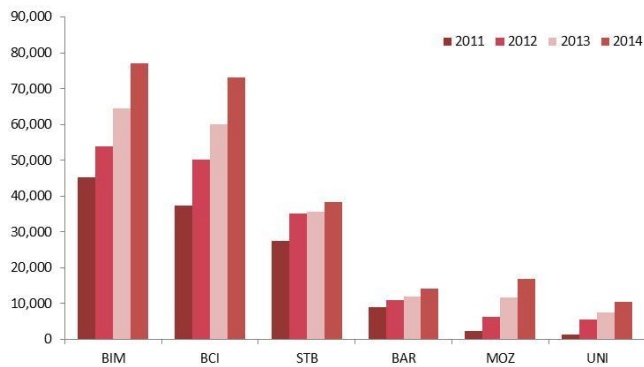
Sources: Annual Reports and Eaglestone Securities.

**NET LOANS (MZM MILLION)**



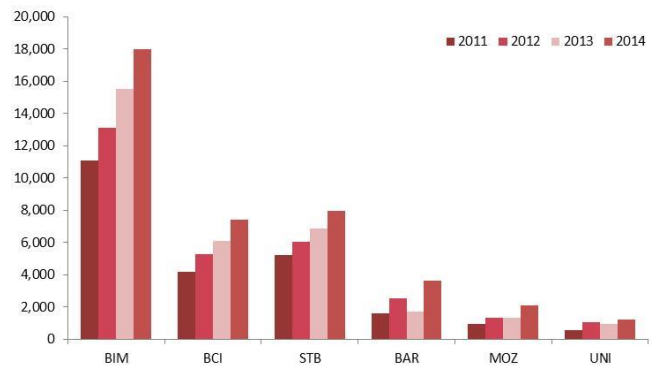
Sources: Annual Reports and Eaglestone Securities.

**DEPOSITS (MZM MILLION)**



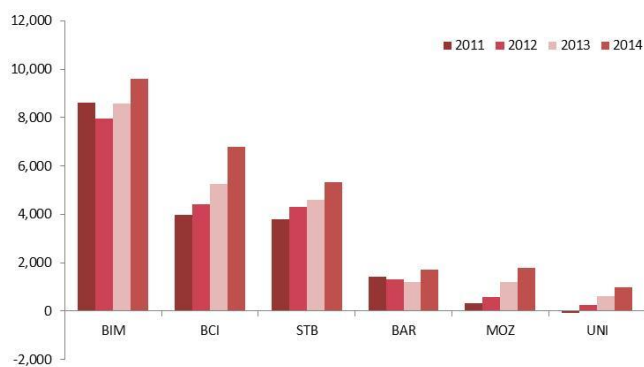
Sources: Annual Reports and Eaglestone Securities.

**EQUITY (MZM MILLION)**



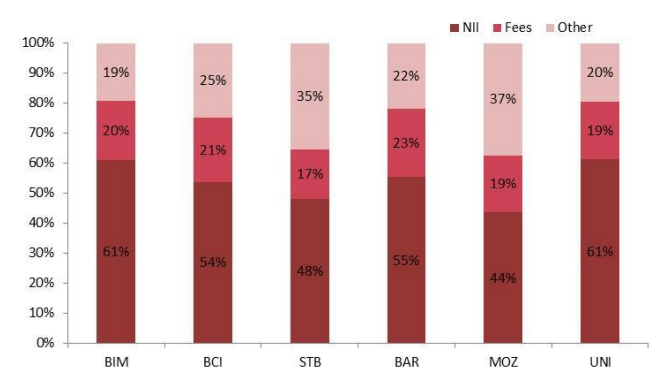
Sources: Annual Reports and Eaglestone Securities.

**REVENUES (MZM MILLION)**



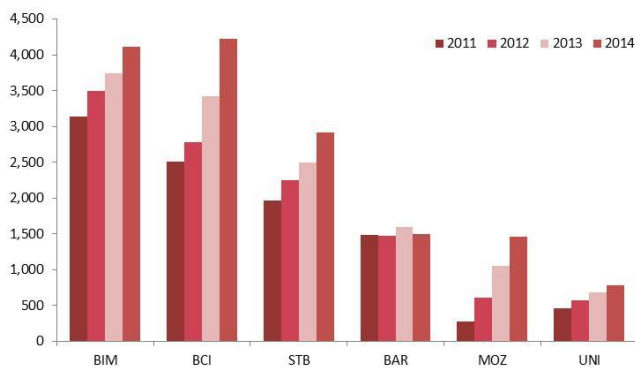
Sources: Annual Reports and Eaglestone Securities.

**REVENUE BREAKDOWN - 2014**



Sources: Annual Reports and Eaglestone Securities.

**COSTS (MZM MILLION)**



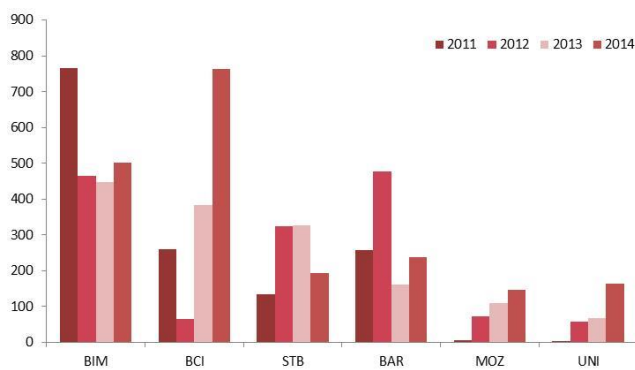
Sources: Annual Reports and Eaglestone Securities.

