



Mozambican Banks

Challenging times ahead?

Downturn in 2016

Economic activity in Mozambique slowed markedly in 2016 mostly as a result of the sharp decline in commodity prices, including aluminum and coal (the country's main exports) and lower FDI. Real GDP growth decelerated to 3.8%, considerably lower than the 6.6% in 2015 and the 7.3% annual average recorded in the previous decade. Investor sentiment deteriorated following the revelation in April of illegal public borrowing that led to donor aid freezes. The country also suffered successive downgrades from international rating agencies, affecting its currency and the level of international reserves at the Banco de Moçambique, the central bank.

Restoring imbalances

The priority for local authorities has been restoring macroeconomic stability after the sharp increase in external debt levels, the strong decline in capital inflows and the economic downturn. This has also included rebalancing the local FX market, which saw the metical depreciate more than 32% against the US\$ last year (on top of the near 20% depreciation in 2015) that lifted inflation to multi-year highs. At the same time, the central bank aggressively raised its key interest rate by 1,050 basis points in a 10-month period to 23.25% earlier this year (and from 7.5% in mid-2015) to tackle rising inflationary pressures. The central bank also raised the mandatory reserve requirement for local and foreign currency holdings by unifying both rates at 15.5%.

Resilient operating performance (again)

Despite the more challenging economic backdrop, the combined net profit of the five largest banks in the country (accounting for more than 80% of the sector) continued to record double-digit growth. This was due to a resilient operating performance that more than offset much higher loan loss provisions (resulting from deteriorating asset quality and for precautionary reasons) and taxes. Revenues were mostly supported by a significant improvement in net interest income, as banks benefitted from higher interest rates and robust loan growth. On the other hand, costs were impacted by the depreciation of the metical, as some expenses are indexed to foreign currency.

Asset quality hit by macro conditions and higher interest rates

The combined net assets of these five banks continued to advance nicely in 2016 and nearly trebled since 2010. This has been largely supported by strong lending growth, with loans representing more than half of the total assets of these banks. Both loans and deposits in meticais continued to represent roughly two thirds of their total. It is also worth noting the significant deterioration in asset quality ratios last year, which reflect a more adverse macro environment and the impact of higher interest rates on household affordability ratios. The total NPL ratio of these banks stood at nearly 5% (up from 3% in 2015). Solvency ratios remained well above the legal requirement.

Central bank intervenes

The central bank introduced new capital and liquidity rules after having to intervene in four financial institutions (three of which ceased operating) in less than a year. Local institutions are now also required to disclose more information on a more regular basis to improve transparency in the sector. The central bank governor stated these measures may lead to consolidation in the banking sector, a scenario we concur with as we believe the current 19 banks still operating in the country may prove to be an unsustainable number in the medium-term.

Research

September 2017

Banking

Tiago Bossa Dionísio

(+351) 964 643 530

tiago.dionisio@eaglestone.eu

MOZAMBICAN BANKING SECTOR

The Mozambican banking sector has expanded rapidly in recent years, with 19 banks currently registered at the Banco de Moçambique, the central bank. None of these banks is listed and most of them are units of foreign lenders or controlled by international investors. The financial system is also composed of nine smaller lenders (micro-banks), eight credit cooperatives and nearly 430 microfinance operators, which for a country with a population of about 27 million is quite significant when compared with other countries in the African continent.

There are currently 19 banks registered at the Banco de Moçambique

MOZAMBICAN BANKING SYSTEM		
	Start of Operations	Majority Shareholder
Standard Bank Moçambique	1967	Standard Bank (South Africa)
Millennium bim	1995	Millenniumpcp (Portugal)
BCI - Fomento	1996	CGD Group (Portugal)
Socremo - Banca de Microfinanças	1998	AfriCap Microfinance Investment Company (Mauritius)
Société Générale Moçambique (1)	1999	Société Générale (France)
African Banking Corporation (Moçambique)	1999	BancABC (Botswana)
Ecobank Moçambique (2)	2000	Ecobank Group (Togo)
Opportunity Bank (3)	2005	Opportunity Transformation Investments Inc. (USA)
Barclays Bank Moçambique	2005	Absa Group (South Africa)
FNB Moçambique	2007	First Rand Group (South Africa)
Moza Banco	2008	Moçambique Capitais (Moçambique)
Banco Terra	2008	Rabobank (Netherlands)
United Bank for Africa Moçambique	2010	UBA (Nigeria)
Banco Mais (4)	2010	Geocapital (Portugal / Macau)
Banco Nacional de Investimento	2011	IGEPE (Moçambique)
Banco Único	2011	Nedbank (South Africa)
Banco Letshego	2011	Letshego Holdings (Botswana)
Capital Bank	2013	FMB Group (Malawi)
BIG - Banco de Investimento Global	2016	Banco BIG (Portugal)

(1) Previously denominated Mauritius Commercial Bank (Moçambique); (2) Ecobank bought Banco ProCredit in June 2014;

(3) Previously denominated Banco Oportunidade de Moçambique; (4) Previously denominated Banco Tchuma.

Sources: Annual Reports and Eaglestone Securities.

Mozambican banks have benefitted from a favorable economic environment and rapid credit growth for more than a decade, recording attractive profitability levels during this period. Asset quality ratios have also been at low single-digits and solvency levels have clearly exceeded regulatory requirements. However, the sector has been under severe pressure during 2016-17 as a result of the deceleration in economic activity in the country and also an existing shortage of dollars. Banks have been further impacted since 2016 by the announcement that three state-owned companies held previously undisclosed debts amounting to almost US\$ 2 billion (nearly 20% of GDP), as some of them held part of this debt.

Banks have benefitted from a favorable economic backdrop over the years, but have recently been under severe pressure

The central bank had to intervene in four financial institutions in a ten-month period, with three of them ceasing operations after seeing their banking licenses revoked. These players were O Nosso Banco SA, Microbanco Fides Moçambique SA and Caixa Cooperativa de Crédito SA. Moza Banco, one of the largest banks in the country, also had to be intervened by the central bank after seeing its financial and prudential situation seriously aggravated in 2016. The central bank suspended the existing management and named an interim board of directors. Then after a failed recapitalization plan by its shareholders, the Banco de Moçambique injected MZM 8,170 million into the bank to prevent its collapse and avoid serious repercussions for the country's financial system. At the end of May 2017, Banco de Moçambique announced that it was selling Moza Banco to Kuhanha, an entity that manages the central bank's pension fund.

The central bank had to intervene in four financial institutions in a ten-month period, closing down three of these institutions

After this series of events, the Banco de Moçambique announced that it was introducing new capital and liquidity rules aimed at strengthening the local financial system. First, the central bank lifted the regulatory required solvency ratio to 12% (from 8% previously) and Tier 1 to 10%. And second, the central bank now requires financial institutions to have a daily liquidity ratio (calculated as the ratio of liquid assets over short-term liabilities) of no less than 25%, with this ratio to be reported on a daily basis. The Banco de Moçambique governor stated that these measures might lead to consolidation in the sector or force financial institutions to change their operating models.

Banco de Moçambique introduced new capital and liquidity rules aimed at strengthening the country's financial system

The central bank also announced that financial institutions would now be required to disclose more information on a more regular basis in order to improve transparency in the sector. In particular, banks will have to release their solvency ratios and information about their credit, market and operational risks every semester. They will also be required to provide information about their capital, asset quality, efficiency, profitability and liquidity situation every quarter.

Local banks will now be required to provide more information to the market on a more regular basis

OVERVIEW OF 2016 RESULTS

In this report, we look at the 2016 financial accounts of five of the six largest banks operating in Mozambique and extrapolate these figures in order to try to analyze the main trends for the sector. These banks are Banco Comercial e de Investimento, Millennium bim, Standard Bank, Barclays Bank Mozambique and Banco Único. They represent more 80% of the sector's total assets, loans and deposits. As a result, we believe they provide a fairly accurate picture of the performance of the banking sector. Unfortunately (and unlike in previous reports), we were not able to include Moza Banco in our analysis, as the bank has not disclosed its 2016 numbers.

We analyze the 2016 results of five of the six largest banks operating in Mozambique

SIX MAJOR BANKS - 2016	Million								Branches	Employees
	Assets		Loans		Deposits		Net Profit			
	MZM	US\$	MZM	US\$	MZM	US\$	MZM	US\$		
BCI - Fomento	143,631	2,013	82,898	1,162	103,115	1,445	1,435	20.1	193	2,987
Millennium bim	138,459	1,941	78,283	1,097	97,819	1,371	5,014	70.3	176	2,402
Standard Bank Moçambique	79,696	1,117	29,488	413	61,597	863	2,781	39.0	43	1,187
Barclays Bank Moçambique	27,347	383	14,256	200	20,349	285	575	8.1	51	828
Banco Único	22,741	319	11,404	160	19,206	269	440	6.2	20	513
Moza Banco	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Annual Reports and Eaglestone Securities.

We break our report into two sections. First, we look at the main balance sheet and profit and loss account numbers on a combined basis. We also present the key ratios for both financial statements. Second, we look at each of the five banks individually in more detail and analyze their 2016 results separately. In the annex, we provide several tables and graphs comparing the key figures and indicators for these banks.

We look at the numbers both on a combined and individual basis

BALANCE SHEET

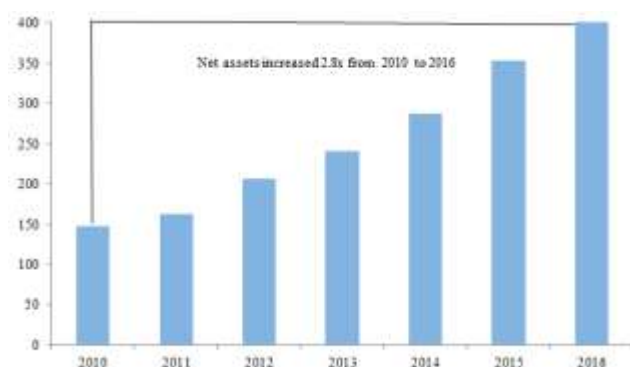
The combined assets of these five banks reached MZM 411,873 million (US\$ 5,773 million) in 2016, a near 17% increase from the previous year. Net assets also advanced 2.8 times during the period 2010-16. This performance has been largely supported by the strong loan growth in recent years, which continued to represent more than half of the total assets of these banks.

Net assets rose 17% YoY in 2016 and stood at 2.8 times the level recorded in 2010

Net loans advanced 18.1% to MZM 216,330 million (US\$ 3,032 million) last year. This was a slight improvement from the 17.8% in 2015 and resulted from a sharp acceleration in foreign currency loans (43.1% vs. 17.3% in 2015). This compares with growth of only 8.5% in loans in meticaís (17.9% in 2015). As a result, the amount of loans denominated in foreign currency rose to 33.8% of the total loan portfolio of these banks last year, up from 27.9% in 2015.

Loan growth advanced slightly to 18.1% from 17.8% in 2015 as a result of a sharp acceleration in foreign currency lending

NET ASSETS (2010-16) – BILLION MZM



Sources: Annual Reports and Eaglestone Securities.

LOANS BY TYPE OF CURRENCY (2010-16)



Sources: Annual Reports and Eaglestone Securities.

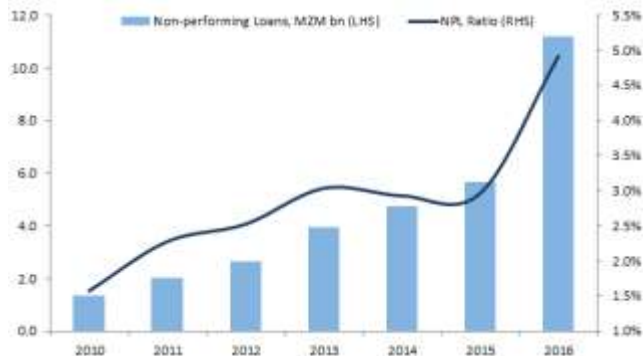
Loans loss provisions in the balance sheet increased markedly (51%) during 2016, representing 4.83% of total gross loans. This compares with 3.81% of gross loans in the previous year. The higher provisioning levels largely reflect the more conservative measures taken by the banking sector in the current macroeconomic environment in the country and the strong loan growth in recent years (CAGR of 16.8% in the period 2010-16).

Provisions in the balance sheet increased markedly mainly as a result of more precautionary measures taken by the sector

It is worth noting the marked deterioration in asset quality ratios last year. This was largely due to the slowdown in economic activity in Mozambique and the impact from higher interest rates on household affordability levels. Non-performing loans nearly doubled after increasing more than 19% in 2015. This lifted the total NPL ratio of the five banks to 4.92% from 2.96% in 2015 while the NPL coverage ratio declined to 98.2% (vs. 128.5% in 2015).

