EAGLESTONE SECURITIES

Mozambican Banks

The challenge of bancarization

Research
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Banking
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Four largest banks are foreign-owned

The Mozambican financial system has witnessed significant growth in recent years. In part, this expansion reflects the local authorities' aim of increasing the financial services available to the population. The introduction of Law 9/2004 led to a strong increase in the number and types of financial players, as it allowed the entry of new entities like electronic money institutions and micro-banks. These played a large part in the development of the local financial system. Today, the 18 banks registered at the Central Bank represent roughly 95% of the total assets of the system. Moreover, close to 80% of the total assets, loans and deposits are held by the four largest banks, which are foreign-owned (by Portuguese and South African investors).

Size of the banking sector remains relatively small

Despite its recent growth, the size of the local banking sector remains modest. Total assets, loans and deposits stood at only US$ 10bn, US$ 5.3bn and US$ 7bn in 2013, respectively. As a reference, the three largest banks operating in Angola are bigger on an individual basis than the whole of the Mozambican banking sector. However, one can say that Mozambican banks are comparatively profitable (20% ROE) while capital levels remain well above the regulatory minimum of 8%. Asset quality ratios have also improved, benefitting from a favorable macro environment in the country.

Target of 35% banking levels in 2022 (vs. current 20%)

In April 2013, the Mozambican authorities approved the country's Financial Sector Development Strategy (FSDS) for 2013-22. They hope that at least 35% of the local population will have access (physically or electronically) to at least one financial service provided by a regulated financial institution by 2022. This compares with an estimated 20% of the adult population that currently have an account at a formal institution, a figure that is half of the average in Sub-Saharan Africa. The FSDS also aims to (1) establish private credit registry bureaus, (2) promote mobile banking, (3) encourage banking competition, (4) strengthen the insolvency framework by the creation of an insolvency bill and (5) establish a collateral framework.

Better operating performance leads to net profit recovery in 2013

The net profit of the six largest banks in Mozambique (representing 90% of the total assets of the sector) improved 13% YoY to MZM 5.2bn (US$ 174mn) in 2013 after falling double-digits in the previous year. The recovery in bottom-line came on the back of an enhanced operating performance, as below the operating income line the combined evolution of net loan loss provisions, other income and taxes had no major impact on the net profit of this period relatively to 2012.

1 - MOZAMBICAN FINANCIAL SYSTEM

1.1 – THE LAST TWO DECADES

The Mozambican State had a large presence in the local financial system while the few number of players meant that competition was almost non-existent

The Mozambican financial system has faced quite challenging times over the last two decades. At the turn of the century, it remained largely controlled by the State and highly concentrated in a few number of players. The local banking system was also increasingly dollarized, with loans denominated in foreign currency representing more than half of the total loans and deposits of the system. This led the Mozambican authorities to successfully implement several reforms in recent years that have had significant improvements to the country's financial sector.

The period 1990-2003 was characterized by very low lending volumes in the banking sector

Looking back, one can say that the period 1990-2003 was characterized by very low lending volumes by the banking sector. This was largely due to persistently high and volatile interest rates and also significantly high non-performing loan levels that reached about 21% of total loans at the end of 2002. Interest rates for loans denominated in the local currency, the Metical, reached an average of 17.5% (varying between 10% and 20%) during 1999-2002. These interest rates also led to high spreads in the sector, which was characterized by a weak competitive environment where the market leader had significant profit margins but the rest of the players faced a very fragile situation with high non-performing loans and operating costs.

Higher levels of credit risk reflected a poorly attractive business environment

The high levels of credit risk in the banking sector also reflected a poorly attractive business environment where (1) credit was concentrated in a few highly leveraged clients, (2) potential bankable projects were almost non-existent, (3) loan repayments were sometimes not the common practice and (4) legal and institutional constraints discouraged lending practices as well as loan recoveries.

High and volatile interest rates in loans denominated in the Metical fostered a dollarization of the economy

During this period, the high and volatile interest rate levels in local currency denominated loans threatened the stability and the development of the financial sector. Instead, they fostered the dollarization of the Mozambican economy and increased the country's public debt. Loans denominated in dollars were relatively more attractive since they were more stable and cheaper. The dollarization of the economy increased the vulnerability of the financial system, as it exposed the debtors and the banks to exchange rate risks.

The local authorities implemented several structural reforms during 2004-07

In order to try to solve the problems faced at the time by the banking sector, the local authorities implemented several structural reforms during 2004 and 2007. They also aimed to foster a fast and sustainable growth in financial intermediation levels in the country. These reforms were (1) the change and/or adoption of new laws and regulations for the sector, (2) the implementation of new institutional mechanisms for banking supervision, (3) the introduction of new and more transparent financial reporting rules, (4) the introduction of an electronic money transfer system for the State (that allowed, for instance, the processing and payment of public sector workers' salaries on the same day) and (5) the use of market instruments in the implementation of monetary and foreign exchange policy.

These reforms led to significant improvements to the country's financial system

The implementation of these reforms had significant improvements to the country's financial system. First, there was a marked reduction in non-performing loans, which fell to low single-digits by the end of 2008. This reflected a restructuring of the problematic banks in the system and their assets as well as an improvement in the macro environment in the country. Second, the precautionary measures implemented, namely the stricter provisioning requirements for foreign currency denominated loans for non-exporting companies, led to a strong drop in this type of loans (31.7% in 2008 from 70.8% of the total in 2003). This allowed banks to lower the foreign exchange risk on their balance sheet, although deposits in foreign currency still remained rather unchanged at 45% of the total. Third, there was an increase in the total assets in the system, which in 2003 stood at only slightly less than US$ 2 billion. And lastly, these reforms led to a lower presence of the State and a larger role to be played by the private sector. And lastly,

The financial system was largely controlled by the three largest banks until 2010

The Mozambican financial system was mostly controlled by the three largest banks operating in the country until 2010. However, the number and type of financial players increased markedly after the introduction of Law 9/2004, of 1 June, as this law allowed the entry of new entities into the market. These included electronic money institutions and micro-banks, which played a large part in the development of the financial system. The number of these institutions has increased from 19 in 2003 to about 200 recently, with more believed to operate without a license.

1.2 – CURRENT SITUATION

The financial system has witnessed a strong expansion

The Mozambican financial sector has witnessed a significant expansion in recent years with the aim of increasing the banking services available to the local population. As of December 2013, it consisted of 18 banks, eight micro-banks, eight credit unions, 22 foreign exchange houses, 11 saving and credit associations and about 200 microcredit operators.

FINANCIAL SECTOR

Type of Institution	2008	2009	2010	2011	2012	2013
Banks	14	14	16	18	18	18
Microbanks	1	3	6	8	8	8
Credit Unions	6	6	7	7	7	8
Leasing Companies	1	1	0	0	0	1
Investment Companies	1	1	1	1	1	1
Credit Card Companies	0	1	1	1	1	1
Electronic Money Institutions	0	0	0	1	1	1
Venture Capital Companies	1	1	1	1	1	1
Group-Purchasing Management Company	1	1	1	1	1	1
Foreign Exchange House	22	20	21	21	19	22
Saving and Credit Associations	4	9	10	10	11	11
Microcredit Operators	72	95	118	166	199	n.a.

Source: Banco de Moçambique.

It consists of 18 banks (the four largest hold 80% of total assets)

The 18 banks registered at the Banco de Moçambique represent about 95% of total financial assets of the system. Moreover, close to 80% of the total assets, loans and deposits are held by the four largest banks, which are foreign-owned (by Portuguese and South African investors). These banks are Millennium bim (BIM), Banco Comercial e de Investimento (BCI), Standard Bank Mozambique and Barclays Bank Mozambique. Most of the other banks in the system are also held by investors from other countries, as detailed in the table below.

BANKING SYSTEM - 2013

	Start of Operations	Majority Shareholder	Assets (mn US$)	Rank by Assets	Loans (mn US$)	Deposits (mn US$)
Standard Bank Moçambique	1967	Standard Bank (South Africa)	1,406.0	3	630.3	1,189.8
Millennium bim	1995	Millenniumbcp (Portugal)	2,927.6	1	1,596.3	2,151.0
BCI - Fomento	1996	Parbanca SGPS (Portugal)	2,758.0	2	1,479.2	1,999.5
Socremo - Banca de Microfinanças	1998	AfriCap Microfinance Investment Company (Mauritius)	34.6	13	25.8	22.4
Banco Tchuma	1998	n.a.	6.3	17	2.0	0.8
Mauritius Commercial Bank (Moçambique)	1999	Mauritius Commercial Bank Limited (Mauritius)	76.3	10	40.2	49.1
African Banking Corporation (Moçambique)	1999	BancABC (Botswana)	309.3	6	179.7	221.4
Banco ProCredit	2000	ProCredit Holding (Germany)	51.4	12	24.4	33.9
Banco Mercantil e de Investimentos	2001	n.a.	n.a.	n.a.	n.a.	n.a.
Banco Oportunidade de Moçambique	2005	Opportunity Transformation Investments Inc. (USA)	12.1	16	6.8	6.6
Barclays Bank Moçambique	2005	Absa Group (South Africa)	572.0	4	263.5	398.9
FNB Mozambique	2007	First Rand Group (South Africa)	267.5	8	165.6	228.5
Moza Banco	2008	Moçambique Capitais (Mozambique)	493.7	5	274.8	386.5
Banco Terra	2008	Rabobank (Netherlands)	64.6	11	32.5	33.8
United Bank for Africa Mozambique	2010	UBA (Nigeria)	33.9	14	18.7	26.9
Banco Nacional de Investimento	2011	IGEPE (Mozambique)	78.3	9	13.7	0.0
Banco Único	2011	Corticeira Amorim and VisaBeira Group (Portugal)	298.4	7	179.8	245.4
International Commercial Bank	n.a.	ICB Financial Group Holdings (Switzerland)	23.6	15	7.0	18.1

Source: Annual Reports and Eaglestone Securities.

BIM is the largest bank and has a market share of 30-32% in terms of loans and deposits

BIM is the largest bank operating in Mozambique, with a network of 157 branches and over 2,300 employees in 2013. It is controlled by Portugal's Millenniumbcp, which has a stake of 66.7%. The Mozambican State also holds a relevant stake in the bank. BIM had a market share of 30-32% in assets, loans and deposits at the end of last year.

BCI started off as a small investment bank, but it is now the second largest retail bank in the country

BCI was founded as a small investment bank in early 1996, but currently it is mostly focused on retail banking activities. It is controlled by Portugal's CGD (51%) and BPI (30%). BCI is the second largest bank with a market share in loans and deposits of roughly 28-29%.

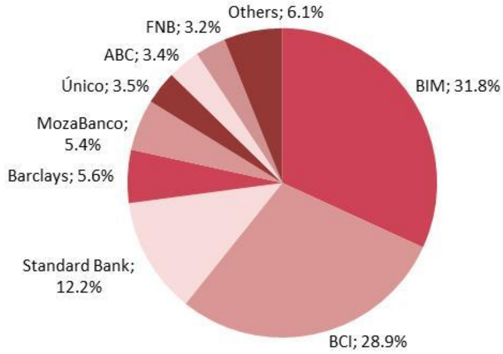
Standard Bank has both retail and investment banking operations

Standard Bank Mozambique has been present in the country for many years and is controlled by the Standard Bank Group, Africa's largest financial institution. The bank has retail banking as well as investment banking activities in Mozambique. It has a market share of about 15% in terms of assets, loans and deposits, making it one of the biggest banks in the country.

Barclays Bank mainly focuses on affluent clients, corporate and investment banking

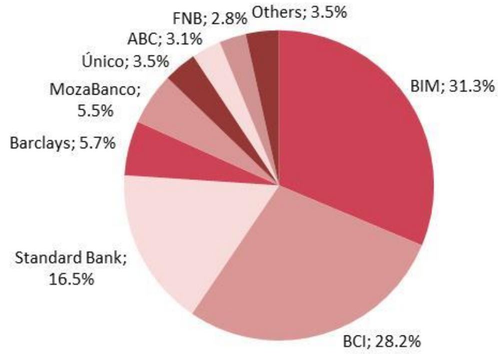
Barclays Bank Mozambique is part of the Barclays Africa Group and its key business segments include (1) affluent retail, (2) corporate and (3) investment banking. It had a market share of 5-6% in terms of loans and deposits in 2013.

MARKET SHARE – LOANS (2013)



Source: Banco de Moçambique.

MARKET SHARE – DEPOSITS (2013)



Source: Banco de Moçambique.

Despite its recent growth, the size of the Mozambican banking sector remains relatively modest, with total assets, loans and deposits standing at only about US$ 10 billion, US$ 5.3 billion and US$ 7 billion, respectively, at the end of 2013. As a reference, the three largest banks operating in Angola are bigger on an individual basis than the whole Mozambican banking system. Said differently, the local banking system represents 15-20% of the Angolan banking sector in terms of assets, loans and deposits (GDP in Angola is eight times the size of GDP in Mozambique).

As a reference, the three largest Angolan banks are bigger than the whole of the Mozambican banking sector

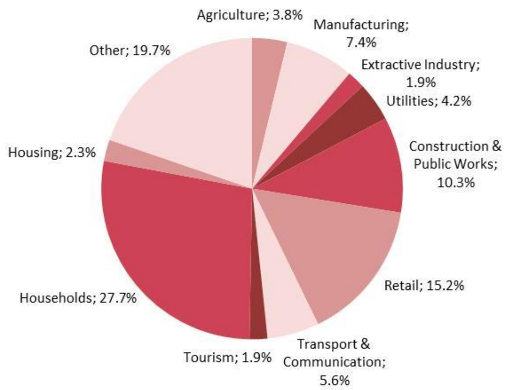
The largest share of the loan portfolio was attributed to the households segment (27.7%) in 2013, but also to the retail (15.2%) and the construction & public works (10.3%) sectors. We note two things from this set of data provided by the Central Bank. First, loans to the agricultural sector as a percentage of total loans have fallen over the years, representing 3.8% in 2013 from roughly 20% of total loans in 2000. It comes regardless of the importance that this sector continues to have for the local economy, namely as agriculture accounts for about 25% of the country's GDP and 75% of its workforce. And second, mortgage loans remain very modest (2.3% of the total in 2013), as most of the houses are bought through self-financing.

Households accounted for nearly 28% of the loan portfolio of Mozambican banks

Figures from the Banco de Moçambique also show that more than three-fourths of the loans provided by the banking sector were done in Meticais. The share of loans done in the local currency has gradually increased in the period 2009-13 (with the exception of 2012). This partly reflects the impact of legislation introduced in 2009 stating that financial institutions will have to make a specific provision of 50% of the loan value for those loans done in foreign currency.

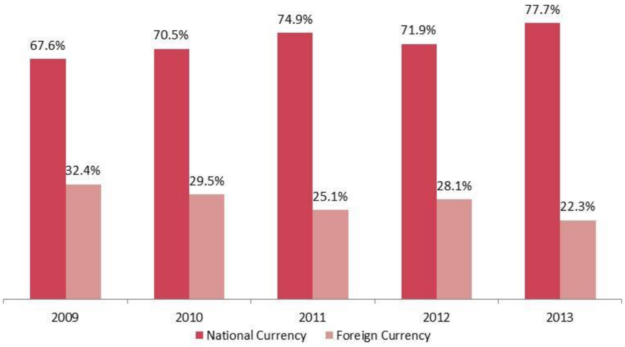
More than three-fourths of the loans provided by the banking sector are done in Meticais

LOAN BREAKDOWN – SECTOR (2013)



Source: Banco de Moçambique.

LOAN BREAKDOWN – CURRENCY (2013)



Source: Banco de Moçambique.

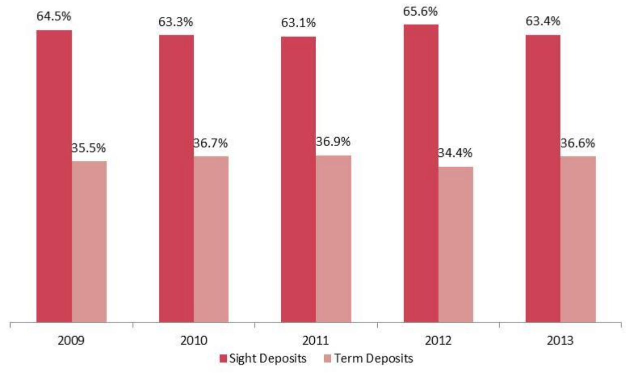
As for deposits, we highlight that the deposit base consisted mainly of sight deposits (63-66%) rather than term deposits during 2009-13. The fact that most of the local population remains relatively poor provides little propensity to invest the little savings that it has in time deposits,

Most of the deposits at local banks are sight deposits and are denominated in the local

choosing instead to have that money readily available in a sight deposit at a bank. On the other hand, more than 71% of deposits are in local currency (vs. 63% in 2009).

currency

DEPOSIT BREAKDOWN – MATURITY (2013)



Source: Banco de Moçambique.

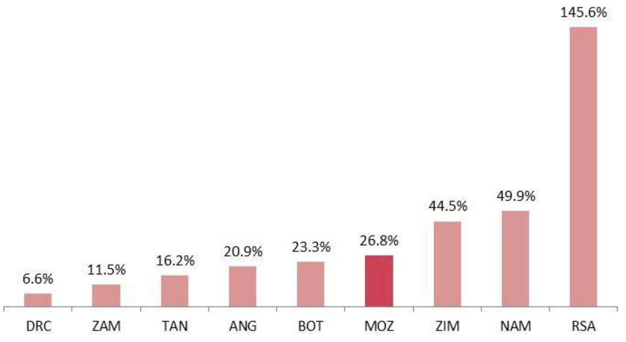
DEPOSIT BREAKDOWN – CURRENCY (2013)

Source: Banco de Moçambique.