**COST BREAKDOWN - 2014**



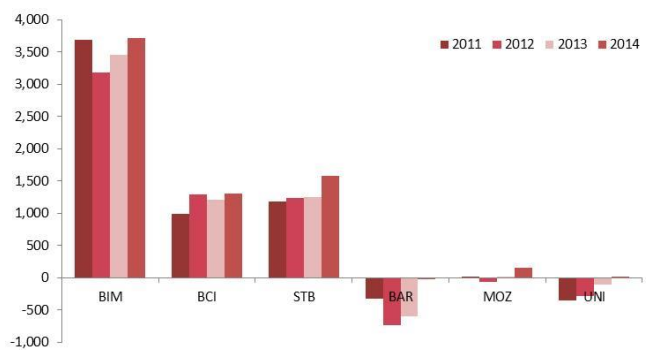
Sources: Annual Reports and Eaglestone Securities.

**NET LOAN LOSS PROVISIONS (MZM MILLION)**



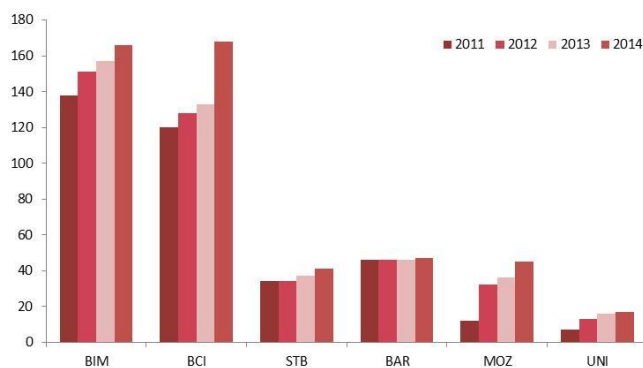
Sources: Annual Reports and Eaglestone Securities.

**NET PROFIT (MZM MILLION)**



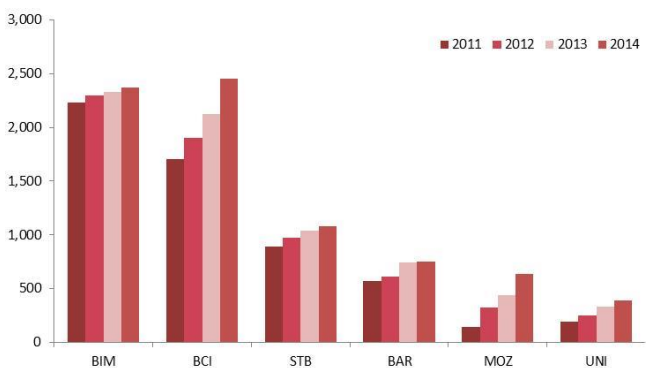
Sources: Annual Reports and Eaglestone Securities.

**NUMBER OF BRANCHES**



Sources: Annual Reports and Eaglestone Securities.

**NUMBER OF EMPLOYEES**



Sources: Annual Reports and Eaglestone Securities.

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Additional information is available upon request.



AMSTERDAM - Herengracht 450-454 1017 CA - T: +31 20 240 31 60

CAPE TOWN - 22 Kildare Road Newlands 7700 - T: +27 21 674 0304

JOHANNESBURG -Unit 4, Upper Ground, Katherine & West 114 West Street, Sandton – T: +27 11 326 6644

LISBON - Av. da Liberdade, 131, 6th Floor - T: +351 21 121 44 00

LONDON - 48 Dover Street - T: +44 20 7038 6200

LUANDA - Rua Marechal Brós Tito nº 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO - Rua dos Desportistas Edifício JAT 5, 833 4th Floor - T: +258 21 342 811

## Disclosures

Eaglestone was founded in December 2011 with the aim to be a committed partner for the development of businesses located primarily in Sub-Saharan Africa and to support the development of renewable energy projects on a global basis.

The company has three business activities - financial advisory services, asset management and brokerage - and currently has offices in Amsterdam, Cape Town London, Lisbon, Luanda and Maputo

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Services Authority. The first of its six Luxembourg based funds has received approval from la Commission de Surveillance du Secteur Financier.

Eaglestone operates with a clear vision and mission to act on behalf of and in the best interests of all its stakeholders, whether they are investors, employees or users of its services.

## EAGLESTONE SECURITIES

### Business Intelligence

**Caroline Fernandes Ferreira**

(+351) 211 214 430

[caroline.ferreira@eaglestone.eu](mailto:caroline.ferreira@eaglestone.eu)

### Research

**Tiago Bossa Dionísio**

(+351) 211 214 431

[tiago.dionisio@eaglestone.eu](mailto:tiago.dionisio@eaglestone.eu)

**Guido Varatojo dos Santos**

(+351) 211 214 468

[guido.santos@eaglestone.eu](mailto:guido.santos@eaglestone.eu)