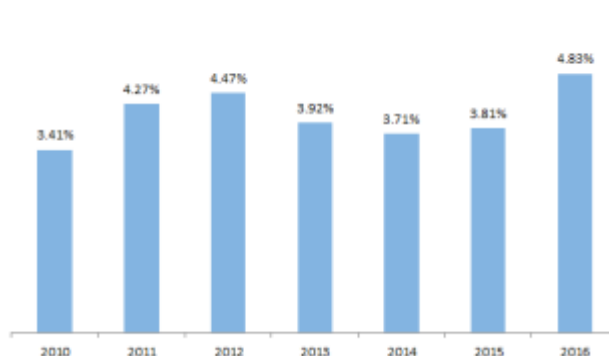
Asset quality ratios deteriorated significantly, reflecting the slowdown in economic activity and the impact of higher interest rates on affordability levels

ASSET QUALITY INDICATORS (2010-16)



Sources: Annual Reports and Eaglestone Securities.

BAL. SHEET PROVISIONS (% OF GROSS LOANS) (2010-16)



Sources: Annual Reports and Eaglestone Securities.

Meanwhile, total deposits of the five banks expanded at a softer rate in 2016 (15.2% vs. 23.1% in the previous year), reaching MZM 302,086 million (US\$ 4,234 million) and remaining the main source of funding of the sector (representing 84.5% of total liabilities). Deposits in meticaís expanded at only 6%, and accounted for 63% of the total deposit base, while deposits denominated in foreign currency continued to rise at a fast pace (35% from 40% in 2015). On the other hand, sight deposits represented 62.5% of total deposits, a figure that has not changed much over the last seven years.

Deposit growth slowed with deposits in meticaís and sight deposits accounting for 63% and 62% of the total, respectively

DEPOSITS BY TYPE OF CURRENCY (2010-16)



Sources: Annual Reports and Eaglestone Securities.

DEPOSITS BY MATURITY (2010-16)

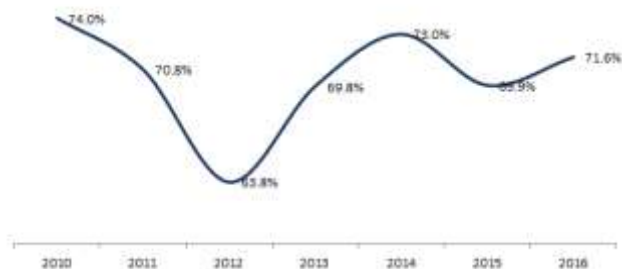


Sources: Annual Reports and Eaglestone Securities.

Overall, this means that the loans-to-deposits ratio increased to 71.6% from 69.9% in 2015. Also, according to our estimates, the combined solvency ratio of the five banks rose to 17.2% from 16.8% in 2015, remaining well ahead of the new regulatory requirement of 12% (it was previously 8%).

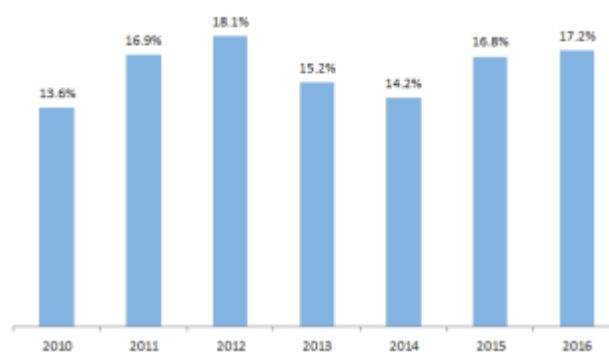
The L/D ratio stood at 71.6% while the solvency ratio stood well ahead of the regulatory requirement

LOANS TO DEPOSITS RATIO (2010-16)



Sources: Annual Reports and Eaglestone Securities.

SOLVENCY RATIO (2010-16)



Sources: Annual Reports and Eaglestone Securities.

FIVE MAJOR BANKS	Million MZM					Million US\$					% Change (MZM)				
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	13/12	14/13	15/14	16/15	
BALANCESHEET															
Net Assets	206,733	240,876	287,779	353,139	411,873	6,961	8,024	8,565	7,694	5,773	16.5%	19.5%	22.7%	16.6%	
Customer Loans (net)	99,448	125,405	155,562	183,184	216,330	3,348	4,177	4,630	3,991	3,032	26.1%	24.0%	17.8%	18.1%	
Local Currency Loans	68,131	86,030	112,396	132,537	143,866	2,294	2,866	3,345	2,888	2,016	26.3%	30.6%	17.9%	8.5%	
Foreign Currency Loans	31,317	39,375	43,166	50,648	72,464	1,054	1,312	1,285	1,103	1,016	25.7%	9.6%	17.3%	43.1%	
Loan Loss Provisions	4,651	5,113	6,001	7,253	10,984	157	170	179	158	154	9.9%	17.4%	20.8%	51.4%	
Non-Performing Loans	2,626	3,962	4,729	5,644	11,181	88	132	141	123	157	50.8%	19.4%	19.4%	98.1%	
Customer Deposits	155,761	179,657	212,999	262,231	302,086	5,244	5,985	6,339	5,713	4,234	15.3%	18.6%	23.1%	15.2%	
Local Currency Deposits	103,776	126,931	154,185	180,151	191,173	3,494	4,228	4,589	3,925	2,679	22.3%	21.5%	16.8%	6.1%	
Foreign Currency Deposits	51,985	52,726	58,814	82,080	110,913	1,750	1,756	1,750	1,788	1,554	1.4%	11.5%	39.6%	35.1%	
Sight Deposits	98,279	112,386	138,299	166,343	188,743	3,309	3,744	4,116	3,624	2,645	14.4%	23.1%	20.3%	13.5%	
Term Deposits	57,482	67,271	74,700	95,888	113,343	1,935	2,241	2,223	2,089	1,589	17.0%	11.0%	28.4%	18.2%	
Equity	28,033	31,018	38,255	46,815	54,240	944	1,033	1,139	1,020	760	10.6%	23.3%	22.4%	15.9%	
MAIN RATIOS															
Loans/Deposits	63.8%	69.8%	73.0%	69.9%	71.6%	63.8%	69.8%	73.0%	69.9%	71.6%	6.0%	3.2%	-3.2%	1.8%	
Loans/Assets	48.1%	52.1%	54.1%	51.9%	52.5%	48.1%	52.1%	54.1%	51.9%	52.5%	4.0%	2.0%	-2.2%	0.7%	
Deposits/Liabilities	87.2%	85.6%	85.4%	85.6%	84.5%	87.2%	85.6%	85.4%	85.6%	84.5%	-1.6%	-0.2%	0.2%	-1.1%	
Loans in Local Currency (% of Total)	68.0%	68.2%	71.9%	72.1%	66.2%	68.0%	68.2%	71.9%	72.1%	66.2%	0.2%	3.7%	0.2%	-5.8%	
Deposits in Local Currency (% of Total)	66.6%	70.7%	72.4%	68.7%	63.3%	66.6%	70.7%	72.4%	68.7%	63.3%	4.0%	1.7%	-3.7%	-5.4%	
Sight Deposits (% of Total)	63.1%	62.6%	64.9%	63.4%	62.5%	63.1%	62.6%	64.9%	63.4%	62.5%	-0.5%	2.4%	-1.5%	-1.0%	
Loans per Branch ('000 MZM/US\$)	267,335	322,378	354,356	390,585	450,687	9,001	10,739	10,546	8,509	6,317	20.6%	9.9%	10.2%	15.4%	
Deposits per Branch ('000 MZM/US\$)	418,714	461,843	485,191	559,128	629,346	14,098	15,385	14,440	12,181	8,821	10.3%	5.1%	15.2%	12.6%	
NPL Ratio	2.52%	3.04%	2.93%	2.96%	4.92%	2.52%	3.04%	2.93%	2.96%	4.92%	0.51%	-0.11%	0.04%	1.95%	
NPL Coverage	177.1%	129.1%	126.9%	128.5%	98.2%	177.1%	129.1%	126.9%	128.5%	98.2%	-48.0%	-2.2%	1.6%	-30.3%	
BS Provisions/Loans (gross)	4.47%	3.92%	3.71%	3.81%	4.83%	4.47%	3.92%	3.71%	3.81%	4.83%	-0.55%	-0.20%	0.09%	1.02%	
Solvency Ratio	18.1%	15.2%	14.2%	16.8%	17.2%	18.1%	15.2%	14.2%	16.8%	17.2%	-2.9%	-1.0%	2.6%	0.4%	

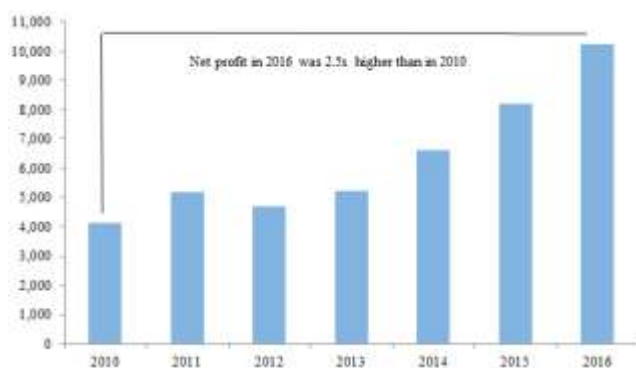
Sources: Annual Reports and Eaglestone Securities.

PROFIT AND LOSS ACCOUNT

The combined profit and loss account of the five banks showed that net profit improved 24.7% YoY to MZM 10,246 million (US\$ 144 million) last year. This followed an already impressive 24.2% yearly increase in 2015. Apart from 2012, net profit has consistently improved in recent years, standing at 2.5 times the level recorded in 2010. The bottom-line improvement in 2016 was attributable to a continued healthy operating performance, which offset the impact from much higher loan loss provisions and taxes in the period. This allowed both ROE and ROA to improve to multi-year highs of 18.9% and 2.49%, respectively.

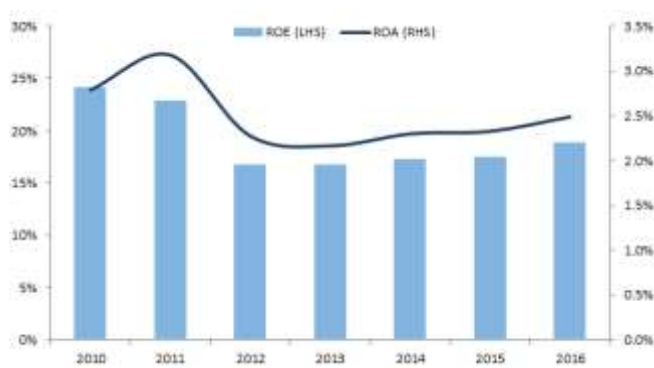
The combined net profit of the five banks advanced 24.7% YoY in 2016 after an already impressive 24.2% yearly improvement in the previous year

NET PROFIT (2010-16) – MILLION MZM



Sources: Annual Reports and Eaglestone Securities.

RETURN ON EQUITY AND RETURN ON ASSETS (2010-16)

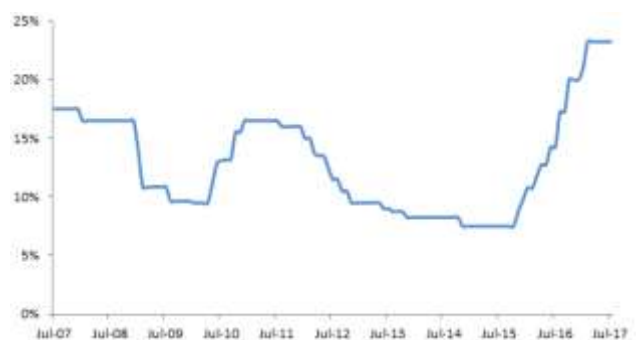


Sources: Annual Reports and Eaglestone Securities.

Total combined revenues for the five banks stood at MZM 39,975 million (US\$ 560 million) in 2016. This is an improvement of more than 29% from the previous year and followed an already impressive 26.6% rise in 2015. We note the significant increase in net interest income (61.6% YoY), which was aided by both robust volume growth and better margins in the period. However, in 2016, net interest income was principally boosted by higher interest rates resulting from the Banco de Moçambique’s highly restrictive monetary policy implemented since the end of 2015. This led the central bank to hike its benchmark rate increase by a total 1,025 bps during the year to 20%. Interest rates were further increased to 23.25% in February of this year, but have been lowered since to the current 22.5%.