The Mozambican financial system also remains underdeveloped when compared with the other countries in Sub-Saharan Africa. Domestic credit to the private sector still stands below 30% of GDP while the percentage of adults with an account at a formal financial institution is only about 20%, which is half of the average of the region. Access to credit remains limited and a major concern when doing business, particularly for SMEs, which account for the large majority of the companies in the country. Interest rates are still high, but on a declining trend. Overall, credit remains mostly available for middle-income individuals and large corporates at the expense of productive sectors like agriculture and industry.

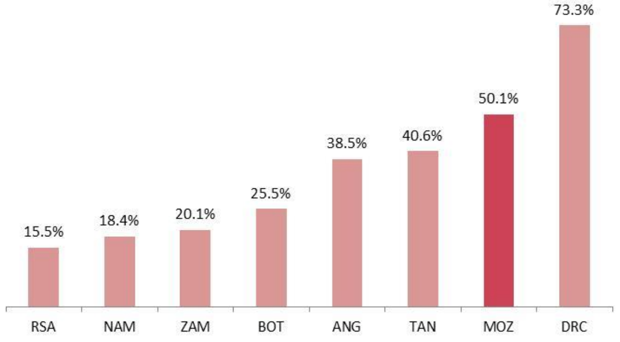
Underdeveloped financial system, with domestic credit standing below 30% of GDP

DOMESTIC CREDIT TO PRIVATE SECTOR (% GDP)



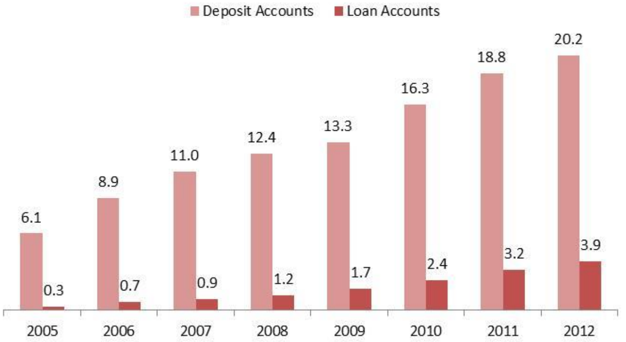
Source: IMF, World Bank and Central Banks.

ACCESS TO FINANCE*



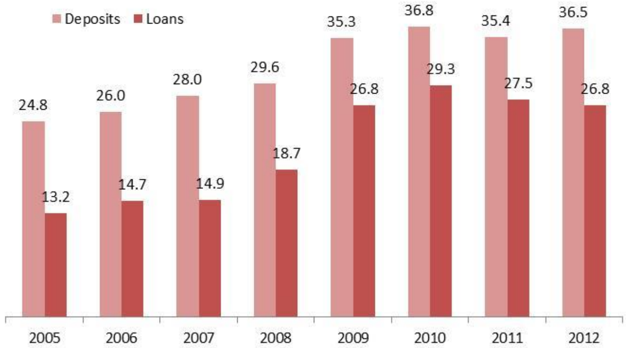
* % of firms identifying this as a major constraint. Source: World Bank.

DEPOSIT AND LOAN ACCOUNTS (% OF ADULTS)



Source: Banco de Moçambique.

DEPOSITS AND LOANS (% GDP)

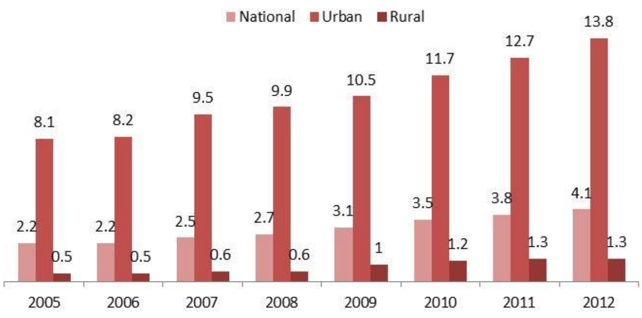


Source: Banco de Moçambique.

Banking services remain unavailable to a significant part of the local population

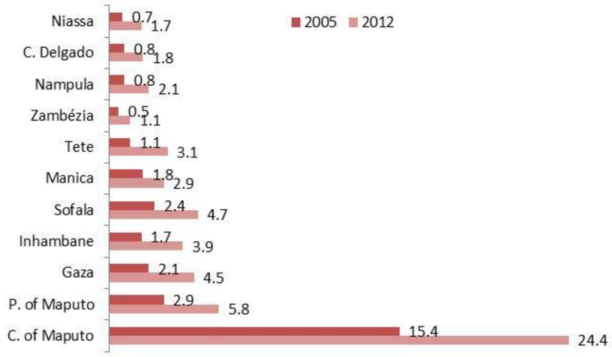
The services provided by financial institutions continue to be unavailable to a significant part of the Mozambican population since most of the commercial bank branches are still located in urban areas. The major constraint to financial exclusion has to do with the costs of providing financial services and the proximity of providing those services to the customer. Apart from the fixed costs, some of the main variables that limit an improvement in financial exclusion include (1) size of the market, (2) income per capita and its distribution, (3) quality of the transport and communication infrastructures and (4) available technology.

BRANCHES BY AREA (PER 100,000 ADULTS)



Source: Banco de Moçambique.

BRANCHES BY PROVINCE (PER 100,000 ADULTS)



Source: Banco de Moçambique.

Most of the banks' branch network remains located in urban areas, which means that financial services remain largely unavailable to the rural population

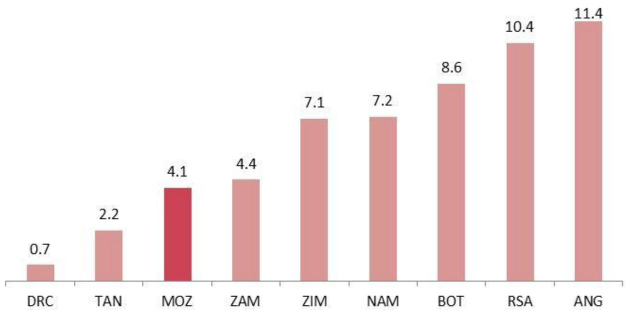
These help explain why in Mozambique nearly half of the branch network remains located in the city and the province of Maputo, where all its districts have at least one branch. On the other hand, statistical data shows that the number of branches in rural areas stood at 1.3 branches per 100,000 adults in 2012, far below the national average of 4.1 branches per 100,000 adults. Nearly half of the people that have a bank account in a rural area reportedly spend at least two to three hours to reach his/her bank.

BRANCH DISTRIBUTION BY PROVINCE (2005-12)

PROVINCES	2005	2006	2007	2008	2009	2010	2011	2012
City of Maputo	104	109	128	135	141	156	171	191
Province of Maputo	19	21	28	31	35	41	50	53
Gaza	14	14	16	19	26	30	32	33
Inhambane	12	13	16	18	27	28	29	30
Sofala	21	22	26	31	33	39	44	48
Manica	12	12	14	14	17	22	24	26
Tete	9	9	12	12	20	26	29	36
Zambézia	10	10	10	11	16	21	22	26
Nampula	16	17	22	24	31	40	46	54
Cabo Delgado	7	7	8	7	9	10	15	18
Niasa	4	4	4	6	9	10	13	14
Total	**228**	**238**	**284**	**308**	**364**	**423**	**475**	**529**

Source: Banco de Moçambique.

BANK BRANCHES (PER 100,000 ADULTS)

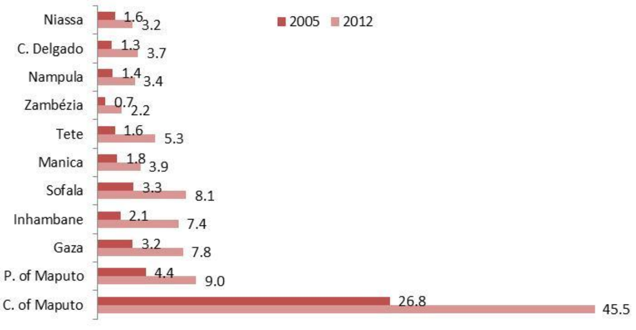


Source: IMF, World Bank and Central Banks.

Maputo saw the strongest improvement in the number of ATMs and POSs per 100,000 adults during 2005-12

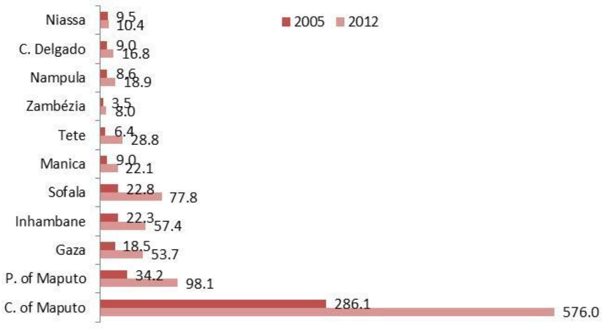
When you look at the statistics per 100,000 adults, one can see that it was in the city and in the province of Maputo where nearly 55% of the ATMs and 70% of the POSs were located at the end of 2012. The Mapuuto area also saw the strongest improvement in the number of ATMs and POSs per 100,000 adults in the period 2005-12. Moreover, the availability of ATMs and POSs increases as you move from north to the south of Mozambique, with the provinces of Zambézia and Niassa having the lowest number of ATMs and POSs per 100,000 adults.

ATM BY PROVINCE (PER 100,000 ADULTS)



Source: Banco de Moçambique.

POS BY PROVINCE (PER 100,000 ADULTS)



Source: Banco de Moçambique.

The table below provides some of the key indicators for the Mozambican banking sector over the last decade. One can say that Mozambican banks are well capitalized, as regulatory capital stands well above the required regulatory minimum of 8%. In addition, they remain profitable (20% ROE), despite some deterioration in recent years. Also, NPL ratios are still contained and below 3% (vs. double-digit figures a decade ago). However, it is worth noting that the asset quality ratios disclosed in Mozambique are not exactly comparable to the ones seen in other banks overseas. This is due to the fact that the NPL ratio of the banks operating in Mozambique only includes the part of the loan that is overdue whereas the international norms state that the entire loan (i.e., the whole exposure to the client in default) should be taken into account in the calculation of the NPL ratio.

The banking sector is well capitalized and profitable while NPLs remain muted, although some caution should be taken when comparing to other overseas banks

BANKING SECTOR INDICATORS

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Capital adequacy											
Regulatory capital (% of RWA)	16.5%	18.0%	13.4%	12.5%	14.2%	13.9%	15.1%	14.4%	17.1%	17.9%	16.9%
Regulatory Tier 1 capital (% of RWA)	14.7%	16.0%	13.6%	10.7%	12.1%	12.4%	13.0%	13.7%	16.1%	16.9%	16.0%
Capital (net worth) to assets	7.4%	7.4%	6.6%	6.3%	7.2%	7.5%	7.7%	8.0%	9.0%	9.5%	9.6%
Asset composition and quality											
Foreign exchange loans (% of total loans)	60.8%	62.0%	51.4%	33.2%	28.5%	32.8%	32.4%	29.5%	25.1%	28.1%	22.3%
Non-performing loans (% of gross loans) (1)	13.8%	5.9%	3.5%	3.1%	2.6%	1.9%	1.8%	1.9%	2.6%	3.2%	2.8%
Non-performing loans net of provisions to capital (1)	8.8%	3.8%	1.9%	3.6%	0.5%	2.5%	5.9%	5.6%	6.6%	6.8%	5.8%
Earnings and profitability											
Return on assets (ROA)	1.4%	1.5%	1.9%	4.0%	3.8%	3.5%	3.0%	2.6%	2.5%	1.9%	1.8%
Return on equity (ROE)	18.6%	20.6%	26.9%	60.8%	50.7%	44.7%	36.6%	32.9%	26.5%	19.6%	20.0%
Net interest income (% of total revenues)	62.1%	65.8%	63.6%	67.4%	70.2%	58.8%	55.7%	59.4%	64.9%	58.9%	55.9%
Non interest expenses (% of total revenues)	81.9%	81.6%	75.2%	60.2%	60.8%	58.7%	58.4%	59.7%	61.3%	66.1%	65.8%
Staff costs (% non interest expenses)	42.4%	43.1%	43.5%	42.6%	46.3%	45.1%	45.9%	45.5%	47.1%	49.1%	48.0%
Trading and fee income (% of total revenues)	37.9%	34.2%	36.4%	32.6%	29.5%	40.5%	44.3%	23.8%	17.2%	19.5%	16.5%
Funding and liquidity											
Liquid assets (% of total assets) (2)	45.2%	38.3%	31.1%	33.9%	36.0%	36.2%	27.9%	22.4%	27.8%	33.4%	30.9%
Customer deposits (% of total non-interbank loans)	193.6%	205.0%	177.6%	169.5%	184.9%	165.7%	138.2%	131.2%	131.6%	143.8%	134.8%

(1) NPLs are defined according to Mozambican accounting standards (they include only part of the past-due loans); (2) Includes deposits at parent banks.
Source: Banco de Moçambique and IMF.

Meanwhile, in April 2013, the Mozambican authorities approved the country's Financial Sector Development Strategy (FSDS) for 2013-22 with the main objective of significantly improving the access of local market participants to financial services. The aim is to turn the financial sector more solid, diversified, competitive and inclusive so that it is able to provide individuals and companies, particularly SMEs, access to a wide range of high quality financial products and services at affordable prices. The authorities hope that 35% or more of the local population will have access (either at a branch or electronically) to at least one financial service provided by a regulated financial institution by the year 2022.

The government approved the Financial Sector Development Strategy for 2013-22

The FSDS includes policies and strategic actions targeted at (1) promoting financial inclusion, (2) promoting the expansion of the financial sector's infrastructures, (3) promoting the use of public-private partnerships (PPPs) to finance the development of the required infrastructures to support economic development and provide the rural areas access to the markets, (4) supporting the development of the microfinance sector and (5) promoting the finance as well as capture savings in rural areas.

Among other things, the FSDS includes policies and actions targeted at promoting financial inclusion

More specifically, there are three key objectives to the FSDS. First, it aims to maintain financial sector stability through the improvement of fiscal and monetary policies. The FSDS aims to (1) deepen the government debt market, (2) strengthen bank supervision and regulation, (3) develop the insurance and pension sectors and (4) strengthen the financial sector safety nets.

The first objective of the FSDS is to maintain financial sector stability

Second, local authorities look to increase access to financial services by eliminating structural impediments in the economy in general and specifically in financial intermediation, particularly those that limit access to credit and increase the costs and risks of providing credit and financial services.

The second objective is to increase access to financial services

And third, increase the supply of private capital to support private sector development by improving the mobilization and investment of long-term funds, including PPPs, and supporting the development of the domestic capital market and the role and capacity of the Mozambique Stock Exchange.

And the third is to increase the supply of private capital to support private sector development

The FSDS also aims to (1) establish private credit registry bureaus to compile information on current/past borrowers (this is intended to lower information cost and improve access to bank financing), (2) promote mobile banking, (3) encourage banking competition, namely by (a) introducing laws and regulations that address anti-competitive practices, (b) encouraging transparent pricing for financial services that allow clients to compare costs and (c) introducing low-cost online access to credit files, (4) strengthen the insolvency framework by the creation of an insolvency bill and (5) establish a collateral framework.

The FSDS also aims to establish private credit registry bureaus and promote mobile banking

2 - OVERVIEW OF 2013 RESULTS

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

In this chapter, we provide an overview of the 2013 figures of the six largest banks operating in Mozambique: Millennium bim; Banco Comercial e de Investimento; Standard Bank; Barclays Bank Mozambique; Moza Banco; and Banco Único. They represent nearly 90% of the sector's total assets, loans and deposits. As a result, we believe they provide an accurate picture of the performance of the country's banking sector. We note however that Moza Banco and Banco Único remain much smaller than the other four banks (particularly the first three), but have recently recorded impressive growth rates and are likely to gain market share from their larger peers going forward.

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

We break this chapter into two sections. First, we look at the main balance sheet and profit and loss account numbers of the aforementioned six banks on a combined basis. We also present the key financial ratios for both financial statements. Second, we look at each bank in more detail and disclose their key figures.

2.1 – SIX MAJOR BANKS

Total assets of the six largest banks stood at US$ 8.5 billion in 2013

The total net assets of the six banks increased 19% YoY to MZM 253.8 billion (US$ 8.5 billion) last year. This was mostly due to a strong performance in customer loans, which rose 28% YoY to MZM 133.7 billion (US$ 4.5 billion) and represented 52.7% of total assets (48.7% in 2012). Loans denominated in the local currency accounted for over 70% of the total loan portfolio in 2013, which is roughly the same percentage as in the previous year (69.7%).

Asset quality ratios remained at comfortable levels, despite an increase in NPLs

We highlight that the total amount of non-performing loans at these banks increased 31% YoY to MZM 3.1 billion (US$ 102 million) in 2013. However, due to the strong growth of the loan portfolio, the total NPL ratio remained relatively stable at a modest 2.20%. Loan loss provisions were up almost 12% from the previous year. As a result, the coverage ratio of non-performing loans by provisions in the balance sheet fell markedly once again last year, but remained well above 100% (175% vs. 205% in 2012). Also, the ratio of provisions to gross loans fell to 3.84% (vs. 4.37% in 2012).

Deposits are the main source of funding for the banking sector, with nearly 2/3 being sight deposits

Meanwhile, total deposits rose 18% YoY to MZM 191.3 billion (US$ 6.4 billion). As is the case for instance in Angola, deposits are clearly the main source of funding for the banks operating in Mozambique, as they represented more than 86% of the total liabilities of these six banks. Nearly two-thirds of their total deposits were sight deposits while the ones denominated in the local currency represented more than 70% of the total deposit base. All in all, the Loans-to-Deposits ratio stood at 69.9%, which compares with 64.5% in 2012.

SIX MAJOR BANKS	Million MZM				Million US$				% Change (MZM)		
Year	2010	2011	2012	2013	2010	2011	2012	2013	2011/2010	2012/2011	2013/2012
BALANCE SHEET											
Net Assets	150,306	166,632	214,209	253,840	4,639	6,143	7,212	8,456	10.9%	28.6%	18.5%
Customer Loans (net)	83,169	87,085	104,417	133,654	2,567	3,210	3,516	4,452	4.7%	19.9%	28.0%
Loan Loss Provisions	2,943	3,850	4,773	5,343	91	142	161	178	30.9%	24.0%	11.9%
Non-Performing Loans	1,308	1,558	2,332	3,057	40	57	79	102	19.1%	49.7%	31.1%
Customer Deposits	112,359	122,587	161,979	191,259	3,468	4,519	5,454	6,371	9.1%	32.1%	18.1%
Equity	17,567	23,623	29,356	32,444	542	871	988	1,081	34.5%	24.3%	10.5%
MAIN RATIOS											
Loans/Deposits	74.0%	71.0%	64.5%	69.9%	74.0%	71.0%	64.5%	69.9%	-3.0%	-6.6%	5.4%
Loans/Assets	55.3%	52.3%	48.7%	52.7%	55.3%	52.3%	48.7%	52.7%	-3.1%	-3.5%	3.9%
Deposits/Liabilities	84.6%	85.7%	87.6%	86.4%	84.6%	85.7%	87.6%	86.4%	1.1%	1.9%	-1.2%
Loans in Local Currency (% of Total)	68.6%	66.3%	69.7%	70.6%	68.6%	66.3%	69.7%	70.6%	-2.2%	3.4%	0.9%
Deposits in Local Currency (% of Total)	57.7%	63.0%	67.3%	71.3%	57.7%	63.0%	67.3%	71.3%	5.3%	4.3%	4.0%
Loans per Branch ('000)	261,538	236,002	251,002	306,545	8,072	8,701	8,451	10,211	-9.8%	6.4%	22.1%
Deposits per Branch ('000)	353,330	332,213	389,373	438,667	10,905	12,247	13,110	14,613	-6.0%	17.2%	12.7%
NPL Ratio	1.52%	1.71%	2.14%	2.20%	1.52%	1.71%	2.14%	2.20%	0.19%	0.42%	0.06%
NPL Coverage	225.0%	247.2%	204.7%	174.8%	225.0%	247.2%	204.7%	174.8%	22.1%	-42.4%	-29.9%
BS Provisions/Loans (gross)	3.42%	4.23%	4.37%	3.84%	3.42%	4.23%	4.37%	3.84%	0.82%	0.14%	-0.53%

Source: Annual Reports and Eaglestone Securities.

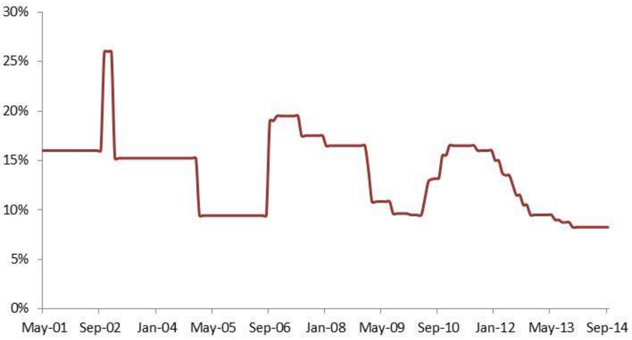
The combined net profit for the six banks stood at US$ 174 million (+13% YoY)

Regarding the profit and loss account of these banks (presented in the table below), we see that net profit saw a 13% YoY improvement to MZM 5.2 billion (US$ 174 million) in 2013 after falling double-digits in the previous year. The bottom-line rebound came on the back of a better operating performance (+11% YoY) as below the operating income line the combined evolution of net loan loss provisions, other income and taxes had no major impact on the net profit of this period relatively to 2012.

Specifically, we highlight that revenues rose across the board to MZM 21.5 billion (US$ 715 million). Net interest income was up 11% YoY, with volume growth helping to offset the effect of some margin compression. It is worth noting that some of the banks stated that margins have been under pressure as a result of the successive interest rate cuts by the Central Bank in the last two years as well as greater competition in the sector. Meanwhile, fees increased nicely (25% YoY) and accounted for more than 20% of total revenues while other banking income like trading was also up by double-digits after an already strong performance in 2012.

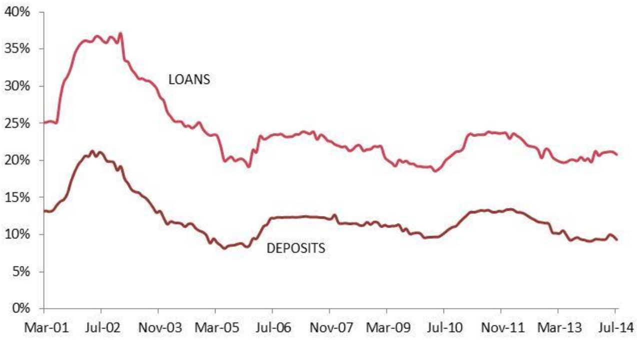
Revenues increased across the board, standing at US$ 715 million

STANDING LENDING FACILITY–CENTRAL BANK



Source: Banco de Moçambique.

AVERAGE INTEREST RATES (ONE YEAR)



Source: Banco de Moçambique.

Total costs were 16% YoY higher and stood at nearly MZM 13 billion (US$ 433 million), as the majority of banks in the sector continue to expand their branch network. This meant that the Cost-to-Income ratio (including depreciation) increased slightly from 59.3% in 2012 to 60.5% last year. The total number of employees and branches of these six banks increased 40% and 35%, respectively, in the period 2010-13. Total costs per branch stood at MZM 29.8 million (US$ 992,359) and the cost per employee (staff costs over the number of employees) at MZM 945,858 (US$ 31,508). We also highlight that, according to some players, it can take 3-5 years for a branch located in Maputo to reach the break-even stage.

Costs increased 16% YoY, which lead to a slight deterioration in the C/I ratio

Below the operating income line, net loan loss provisions were 102bps of the loan portfolio (unchanged from 2012) while the effective tax rate for the six banks remained at 21%. All in all, this meant that the total ROE and ROA for these banks stood at 16.1% and 2.06%, respectively.

ROE for the six banks stood at 16.1%

SIX MAJOR BANKS	Million MZM				Million US$				% Change (MZM)		
Year	**2010**	**2011**	**2012**	**2013**	**2010**	**2011**	**2012**	**2013**	**2011/2010**	**2012/2011**	**2013/2012**
P&L ACCOUNT											
Net Interest Income	8,946	11,847	10,786	11,981	276	437	363	399	32.4%	-9.0%	11.1%
Fees & Commissions	2,290	2,965	3,551	4,445	71	109	120	148	29.5%	19.7%	25.2%
Other Banking Income	4,006	3,299	4,509	5,042	124	122	152	168	-17.7%	36.7%	11.8%
Banking Income	**15,242**	**18,111**	**18,846**	**21,469**	**470**	**668**	**635**	**715**	**18.8%**	**4.1%**	**13.9%**
Staff Costs	3,699	4,666	5,538	6,624	114	172	186	221	26.1%	18.7%	19.6%
Other Costs	3,880	4,281	4,493	4,950	120	158	151	165	10.3%	5.0%	10.2%
Depreciation	675	869	1,151	1,414	21	32	39	47	28.7%	32.4%	22.9%
Total Costs	**8,254**	**9,816**	**11,182**	**12,989**	**255**	**362**	**376**	**433**	**18.9%**	**13.9%**	**16.2%**
Operating Income	**6,987**	**8,295**	**7,664**	**8,480**	**216**	**306**	**258**	**282**	**18.7%**	**-7.6%**	**10.6%**
Net Loan Loss Provisions (LLP)	986	1,194	1,065	1,369	30	44	36	46	21.1%	-10.8%	28.5%
Other	-672	-506	-700	-485	-21	-19	-24	-16	-24.7%	38.4%	-30.8%
Pre-Tax Profits	**5,329**	**6,595**	**5,899**	**6,627**	**164**	**243**	**199**	**221**	**23.7%**	**-10.6%**	**12.3%**
Taxes	1,099	1,381	1,261	1,390	34	51	42	46	25.7%	-8.7%	10.2%
Net Profit	**4,231**	**5,214**	**4,638**	**5,236**	**131**	**192**	**156**	**174**	**23.2%**	**-11.1%**	**12.9%**
MAIN RATIOS											
Net Interest Margin (NII/ATA)	6.60%	7.48%	5.66%	5.12%	6.60%	7.48%	5.66%	5.12%	0.9%	-1.8%	-0.5%
Net Interest Income (% of Banking Revenue)	58.7%	65.4%	57.2%	55.8%	58.7%	65.4%	57.2%	55.8%	6.7%	-8.2%	-1.4%
Fees (% of Banking Income)	15.0%	16.4%	18.8%	20.7%	15.0%	16.4%	18.8%	20.7%	1.3%	2.5%	1.9%
Staff Costs (% of Total Costs)	44.8%	47.5%	49.5%	51.0%	44.8%	47.5%	49.5%	51.0%	2.7%	2.0%	1.5%
Costs per Employee (MZM/US$)	739,056	813,863	871,411	945,858	22,810	30,004	29,340	31,508	10.1%	7.1%	8.5%
Total Costs per Branch (MZM/US$)	25,957,009	26,601,535	26,879,892	29,790,612	801,142	980,702	905,047	992,359	2.5%	1.0%	10.8%
Cost-to-Income (incl. Depreciation)	54.2%	54.2%	59.3%	60.5%	54.2%	54.2%	59.3%	60.5%	0.0%	5.1%	1.2%
Net LLP (% of Loans)	1.19%	1.37%	1.02%	1.02%	1.19%	1.37%	1.02%	1.02%	0.2%	-0.4%	0.0%
Tax Rate	20.6%	20.9%	21.4%	21.0%	20.6%	20.9%	21.4%	21.0%	0.3%	0.4%	-0.4%
ROE	24.1%	22.1%	15.8%	16.1%	24.1%	22.1%	15.8%	16.1%	-2.0%	-6.3%	0.3%
ROA	2.81%	3.13%	2.17%	2.06%	2.81%	3.13%	2.17%	2.06%	0.3%	-1.0%	-0.1%

Source: Annual Reports and Eaglestone Securities.

2.2.1 - MILLENNIUM BIM (BIM)

Millennium bim (BIM) was founded in 1995 as a strategic partnership between Portugal's Banco Comercial Português (currently Millenniumbcp) and the Mozambican State. In the year 2000, changes in the shareholder structure of Banco Comercial de Moçambique (BCM) resulted in Banco Comercial Português becoming the largest stakeholder of both BCM and Banco Internacional de Moçambique (BIM). It also led to the merger of both banks (BCM and BIM). BIM is the largest bank operating in Mozambique, with a network of 157 branches and over 2,300 employees in 2013 while its market share stood at 30-32% in terms of assets, loans and deposits.

BIM was founded in 1995 and is today the largest bank in Mozambique, with a market share of about 30-32%

BIM reported a net profit of MZM 3.5 billion (US$ 115 million) in 2013, up 9% YoY. This represents a ROE and a ROA of 22.3% and 3.94%, respectively. The bottom-line rebound was due to a better operating performance, as revenues rose across the board while costs increased at mid-single digits. Specifically, net interest income was boosted by strong volumes (loans rose 25% YoY), which offset some margin compression (-94bps). Fees and commissions increased strongly (22%) in the period, representing 20% of total revenues, and were mainly boosted by typical banking fees like cards, money transfers and loan guarantees. Other banking income improved 9% from the previous year and includes a non-recurrent gain of MZM 228 million in the sale of real estate assets.

The bank posted a better set of results in 2013 mostly due to an improved operating performance

Costs were well contained, as BIM only opened 6 new branches (total of 157 in 2013). Overall, the Cost-to-Income ratio (including depreciation) stood at 43.6% (vs. 44% in 2012), better than the rest of its peers.

The C/I ratio stood at 43.6%, a better figure when compared with its closest peers

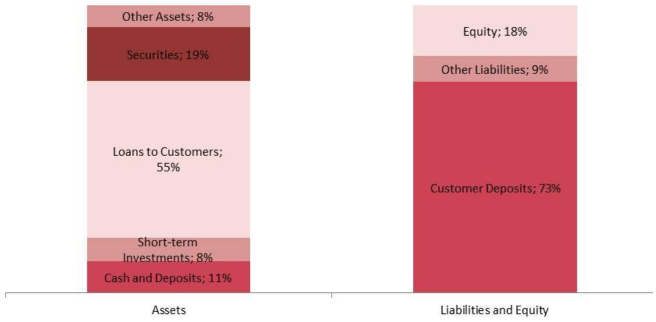
Below the operating income line, we note that loan loss provisions were down 4% YoY with a cost of risk of 93bps (vs. 122bps in 2012). Balance sheet provisions (as a % of gross loans) stood at 5.83%. The NPL ratio remained at a modest 1.85%, with NPL coverage of 316%. Finally, BIM had a solvency ratio of 21.4%, relatively unchanged from 2012 (21.7%), and well above the minimum regulatory requirement of 8%.

Asset quality and solvency ratios at the bank remain at impressive levels

MILLENNIUM BIM (BIM)	MZM Million				US$ Million				% Change (MZM)		
Year	2010	2011	2012	2013	2010	2011	2012	2013	2011/2010	2012/2011	2013/2012
BALANCE SHEET											
Net Assets	55,812	62,099	73,144	87,886	1,723	2,289	2,463	2,928	11.3%	17.8%	20.2%
Customer Loans (net)	34,982	34,192	38,230	47,921	1,080	1,261	1,287	1,596	-2.3%	11.8%	25.3%
Loan Loss Provisions	1,982	2,603	2,845	2,969	61	96	96	99	31.4%	9.3%	4.4%
Non-Performing Loans	412	629	870	940	13	23	29	31	52.6%	38.4%	8.1%
Customer Deposits	41,868	45,327	53,918	64,574	1,292	1,671	1,815	2,151	8.3%	19.0%	19.8%
Equity	8,529	11,085	13,114	15,512	263	409	442	517	30.0%	18.3%	18.3%
P&L ACCOUNT											
Net Interest Income	4,366	5,853	4,887	5,060	135	216	165	169	34.1%	-16.5%	3.5%
Fees & Commissions	992	1,248	1,418	1,725	31	46	48	57	25.8%	13.7%	21.6%
Other Banking Income	1,966	1,515	1,649	1,804	61	56	56	60	-22.9%	8.8%	9.4%
Banking Income	**7,324**	**8,616**	**7,954**	**8,589**	**226**	**318**	**268**	**286**	**17.6%**	**-7.7%**	**8.0%**
Staff Costs	1,357	1,451	1,677	1,781	42	53	56	59	7.0%	15.5%	6.2%
Other Costs	1,280	1,388	1,487	1,587	40	51	50	53	8.4%	7.1%	6.7%
Depreciation	336	293	334	374	10	11	11	12	-12.9%	14.1%	12.1%
Total Costs	**2,973**	**3,132**	**3,497**	**3,741**	**92**	**115**	**118**	**125**	**5.4%**	**11.7%**	**7.0%**
Operating Income	**4,351**	**5,484**	**4,457**	**4,848**	**134**	**202**	**150**	**161**	**26.0%**	**-18.7%**	**8.8%**
Net Loan Loss Provisions (LLP)	736	767	465	446	23	28	16	15	4.1%	-39.4%	-4.0%
Other	-648	-245	-148	-209	-20	-9	-5	-7	-62.2%	-39.4%	40.9%
Pre-Tax Profits	**2,967**	**4,472**	**3,844**	**4,193**	**92**	**165**	**129**	**140**	**50.7%**	**-14.0%**	**9.1%**
Taxes	535	787	665	731	17	29	22	24	46.9%	-15.5%	9.9%
Net Profit	**2,431**	**3,686**	**3,179**	**3,462**	**75**	**136**	**107**	**115**	**51.6%**	**-13.7%**	**8.9%**
OTHER											
Number of Employees	1,950	2,230	2,298	2,329	1,950	2,230	2,298	2,329	14.4%	3.0%	1.3%
Distribution Network	126	138	151	157	126	138	151	157	9.5%	9.4%	4.0%
RATIOS											
Net Interest Margin (NII/ATA)	8.31%	9.93%	7.23%	6.28%	8.31%	9.93%	7.23%	6.28%	1.62%	-2.70%	-0.94%
Net Interest Income (% of Banking Revenue)	59.6%	67.9%	61.4%	58.9%	59.6%	67.9%	61.4%	58.9%	8.3%	-6.5%	-2.5%
Fees (% of Banking Income)	13.5%	14.5%	17.8%	20.1%	13.5%	14.5%	17.8%	20.1%	0.9%	3.3%	2.3%
Staff Costs (% of Total Costs)	45.6%	46.3%	47.9%	47.6%	45.6%	46.3%	47.9%	47.6%	0.7%	1.6%	-0.4%
Costs per Employee (MZM)	695,702	650,746	729,565	764,511	21,472	23,991	24,564	25,467	-6.5%	12.1%	4.8%
Cost-to-Income (incl. Depreciation)	40.6%	36.4%	44.0%	43.6%	40.6%	36.4%	44.0%	43.6%	-4.2%	7.6%	-0.4%
Net LLP (% of Loans)	2.10%	2.24%	1.22%	0.93%	2.10%	2.24%	1.22%	0.93%	0.14%	-1.03%	-0.28%
Tax Rate	18.0%	17.6%	17.3%	17.4%	18.0%	17.6%	17.3%	17.4%	-0.5%	-0.3%	0.1%
ROE	28.5%	33.2%	24.2%	22.3%	28.5%	33.2%	24.2%	22.3%	4.7%	-9.0%	-1.9%
ROA	4.36%	5.93%	4.35%	3.94%	4.36%	5.93%	4.35%	3.94%	1.58%	-1.59%	-0.41%
Loans/Deposits	83.6%	75.4%	70.9%	74.2%	83.6%	75.4%	70.9%	74.2%	-8.1%	-4.5%	3.3%
Loans/Assets	62.7%	55.1%	52.3%	54.5%	62.7%	55.1%	52.3%	54.5%	-7.6%	-2.8%	2.3%
Deposits/Liabilities	88.5%	88.9%	89.8%	89.2%	88.5%	88.9%	89.8%	89.2%	0.3%	1.0%	-0.6%
Loans in Local Currency (% of Total)	76.2%	80.9%	74.8%	76.1%	76.2%	80.9%	74.8%	76.1%	4.7%	-6.1%	1.3%
Deposits in Local Currency (% of Total)	67.2%	74.8%	73.9%	77.1%	67.2%	74.8%	73.9%	77.1%	7.7%	-1.0%	3.3%
Loans per Branch ('000 MZM)	277,639	247,770	253,181	305,227	8,569	9,134	8,525	10,167	-10.8%	2.2%	20.6%
Deposits per Branch ('000 MZM)	332,284	328,456	357,074	411,298	10,256	12,109	12,023	13,701	-1.2%	8.7%	15.2%
Solvency Ratio	15.1%	17.9%	21.7%	21.4%	15.1%	17.9%	21.7%	21.4%	2.8%	3.8%	-0.3%
NPL Ratio	1.11%	1.71%	2.12%	1.85%	1.11%	1.71%	2.12%	1.85%	0.59%	0.41%	-0.27%
NPL Coverage	481.0%	414.0%	326.9%	315.7%	481.0%	414.0%	326.9%	315.7%	-66.9%	-87.1%	-11.2%
BS Provisions/Loans (gross)	5.36%	7.08%	6.93%	5.83%	5.36%	7.08%	6.93%	5.83%	1.71%	-0.15%	-1.09%