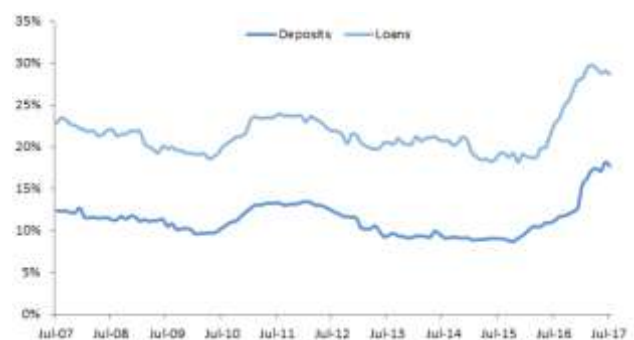
Revenues were boosted by a strong contribution from net interest income, which reflected robust volume growth and higher interest rates

STANDING LENDING FACILITY – CENTRAL BANK



Sources: Central Bank and Eaglestone Securities.

AVERAGE INTEREST RATES (ONE YEAR)



Sources: Central Bank and Eaglestone Securities.

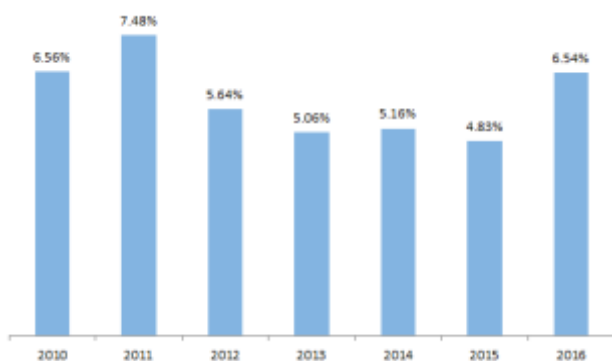
This effect was clearly reflected in some key banking indicators. According to our calculations, net interest margin, which is the ratio of net interest income over average total assets, reached 6.28% in 2016, significantly up from 4.83% in the previous year. Also, the contribution from net interest income to total banking income stood at more than 62%. It means that both of these indicators reached their highest levels since 2011.

Net interest income accounted for more than 62% of the total banking income

Meanwhile, non-interest income such as fees and commissions also saw a healthy performance, advancing at double-digit growth figures. The largest banks operating in the country stated that this was due for the most part to higher business activity in the sector. On the other hand, other banking income declined by more than 11% YoY, as a shortage of dollars in the market led to a lower volume of foreign exchange transactions.

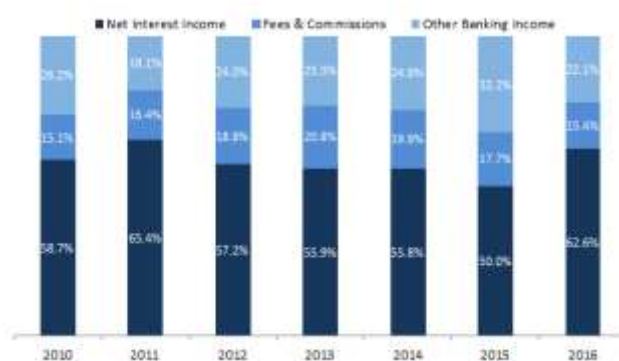
Fees also improved, but other banking income saw a yearly decline due to lower income from foreign exchange transactions

NET INTEREST MARGIN (NII/ATA) (2010-16)



Sources: Annual Reports and Eaglestone Securities.

REVENUE BREAKDOWN (2010-16)

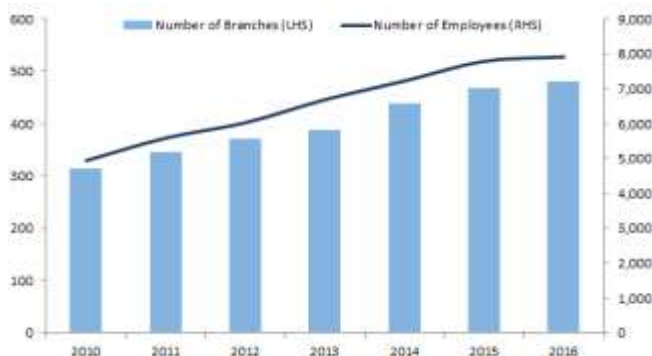


Sources: Annual Reports and Eaglestone Securities.

Total costs for these banks reached MZM 19,732 million (US\$ 277 million) in 2016, growing 20% YoY. This is very much in line with the average inflation rate recorded in the country last year (19.85%). The sector continued to expand its branch network and hire more staff, but this was done at a much slower pace than in recent years. The total number of branches and employees of these five banks increased by 11 to 480 branches (2.3%) and by 127 to 7,917 people (1.6% YoY) in 2016. However, in 2016, the cost performance of the banking sector mainly reflected the depreciation of the metical against other currencies such as the dollar as some of the expenses are indexed to foreign currency.

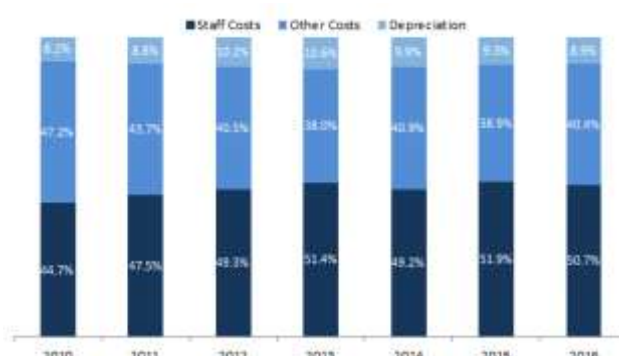
Total costs expanded at close to the inflation rate, with its performance reflecting the effects of the depreciation of the metical against the dollar

NUMBER OF BRANCHES AND EMPLOYEES (2010-16)



Sources: Annual Reports and Eaglestone Securities.

COST BREAKDOWN (2010-16)

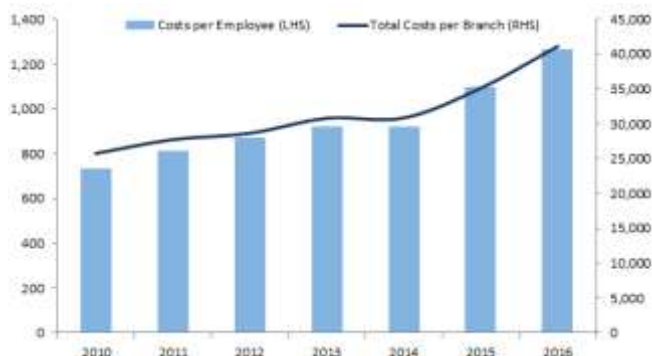


Sources: Annual Reports and Eaglestone Securities.

We highlight that the total costs per employee and total costs per branch rose quite markedly once again last year, namely 15.3% and 17.1%, respectively. Still, despite the higher expenses, the robust revenue performance allowed for a continued improvement in efficiency levels, with the cost-to-income ratio (including depreciation) declining to 49.4% from 53.2% in 2015.

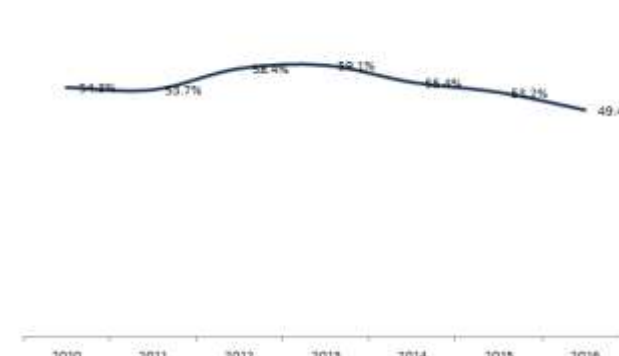
The cost-to-income ratio continued to improve in 2016

COSTS PER EMPLOYEE AND PER BRANCH (2010-16)



Sources: Annual Reports and Eaglestone Securities.

COST-TO-INCOME RATIO (2010-16)



Sources: Annual Reports and Eaglestone Securities.

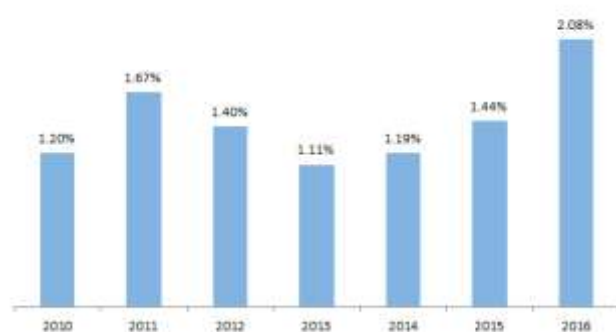
Below the operating income line, net loan loss provisions surged 70% YoY, with cost of risk surpassing 200 bps (from 144 bps in 2015). The increase in impairment levels was the result of the large loan portfolio expansion in recent years, but also due to a more conservative approach from most banks under the current macroeconomic environment in Mozambique. Some players also mentioned that they raised their provisioning levels in some specific clients, as they saw their risk profiles recently deteriorate. In other words, this suggests that the banking sector remains somewhat cautious about potential future risks.

Loan impairments rose significantly as a result of strong volume growth, but also due to a more conservative approach from the sector under the current macro backdrop

Net profit was also impacted by a higher amount of provisions for other assets as well as higher taxes than in the previous year. The total effective tax rate of the five banks increased to 29.6% from 25.5% in 2015.

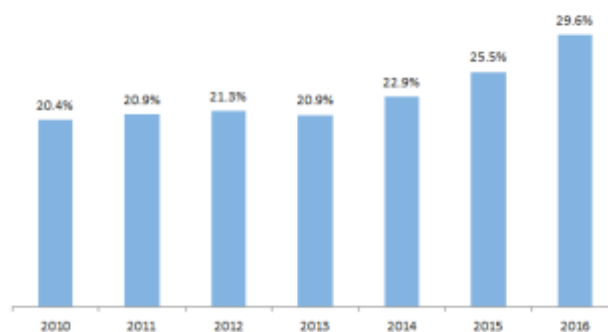
Net profit was also impacted by stronger provisions for other assets and a larger effective tax rate

NET LOAN LOSS PROVISIONS (% OF LOANS) (2010-16)



Sources: Annual Reports and Eaglestone Securities.

TAX RATE (2010-16)



Sources: Annual Reports and Eaglestone Securities.

FIVE MAJOR BANKS	Million MZM					Million US\$					% Change (MZM)			
	2012	2013	2014	2015	2016	2012	2013	2014	2015	2016	13/12	14/13	15/14	16/15
P&L ACCOUNT														
Net Interest Income	10,432	11,330	13,632	15,479	25,009	351	377	406	337	351	8.6%	20.3%	13.5%	61.6%
Fees & Commissions	3,430	4,209	4,796	5,487	6,141	115	140	143	120	86	22.7%	13.9%	14.4%	11.9%
Other Banking Income	4,384	4,733	6,016	9,975	8,825	148	158	179	217	124	7.9%	27.1%	65.8%	-11.5%
Banking Income	18,246	20,271	24,443	30,940	39,975	614	675	727	674	560	11.1%	20.6%	26.6%	29.2%
Staff Costs	5,256	6,157	6,663	8,538	10,004	177	205	198	186	140	17.1%	8.2%	28.2%	17.2%
Other Costs	4,313	4,551	5,531	6,400	7,965	145	152	165	139	112	5.5%	21.5%	15.7%	24.5%
Depreciation	1,083	1,265	1,340	1,525	1,762	36	42	40	33	25	16.8%	5.9%	13.8%	15.6%
Total Costs	10,652	11,973	13,533	16,463	19,732	359	399	403	359	277	12.4%	13.0%	21.6%	19.9%
Operating Income	7,595	8,298	10,910	14,477	20,243	256	276	325	315	284	9.3%	31.5%	32.7%	39.8%
Net Loan Loss Provisions (LLP)	1,390	1,386	1,857	2,645	4,491	47	46	55	58	63	-0.3%	34.0%	42.4%	69.8%
Other	-224	-323	-476	-796	-1,208	-8	-11	-14	-17	-17	44.2%	47.4%	67.3%	51.8%
Pre-Tax Profits	5,981	6,590	8,577	11,037	14,545	201	220	255	240	204	10.2%	30.2%	28.7%	31.8%
Taxes	1,276	1,376	1,963	2,820	4,299	43	46	58	61	60	7.8%	42.7%	43.6%	52.5%
Net Profit	4,705	5,214	6,614	8,217	10,246	158	174	197	179	144	10.8%	26.9%	24.2%	24.7%
MAIN RATIOS														
Net Interest Margin (NII/ATA)	5.64%	5.06%	5.16%	4.83%	6.54%	5.64%	5.06%	5.16%	4.83%	6.54%	-0.58%	0.09%	-0.33%	1.71%
Net Interest Income (% of Revenues)	57.2%	55.9%	55.8%	50.0%	62.6%	57.2%	55.9%	55.8%	50.0%	62.6%	-1.3%	-0.1%	-5.7%	12.5%
Fees (% of Banking Income)	18.8%	20.8%	19.6%	17.7%	15.4%	18.8%	20.8%	19.6%	17.7%	15.4%	2.0%	-1.1%	-1.9%	-2.4%
Staff Costs (% of Total Costs)	49.3%	51.4%	49.2%	51.9%	50.7%	49.3%	51.4%	49.2%	51.9%	50.7%	2.1%	-2.2%	2.6%	-1.2%
Costs per Employee ('000 MZM/US\$)	871.6	920.3	921.8	1,096.0	1,263.7	29.3	30.7	27.4	23.9	17.7	5.6%	0.2%	18.9%	15.3%
Total Costs per Branch ('000 MZM/US\$)	28,633	30,779	30,828	35,102	41,108	964	1,025	917	765	576	7.5%	0.2%	13.9%	17.1%
Cost-to-Income (incl. Depreciation)	58.4%	59.1%	55.4%	53.2%	49.4%	58.4%	59.1%	55.4%	53.2%	49.4%	0.7%	-3.7%	-2.2%	-3.8%
Net LLP (% of Loans)	1.40%	1.11%	1.19%	1.44%	2.08%	1.40%	1.11%	1.19%	1.44%	2.08%	-0.29%	0.09%	0.25%	0.63%
Tax Rate	21.3%	20.9%	22.9%	25.5%	29.6%	21.3%	20.9%	22.9%	25.5%	29.6%	-0.5%	2.0%	2.7%	4.0%
ROE	16.8%	16.8%	17.3%	17.6%	18.9%	16.8%	16.8%	17.3%	17.6%	18.9%	0.0%	0.5%	0.3%	1.3%
ROA	2.28%	2.16%	2.30%	2.33%	2.49%	2.28%	2.16%	2.30%	2.33%	2.49%	-0.11%	0.13%	0.03%	0.16%

Sources: Annual Reports and Eaglestone Securities.