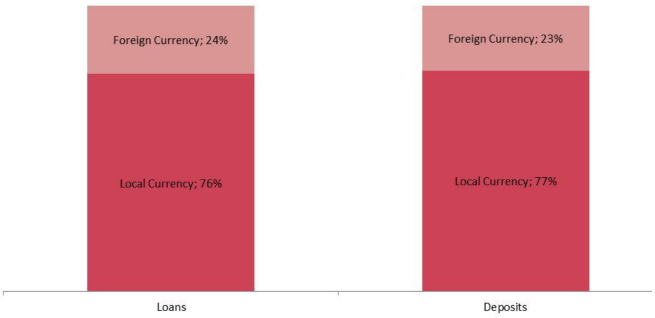
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



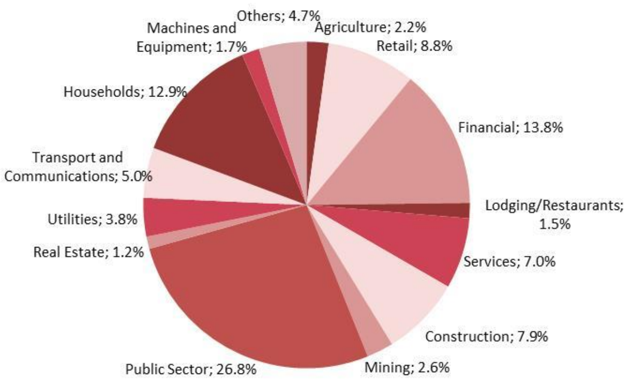
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



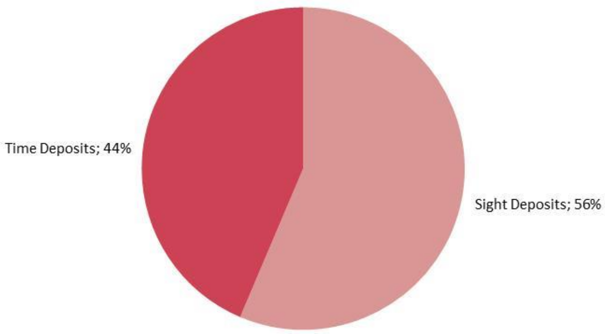
Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



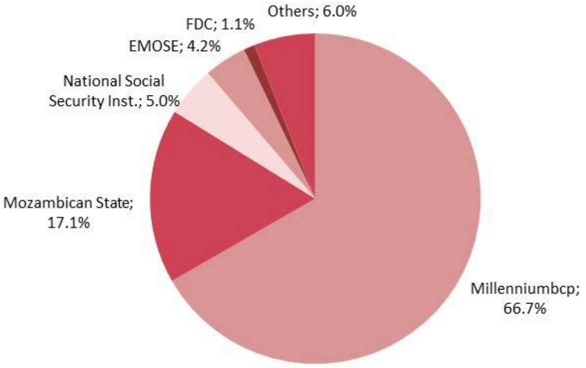
Source: Annual Report and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

2.2.2 - BANCO COMERCIAL E DE INVESTIMENTOS (BCI)

BCI was founded as a small investment bank denominated AJM – Banco de Investimentos in early 1996. The name was soon changed to Banco Comercial e de Investimentos that same year. In April 1997, the shareholder structure of the bank saw the entry of Portugal's Caixa Geral de Depósitos with a 60% stake following a capital increase. BCI merged with Banco de Fomento in 2003, which allowed the entry of Portugal's BPI into the bank's shareholder structure with a 30% stake. CGD reduced its stake to 51% following the entry of new shareholders in 2007.

BCI was founded in 1996 as mostly an investment bank. Today, Portugal's CGD and BPI are the group's largest shareholders

BCI disclosed a net profit of MZM 1.2 billion (US$ 40 million) in 2013, a fall of 7% from the previous year. This represents a ROE and ROA of 19.8% and 1.46%, respectively. The bottom-line drop is explained by a strong increase in the cost of risk (85bps vs. 18bps in 2012), which the bank said was due to precautionary measures. The operating performance of the bank saw an improvement, with revenues increasing by 19% to MZM 5.2 billion (US$ 176 million). Net interest income was boosted by better volumes and a rise in the customer spread comparatively to the previous year. Fees and commissions were also up, particularly those related to electronic banking, while trading income (26% of total revenues) also contributed positively.

BCI saw its net profit fall by 7% YoY in 2013, as a more precautionary policy by the bank meant that provisions increased strongly in the period

Total costs were up 23% YoY to MZM 3.4 billion (US$ 114 million), partly due to the branch expansion policy of the bank (215 new branches opened, taking the total to 2,121). BCI stated that it continues to implement several measures aimed at improving its efficiency. However, it also said that it has recently been particularly careful with its remuneration policy mostly due to the aggressive recruitment that some players are currently undertaking in order to penetrate the Mozambican banking sector. As a result, BCI has tried to increase the remuneration of its staff so that its average salary base is more in line with the market average. This meant that staff costs represented nearly half of the total cost base of the bank in the last couple of years. All in all, the Cost-to-Income ratio of the bank increased to 64.8% from 62.9% in 2012.

The bank has increased its salary base so that it converges with the market average

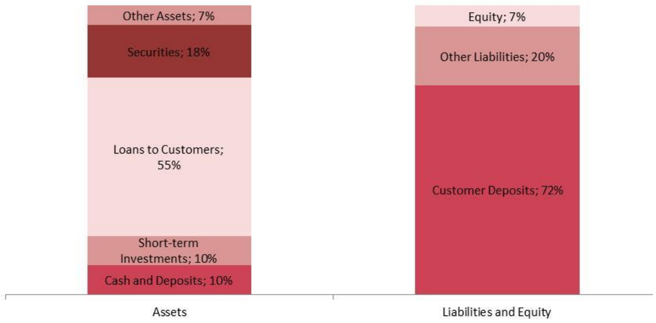
Meanwhile, the asset quality ratios of the bank remained unchanged from 2012, with the NPL ratio standing at an impressive 0.97% while coverage stood at 190%. Finally, BCI disclosed a solvency ratio of 11.9%, above the 8% regulatory requirement.

Asset quality ratios remain at impressive levels while solvency levels are above the required 8% level

BANCO COMERCIAL E DE INVESTIMENTOS (BCI)	MZM Million				US$ Million				% Change (MZM)		
Year	2010	2011	2012	2013	2010	2011	2012	2013	2011/2010	2012/2011	2013/2012
BALANCE SHEET											
Net Assets	47,135	50,788	68,193	82,796	1,455	1,872	2,296	2,758	7.8%	34.3%	21.4%
Customer Loans (net)	30,134	31,995	36,804	45,255	930	1,180	1,239	1,508	6.2%	15.0%	23.0%
Loan Loss Provisions	670	759	711	849	21	28	24	28	13.4%	-6.3%	19.4%
Non-Performing Loans	476	370	359	448	15	14	12	15	-22.2%	-3.2%	24.9%
Customer Deposits	33,932	37,423	50,157	60,025	1,047	1,380	1,689	1,999	10.3%	34.0%	19.7%
Equity	3,511	4,211	5,292	6,100	108	155	178	203	19.9%	25.7%	15.3%
P&L ACCOUNT											
Net Interest Income	1,992	2,427	2,331	2,788	61	89	78	93	21.8%	-4.0%	19.6%
Fees & Commissions	455	801	911	1,110	14	30	31	37	76.0%	13.7%	21.7%
Other Banking Income	773	761	1,182	1,374	24	28	40	46	-1.5%	55.2%	16.3%
Banking Income	**3,220**	**3,990**	**4,424**	**5,272**	**99**	**147**	**149**	**176**	**23.9%**	**10.9%**	**19.2%**
Staff Costs	864	1,133	1,360	1,701	27	42	46	57	31.1%	20.1%	25.0%
Other Costs	944	1,152	1,108	1,260	29	42	37	42	22.1%	-3.9%	13.7%
Depreciation	141	224	316	458	4	8	11	15	59.2%	41.2%	44.9%
Total Costs	**1,949**	**2,509**	**2,784**	**3,418**	**60**	**93**	**94**	**114**	**28.8%**	**11.0%**	**22.8%**
Operating Income	**1,271**	**1,481**	**1,640**	**1,854**	**39**	**55**	**55**	**62**	**16.5%**	**10.7%**	**13.1%**
Net Loan Loss Provisions (LLP)	144	259	66	383	4	10	2	13	80.8%	-74.6%	481.8%
Other	-24	0	-49	-94	-1	0	-2	-3	-99.8%	n.m.	93.4%
Pre-Tax Profits	**1,104**	**1,221**	**1,526**	**1,377**	**34**	**45**	**51**	**46**	**10.6%**	**24.9%**	**-9.7%**
Taxes	187	224	230	167	6	8	8	6	19.5%	3.0%	-27.3%
Net Profit	**917**	**998**	**1,295**	**1,210**	**28**	**37**	**44**	**40**	**8.8%**	**29.8%**	**-6.6%**
OTHER											
Number of Employees	1,344	1,703	1,906	2,121	1,344	1,703	1,906	2,121	26.7%	11.9%	11.3%
Distribution Network	95	120	128	132	95	120	128	132	26.3%	6.7%	3.1%
RATIOS											
Net Interest Margin (NII/ATA)	4.87%	4.96%	3.92%	3.69%	4.87%	4.96%	3.92%	3.69%	0.09%	-1.04%	-0.22%
Net Interest Income (% of Banking Revenue)	61.9%	60.8%	52.7%	52.9%	61.9%	60.8%	52.7%	52.9%	-1.0%	-8.1%	0.2%
Fees (% of Banking Income)	14.1%	20.1%	20.6%	21.0%	14.1%	20.1%	20.6%	21.0%	5.9%	0.5%	0.4%
Staff Costs (% of Total Costs)	44.4%	45.2%	48.9%	49.8%	44.4%	45.2%	48.9%	49.8%	0.8%	3.7%	0.9%
Costs per Employee (MZM)	643,202	665,362	713,723	801,860	19,852	24,529	24,031	26,711	3.4%	7.3%	12.3%
Cost-to-Income (incl. Depreciation)	60.5%	62.9%	62.9%	64.8%	60.5%	62.9%	62.9%	64.8%	2.4%	0.0%	1.9%
Net LLP (% of Loans)	0.48%	0.81%	0.18%	0.85%	0.48%	0.81%	0.18%	0.85%	0.33%	-0.63%	0.67%
Tax Rate	17.0%	18.3%	15.1%	12.2%	17.0%	18.3%	15.1%	12.2%	1.4%	-3.2%	-2.9%
ROE	26.1%	23.7%	24.5%	19.8%	26.1%	23.7%	24.5%	19.8%	-2.4%	0.8%	-4.6%
ROA	1.95%	1.96%	1.90%	1.46%	1.95%	1.96%	1.90%	1.46%	0.0%	-0.1%	-0.4%
Loans/Deposits	88.8%	85.5%	73.4%	75.4%	88.8%	85.5%	73.4%	75.4%	-3.3%	-12.1%	2.0%
Loans/Assets	63.9%	63.0%	54.0%	54.7%	63.9%	63.0%	54.0%	54.7%	-0.9%	-9.0%	0.7%
Deposits/Liabilities	77.8%	80.3%	79.7%	78.3%	77.8%	80.3%	79.7%	78.3%	2.6%	-0.6%	-1.5%
Loans in Local Currency (% of Total)	56.1%	61.5%	57.8%	57.1%	56.1%	61.5%	57.8%	57.1%	5.4%	-3.6%	-0.7%
Deposits in Local Currency (% of Total)	58.7%	72.7%	75.2%	77.5%	58.7%	72.7%	75.2%	77.5%	14.0%	2.5%	2.3%
Loans per Branch ('000 MZM)	317,199	266,625	287,531	342,843	9,790	9,830	9,681	11,420	-15.9%	7.8%	19.2%
Deposits per Branch ('000 MZM)	357,174	311,862	391,848	454,733	11,024	11,497	13,194	15,148	-12.7%	25.6%	16.0%
Solvency Ratio	12.3%	13.1%	10.9%	11.9%	12.3%	13.1%	10.9%	11.9%	0.8%	-2.2%	1.0%
NPL Ratio	1.55%	1.13%	0.96%	0.97%	1.55%	1.13%	0.96%	0.97%	-0.41%	-0.17%	0.02%
NPL Coverage	140.7%	205.0%	198.3%	189.6%	140.7%	205.0%	198.3%	189.6%	64.3%	-6.6%	-8.7%
BS Provisions/Loans (gross)	2.17%	2.32%	1.90%	1.84%	2.17%	2.32%	1.90%	1.84%	0.14%	-0.42%	-0.05%

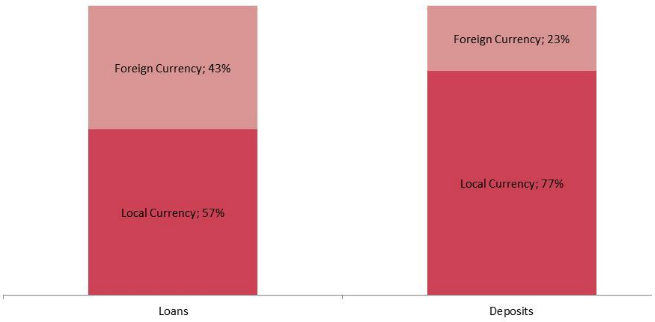
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



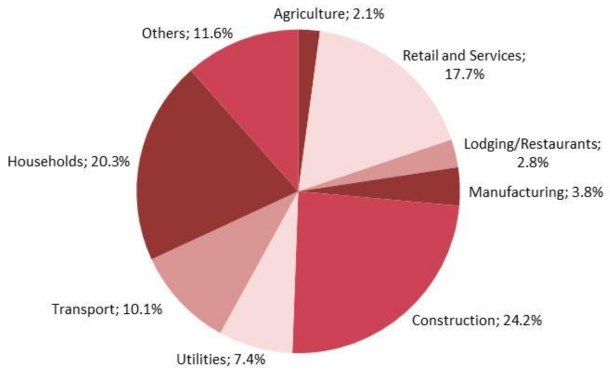
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



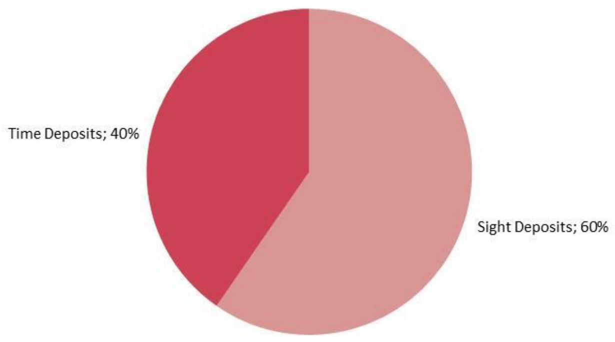
Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



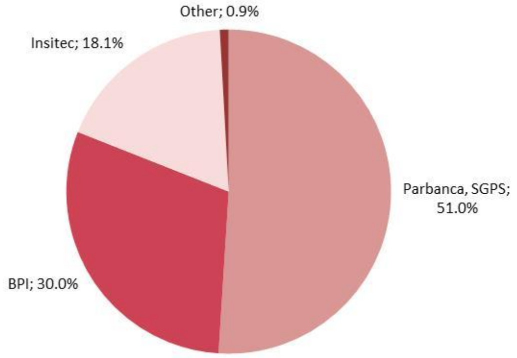
Source: Annual Report and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

2.2.3 - STANDARD BANK MOZAMBIQUE

Standard Bank has been present in Mozambique for many years

Standard Bank Mozambique has been present in the country for many years and is controlled by the Standard Bank Group, Africa's largest financial institution. The bank has retail banking as well as investment banking activities in Mozambique. It has a market share of about 15% in terms of assets, loans and deposits, making it one of the biggest banks in the country.

The bank's 2013 net profit remained unchanged from the previous year

The bank's reported net profit of MZM 1.2 billion (US$ 42 million) in 2013 was unchanged from the previous year. It represented a ROE of 18.2% and a ROA of 2.95%. Standard Bank's operating performance last year was very similar to the one seen in 2012. Revenues were up 6% YoY to MZM 4.6 billion (US$ 153 million), with net interest income remaining flat, while fees and commissions improved 25% YoY, representing 18% of total banking income. The bank stated that the strong performance in fees and commissions was due to the growth in its client base and the fact that the bank continues to be the biggest player in debt market operations.

The revenue performance was supported by a strong increase in fees while strong lending growth help support NII

Top-line was supported by robust lending growth (27% YoY) that helped offset some margin compression due to the low interest environment in the period. Standard Bank Mozambique stated that it is highly focused on increasing its market share in terms of loans on a sustainable basis and that, despite a slow start to the year, it was able to see an increase on all types of credit in its retail operations (e.g., corporate loans rose 36% YoY).

The increase in costs was due to higher staff costs, which represented more than 58% of total costs

Total costs increased 11% YoY to MZM 2.5 billion (US$ 83 million), reflecting a strong rise in staff costs (that accounted for more than 58% of total costs). The bank stated that it has invested heavily in the training of its employees in order to improve their ability to face an increasingly demanding client base. All in all, the Cost-to-Income ratio advanced to 54.4% from 51.8% in 2012.

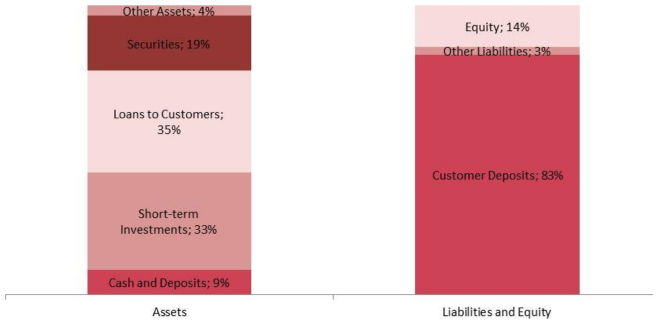
No major surprises below the operating income line while the NPL ratio fell slightly to 2.61%

Meanwhile, we saw no major surprises below the operating income line. The cost of risk stood at 172bps (vs. 218bps in 2012), while the effective tax rate remained unchanged at 29.4%. The bank saw a slight improvement in asset quality ratios, as the NPL ratio fell to 2.61%, with a coverage of 86% (vs. 75% in 2012). Finally, the bank's solvency ratio stood at 13.3%, down from 17.7% in the previous year.

STANDARD BANK MOÇAMBIQUE	MZM Million				US$ Million				% Change (MZM)		
Year	**2010**	**2011**	**2012**	**2013**	**2010**	**2011**	**2012**	**2013**	**2011/2010**	**2012/2011**	**2013/2012**
BALANCE SHEET											
Net Assets	32,130	34,712	41,148	42,207	992	1,280	1,385	1,406	8.0%	18.5%	2.6%
Customer Loans (net)	11,321	12,756	14,932	18,921	349	470	503	630	12.7%	17.1%	26.7%
Loan Loss Provisions	52	106	317	434	2	4	11	14	106.2%	197.8%	37.0%
Non-Performing Loans	90	120	422	506	3	4	14	17	34.2%	250.9%	19.9%
Customer Deposits	26,924	27,510	35,119	35,717	831	1,014	1,182	1,190	2.2%	27.7%	1.7%
Equity	2,877	5,206	6,056	6,854	89	192	204	228	80.9%	16.3%	13.2%
P&L ACCOUNT											
Net Interest Income	1,524	2,355	2,346	2,365	47	87	79	79	54.5%	-0.4%	0.8%
Fees & Commissions	513	572	661	826	16	21	22	28	11.6%	15.5%	25.0%
Other Banking Income	820	887	1,319	1,394	25	33	44	46	8.2%	48.8%	5.6%
Banking Income	**2,857**	**3,814**	**4,326**	**4,584**	**88**	**141**	**146**	**153**	**33.5%**	**13.4%**	**6.0%**
Staff Costs	787	1,041	1,236	1,455	24	38	42	48	32.4%	18.7%	17.7%
Other Costs	810	818	904	925	25	30	30	31	1.1%	10.5%	2.3%
Depreciation	91	102	102	113	3	4	3	4	11.5%	0.4%	10.6%
Total Costs	**1,688**	**1,962**	**2,243**	**2,493**	**52**	**72**	**76**	**83**	**16.2%**	**14.3%**	**11.2%**
Operating Income	**1,169**	**1,853**	**2,083**	**2,091**	**36**	**68**	**70**	**70**	**58.5%**	**12.4%**	**0.4%**
Net Loan Loss Provisions (LLP)	18	134	325	326	1	5	11	11	660.1%	142.7%	0.5%
Pre-Tax Profits	**1,152**	**1,719**	**1,758**	**1,765**	**36**	**63**	**59**	**59**	**49.3%**	**2.3%**	**0.4%**
Taxes	356	531	515	518	11	20	17	17	48.8%	-3.0%	0.7%
Net Profit	**795**	**1,188**	**1,244**	**1,246**	**25**	**44**	**42**	**42**	**49.5%**	**4.6%**	**0.2%**
OTHER											
Number of Employees	836	892	969	1,041	836	892	969	1,041	6.7%	8.6%	7.4%
Distribution Network	36	34	34	37	36	34	34	37	-5.6%	0.0%	8.8%
RATIOS											
Net Interest Margin (NII/ATA)	5.27%	7.05%	6.18%	5.67%	5.27%	7.05%	6.18%	5.67%	1.78%	-0.86%	-0.51%
Net Interest Income (% of Banking Revenue)	53.4%	61.7%	54.2%	51.6%	53.4%	61.7%	54.2%	51.6%	8.4%	-7.5%	-2.6%
Fees (% of Banking Income)	18.0%	15.0%	15.3%	18.0%	18.0%	15.0%	15.3%	18.0%	-2.9%	0.3%	2.7%
Staff Costs (% of Total Costs)	46.6%	53.1%	55.1%	58.4%	46.6%	53.1%	55.1%	58.4%	6.5%	2.0%	3.2%
Costs per Employee (MZM)	940,998	1,167,407	1,275,984	1,397,734	29,043	43,038	42,962	46,560	24.1%	9.3%	9.5%
Cost-to-Income (incl. Depreciation)	59.1%	51.4%	51.8%	54.4%	59.1%	51.4%	51.8%	54.4%	-7.7%	0.4%	2.5%
Net LLP (% of Loans)	0.16%	1.05%	2.18%	1.72%	0.16%	1.05%	2.18%	1.72%	0.89%	1.13%	-0.45%
Tax Rate	31.0%	30.9%	29.3%	29.4%	31.0%	30.9%	29.3%	29.4%	-0.1%	-1.6%	0.1%
ROE	27.6%	22.8%	20.5%	18.2%	27.6%	22.8%	20.5%	18.2%	-4.8%	-2.3%	-2.3%
ROA	2.47%	3.42%	3.02%	2.95%	2.47%	3.42%	3.02%	2.95%	0.9%	-0.4%	-0.1%
Loans/Deposits	42.0%	46.4%	42.5%	53.0%	42.0%	46.4%	42.5%	53.0%	4.3%	-3.8%	10.5%
Loans/Assets	35.2%	36.7%	36.3%	44.8%	35.2%	36.7%	36.3%	44.8%	1.5%	-0.5%	8.5%
Deposits/Liabilities	92.0%	93.2%	100.1%	101.0%	92.0%	93.2%	100.1%	101.0%	1.2%	6.8%	1.0%
Loans in Local Currency (% of Total)	67.4%	68.6%	63.7%	64.5%	67.4%	68.6%	63.7%	64.5%	1.1%	-4.9%	0.8%
Deposits in Local Currency (% of Total)	35.7%	48.7%	42.0%	46.2%	35.7%	48.7%	42.0%	46.2%	13.0%	-6.7%	4.2%
Loans per Branch ('000 MZM)	314,469	375,166	439,188	511,382	9,706	13,831	14,787	17,035	19.3%	17.1%	16.4%
Deposits per Branch ('000 MZM)	747,889	809,109	1,032,899	965,314	23,083	29,829	34,778	32,156	8.2%	27.7%	-6.5%
Solvency Ratio	10.8%	19.0%	17.7%	13.3%	10.8%	19.0%	17.7%	13.3%	8.3%	-1.3%	-4.4%
NPL Ratio	0.79%	0.94%	2.77%	2.61%	0.79%	0.94%	2.77%	2.61%	0.15%	1.83%	-0.15%
NPL Coverage	57.6%	88.4%	75.0%	85.8%	57.6%	88.4%	75.0%	85.8%	30.8%	-13.4%	10.7%
BS Provisions/Loans (gross)	0.45%	0.83%	2.08%	2.24%	0.45%	0.83%	2.08%	2.24%	0.37%	1.25%	0.16%

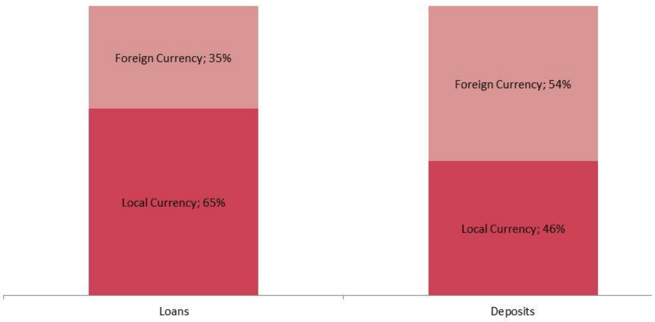
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



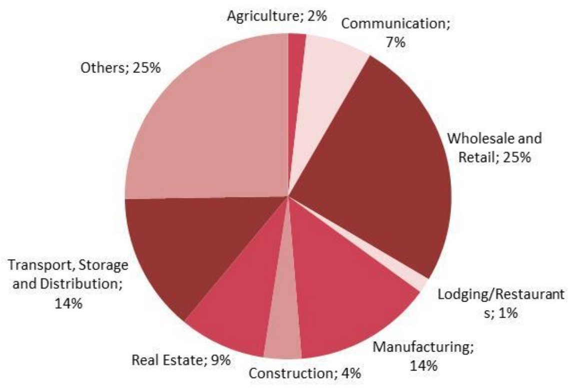
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



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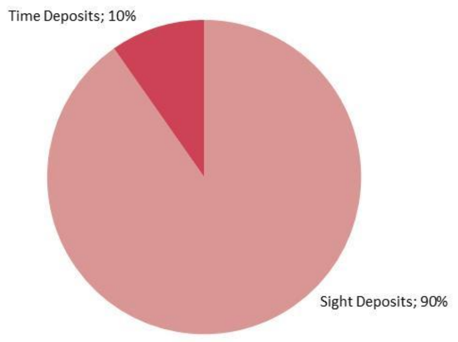
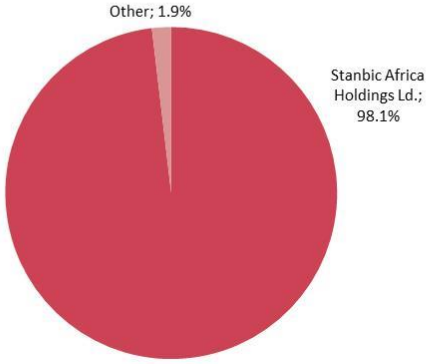
DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

2.2.4 - BARCLAYS BANK MOZAMBIQUE

Barclays Bank Mozambique is part of the Barclays Africa Group and has been operating in the country since 2005. The bank has faced some challenging times in recent years, with several changes in its management and strategy that has had an adverse impact in its results. Barclays Bank Mozambique currently employs nearly 900 people (741 at the end of 2013) and has 43 branches. Its key business areas include affluent retail, corporate and investment banking.

Barclays Bank has been in Mozambique since 2005 and has faced some tough times in recent years

Barclays Bank Mozambique reported a net loss of MZM 603 million in 2013, which compares with a loss of MZM 732 million in the previous year. The bottom-line of the bank was impacted by a weak operating performance. It was also hurt by the impairment of other financial assets (MZM 162 million), although these impairments were much lower than the ones of the last two years. Revenues fell 8% YoY to MZM 1.2 billion (US$ 40 million) while costs rose at double-digit growth rates to reach MZM 1.6 billion (US$ 53 million). On the revenue front, the bank saw a nearly 10% drop in net interest income and a strong fall in other banking income (like trading). Fees and commissions were up nicely by 16% YoY though, representing 37% of the revenue base of the bank (vs. an average of 23% of total revenues in the period 2010-12).

Similar to the previous two years, the bank reported a loss once again in 2013 due to a weak operating performance and the impairment of other financial assets

Total costs rose 9% YoY to MZM 1.6 billion (US$ 53 million) mostly due to a 30% increase in staff costs (53.6% of total costs vs. 44.7% in 2012), bringing the operating income line to a loss of MZM 405 million (US$ -13 million). The Cost-to-Income ratio rose to 133.9%, which is well above the average of the other five largest banks operating in Mozambique (71.8%).

The bank's efficiency ratio increased to 133.9%, above the average of its peers

Below the operating income line, the bank saw a 55% YoY fall in net loan loss provisions, with the cost of risk standing at 46bps in 2013 (vs. 124bps in 2012) while, as in previous years, it once again paid no taxes.

The cost of risk stood at only 46bps (vs. 124bps in 2012)

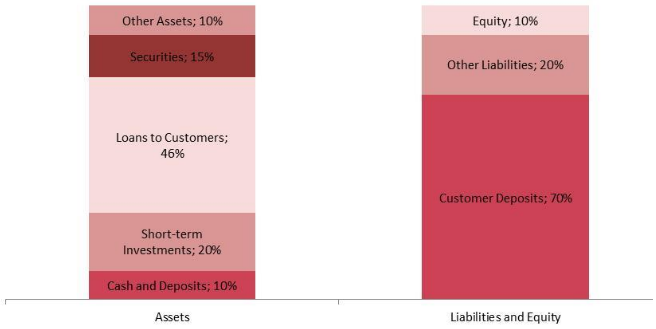
We note that the bank saw some deterioration in asset quality ratios in 2013. The NPL ratio saw an increase from 8.53% to 10.05%, while the NPL coverage ratio fell from 116.8% to 84.2%. Provisions in the balance sheet stood at 8.46%, which compares with 9.96% in 2012. Finally, the bank's solvency ratio stood at 8.2% under Basel I, still above the regulatory requirement by the Bank of Mozambique.