BANCO COMERCIAL E DE INVESTIMENTOS (BCI)

BCI disclosed a net profit of MZM 1,435 million (US\$ 20.1 million) in 2016, a drop of 15.5% YoY. The bottom-line was largely impacted by a large provision of nearly MZM 540 million for a debt instrument held by the bank that defaulted in January 2017 that due to IAS 39 had to be reflected in the P&L. Without this impact, net profit would have improved by close to 7% YoY. That said, the operating performance of the bank saw a nice improvement once again that came on the back of a strong increase in net interest income, as the bank was able to keep a comfortable spread in the period, as well as fees. Net interest income accounted for 61.4% of total revenues (much higher than in recent years). Other banking income was down partly as a result of the fall in FX operations. The increase in costs came from higher inflation and the FX impact on the costs indexed to the USD. All in all, the cost-to-income ratio remained at 61.9%.

Below the operating income line, we highlight the marked increase in net loan loss provisions, reflecting strong volume growth (loans advanced near 20%) and a more conservative approach in the current macro environment. Cost of risk rose to 125 bps (from 105 bps in 2015).

Meanwhile, the loans-to-deposits ratio returned to 80% after falling to near 75% in 2015, as loan growth clearly outpaced the expansion in deposits (12% YoY). BCI held 56% and 68% of its loans and deposits in local currency, respectively. This compares with 65% and 75% in the previous year, respectively. Also worth noting is the deterioration in asset quality ratios, with the NPL ratio standing at 2.78% and NPL coverage at 85%. This is significantly worse than the figures recorded in 2015 (1.00% and 189%, respectively). Finally, BCI reported a solvency ratio of 14.0%, up from 12.7% in 2015.

BCI's net profit decline reflected the impact from a large provision made for a debt instrument held by the bank that defaulted in January 2017

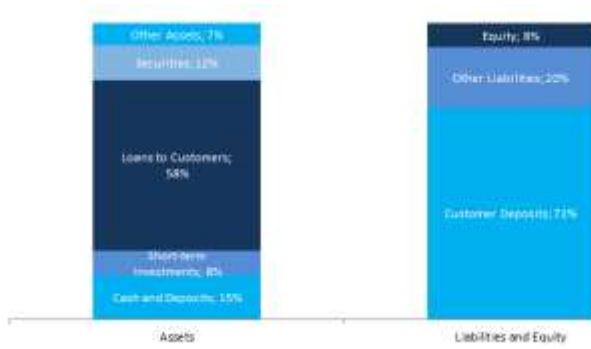
The operating performance of the bank saw a nice improvement following a strong increase in NII

The L/D ratio returned to around 80% after falling to 75% in 2015 while the NPL ratio rose to 2.78% from 1.00%

B. COM. E DE INVESTIM. (BCI)	MZM Million				US\$ Million				% Change (MZM)			
	2013	2014	2015	2016	2013	2014	2015	2016	14/13	15/14	16/15	
BALANCESHEET												
Net Assets	82,796	98,907	125,264	143,631	2,758	2,944	2,729	2,013	19.5%	26.6%	14.7%	
Customer Loans (net)	45,255	58,415	69,382	82,898	1,508	1,739	1,512	1,162	29.1%	18.8%	19.5%	
Local Currency Loans	26,053	37,033	45,066	46,577	868	1,102	982	653	42.1%	21.7%	3.4%	
Loan Loss Provisions	849	1,416	1,334	2,010	28	42	29	28	66.7%	-5.8%	50.7%	
Non-Performing Loans	1,285	1,153	705	2,365	43	34	15	33	-10.2%	-38.9%	235.5%	
Customer Deposits	60,025	73,005	91,900	103,115	1,999	2,173	2,002	1,445	21.6%	25.9%	12.2%	
Local Currency Deposits	46,536	56,270	69,144	69,754	1,550	1,675	1,506	978	20.9%	22.9%	0.9%	
Sight Deposits	35,182	45,081	52,784	60,173	1,172	1,342	1,150	843	28.1%	17.1%	14.0%	
Equity	6,100	7,427	10,300	11,418	203	221	224	160	21.8%	38.7%	10.9%	
P&L ACCOUNT												
Net Interest Income	2,788	3,648	4,067	6,121	92.9	108.6	88.6	85.8	30.8%	11.5%	50.5%	
Fees & Commissions	1,110	1,449	1,737	2,094	37.0	43.1	37.9	29.4	30.6%	19.9%	20.5%	
Other Banking Income	1,374	1,689	2,661	1,748	45.8	50.3	58.0	24.5	22.9%	57.5%	-34.3%	
Banking Income	5,272	6,786	8,465	9,964	175.6	202.0	184.4	139.6	28.7%	24.8%	17.7%	
Staff Costs	1,701	1,984	2,658	3,213	56.7	59.0	57.9	45.0	16.6%	34.0%	20.9%	
Other Costs	1,260	1,798	2,026	2,292	42.0	53.5	44.1	32.1	42.8%	12.7%	13.1%	
Depreciation	458	439	552	665	15.2	13.1	12.0	9.3	-4.0%	25.7%	20.4%	
Total Costs	3,418	4,222	5,237	6,170	113.9	125.6	114.1	86.5	23.5%	24.1%	17.8%	
Operating Income	1,854	2,564	3,228	3,794	61.8	76.3	70.3	53.2	38.3%	25.9%	17.5%	
Net Loan Loss Provisions (LLP)	383	762	729	1,036	12.8	22.7	15.9	14.5	98.8%	-4.3%	42.1%	
Other	-94	-49	-117	-835	-3.1	-1.5	-2.5	-11.7	-47.7%	138.5%	614.3%	
Pre-Tax Profits	1,377	1,753	2,382	1,922	45.9	52.2	51.9	26.9	27.3%	35.9%	-19.3%	
Taxes	167	443	684	487	5.6	13.2	14.9	6.8	164.4%	54.5%	-28.8%	
Net Profit	1,210	1,310	1,698	1,435	40.3	39.0	37.0	20.1	8.3%	29.6%	-15.5%	
RATIOS												
Net Interest Margin (NII/ATA)	3.69%	4.02%	3.63%	4.55%	3.69%	4.02%	3.63%	4.55%	0.32%	-0.39%	0.92%	
Net Interest Income (% of Banking Revenue)	52.9%	53.8%	48.0%	61.4%	52.9%	53.8%	48.0%	61.4%	0.9%	-5.7%	13.4%	
Fees (% of Banking Income)	21.0%	21.3%	20.5%	21.0%	21.0%	21.3%	20.5%	21.0%	0.3%	-0.8%	0.5%	
Staff Costs (% of Total Costs)	49.8%	47.0%	50.8%	52.1%	49.8%	47.0%	50.8%	52.1%	-2.8%	3.8%	1.3%	
Costs per Employee ('000)	802	808	883	1,076	26.7	24.0	19.2	15.1	0.7%	9.4%	21.8%	
Cost-to-Income (incl. Depreciation)	64.8%	62.2%	61.9%	61.9%	64.8%	62.2%	61.9%	61.9%	-2.6%	-0.3%	0.1%	
Net LLP (% of Loans)	0.85%	1.30%	1.05%	1.25%	0.85%	1.30%	1.05%	1.25%	0.46%	-0.25%	0.20%	
Tax Rate	12.2%	25.2%	28.7%	25.3%	12.2%	25.2%	28.7%	25.3%	13.1%	3.5%	-3.4%	
ROE	19.8%	17.6%	16.5%	12.6%	19.8%	17.6%	16.5%	12.6%	-2.2%	-1.2%	-3.9%	
ROA	1.46%	1.32%	1.36%	1.00%	1.46%	1.32%	1.36%	1.00%	-0.14%	0.03%	-0.36%	
Loans/Deposits	75.4%	80.0%	75.5%	80.4%	75.4%	80.0%	75.5%	80.4%	4.6%	-4.5%	4.9%	
Loans/Assets	54.7%	59.1%	55.4%	57.7%	54.7%	59.1%	55.4%	57.7%	4.4%	-3.7%	2.3%	
Deposits/Liabilities	78.3%	79.8%	79.9%	78.0%	78.3%	79.8%	79.9%	78.0%	1.5%	0.1%	-1.9%	
Loans in Local Currency (% of Total)	57.6%	63.4%	65.0%	56.2%	57.6%	63.4%	65.0%	56.2%	5.8%	1.6%	-8.8%	
Deposits in Local Currency (% of Total)	77.5%	77.1%	75.2%	67.6%	77.5%	77.1%	75.2%	67.6%	-0.5%	-1.8%	-7.6%	
Loans per Branch ('000)	340,266	347,709	363,257	429,523	11,335	10,348	7,914	6,020	2.2%	4.5%	18.2%	
Deposits per Branch ('000)	451,314	434,556	481,154	534,275	15,034	12,933	10,483	7,488	-3.7%	10.7%	11.0%	
Solvency Ratio	11.9%	8.6%	12.7%	14.0%	11.9%	8.6%	12.7%	14.0%	-3.3%	4.1%	1.3%	
NPL Ratio	2.79%	1.93%	1.00%	2.78%	2.79%	1.93%	1.00%	2.78%	-0.86%	-0.93%	-1.79%	
NPL Coverage	66.1%	122.7%	189.3%	85.0%	66.1%	122.7%	189.3%	85.0%	56.6%	66.6%	-104.3%	
BS Provisions/Loans (gross)	1.84%	2.37%	1.89%	2.37%	1.84%	2.37%	1.89%	2.37%	0.52%	-0.48%	0.48%	

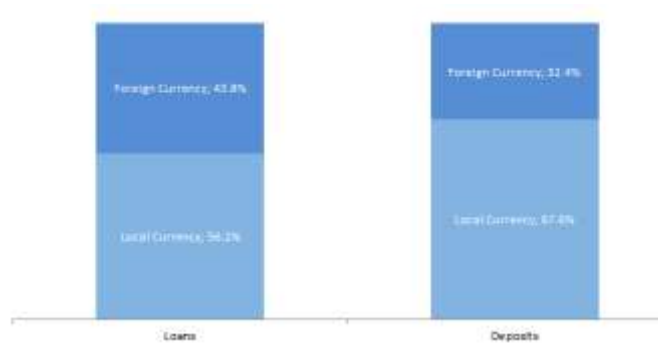
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2016



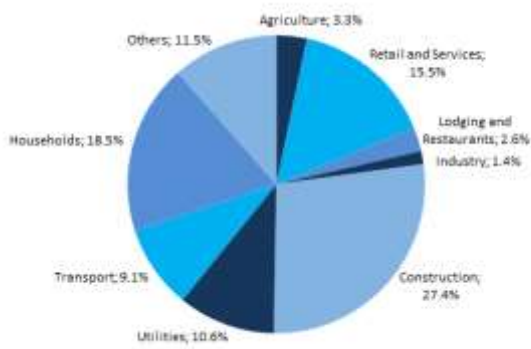
Sources: Annual Reports and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2016



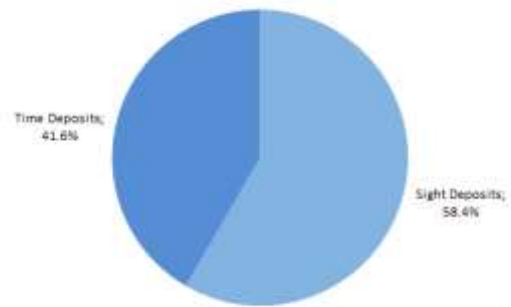
Sources: Annual Reports and Eaglestone Securities.

LOAN BREAKDOWN - 2016



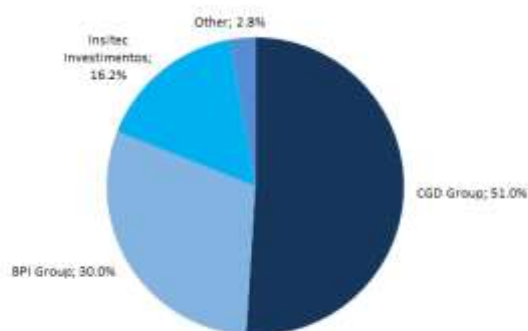
Sources: Annual Reports and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2016



Sources: Annual Reports and Eaglestone Securities.

MILLENNIUM BIM (BIM)

Millennium bim (BIM) reported a net profit of MZM 5,014 million (US\$ 70.3 million) in 2016, up 34% YoY. This represents a ROE and a ROA of 21.3% and 3.62%, respectively. The bank saw a healthy operating performance that came mostly on the back of strong revenue growth that clearly outperformed the increase in costs. Specifically, net interest income rose 58% YoY and accounted for 66.8% of total revenues (significantly higher than in previous years). This was boosted by a positive volume effect and also the impact from higher interest rates (mainly in Q4), as the central bank implemented a highly restrictive monetary policy that saw its key interest rate increase by 1,050 bps in 2016 alone. The 6% decline in other banking income largely reflected the shortage of USD that led to a lower volume of FX transactions.

BIM recorded a 34% YoY improvement in net profit after a strong operating performance in 2016

The increase in costs was influenced by the FX impact on the costs denominated in foreign currency as well as inflationary pressures particularly at end-2016. BIM had 176 branches after opening seven new branches last year while the number of employees rose by 51 to 2,402. The cost-to-income ratio (incl. depreciation) saw a nice improvement from 42.1% in 2015 to 38.3% last year, the lowest among the largest banks. Below the operating income line, net loan loss provisions rose 50% YoY, with cost of risk standing at 210 bps (vs. 165 bps in 2015). BIM said this was related to the growth in the loan portfolio, a conservative approach considering the country's macro environment and higher impairments in some corporate clients.

Net interest income benefited from strong volume growth and the significant increase in interest rates while costs were impacted by a FX impact on the costs in foreign currency

Loans and deposits in the local currency continued to account for 70-75% of the total. It is also worth noting that the amount of NPLs has increased much more moderately after more than doubling in 2015. This means that the NPL ratio declined slightly to 4.04% while the coverage ratio stood at 180% (from 4.31% and 137%, respectively, in 2015). Finally, the solvency ratio declined from 19.8% to 18.8% in 2016, remaining well above the required level of 8%.

Asset quality ratios improved while the solvency ratio remained well above the regulatory required levels

MILLENNIUM BIM (BIM) Year	MZM Million				US\$ Million				% Change (MZM)		
	2013	2014	2015	2016	2013	2014	2015	2016	14/13	15/14	16/15
BALANCE SHEET											
Net Assets	87,886	104,217	120,428	138,459	2,928	3,102	2,624	1,941	18.6%	15.6%	15.0%
Customer Loans (net)	47,921	56,795	66,331	78,283	1,596	1,690	1,445	1,097	18.5%	16.8%	18.0%
Local Currency Loans	36,445	44,849	52,081	58,615	1,214	1,335	1,135	822	23.1%	16.1%	12.5%
Loan Loss Provisions	2,969	3,137	4,177	6,147	99	93	91	86	5.6%	33.2%	47.1%
Non-Performing Loans	940	1,477	3,039	3,413	31	44	66	48	57.1%	105.7%	12.3%
Customer Deposits	64,574	77,144	89,205	97,819	2,151	2,296	1,943	1,371	19.5%	15.6%	9.7%
Local Currency Deposits	49,801	60,992	66,913	69,080	1,659	1,815	1,458	968	22.5%	9.7%	3.2%
Equity	15,512	18,026	20,471	23,506	517	536	446	329	16.2%	13.6%	14.8%
P&L ACCOUNT											
Net Interest Income	5,060	5,848	6,159	9,713	168.6	174.0	134.2	136.1	15.6%	5.3%	57.7%
Fees & Commissions	1,725	1,882	1,973	2,129	57.5	56.0	43.0	29.8	9.1%	4.8%	7.9%
Other Banking Income	1,804	1,861	2,889	2,705	60.1	55.4	62.9	37.9	3.1%	55.2%	-6.4%
Banking Income	8,589	9,591	11,021	14,547	286.1	285.4	240.1	203.9	11.7%	14.9%	32.0%
Staff Costs	1,781	1,935	2,096	2,496	59.3	57.6	45.7	35.0	8.7%	8.3%	19.1%
Other Costs	1,587	1,728	2,043	2,548	52.9	51.4	44.5	35.7	8.9%	18.2%	24.7%
Depreciation	374	450	501	533	12.5	13.4	10.9	7.5	20.2%	11.5%	6.3%
Total Costs	3,741	4,112	4,640	5,576	124.6	122.4	101.1	78.2	9.9%	12.8%	20.2%
Operating Income	4,848	5,479	6,381	8,971	161.5	163.1	139.0	125.7	13.0%	16.5%	40.6%
Net Loan Loss Provisions (LLP)	446	501	1,093	1,644	14.9	14.9	23.8	23.0	12.2%	118.3%	50.5%
Other	-209	-407	-654	-349	-7.0	-12.1	-14.3	-4.9	94.6%	60.9%	-46.7%
Pre-Tax Profits	4,193	4,571	4,634	6,978	139.7	136.1	100.9	97.8	9.0%	1.4%	50.6%
Taxes	731	848	896	1,963	24.4	25.2	19.5	27.5	16.0%	5.7%	119.0%
Net Profit	3,462	3,724	3,737	5,014	115.3	110.8	81.4	70.3	7.6%	0.4%	34.2%
RATIOS											
Net Interest Margin (NII/ATA)	6.28%	6.09%	5.48%	7.50%	6.28%	6.09%	5.48%	7.50%	-0.20%	-0.60%	2.02%
Net Interest Income (% of Banking Revenue)	58.9%	61.0%	55.9%	66.8%	58.9%	61.0%	55.9%	66.8%	2.1%	-5.1%	10.9%
Fees (% of Banking Income)	20.1%	19.6%	17.9%	14.6%	20.1%	19.6%	17.9%	14.6%	-0.5%	-1.7%	-3.3%
Staff Costs (% of Total Costs)	47.6%	47.1%	45.2%	44.8%	47.6%	47.1%	45.2%	44.8%	-0.5%	-1.9%	-0.4%
Costs per Employee ('000)	765	817	892	1,039	25.5	24.3	19.4	14.6	6.9%	9.1%	16.5%
Cost-to-Income (incl. Depreciation)	43.6%	42.9%	42.1%	38.3%	43.6%	42.9%	42.1%	38.3%	-0.7%	-0.8%	-3.8%
Net LLP (% of Loans)	0.93%	0.88%	1.65%	2.10%	0.93%	0.88%	1.65%	2.10%	-0.05%	0.77%	0.45%
Tax Rate	17.4%	18.5%	19.3%	28.1%	17.4%	18.5%	19.3%	28.1%	1.1%	0.8%	8.8%
ROE	22.3%	20.7%	18.3%	21.3%	22.3%	20.7%	18.3%	21.3%	-1.7%	-2.4%	3.1%
ROA	3.94%	3.57%	3.10%	3.62%	3.94%	3.57%	3.10%	3.62%	-0.37%	-0.47%	0.52%
Loans/Deposits	74.2%	73.6%	74.4%	80.0%	74.2%	73.6%	74.4%	80.0%	-0.6%	0.7%	5.7%
Loans/Assets	54.5%	54.5%	55.1%	56.5%	54.5%	54.5%	55.1%	56.5%	0.0%	0.6%	1.5%
Deposits/Liabilities	89.2%	89.5%	89.2%	85.1%	89.2%	89.5%	89.2%	85.1%	0.3%	-0.3%	-4.1%
Loans in Local Currency (% of Total)	76.1%	79.0%	78.5%	74.9%	76.1%	79.0%	78.5%	74.9%	2.9%	-0.4%	-3.6%
Deposits in Local Currency (% of Total)	77.1%	79.1%	75.0%	70.6%	77.1%	79.1%	75.0%	70.6%	1.9%	-4.1%	-4.4%
Loans per Branch ('000)	305,227	342,137	392,491	444,790	10,167	10,183	8,551	6,234	12.1%	14.7%	13.3%
Deposits per Branch ('000)	411,298	464,721	527,838	555,789	13,701	13,831	11,500	7,790	13.0%	13.6%	5.3%
Solvency Ratio	21.4%	19.0%	19.8%	18.8%	21.4%	19.0%	19.8%	18.8%	-2.4%	0.8%	-1.0%
NPL Ratio	1.85%	2.47%	4.31%	4.04%	1.85%	2.47%	4.31%	4.04%	0.62%	1.85%	-0.27%
NPL Coverage	315.7%	212.3%	137.5%	180.1%	315.7%	212.3%	137.5%	180.1%	-103.4%	-74.9%	42.6%
BS Provisions/Loans (gross)	5.83%	5.23%	5.92%	7.28%	5.83%	5.23%	5.92%	7.28%	-0.60%	0.69%	1.36%

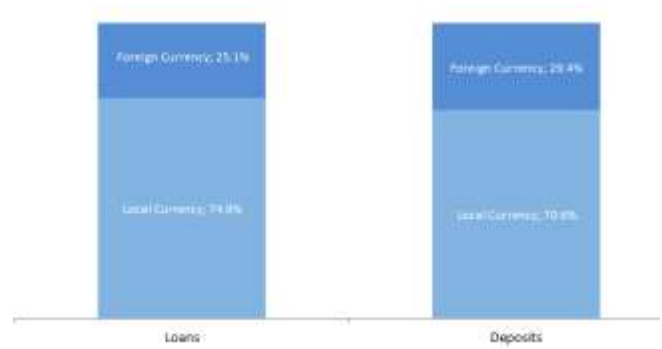
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2016



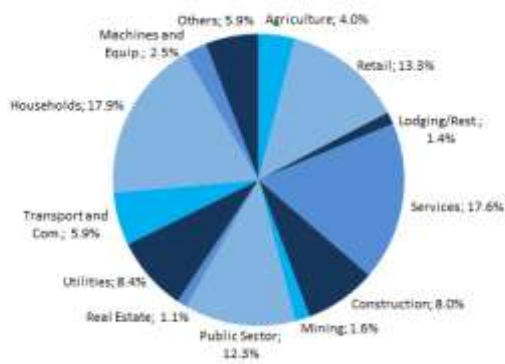
Sources: Annual Reports and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2016



Sources: Annual Reports and Eaglestone Securities.

LOAN BREAKDOWN - 2016



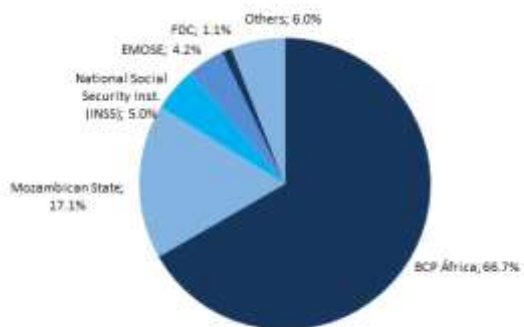
Sources: Annual Reports and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2016



Sources: Annual Reports and Eaglestone Securities.

STANDARD BANK MOZAMBIQUE

Standard Bank Mozambique reported a net profit of MZM 2,781 million (US\$ 39 million) last year, an 18% improvement from 2015. This reflected a robust operating performance that more than offset a surge in loan impairments (they more than trebled from the previous year). On the revenue side, we highlight the significant increase in net interest income, which benefitted from much higher interest rates in 2016 and nearly double-digit loan growth. This despite the higher financing costs related to liquidity constraints that occurred during most of 2016. Net interest income accounted for more than 54% of total banking income, much more than in recent years.

Moreover, fee income expanded at more than double-digits, but represented only 12.5% of total receipts (a multi-year low). The slowdown in economic activity last year had a negative impact on other banking income, as lower demand for foreign currency impacted receipts from FX operations. Total costs advanced at a rate slightly higher than inflation, but this was insufficient to prevent an improvement in the cost-to-income ratio. This ratio stood at 44.4% from 46.8% in 2015.