Asset quality ratios deteriorated, with the NPL ratio at 10.05% and NPL coverage at 84.2%

BARCLAYS BANK MOZAMBIQUE	MZM Million				US$ Million				% Change (MZM)		
Year	**2010**	**2011**	**2012**	**2013**	**2010**	**2011**	**2012**	**2013**	**2011/2010**	**2012/2011**	**2013/2012**
BALANCE SHEET											
Net Assets	12,877	13,485	16,157	17,172	397	497	544	572	4.7%	19.8%	6.3%
Customer Loans (net)	5,557	6,155	6,471	7,909	172	227	218	263	10.7%	5.1%	22.2%
Loan Loss Provisions	193	327	716	731	6	12	24	24	69.9%	118.9%	2.1%
Non-Performing Loans	287	424	613	868	9	16	21	29	47.6%	44.5%	41.6%
Customer Deposits	8,030	8,867	11,025	11,974	248	327	371	399	10.4%	24.3%	8.6%
Equity	2,037	1,588	2,537	1,691	63	59	85	56	-22.0%	59.8%	-33.3%
P&L ACCOUNT											
Net Interest Income	890	1,023	812	735	27	38	27	24	15.0%	-20.6%	-9.5%
Fees & Commissions	291	299	379	441	9	11	13	15	2.6%	26.7%	16.3%
Other Banking Income	368	116	104	19	11	4	3	1	-68.4%	-10.7%	-81.7%
Banking Income	**1,549**	**1,438**	**1,295**	**1,194**	**48**	**53**	**44**	**40**	**-7.1%**	**-10.0%**	**-7.8%**
Staff Costs	554	588	658	857	17	22	22	29	6.1%	12.0%	30.2%
Other Costs	772	697	597	558	24	26	20	19	-9.7%	-14.4%	-6.5%
Depreciation	85	194	216	185	3	7	7	6	126.8%	11.5%	-14.4%
Total Costs	**1,412**	**1,479**	**1,470**	**1,599**	**44**	**55**	**50**	**53**	**4.7%**	**-0.6%**	**8.8%**
Operating Income	**137**	**-40**	**-176**	**-405**	**4**	**-1**	**-6**	**-13**	**n.m.**	**335.3%**	**130.4%**
Net Loan Loss Provisions (LLP)	84	26	80	36	3	1	3	1	-68.9%	206.3%	-55.0%
Other	0	-258	-476	-162	0	-10	-16	-5	n.m.	84.4%	-66.0%
Pre-Tax Profits	**53**	**-325**	**-732**	**-603**	**2**	**-12**	**-25**	**-20**	**n.m.**	**125.4%**	**-17.6%**
Taxes	0	0	0	0	0	0	0	0	n.m.	n.m.	n.m.
Net Profit	**53**	**-325**	**-732**	**-603**	**2**	**-12**	**-25**	**-20**	**n.m.**	**125.4%**	**-17.6%**
OTHER											
Number of Employees	622	571	609	741	622	571	609	741	-8.2%	6.7%	21.7%
Distribution Network	58	58	58	58	58	58	58	58	0.0%	0.0%	0.0%
RATIOS											
Net Interest Margin (NII/ATA)	8.02%	7.76%	5.48%	4.41%	8.02%	7.76%	5.48%	4.41%	-0.26%	-2.28%	-1.07%
Net Interest Income (% of Banking Revenue)	57.5%	71.1%	62.7%	61.5%	57.5%	71.1%	62.7%	61.5%	13.7%	-8.4%	-1.2%
Fees (% of Banking Income)	18.8%	20.8%	29.3%	36.9%	18.8%	20.8%	29.3%	36.9%	2.0%	8.5%	7.6%
Staff Costs (% of Total Costs)	39.2%	39.7%	44.7%	53.6%	39.2%	39.7%	44.7%	53.6%	0.5%	5.0%	8.8%
Costs per Employee (MZM)	890,547	1,029,135	1,080,396	1,155,884	27,486	37,940	36,377	38,504	15.6%	5.0%	7.0%
Cost-to-Income (incl. Depreciation)	91.1%	102.8%	113.6%	133.9%	91.1%	102.8%	113.6%	133.9%	11.7%	10.8%	20.3%
Net LLP (% of Loans)	1.51%	0.42%	1.24%	0.46%	1.51%	0.42%	1.24%	0.46%	-1.09%	0.81%	-0.78%
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	2.6%	-20.5%	-28.9%	-35.7%	2.6%	-20.5%	-28.9%	-35.7%	-23.1%	-8.4%	-6.8%
ROA	0.41%	-2.41%	-4.53%	-3.51%	0.41%	-2.41%	-4.53%	-3.51%	-2.8%	-2.1%	1.0%
Loans/Deposits	69.2%	69.4%	58.7%	66.1%	69.2%	69.4%	58.7%	66.1%	0.2%	-10.7%	7.4%
Loans/Assets	43.2%	45.6%	40.1%	46.1%	43.2%	45.6%	40.1%	46.1%	2.5%	-5.6%	6.0%
Deposits/Liabilities	74.1%	74.5%	80.9%	77.3%	74.1%	74.5%	80.9%	77.3%	0.5%	6.4%	-3.6%
Loans in Local Currency (% of Total)	86.2%	n.a.	93.6%	88.9%	86.2%	n.a.	93.6%	88.9%	n.a.	n.a.	-4.7%
Deposits in Local Currency (% of Total)	76.0%	n.a.	71.6%	67.8%	76.0%	n.a.	71.6%	67.8%	n.a.	n.a.	-3.9%
Loans per Branch ('000 MZM)	95,817	106,114	111,573	136,369	2,957	3,912	3,757	4,543	10.7%	5.1%	22.2%
Deposits per Branch ('000 MZM)	138,448	152,874	190,082	206,447	4,273	5,636	6,400	6,877	10.4%	24.3%	8.6%
Solvency Ratio	17.1%	16.8%	30.5%	8.2%	17.1%	16.8%	30.5%	8.2%	-0.3%	13.7%	-22.3%
NPL Ratio	5.00%	6.55%	8.53%	10.05%	5.00%	6.55%	8.53%	10.05%	1.55%	1.98%	1.52%
NPL Coverage	67.0%	77.1%	116.8%	84.2%	67.0%	77.1%	116.8%	84.2%	10.1%	39.7%	-32.5%
BS Provisions/Loans (gross)	3.35%	5.05%	9.96%	8.46%	3.35%	5.05%	9.96%	8.46%	1.70%	4.91%	-1.50%

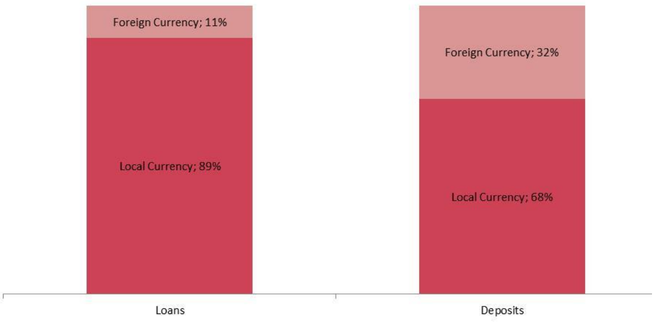
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



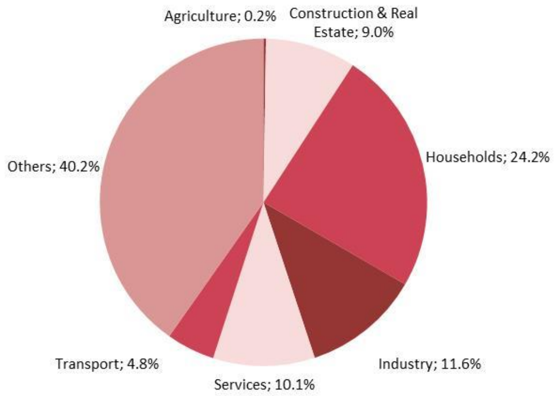
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



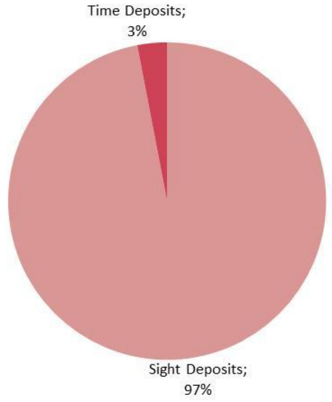
Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



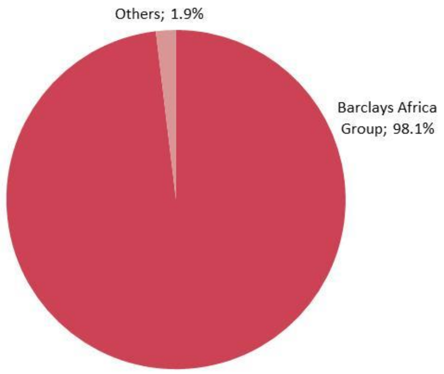
Source: Annual Report and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

2.2.5 - MOZA BANCO

Moza Banco began its operations in 2008 and is today focused on the corporate, private banking and retail segments

Moza Banco started its operations in 2008 and was initially focused on the corporate and private banking segments. However, a strong expansion strategy implemented in recent years has allowed the bank to also focus its attention on the retail segment. Today, Moza Banco has a distribution network of 36 business units (including 23 branches) and is present in all of the major provincial capitals. Its market share of 5-6% remains small compared with the four major banks in Mozambique, but the bank's aggressive expansion plans could lead to market share gains in the medium to long-term. Moza Banco is held by Moçambique Capitais (51%), a group of local investors, and BES Africa (49%).

The bank reported a net profit of US$ 0.7 million in 2013 after posting a loss in the previous year

The bank reported a net profit of MZM 22 million (US$ 0.7 million) in 2013. This compares with a loss of MZM 67 million (US$ 2.3 million) in the previous year. Results were boosted by a strong operating performance, with revenues doubling and costs rising 72% from 2012. On the revenue front, we highlight the surge in other banking income, which according to the bank was due to a rise in FX transactions and stronger liquidity of the bank. Net interest income posted an 84% YoY increase and was supported by strong volume growth that more than offset a slight drop in margins. Fees and commissions almost doubled and represented (once again) about 20% of total banking income.

Revenues doubled in the period while the evolution of costs reflected the strong expansion of the bank in recent years

The cost performance unsurprisingly reflected the strong expansion of the bank in the last few years. We note that the number of branches stood at 36 at the end of 2013 while the number of employees stood at 437. This compares with 3 branches and 65 employees at the end of 2010. All in all, the Cost-to-Income ratio (including deprecation) fell from 101.8% in 2012 to 87.8%.

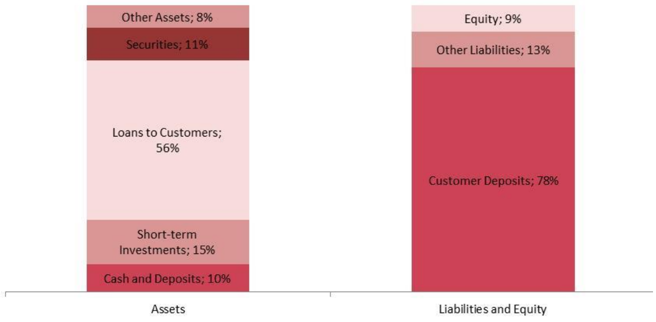
Provisions increased strongly, in line with loan growth

Below the operating income line, net loan loss provisions continued to increase, in line with the strong growth in the loan portfolio (66% YoY). Cost of risk stood at 132bps, slightly below the 144bps in 2012, but well above the 25-40bps of 2010-11. Non-performing loans surged 247% YoY, placing the NPL ratio at 2.57% and coverage at 195% (vs. 1.24% and 195%, respectively, in 2012). Finally, the bank's solvency ratio stood at 13.5%, down from 17.6% in 2012.

MOZA BANCO	MZM Million				US$ Million				% Change (MZM)		
Year	2010	2011	2012	2013	2010	2011	2012	2013	2011/2010	2012/2011	2013/2012
BALANCE SHEET											
Net Assets	2,183	3,324	8,689	14,820	67.4	122.6	292.6	493.7	52.3%	161.4%	70.6%
Customer Loans (net)	1,174	1,825	4,968	8,249	36.2	67.3	167.3	274.8	55.4%	172.2%	66.0%
Loan Loss Provisions	47	51	122	230	1.4	1.9	4.1	7.7	9.2%	139.1%	87.7%
Non-Performing Loans	42	14	63	218	1.3	0.5	2.1	7.3	-67.1%	350.9%	246.9%
Customer Deposits	1,605	2,223	6,218	11,602	49.6	81.9	209.4	386.5	38.5%	179.7%	86.6%
Equity	504	964	1,323	1,351	15.6	35.5	44.5	45.0	91.2%	37.3%	2.2%
P&L ACCOUNT											
Net Interest Income	173	202	354	652	5.3	7.4	11.9	21.7	16.3%	75.5%	84.2%
Fees & Commissions	39	42	121	236	1.2	1.6	4.1	7.9	9.4%	187.1%	94.9%
Other Banking Income	83	71	125	310	2.6	2.6	4.2	10.3	-14.0%	75.8%	147.8%
Banking Income	**294**	**315**	**600**	**1,197**	**9.1**	**11.6**	**20.2**	**39.9**	**6.9%**	**90.5%**	**99.6%**
Staff Costs	74	128	282	467	2.3	4.7	9.5	15.5	71.5%	120.9%	65.5%
Other Costs	50	126	261	435	1.5	4.7	8.8	14.5	154.1%	106.3%	67.0%
Depreciation	21	24	68	150	0.7	0.9	2.3	5.0	14.5%	178.6%	120.8%
Total Costs	**145**	**278**	**610**	**1,052**	**4.5**	**10.3**	**20.6**	**35.0**	**91.4%**	**119.3%**	**72.3%**
Operating Income	**149**	**36**	**-11**	**146**	**4.6**	**1.3**	**-0.4**	**4.8**	**-75.6%**	**n.m.**	**n.m.**
Net Loan Loss Provisions (LLP)	5	5	71	109	0.1	0.2	2.4	3.6	5.9%	1324.2%	52.5%
Pre-Tax Profits	**144**	**31**	**-82**	**37**	**4.5**	**1.2**	**-2.8**	**1.2**	**-78.2%**	**n.m.**	**n.m.**
Taxes	43	7	-15	14	1.3	0.3	-0.5	0.5	-83.7%	n.m.	n.m.
Net Profit	**101**	**24**	**-67**	**22**	**3.1**	**0.9**	**-2.3**	**0.7**	**-75.9%**	**n.m.**	**n.m.**
OTHER											
Number of Employees	65	143	325	437	65	143	325	437	120.0%	127.3%	34.5%
Distribution Network	3	12	32	36	3	12	32	36	300.0%	166.7%	12.5%
RATIOS											
Net Interest Margin (NII/ATA)	8.97%	7.32%	5.89%	5.54%	8.97%	7.32%	5.89%	5.54%	-1.65%	-1.43%	-0.35%
Net Interest Income (% of Banking Revenue)	58.8%	64.0%	59.0%	54.4%	58.8%	64.0%	59.0%	54.4%	5.2%	-5.0%	-4.6%
Fees (% of Banking Income)	13.1%	13.4%	20.2%	19.7%	13.1%	13.4%	20.2%	19.7%	0.3%	6.8%	-0.5%
Staff Costs (% of Total Costs)	51.2%	45.9%	46.2%	44.4%	51.2%	45.9%	46.2%	44.4%	-5.3%	0.3%	-1.8%
Costs per Employee (MZM)	1,145,474	893,097	867,940	1,068,133	35,354	32,925	29,224	35,581	-6.5%	12.1%	4.8%
Cost-to-Income (incl. Depreciation)	49.4%	88.4%	101.8%	87.8%	49.4%	88.4%	101.8%	87.8%	39.0%	13.4%	-13.9%
Net LLP (% of Loans)	0.40%	0.27%	1.44%	1.32%	0.40%	0.27%	1.44%	1.32%	-0.13%	1.16%	-0.12%
Tax Rate	29.9%	22.4%	17.9%	39.3%	29.9%	22.4%	17.9%	39.3%	-7.5%	-4.5%	21.4%
ROE	20.1%	2.5%	-5.1%	1.6%	20.1%	2.5%	-5.1%	1.6%	-17.5%	-7.6%	6.7%
ROA	4.63%	0.73%	-0.78%	0.15%	4.63%	0.73%	-0.78%	0.15%	-3.9%	-1.5%	0.9%
Loans/Deposits	73.2%	82.1%	79.9%	71.1%	73.2%	82.1%	79.9%	71.1%	9.0%	-2.2%	-8.8%
Loans/Assets	53.8%	54.9%	57.2%	55.7%	53.8%	54.9%	57.2%	55.7%	1.1%	2.3%	-1.5%
Deposits/Liabilities	95.6%	94.2%	84.4%	86.1%	95.6%	94.2%	84.4%	86.1%	-1.5%	-9.8%	1.7%
Loans in Local Currency (% of Total)	84.9%	82.8%	94.1%	96.8%	84.9%	82.8%	94.1%	96.8%	-2.1%	11.2%	2.8%
Deposits in Local Currency (% of Total)	65.7%	74.8%	86.0%	86.4%	65.7%	74.8%	86.0%	86.4%	9.1%	11.2%	0.4%
Loans per Branch ('000 MZM)	391,472	152,104	155,261	229,135	12,082	5,608	5,228	7,633	-61.1%	2.1%	47.6%
Deposits per Branch ('000 MZM)	535,159	185,239	194,304	322,276	16,517	6,829	6,542	10,735	-65.4%	4.9%	65.9%
Solvency Ratio	26.3%	35.5%	17.6%	13.5%	26.3%	35.5%	17.6%	13.5%	9.2%	-17.9%	-4.1%
NPL Ratio	3.47%	0.74%	1.24%	2.57%	3.47%	0.74%	1.24%	2.57%	-2.73%	0.49%	1.34%
NPL Coverage	110.7%	367.0%	194.6%	105.3%	110.7%	367.0%	194.6%	105.3%	256.3%	-172.4%	-89.3%
BS Provisions/Loans (gross)	3.84%	2.73%	2.41%	2.71%	3.84%	2.73%	2.41%	2.71%	-1.11%	-0.32%	0.31%

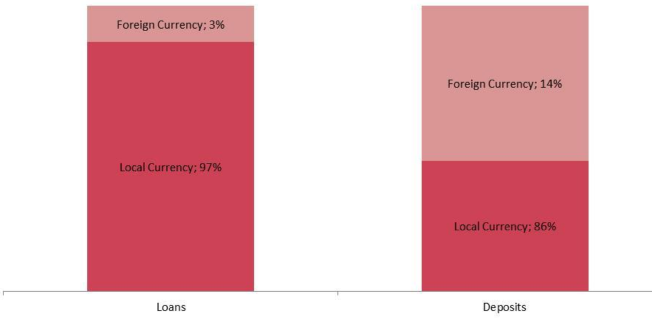
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



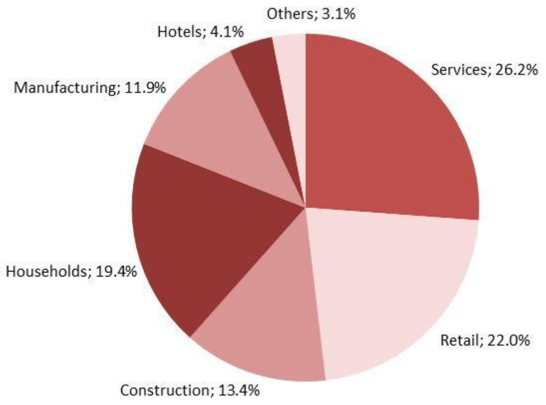
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



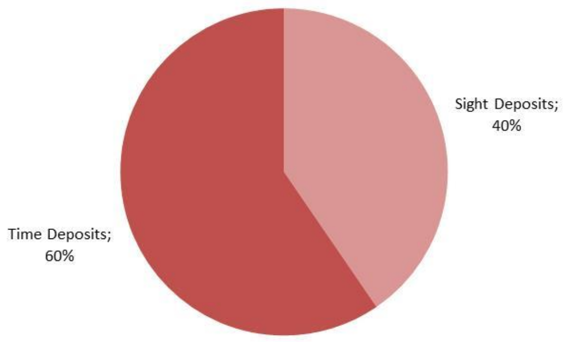
Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



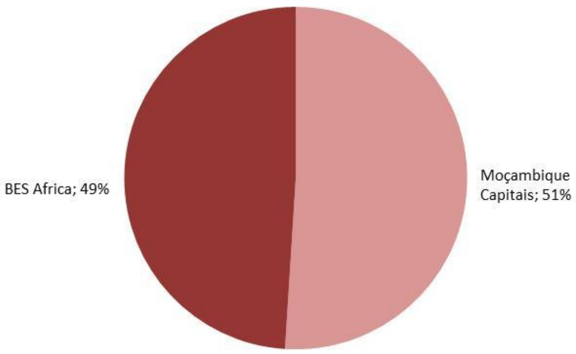
Source: Annual Report and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

2.2.6 - BANCO ÚNICO

Banco Único is currently one of the fastest-growing banks in Mozambique

Banco Único opened its first branches in 2011 and remains relatively small compared with other banks that have been operating in the Mozambican market for some time. However, Banco Único is today one of the fastest-growing banks in the country, and is quickly gaining market share from some of the big players. Up until the end of 2013, the bank was controlled by Gevisar (72.9%), a partnership between Portugal's Visabeira (30%) and Mr. Américo Amorim (70%), the country's richest person. Gevisar recently sold half of its stake (36.45%) to South Africa's Nedbank, which means both parts now hold equal shares in the bank. The remaining stakes are held by local investors.