The aforementioned evolution in loan impairments reflects the impact of a large downgrade in the rating of some clients made by the bank. This led to a significant increase in general loan provisions while specific provisions remained in line with expectations. Overall, cost of risk stood at more than 380 bps, up from 121 bps in 2015. The NPL ratio reached 7.93% in 2016, while coverage stood at 62%. This compares with 1.57% and 130%, respectively, in 2015. The bank said the surge in NPLs was due to a restructured facility of nearly MZM 2 billion that is fully provisioned, but was kept as NPL for six months due to international accounting norms. Finally, the bank's solvency ratio improved to from 15.3% in 2015 17.0% last year.

Net profit improved 18% YoY after a robust operating performance more than offset a surge in loan impairments

The deceleration in economic activity had a negative impact on other banking income, but this did not prevent the cost-to-income ratio from improving

Loan impairments reflected the impact of a significant downgrade in the rating of some clients

STANDARD BANK MOÇAMBIQUE	MZM Million				US\$ Million				% Change (MZM)			
	2013	2014	2015	2016	2013	2014	2015	2016	14/13	15/14	16/15	
BALANCESHEET												
Net Assets	44,063	49,319	66,948	79,696	1,468	1,468	1,459	1,117	11.9%	35.7%	19.0%	
Customer Loans (net)	18,921	22,911	26,873	29,488	630	682	585	413	21.1%	17.3%	9.7%	
Local Currency Loans	11,992	15,268	17,433	18,294	399	454	380	256	27.3%	14.2%	4.9%	
Loan Loss Provisions	434	421	562	1,525	14	13	12	21	-3.0%	33.6%	171.2%	
Non-Performing Loans	506	474	432	2,460	17	14	9	34	-6.3%	-8.9%	469.9%	
Customer Deposits	35,717	38,424	49,871	61,597	1,190	1,144	1,087	863	7.6%	29.8%	23.5%	
Local Currency Deposits	16,999	19,139	22,466	27,919	566	570	489	391	12.6%	17.4%	24.3%	
Sight Deposits	32,236	34,999	46,061	54,692	1,074	1,042	1,004	767	8.6%	31.6%	18.7%	
Equity	6,780	7,959	10,266	12,578	226	237	224	176	17.4%	29.0%	22.5%	
P&L ACCOUNT												
Net Interest Income	2,365	2,572	2,881	5,275	78.8	76.5	62.8	73.9	8.8%	12.0%	83.1%	
Fees & Commissions	826	883	1,070	1,216	27.5	26.3	23.3	17.0	6.9%	21.1%	13.7%	
Other Banking Income	1,394	1,893	3,348	3,223	46.4	56.3	73.0	45.2	35.8%	76.9%	-3.8%	
Banking Income	4,584	5,348	7,299	9,714	152.7	159.2	159.0	136.1	16.7%	36.5%	33.1%	
Staff Costs	1,455	1,610	1,997	2,453	48.5	47.9	43.5	34.4	10.7%	24.0%	22.9%	
Other Costs	925	1,179	1,229	1,578	30.8	35.1	26.8	22.1	27.4%	4.3%	28.3%	
Depreciation	113	130	188	279	3.8	3.9	4.1	3.9	15.0%	44.2%	48.5%	
Total Costs	2,493	2,919	3,413	4,309	83.0	86.9	74.4	60.4	17.1%	16.9%	26.2%	
Operating Income	2,091	2,429	3,885	5,405	69.7	72.3	84.6	75.8	16.1%	60.0%	39.1%	
Net Loan Loss Provisions (LLP)	326	193	325	1,122	10.9	5.7	7.1	15.7	-40.9%	68.4%	245.4%	
Pre-Tax Profits	1,765	2,236	3,560	4,283	58.8	66.5	77.6	60.0	26.7%	59.2%	20.3%	
Taxes	518	658	1,203	1,502	17.3	19.6	26.2	21.0	27.0%	82.7%	24.9%	
Net Profit	1,246	1,578	2,358	2,781	41.5	47.0	51.4	39.0	26.6%	49.4%	18.0%	
RATIOS												
Net Interest Margin (NII/ATA)	5.47%	5.51%	4.96%	7.19%	5.47%	5.51%	4.96%	7.19%	0.04%	-0.55%	2.24%	
Net Interest Income (% of Banking Revenue)	51.6%	48.1%	39.5%	54.3%	51.6%	48.1%	39.5%	54.3%	-3.5%	-8.6%	14.8%	
Fees (% of Banking Income)	18.0%	16.5%	14.7%	12.5%	18.0%	16.5%	14.7%	12.5%	-1.5%	-1.9%	-2.1%	
Staff Costs (% of Total Costs)	58.4%	55.2%	58.5%	56.9%	58.4%	55.2%	58.5%	56.9%	-3.2%	3.3%	-1.6%	
Costs per Employee ('000)	1,398	1,490	1,732	2,067	46.6	44.3	37.7	29.0	6.6%	16.3%	19.3%	
Cost-to-Income (incl. Depreciation)	54.4%	54.6%	46.8%	44.4%	54.4%	54.6%	46.8%	44.4%	0.2%	-7.8%	-2.4%	
Net LLP (% of Loans)	1.72%	0.84%	1.21%	3.81%	1.72%	0.84%	1.21%	3.81%	-0.88%	0.37%	2.60%	
Tax Rate	29.4%	29.4%	33.8%	35.1%	29.4%	29.4%	33.8%	35.1%	0.1%	4.3%	1.3%	
ROE	18.4%	19.8%	23.0%	22.1%	18.4%	19.8%	23.0%	22.1%	1.4%	3.1%	-0.9%	
ROA	2.83%	3.20%	3.52%	3.49%	2.83%	3.20%	3.52%	3.49%	0.37%	0.32%	-0.03%	
Loans/Deposits	53.0%	59.6%	53.9%	47.9%	53.0%	59.6%	53.9%	47.9%	6.7%	-5.7%	-6.0%	
Loans/Assets	42.9%	46.5%	40.1%	37.0%	42.9%	46.5%	40.1%	37.0%	3.5%	-6.3%	-3.1%	
Deposits/Liabilities	95.8%	92.9%	88.0%	91.8%	95.8%	92.9%	88.0%	91.8%	-2.9%	-4.9%	3.8%	
Loans in Local Currency (% of Total)	63.4%	66.6%	64.9%	62.0%	63.4%	66.6%	64.9%	62.0%	3.3%	-1.8%	-2.8%	
Deposits in Local Currency (% of Total)	47.6%	49.8%	45.0%	45.3%	47.6%	49.8%	45.0%	45.3%	2.2%	-4.8%	0.3%	
Loans per Branch ('000)	511,382	558,809	624,959	685,773	17,035	16,631	13,616	9,611	9.3%	11.8%	9.7%	
Deposits per Branch ('000)	965,314	937,161	1,159,796	1,432,491	32,156	27,892	25,268	20,077	-2.9%	23.8%	23.5%	
Solvency Ratio	13.3%	9.7%	15.3%	17.0%	13.3%	9.7%	15.3%	17.0%	-3.5%	5.6%	1.6%	
NPL Ratio	2.61%	2.03%	1.57%	7.93%	2.61%	2.03%	1.57%	7.93%	-0.58%	-0.46%	6.36%	
NPL Coverage	85.8%	88.8%	130.2%	62.0%	85.8%	88.8%	130.2%	62.0%	3.0%	41.4%	-68.2%	
BS Provisions/Loans (gross)	2.24%	1.80%	2.05%	4.92%	2.24%	1.80%	2.05%	4.92%	-0.44%	0.25%	2.87%	

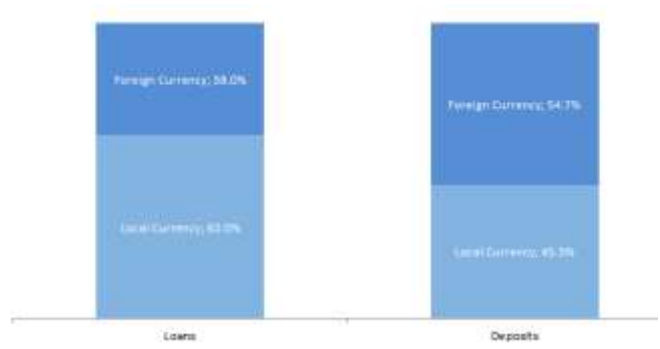
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2016



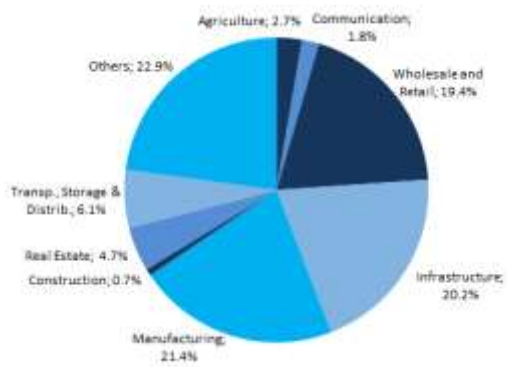
Sources: Annual Reports and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2016



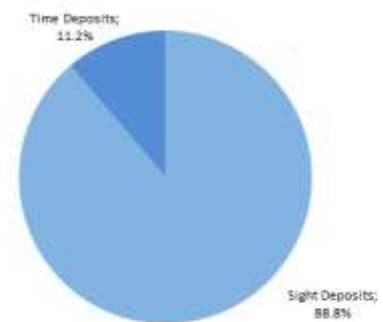
Sources: Annual Reports and Eaglestone Securities.

LOAN BREAKDOWN - 2016



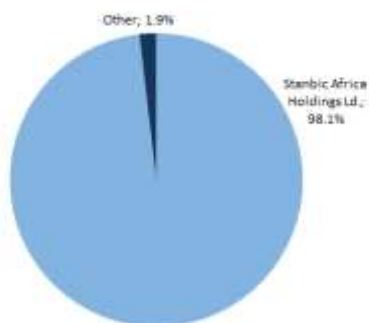
Sources: Annual Reports and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2016



Sources: Annual Reports and Eaglestone Securities.

BARCLAYS BANK MOZAMBIQUE

Barclays Bank Mozambique disclosed a net profit of MZM 575 million (US\$ 8.1 million) last year, an 86.9% YoY increase. The bank's results reflect a significant improvement in operating performance, as revenue growth clearly outperformed the cost increase. Net interest income was boosted by robust loan growth (24.9% YoY) and a significant increase in interest rates in 2016. This more than offset the impact from the decline in fees and other banking income. The lower fee income was due to the fall in the number of transactions done in a weaker economic environment in the country and higher fee costs for the bank that resulted from the depreciation of the metical against the dollar. The fall in other banking income came from much lower FX transactions in the period.

Total costs rose much more moderately and well below inflation, in part reflecting the absence of non-recurrent items related to restructuring charges made in 2015. However, administrative costs were up markedly as a result of the impact of the depreciation of the metical on the costs denominated in dollars. Nevertheless, the cost-to-income ratio improved to 67% last year from 82.3% in 2015.

Meanwhile, below the operating income line, loan loss provisions more than doubled last year, with cost of risk reaching 347bps (vs. 162bps in 2015). This large increase essentially occurred in impairments for the loan book of retail clients, as the significant rise in interest rates in 2016 had a profound impact on households' debt-service rate. The deterioration in macro conditions also led to a large increase in NPLs, which more than doubled from 2015, and lifted the NPL ratio to 17.82% from 9.44% in the previous year. This is well above the level of its main peers. Finally, the solvency ratio stood at a comfortable 22.48%.