Results continue to reflect the fact that Banco Único has only been operating for three years

The bank released a net loss of MZM 101 million (US$ 3 million) in 2013, 64% lower than the previous year. This set of results reflects the fact that the bank has only been operating for three years. Revenues saw an increase of 155% YoY to MZM 631 million (US$ 21 million) and were mostly boosted by a healthy improvement in net interest income (60% of total revenues vs. 23% in 2012). The bank stated that the top-line growth performance was the result of stronger volumes and its careful pricing policy in terms of customer funds, which offset the impact of lower interest rates and loan spreads. Fees and commissions were up nicely and reflect the stronger business volumes of the bank while other banking income (namely trading) remained relatively unchanged from the previous year.

The bank's efficiency ratio improved markedly, but remains above 100%

Total costs were up 19% YoY to MZM 685 million (US$ 23 million). Higher staff costs were for the most part due to the increase in the number of employees (334 from 248 in 2012). We also note the opening of three branches in the period, bringing the total number to 14 branches and two business units at the end of 2013. All in all, efficiency levels improved markedly in the period, with the Cost-to-Income ratio (including depreciation) falling from 233.1% to 108.6%.

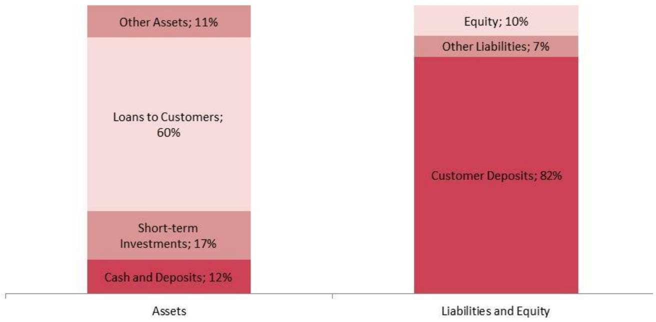
Unsurprisingly, asset quality ratios are still modest, but the solvency ratio of the bank fell to 10.9%

Meanwhile, loan provisions increased moderately, although the cost of risk fell to 126bps from 194bps in 2012. The NPL ratio remained subdued at 1.38% while NPL coverage fell to 170%. Balance sheet provisions represented 2.34% of total loans. Finally, the bank reported a solvency ratio of 10.9%, lower than the 17.2% posted in the previous year.

BANCO ÚNICO	MZM Million				US$ Million				% Change (MZM)		
Year	2010	2011	2012	2013	2010	2011	2012	2013	2011/2010	2012/2011	2013/2012
BALANCE SHEET											
Net Assets	169	2,224	6,879	8,958	5	82	232	298	1217.1%	209.3%	30.2%
Customer Loans (net)	0	162	3,011	5,398	0	6	101	180	n.a.	1758.1%	79.3%
Loan Loss Provisions	0	3	61	129	0	0	2	4	n.a.	1821.3%	110.5%
Non-Performing Loans	0	0	4	76	0	0	0	3	n.a.	n.a.	1610.5%
Customer Deposits	0	1,237	5,543	7,368	0	46	187	245	n.a.	348.2%	32.9%
Equity	109	571	1,034	936	3	21	35	31	425.2%	81.2%	-9.5%
P&L ACCOUNT											
Net Interest Income	0	-13	57	382	0	0	2	13	n.m.	n.m.	571.6%
Fees & Commissions	0	3	60	108	0	0	2	4	n.m.	1895.0%	79.3%
Other Banking Income	-3	-52	131	141	0	-2	4	5	1803.3%	n.m.	8.2%
Banking Income	**-3**	**-62**	**248**	**631**	**0**	**-2**	**8**	**21**	**2332.4%**	**n.m.**	**155.0%**
Staff Costs	63	325	324	364	2	12	11	12	417.1%	-0.1%	12.3%
Other Costs	24	98	137	186	1	4	5	6	304.6%	40.1%	35.4%
Depreciation	1	33	115	135	0	1	4	5	5679.7%	246.6%	17.2%
Total Costs	**88**	**456**	**577**	**685**	**3**	**17**	**19**	**23**	**420.5%**	**26.5%**	**18.7%**
Operating Income	**-90**	**-518**	**-330**	**-54**	**-3**	**-19**	**-11**	**-2**	**474.2%**	**-36.4%**	**-83.6%**
Net Loan Loss Provisions (LLP)	0	3	58	68	0	0	2	2	n.m.	1721.3%	16.6%
Other	0	-3	-27	-20	0	0	-1	-1	n.m.	902.1%	-26.0%
Pre-Tax Profits	**-90**	**-524**	**-415**	**-142**	**-3**	**-19**	**-14**	**-5**	**480.8%**	**-20.8%**	**-65.8%**
Taxes	-24	-167	-134	-41	-1	-6	-5	-1	600.5%	-19.6%	-69.3%
Net Profit	**-66**	**-357**	**-280**	**-101**	**-2**	**-13**	**-9**	**-3**	**437.7%**	**-21.4%**	**-64.0%**
OTHER											
Number of Employees	188	194	248	334	188	194	248	334	3.2%	27.8%	34.7%
Distribution Network	0	7	13	16	0	7	13	16	n.m.	85.7%	23.1%
RATIOS											
Net Interest Margin (NII/ATA)	0.21%	-1.06%	1.25%	4.83%	0.21%	-1.06%	1.25%	4.83%	-1.27%	2.31%	3.58%
Net Interest Income (% of Banking Revenue)	-13.8%	20.6%	23.0%	60.5%	-13.8%	20.6%	23.0%	60.5%	34.4%	2.4%	37.6%
Fees (% of Banking Income)	6.0%	-4.9%	24.3%	17.1%	6.0%	-4.9%	24.3%	17.1%	-10.9%	29.2%	-7.2%
Staff Costs (% of Total Costs)	71.7%	71.2%	56.2%	53.1%	71.7%	71.2%	56.2%	53.1%	-0.5%	-15.0%	-3.1%
Costs per Employee (MZM)	334,266	1,674,876	1,308,278	1,090,503	10,317	61,747	44,050	36,326	-6.5%	12.1%	4.8%
Cost-to-Income (incl. Depreciation)	n.m.	n.m.	233.1%	108.6%	n.m.	n.m.	233.1%	108.6%	n.m.	n.m.	-124.5%
Net LLP (% of Loans)	n.a.	1.98%	1.94%	1.26%	n.a.	1.98%	1.94%	1.26%	n.a.	-0.04%	-0.68%
Tax Rate	26.5%	31.9%	32.4%	29.0%	26.5%	31.9%	32.4%	29.0%	5.5%	0.5%	-3.4%
ROE	-61.0%	-62.5%	-27.1%	-10.8%	-61.0%	-62.5%	-27.1%	-10.8%	-1.4%	35.4%	16.3%
ROA	-39.29%	-16.04%	-4.08%	-1.13%	-39.29%	-16.04%	-4.08%	-1.13%	23.3%	12.0%	2.9%
Loans/Deposits	n.a.	13.1%	54.3%	73.3%	n.a.	13.1%	54.3%	73.3%	n.a.	41.2%	19.0%
Loans/Assets	n.a.	7.3%	43.8%	60.3%	0.0%	7.3%	43.8%	60.3%	n.a.	36.5%	16.5%
Deposits/Liabilities	n.a.	74.8%	94.8%	91.8%	0.0%	74.8%	94.8%	91.8%	n.a.	20.0%	-3.0%
Loans in Local Currency (% of Total)	n.a.	51.6%	82.8%	83.6%	n.a.	51.6%	82.8%	83.6%	n.a.	31.2%	0.8%
Deposits in Local Currency (% of Total)	n.a.	84.2%	64.0%	74.4%	n.a.	84.2%	64.0%	74.4%	n.a.	-20.2%	10.4%
Loans per Branch ('000 MZM)	n.a.	23,146	231,580	337,401	n.m.	853	7,797	11,239	n.a.	900.5%	45.7%
Deposits per Branch ('000 MZM)	n.a.	176,706	426,416	460,501	n.m.	6,515	14,357	15,340	n.a.	141.3%	8.0%
Solvency Ratio	13.8%	37.4%	17.2%	10.9%	13.8%	37.4%	17.2%	10.9%	23.7%	-20.3%	-6.2%
NPL Ratio	n.a.	0.00%	0.15%	1.38%	n.a.	0.00%	0.15%	1.38%	n.a.	0.15%	1.23%
NPL Coverage	n.a.	n.a.	1379.4%	169.8%	n.a.	n.a.	1379.4%	169.8%	n.a.	n.a.	-1209.7%
BS Provisions/Loans (gross)	n.a.	1.94%	2.00%	2.34%	n.a.	1.94%	2.00%	2.34%	n.a.	0.06%	0.34%

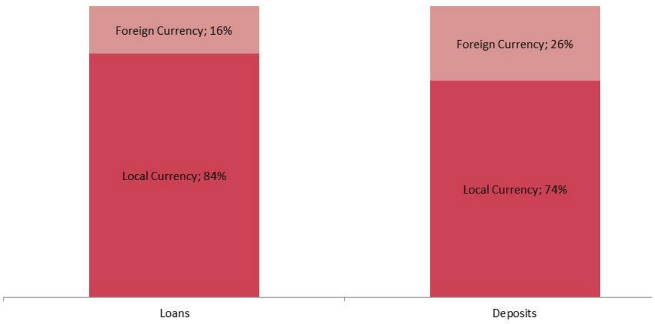
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2013



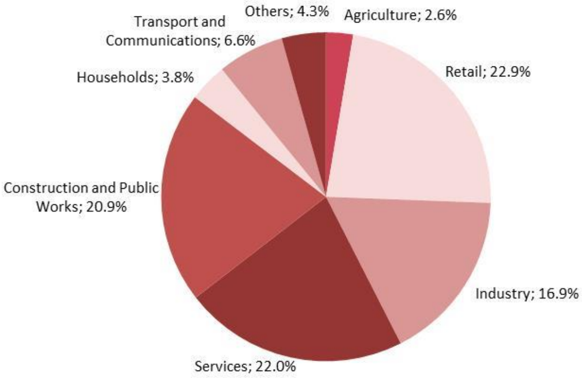
Source: Annual Report and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2013



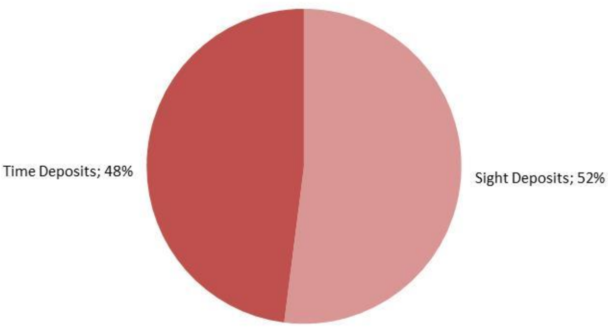
Source: Annual Report and Eaglestone Securities.

LOAN BREAKDOWN - 2013



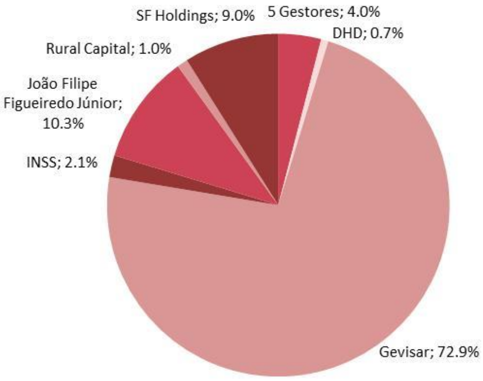
Source: Annual Report and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2013



Source: Annual Report and Eaglestone Securities.

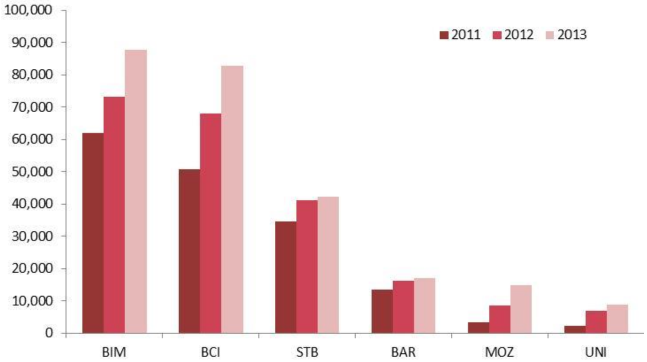
SHAREHOLDER STRUCTURE - 2013



Source: Annual Report and Eaglestone Securities.

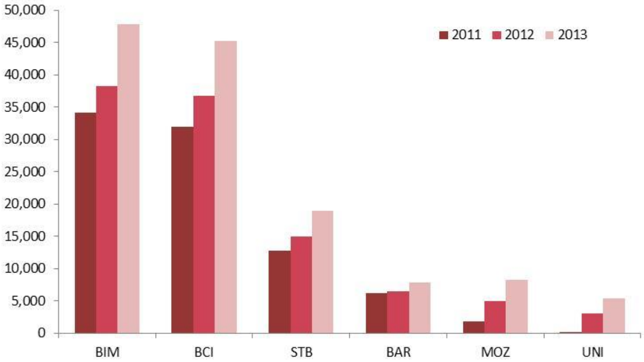
ANNEX I – SIX MAJOR BANKS COMPARISON (GRAPHS)

ASSETS (MZM MILLION)



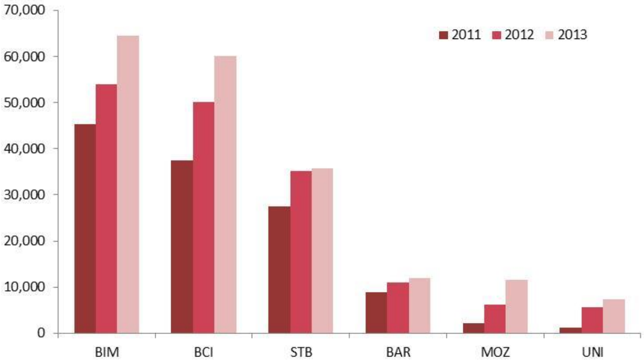
Source: Annual Reports and Eaglestone Securities.

NET LOANS (MZM MILLION)



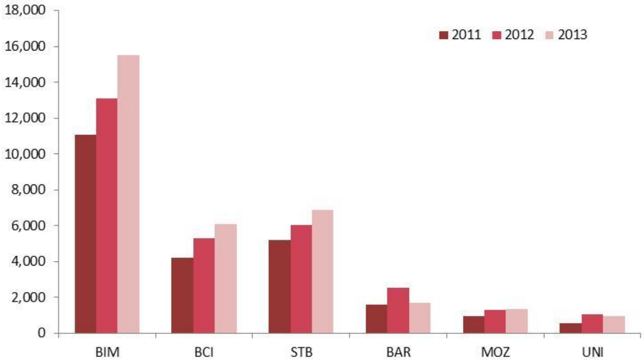
Source: Annual Reports and Eaglestone Securities.