The bank's results reflect a significant improvement in operating performance, with revenue growth clearly outpacing the increase in costs

Costs advanced below the inflation rate, in part due to the absence of non-recurrent items related to restructuring charges made in 2015

The large increase in interest rates and the deterioration in macro conditions in the country had a significant impact on asset quality ratios and loan impairments

BARCLAYS BANK MOZAMBIQUE	MZM Million				US\$ Million				% Change (MZM)		
	2013	2014	2015	2016	2013	2014	2015	2016	14/13	15/14	16/15
BALANCESHEET											
Net Assets	17,172	22,751	23,501	27,347	572	677	512	383	32.5%	3.3%	16.4%
Customer Loans (net)	7,909	9,878	11,413	14,256	263	294	249	200	24.9%	15.5%	24.9%
Local Currency Loans	7,029	8,679	9,839	11,254	234	258	214	158	23.5%	13.4%	14.4%
Loan Loss Provisions	731	783	744	852	24	23	16	12	7.1%	-5.0%	14.5%
Non-Performing Loans	1,154	1,485	1,148	2,692	38	44	25	38	28.7%	-22.7%	134.4%
Customer Deposits	11,974	14,041	16,953	20,349	399	418	369	285	17.3%	20.7%	20.0%
Local Currency Deposits	8,112	9,975	11,923	12,772	270	297	260	179	23.0%	19.5%	7.1%
Sight Deposits	4,726	6,612	8,582	9,363	157	197	187	131	39.9%	29.8%	9.1%
Equity	1,691	3,638	3,793	4,305	56	108	83	60	115.1%	4.2%	13.5%
P&L ACCOUNT											
Net Interest Income	735	953	1,522	2,654	24.5	28.4	33.2	37.2	29.7%	59.7%	74.3%
Fees & Commissions	441	393	488	395	14.7	11.7	10.6	5.5	-10.8%	24.3%	-19.1%
Other Banking Income	19	377	764	690	0.6	11.2	16.7	9.7	1885.0%	102.8%	-9.8%
Banking Income	1,194	1,723	2,775	3,738	39.8	51.3	60.5	52.4	44.3%	61.1%	34.7%
Staff Costs	857	691	1,229	1,134	28.5	20.6	26.8	15.9	-19.3%	77.8%	-7.7%
Other Costs	594	619	844	1,169	19.8	18.4	18.4	16.4	4.2%	36.4%	38.5%
Depreciation	185	192	209	200	6.2	5.7	4.6	2.8	3.9%	8.9%	-4.3%
Total Costs	1,635	1,502	2,282	2,504	54.5	44.7	49.7	35.1	-8.1%	151.9%	9.7%
Operating Income	-441	220	492	1,235	-14.7	6.6	10.7	17.3	n.m.	123.4%	150.7%
Net Loan Loss Provisions (LLP)	162	237	185	495	5.4	7.1	4.0	6.9	46.4%	-22.1%	167.7%
Pre-Tax Profits	-603	-17	308	740	-20.1	-0.5	6.7	10.4	-97.2%	n.m.	140.5%
Taxes	0	0	0	165	0.0	0.0	0.0	2.3	n.m.	n.m.	n.m.
Net Profit	-603	-17	308	575	-20.1	-0.5	6.7	8.1	-97.2%	n.m.	86.9%
RATIOS											
Net Interest Margin (NII/ATA)	4.41%	4.77%	6.58%	10.44%	4.41%	4.77%	6.58%	10.44%	0.37%	1.81%	3.86%
Net Interest Income (% of Banking Revenue)	61.5%	55.3%	54.9%	71.0%	61.5%	55.3%	54.9%	71.0%	-6.2%	-0.5%	16.1%
Fees (% of Banking Income)	36.9%	22.8%	17.6%	10.6%	36.9%	22.8%	17.6%	10.6%	-14.1%	-5.2%	-7.0%
Staff Costs (% of Total Costs)	52.4%	46.0%	53.8%	45.3%	52.4%	46.0%	53.8%	45.3%	-6.4%	7.8%	-8.5%
Costs per Employee ('000)	990	740	1,475	1,370	33.0	22.0	32.1	19.2	-25.3%	99.4%	-7.1%
Cost-to-Income (incl. Depreciation)	136.9%	87.2%	82.3%	67.0%	136.9%	87.2%	82.3%	67.0%	-49.7%	-5.0%	-15.3%
Net LLP (% of Loans)	2.05%	2.40%	1.62%	3.47%	2.05%	2.40%	1.62%	3.47%	0.35%	-0.78%	1.85%
Tax Rate	0.0%	0.0%	0.0%	22.3%	0.0%	0.0%	0.0%	22.3%	0.0%	0.0%	22.3%
ROE	-35.7%	-0.5%	8.1%	13.4%	-35.7%	-0.5%	8.1%	13.4%	35.2%	8.6%	5.2%
ROA	-3.51%	-0.07%	1.31%	2.10%	-3.51%	-0.07%	1.31%	2.10%	3.44%	1.38%	0.79%
Loans/Deposits	66.1%	70.3%	67.3%	70.1%	66.1%	70.3%	67.3%	70.1%	4.3%	-3.0%	2.7%
Loans/Assets	46.1%	43.4%	48.6%	52.1%	46.1%	43.4%	48.6%	52.1%	-2.6%	5.1%	3.6%
Deposits/Liabilities	77.3%	73.5%	86.0%	88.3%	77.3%	73.5%	86.0%	88.3%	-3.9%	12.6%	2.3%
Loans in Local Currency (% of Total)	88.9%	87.9%	86.2%	78.9%	81.4%	81.4%	80.9%	74.5%	-1.0%	-1.7%	-7.3%
Deposits in Local Currency (% of Total)	67.8%	71.0%	70.3%	62.8%	67.8%	71.0%	70.3%	62.8%	3.3%	-0.7%	-7.6%
Loans per Branch ('000)	171,944	210,167	223,784	279,525	5,728	6,255	4,875	3,918	22.2%	6.5%	24.9%
Deposits per Branch ('000)	260,303	298,754	332,412	399,006	8,671	8,892	7,242	5,592	14.8%	11.3%	20.0%
Solvency Ratio	8.2%	27.3%	24.7%	22.5%	8.2%	27.3%	24.7%	22.5%	19.1%	-2.6%	-2.3%
NPL Ratio	13.36%	13.93%	9.44%	17.82%	13.36%	13.93%	9.44%	17.82%	0.57%	-4.48%	8.37%
NPL Coverage	63.4%	52.8%	64.8%	31.6%	63.4%	52.8%	64.8%	31.6%	-10.6%	12.0%	-33.2%
BS Provisions/Loans (gross)	8.46%	7.35%	6.12%	5.64%	8.46%	7.35%	6.12%	5.64%	-1.11%	-1.23%	-0.48%

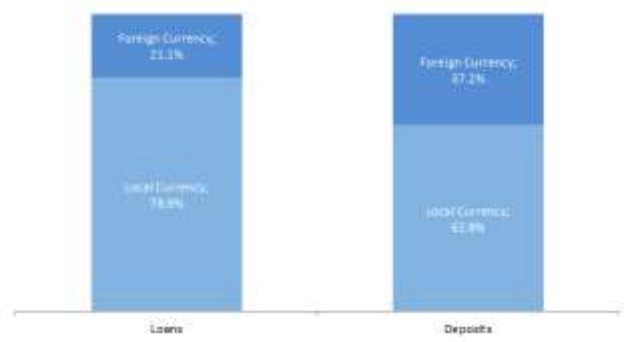
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2016



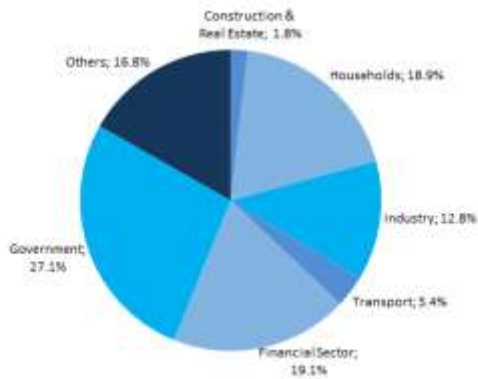
Sources: Annual Reports and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2016



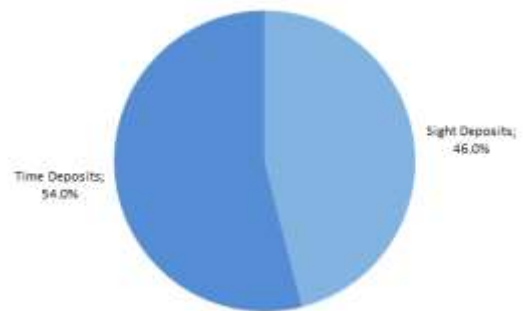
Sources: Annual Reports and Eaglestone Securities.

LOAN BREAKDOWN - 2016



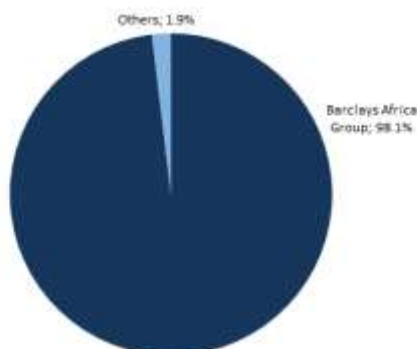
Sources: Annual Reports and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2016



Sources: Annual Reports and Eaglestone Securities.

BANCO ÚNICO

Banco Único reached a net profit of MZM 440 million (US\$ 6.2 million) in 2016, a significant improvement from the MZM 117 million recorded in the previous year. The surge in the bank's bottom-line was due to very strong operating performance as well as a decline in loan impairments. Specifically, revenues advanced nearly 46% YoY, with net interest income, fees and other income all improving more than 40% from the previous period. Net interest income benefitted from higher interest rates and persistently robust volume growth, with loans and deposits up 24% YoY and 34% YoY, respectively. It is worth noting that the loans-to-deposits ratio remained below 60%, which is clearly the lowest level among the largest players in the sector. The bank also stated that revenue growth was aided by an increase in activity levels in the period.

The evolution in costs mainly reflects the increase in the workforce (from 444 to 513 in 2016) and in the branch network (from 18 to 20 branches last year). It also includes the impacts of both higher inflation and a depreciation of the metical. However, this did not prevent the bank's cost-to-income ratio from posting another yearly improvement, as it declined to 58.3% in 2016 from 64.5% in the previous year.

Below the operating income line, loan loss provisions fell more than 38% YoY after the surge recorded in the previous two years. As a result, cost of risk declined to 169bps (from 340bp in 2015). Moreover, the NPL ratio stood at 2.12%, with NPL coverage at 179%. This compares with 3.33% and 136%, respectively, in 2015. Finally, the bank's solvency ratio stood at 15.5%, down from the 16.4% recorded in 2015.

Banco Único reported a net profit of MZM 440 million in 2016, a significant improvement from the previous year

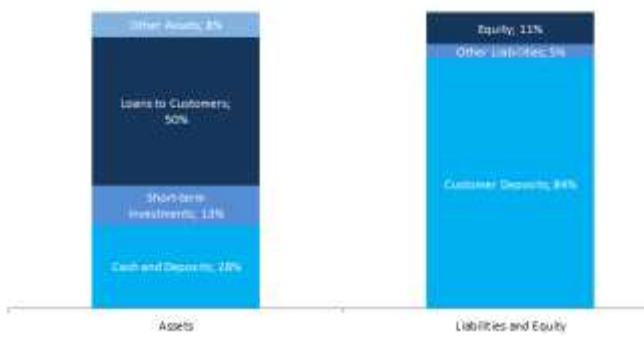
The bottom-line benefitted from a very strong operating performance and lower provisions

Despite a more adverse economic environment, asset quality ratios actually improved in 2016