DEPOSITS (MZM MILLION)



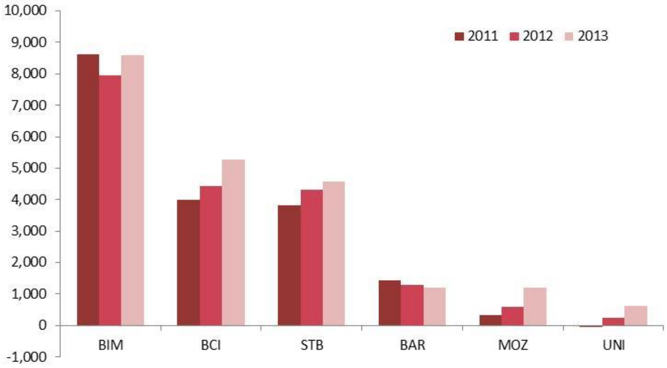
Source: Annual Reports and Eaglestone Securities.

EQUITY (MZM MILLION)



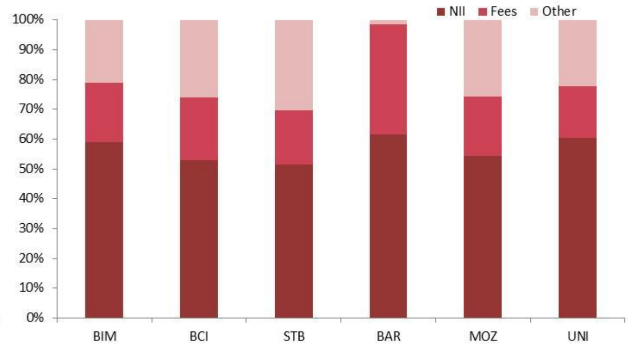
Source: Annual Reports and Eaglestone Securities.

REVENUES (MZM MILLION)



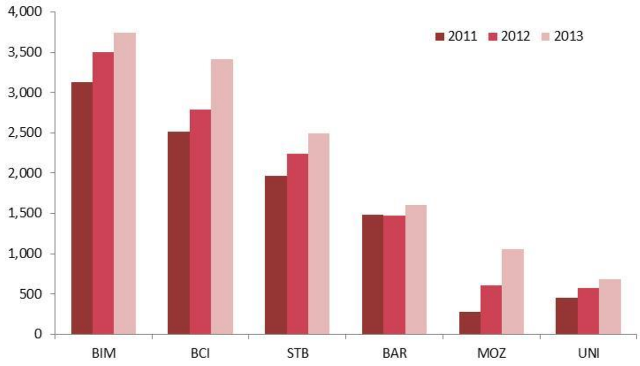
Source: Annual Reports and Eaglestone Securities.

REVENUE BREAKDOWN - 2013



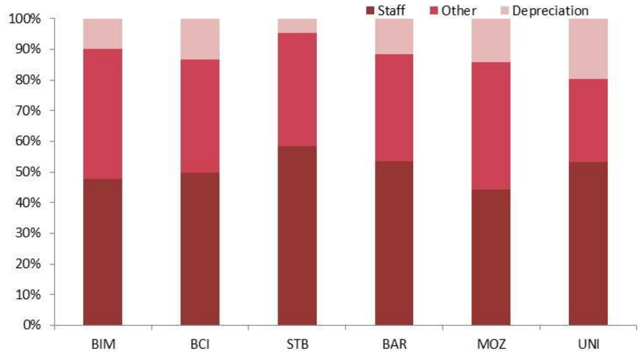
Source: Annual Reports and Eaglestone Securities.

COSTS (MZM MILLION)



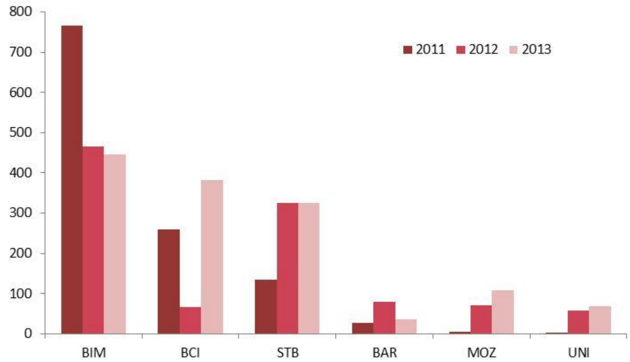
Source: Annual Reports and Eaglestone Securities.

COST BREAKDOWN - 2013



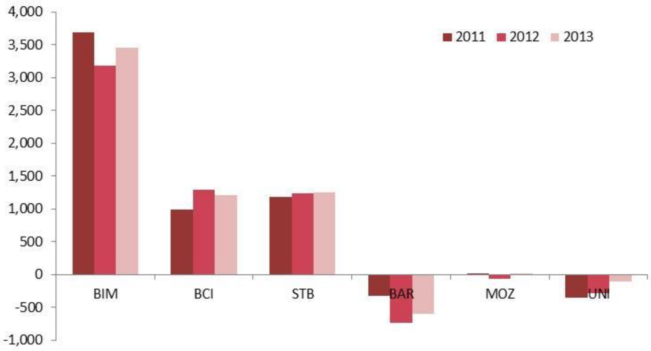
Source: Annual Reports and Eaglestone Securities.

NET LOAN LOSS PROVISIONS (MZM MILLION)



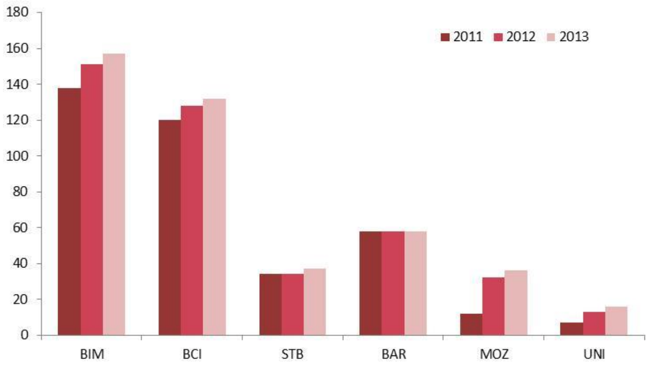
Source: Annual Reports and Eaglestone Securities.

NET PROFIT (MZM MILLION)



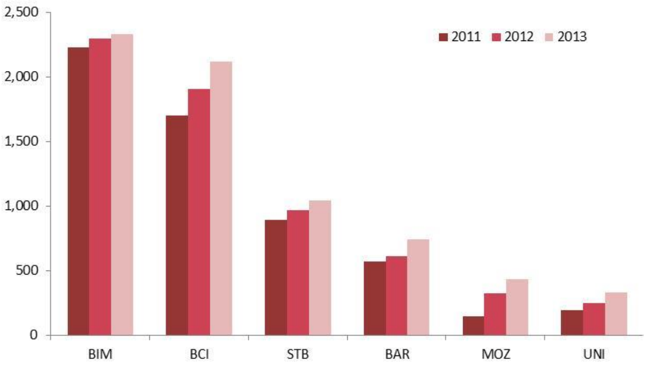
Source: Annual Reports and Eaglestone Securities.

NUMBER OF BRANCHES



Source: Annual Reports and Eaglestone Securities.

NUMBER OF EMPLOYEES



Source: Annual Reports and Eaglestone Securities.

ANNEX II – SIX MAJOR BANKS COMPARISON

SIX MAJOR BANKS - MAIN INDICATORS				
Year	2010	2011	2012	2013
Net Interest Margin (NII/ATA)				
Millennium bim	8.31%	9.93%	7.23%	6.28%
Banco Comercial e de Investimentos	4.87%	4.96%	3.92%	3.69%
Standard Bank Mozambique	5.27%	7.05%	6.18%	5.67%
Barclays Bank Mozambique	8.02%	7.76%	5.48%	4.41%
MozaBanco	8.97%	7.32%	5.89%	5.54%
Banco Único	0.21%	-1.06%	1.25%	4.83%
Net Interest Income (% of Banking Revenue)				
Millennium bim	59.6%	67.9%	61.4%	58.9%
Banco Comercial e de Investimentos	61.9%	60.8%	52.7%	52.9%
Standard Bank Mozambique	53.4%	61.7%	54.2%	51.6%
Barclays Bank Mozambique	57.5%	71.1%	62.7%	61.5%
MozaBanco	58.8%	64.0%	59.0%	54.4%
Banco Único	-13.8%	20.6%	23.0%	60.5%
Fees (% of Banking Income)				
Millennium bim	13.5%	14.5%	17.8%	20.1%
Banco Comercial e de Investimentos	14.1%	20.1%	20.6%	21.0%
Standard Bank Mozambique	18.0%	15.0%	15.3%	18.0%
Barclays Bank Mozambique	18.8%	20.8%	29.3%	36.9%
MozaBanco	13.1%	13.4%	20.2%	19.7%
Banco Único	6.0%	-4.9%	24.3%	17.1%
Staff Costs (% of Total Costs)				
Millennium bim	45.6%	46.3%	47.9%	47.6%
Banco Comercial e de Investimentos	44.4%	45.2%	48.9%	49.8%
Standard Bank Mozambique	46.6%	53.1%	55.1%	58.4%
Barclays Bank Mozambique	39.2%	39.7%	44.7%	53.6%
MozaBanco	51.2%	45.9%	46.2%	44.4%
Banco Único	71.7%	71.2%	56.2%	53.1%
Costs per Employee (MZM)				
Millennium bim	695,702	650,746	729,565	764,511
Banco Comercial e de Investimentos	643,202	665,362	713,723	801,860
Standard Bank Mozambique	940,998	1,167,407	1,275,984	1,397,734
Barclays Bank Mozambique	890,547	1,029,135	1,080,396	1,155,884
MozaBanco	1,145,474	893,097	867,940	1,068,133
Banco Único	334,266	1,674,876	1,308,278	1,090,503
Total Costs per Branch (MZM)				
Millennium bim	23,594,381	22,695,478	23,158,689	23,829,637
Banco Comercial e de Investimentos	20,514,111	20,910,211	21,750,585	25,893,178
Standard Bank Mozambique	46,885,769	57,692,559	65,969,511	67,381,631
Barclays Bank Mozambique	24,338,241	25,492,879	25,351,017	27,572,431
MozaBanco	48,477,200	23,195,599	19,076,996	29,216,669
Banco Único	17,531,800	65,183,429	44,400,923	42,839,563
Cost-to-Income (incl. Depreciation)				
Millennium bim	40.6%	36.4%	44.0%	43.6%
Banco Comercial e de Investimentos	60.5%	62.9%	62.9%	64.8%
Standard Bank Mozambique	59.1%	51.4%	51.8%	54.4%
Barclays Bank Mozambique	91.1%	102.8%	113.6%	133.9%
MozaBanco	49.4%	88.4%	101.8%	87.8%
Banco Único	-3459.3%	-740.3%	233.1%	108.6%
Net LLP (% of Loans)				
Millennium bim	2.10%	2.24%	1.22%	0.93%
Banco Comercial e de Investimentos	0.48%	0.81%	0.18%	0.85%
Standard Bank Mozambique	0.16%	1.05%	2.18%	1.72%
Barclays Bank Mozambique	1.51%	0.42%	1.24%	0.46%
MozaBanco	0.40%	0.27%	1.44%	1.32%
Banco Único	n.a.	1.98%	1.94%	1.26%
Tax Rate				
Millennium bim	18.0%	17.6%	17.3%	17.4%
Banco Comercial e de Investimentos	17.0%	18.3%	15.1%	12.2%
Standard Bank Mozambique	31.0%	30.9%	29.3%	29.4%
Barclays Bank Mozambique	0.0%	0.0%	0.0%	0.0%
MozaBanco	29.9%	22.4%	17.9%	39.3%
Banco Único	26.5%	31.9%	32.4%	29.0%
ROE				
Millennium bim	28.5%	33.2%	24.2%	22.3%
Banco Comercial e de Investimentos	26.1%	23.7%	24.5%	19.8%
Standard Bank Mozambique	27.6%	22.8%	20.5%	18.2%
Barclays Bank Mozambique	2.6%	-20.5%	-28.9%	-35.7%
MozaBanco	20.1%	2.5%	-5.1%	1.6%
Banco Único	-61.0%	-62.5%	-27.1%	-10.8%
ROA				
Millennium bim	4.36%	5.93%	4.35%	3.94%
Banco Comercial e de Investimentos	1.95%	1.96%	1.90%	1.46%
Standard Bank Mozambique	2.47%	3.42%	3.02%	2.95%
Barclays Bank Mozambique	0.41%	-2.41%	-4.53%	-3.51%
MozaBanco	4.63%	0.73%	-0.78%	0.15%
Banco Único	-39.29%	-16.04%	-4.08%	-1.13%

Source: Annual Reports and Eaglestone Securities.

SIX MAJOR BANKS - MAIN INDICATORS (CONT.)				
Year	**2010**	**2011**	**2012**	**2013**
Loans/Deposits				
Millennium bim	83.6%	75.4%	70.9%	74.2%
Banco Comercial e de Investimentos	88.8%	85.5%	73.4%	75.4%
Standard Bank Mozambique	42.0%	46.4%	42.5%	53.0%
Barclays Bank Mozambique	69.2%	69.4%	58.7%	66.1%
MozaBanco	73.2%	82.1%	79.9%	71.1%
Banco Único	n.a.	13.1%	54.3%	73.3%
Loans/Assets				
Millennium bim	62.7%	55.1%	52.3%	54.5%
Banco Comercial e de Investimentos	63.9%	63.0%	54.0%	54.7%
Standard Bank Mozambique	35.2%	36.7%	36.3%	44.8%
Barclays Bank Mozambique	43.2%	45.6%	40.1%	46.1%
MozaBanco	53.8%	54.9%	57.2%	55.7%
Banco Único	n.a.	7.3%	43.8%	60.3%
Deposits/Liabilities				
Millennium bim	88.5%	88.9%	89.8%	89.2%
Banco Comercial e de Investimentos	77.8%	80.3%	79.7%	78.3%
Standard Bank Mozambique	92.0%	93.2%	100.1%	101.0%
Barclays Bank Mozambique	74.1%	74.5%	80.9%	77.3%
MozaBanco	95.6%	94.2%	84.4%	86.1%
Banco Único	n.a.	74.8%	94.8%	91.8%
Loans in Local Currency (% of Total)				
Millennium bim	76.2%	80.9%	74.8%	76.1%
Banco Comercial e de Investimentos	56.1%	61.5%	57.8%	57.1%
Standard Bank Mozambique	67.4%	68.6%	63.7%	64.5%
Barclays Bank Mozambique	86.2%	n.a.	93.6%	88.9%
MozaBanco	84.9%	82.8%	94.1%	96.8%
Banco Único	n.a.	51.6%	82.8%	83.6%
Deposits in Local Currency (% of Total)				
Millennium bim	67.2%	74.8%	73.9%	77.1%
Banco Comercial e de Investimentos	58.7%	72.7%	75.2%	77.5%
Standard Bank Mozambique	35.7%	48.7%	42.0%	46.2%
Barclays Bank Mozambique	76.0%	n.a.	71.6%	67.8%
MozaBanco	65.7%	74.8%	86.0%	86.4%
Banco Único	n.a.	84.2%	64.0%	74.4%
Loans per Branch ('000 MZM)				
Millennium bim	277,639	247,770	253,181	305,227
Banco Comercial e de Investimentos	317,199	266,625	287,531	342,843
Standard Bank Mozambique	314,469	375,166	439,188	511,382
Barclays Bank Mozambique	95,817	106,114	111,573	136,369
MozaBanco	391,472	152,104	155,261	229,135
Banco Único	n.a.	23,146	231,580	337,401
Deposits per Branch ('000 MZM)				
Millennium bim	332,284	328,456	357,074	411,298
Banco Comercial e de Investimentos	357,174	311,862	391,848	454,733
Standard Bank Mozambique	747,889	809,109	1,032,899	965,314
Barclays Bank Mozambique	138,448	152,874	190,082	206,447
MozaBanco	535,159	185,239	194,304	322,276
Banco Único	n.a.	176,706	426,416	460,501
Solvency Ratio				
Millennium bim	15.1%	17.9%	21.7%	21.4%
Banco Comercial e de Investimentos	12.3%	13.1%	10.9%	11.9%
Standard Bank Mozambique	10.8%	19.0%	17.7%	13.3%
Barclays Bank Mozambique	17.1%	16.8%	30.5%	8.2%
MozaBanco	26.3%	35.5%	17.6%	13.5%
Banco Único	13.8%	37.4%	17.2%	10.9%
NPL Ratio				
Millennium bim	1.1%	1.7%	2.1%	1.8%
Banco Comercial e de Investimentos	1.5%	1.1%	1.0%	1.0%
Standard Bank Mozambique	0.8%	0.9%	2.8%	2.6%
Barclays Bank Mozambique	5.0%	6.5%	8.5%	10.0%
MozaBanco	3.5%	0.7%	1.2%	2.6%
Banco Único	n.a.	0.0%	0.1%	1.4%
NPL Coverage				
Millennium bim	481.0%	414.0%	326.9%	315.7%
Banco Comercial e de Investimentos	140.7%	205.0%	198.3%	189.6%
Standard Bank Mozambique	57.6%	88.4%	75.0%	85.8%
Barclays Bank Mozambique	67.0%	77.1%	116.8%	84.2%
MozaBanco	110.7%	367.0%	194.6%	105.3%
Banco Único	n.a.	n.a.	1379.4%	169.8%
BS Provisions/Loans (gross)				
Millennium bim	5.36%	7.08%	6.93%	5.83%
Banco Comercial e de Investimentos	2.17%	2.32%	1.90%	1.84%
Standard Bank Mozambique	0.45%	0.83%	2.08%	2.24%
Barclays Bank Mozambique	3.35%	5.05%	9.96%	8.46%
MozaBanco	3.84%	2.73%	2.41%	2.71%
Banco Único	n.a.	1.94%	2.00%	2.34%

Source: Annual Reports and Eaglestone Securities.

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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.

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