BANCO ÚNICO Year	MZM Million				US\$ Million				% Change (MZM)		
	2013	2014	2015	2016	2013	2014	2015	2016	14/13	15/14	16/15
BALANCESHEET											
Net Assets	8,958	12,584	16,998	22,741	298	375	370	319	40.5%	35.1%	33.8%
Customer Loans (net)	5,398	7,564	9,185	11,404	180	225	200	160	40.1%	21.4%	24.2%
Local Currency Loans	4,512	6,567	8,118	9,126	150	195	177	128	45.6%	23.6%	12.4%
Loan Loss Provisions	129	245	435	450	4	7	9	6	89.2%	77.7%	3.5%
Non-Performing Loans	76	139	320	251	3	4	7	4	82.5%	130.2%	-21.7%
Customer Deposits	7,368	10,385	14,302	19,206	245	309	312	269	40.9%	37.7%	34.3%
Local Currency Deposits	5,482	7,809	9,705	11,650	183	232	211	163	42.4%	24.3%	20.0%
Sight Deposits	3,832	6,208	8,257	10,440	128	185	180	146	62.0%	33.0%	26.4%
Equity	936	1,205	1,986	2,432	31	36	43	34	28.8%	64.8%	22.5%
P&L ACCOUNT											
Net Interest Income	382	611	850	1,246	12.7	18.2	18.5	17.5	60.0%	39.0%	46.6%
Fees & Commissions	108	189	218	306	3.6	5.6	4.8	4.3	75.8%	15.1%	40.4%
Other Banking Income	141	195	312	459	4.7	5.8	6.8	6.4	38.3%	59.8%	47.0%
Banking Income	631	996	1,380	2,011	21.0	29.6	30.1	28.2	57.8%	38.5%	45.7%
Staff Costs	364	443	558	708	12.1	13.2	12.2	9.9	21.5%	26.1%	26.8%
Other Costs	186	207	257	379	6.2	6.2	5.6	5.3	11.5%	24.0%	47.3%
Depreciation	135	129	74	86	4.5	3.8	1.6	1.2	-5.0%	-42.1%	15.0%
Total Costs	685	779	890	1,172	22.8	23.2	19.4	16.4	13.6%	14.3%	31.7%
Operating Income	-54	218	490	839	-1.8	6.5	10.7	11.8	n.m.	125.2%	71.1%
Net Loan Loss Provisions (LLP)	68	164	313	193	2.3	4.9	6.8	2.7	141.1%	90.9%	-38.2%
Other	-20	-20	-24	-24	-0.7	-0.6	-0.5	-0.3	0.5%	21.5%	-3.0%
Pre-Tax Profits	-142	34	153	622	-4.7	1.0	3.3	8.7	n.m.	351.9%	306.1%
Taxes	-41	14	36	182	-1.4	0.4	0.8	2.6	n.m.	155.9%	399.3%
Net Profit	-101	20	117	440	-3.4	0.6	2.5	6.2	n.m.	493.8%	277.0%
RATIOS											
Net Interest Margin (NII/ATA)	4.83%	5.68%	5.74%	6.27%	4.83%	5.68%	5.74%	6.27%	0.85%	0.07%	0.53%
Net Interest Income (% of Banking Revenue)	60.5%	61.4%	61.6%	62.0%	60.5%	61.4%	61.6%	62.0%	0.8%	0.2%	0.4%
Fees (% of Banking Income)	17.1%	19.0%	15.8%	15.2%	17.1%	19.0%	15.8%	15.2%	1.9%	-3.2%	-0.6%
Staff Costs (% of Total Costs)	53.1%	56.8%	62.7%	60.4%	53.1%	56.8%	62.7%	60.4%	3.7%	5.9%	-2.4%
Costs per Employee ('000)	1,091	1,135	1,257	1,379	36.3	33.8	27.4	19.3	4.1%	10.8%	9.7%
Cost-to-Income (incl. Depreciation)	108.6%	78.2%	64.5%	58.3%	108.6%	78.2%	64.5%	58.3%	-30.4%	-13.7%	-6.2%
Net LLP (% of Loans)	1.26%	2.17%	3.40%	1.69%	1.26%	2.17%	3.40%	1.69%	0.91%	1.24%	-1.71%
Tax Rate	29.0%	42.0%	23.8%	29.2%	29.0%	42.0%	23.8%	29.2%	13.0%	-18.2%	5.5%
ROE	-10.8%	1.6%	5.9%	18.1%	-10.8%	1.6%	5.9%	18.1%	12.4%	4.3%	12.2%
ROA	-1.13%	0.16%	0.69%	1.94%	-1.13%	0.16%	0.69%	1.94%	1.28%	0.53%	1.25%
Loans/Deposits	73.3%	72.8%	64.2%	59.4%	73.3%	72.8%	64.2%	59.4%	-0.4%	-8.6%	-4.8%
Loans/Assets	60.3%	60.1%	54.0%	50.2%	60.3%	60.1%	54.0%	50.2%	-0.2%	-6.1%	-3.9%
Deposits/Liabilities	91.8%	91.3%	95.3%	94.6%	91.8%	91.3%	95.3%	94.6%	-0.6%	4.0%	-0.7%
Loans in Local Currency (% of Total)	83.6%	86.8%	88.4%	80.0%	83.6%	86.8%	88.4%	80.0%	3.2%	1.6%	-8.4%
Deposits in Local Currency (% of Total)	74.4%	75.2%	67.9%	60.7%	74.4%	75.2%	67.9%	60.7%	0.8%	-7.3%	-7.2%
Loans per Branch ('000)	337,401	444,916	510,284	570,223	11,239	13,242	11,117	7,992	31.9%	14.7%	11.7%
Deposits per Branch ('000)	460,501	610,869	794,546	960,296	15,340	18,181	17,310	13,459	32.7%	30.1%	20.9%
Solvency Ratio	9.8%	10.0%	16.4%	15.5%	9.8%	10.0%	16.4%	15.5%	0.2%	6.4%	-0.9%
NPL Ratio	1.38%	1.78%	3.33%	2.12%	1.38%	1.78%	3.33%	2.12%	0.40%	1.55%	-1.21%
NPL Coverage	169.8%	175.9%	135.8%	179.4%	169.8%	175.9%	135.8%	179.4%	6.2%	-40.1%	43.6%
BS Provisions/Loans (gross)	2.34%	3.14%	4.52%	3.80%	2.34%	3.14%	4.52%	3.80%	0.79%	1.39%	-0.72%

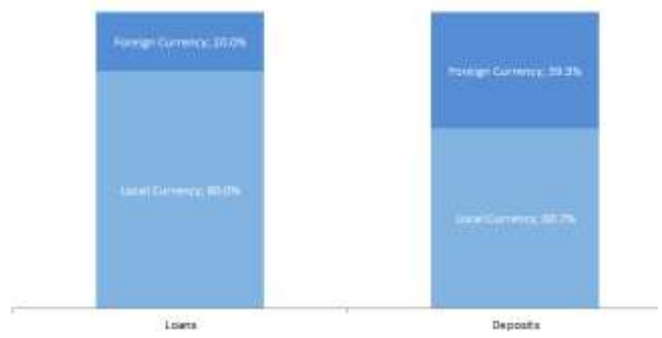
Source: Annual Reports and Eaglestone Securities.

BALANCE SHEET STRUCTURE - 2016



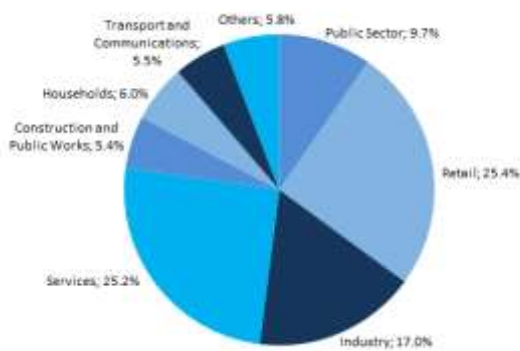
Sources: Annual Reports and Eaglestone Securities.

LOANS AND DEPOSITS BY CURRENCY - 2016



Sources: Annual Reports and Eaglestone Securities.

LOAN BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

DEPOSIT BREAKDOWN - 2016



Sources: Annual Reports and Eaglestone Securities.

SHAREHOLDER STRUCTURE - 2016



Sources: Annual Reports and Eaglestone Securities.

ANNEX I – SIX MAJOR BANKS COMPARISON (TABLES)

SIX MAJOR BANKS - MAIN INDICATORS							
Year	2010	2011	2012	2013	2014	2015	2016
Net Interest Margin (NI/ATA)							
Banco Comercial e de Investimentos	4.87%	4.96%	3.92%	3.69%	4.02%	3.63%	4.55%
Millennium bim	8.31%	9.93%	7.23%	6.28%	6.09%	5.48%	7.50%
Standard Bank Mozambique	5.27%	7.05%	6.09%	5.47%	5.51%	4.96%	7.19%
Barclays Bank Mozambique	8.02%	7.76%	5.48%	4.41%	4.77%	6.58%	10.44%
Banco Único	0.21%	-1.06%	1.25%	4.83%	5.68%	5.74%	6.27%
Moza Banco	8.97%	7.32%	5.89%	5.54%	4.11%	2.66%	n.a.
Net Interest Income (% of Banking Revenue)							
Banco Comercial e de Investimentos	61.9%	60.8%	52.7%	52.9%	53.8%	48.0%	61.4%
Millennium bim	59.6%	67.9%	61.4%	58.9%	61.0%	55.9%	66.8%
Standard Bank Mozambique	53.4%	61.7%	54.2%	51.6%	48.1%	39.5%	54.3%
Barclays Bank Mozambique	57.5%	71.1%	62.7%	61.5%	55.3%	54.9%	71.0%
Banco Único	-13.8%	20.6%	23.0%	60.5%	61.4%	61.6%	62.0%
Moza Banco	58.8%	64.0%	59.0%	54.4%	43.5%	28.9%	n.a.
Fees (% of Banking Income)							
Banco Comercial e de Investimentos	14.1%	20.1%	20.6%	21.0%	21.3%	20.5%	21.0%
Millennium bim	13.5%	14.5%	17.8%	20.1%	19.6%	17.9%	14.6%
Standard Bank Mozambique	18.0%	15.0%	15.3%	18.0%	16.5%	14.7%	12.5%
Barclays Bank Mozambique	18.8%	20.8%	29.3%	36.9%	22.8%	17.6%	10.6%
Banco Único	6.0%	-4.9%	24.3%	17.1%	19.0%	15.8%	15.2%
Moza Banco	13.1%	13.4%	20.2%	19.7%	19.1%	17.2%	n.a.
Staff Costs (% of Total Costs)							
Banco Comercial e de Investimentos	44.4%	45.2%	48.9%	49.8%	47.0%	50.8%	52.1%
Millennium bim	45.6%	46.3%	47.9%	47.6%	47.1%	45.2%	44.8%
Standard Bank Mozambique	46.6%	53.1%	55.1%	58.4%	55.2%	58.5%	56.9%
Barclays Bank Mozambique	39.2%	39.1%	42.4%	52.4%	46.0%	53.8%	45.3%
Banco Único	71.7%	71.2%	56.2%	53.1%	56.8%	62.7%	60.4%
Moza Banco	51.2%	45.9%	46.2%	44.4%	42.4%	41.4%	n.a.
Costs per Employee ('000 MZM)							
Banco Comercial e de Investimentos	643	665	714	802	808	883	1,076
Millennium bim	696	651	730	765	817	892	1,039
Standard Bank Mozambique	941	1,167	1,276	1,398	1,490	1,732	2,067
Barclays Bank Mozambique	891	1,029	1,080	990	740	1,475	1,370
Banco Único	334	1,675	1,308	1,091	1,135	1,257	1,379
Moza Banco	1,145	893	868	1,068	977	1,109	n.a.
Total Costs per Branch ('000 MZM)							
Banco Comercial e de Investimentos	20,514	20,910	21,751	25,698	25,128	27,419	31,969
Millennium bim	23,594	22,695	23,159	23,830	24,772	27,455	31,684
Standard Bank Mozambique	46,886	57,693	65,970	67,382	71,195	85,336	107,732
Barclays Bank Mozambique	24,338	32,712	33,705	35,549	31,962	44,753	49,095
Banco Único	n.a.	65,183	44,401	42,840	45,797	49,439	58,612
Moza Banco	48,477	23,196	19,077	29,217	32,548	36,278	n.a.
Cost-to-Income (incl. Depreciation)							
Banco Comercial e de Investimentos	60.5%	62.9%	62.9%	64.8%	62.2%	61.9%	61.9%
Millennium bim	40.6%	36.4%	44.0%	43.6%	42.9%	42.1%	38.3%
Standard Bank Mozambique	59.1%	51.4%	51.8%	54.4%	54.6%	46.8%	44.4%
Barclays Bank Mozambique	91.1%	104.6%	119.8%	136.9%	87.2%	82.3%	67.0%
Banco Único	n.m.	n.m.	233.1%	108.6%	78.2%	64.5%	58.3%
Moza Banco	49.4%	88.4%	101.8%	87.8%	81.8%	85.4%	n.a.
Net LLP (% of Loans)							
Banco Comercial e de Investimentos	0.48%	0.81%	0.18%	0.85%	1.30%	1.05%	1.25%
Millennium bim	2.10%	2.24%	1.22%	0.93%	0.88%	1.65%	2.10%
Standard Bank Mozambique	0.16%	1.05%	2.18%	1.72%	0.84%	1.21%	3.81%
Barclays Bank Mozambique	1.51%	4.20%	7.36%	2.05%	2.40%	1.62%	3.47%
Banco Único	n.a.	1.98%	1.94%	1.26%	2.17%	3.40%	1.69%
Moza Banco	0.40%	0.27%	1.44%	1.32%	1.07%	1.54%	n.a.
Tax Rate							
Banco Comercial e de Investimentos	17.0%	18.3%	15.1%	12.2%	25.2%	28.7%	25.3%
Millennium bim	18.0%	17.6%	17.3%	17.4%	18.5%	19.3%	28.1%
Standard Bank Mozambique	31.0%	30.9%	29.3%	29.4%	29.4%	33.8%	35.1%
Barclays Bank Mozambique	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.3%
Banco Único	26.5%	31.9%	32.4%	29.0%	42.0%	23.8%	29.2%
Moza Banco	29.9%	22.4%	17.9%	39.3%	14.7%	9.9%	n.a.
ROE							
Banco Comercial e de Investimentos	26.1%	23.7%	24.5%	19.8%	17.6%	16.5%	12.6%
Millennium bim	28.5%	33.2%	24.2%	22.3%	20.7%	18.3%	21.3%
Standard Bank Mozambique	27.6%	22.8%	20.5%	18.4%	19.8%	23.0%	22.1%
Barclays Bank Mozambique	2.6%	-20.5%	-28.9%	-35.7%	-0.5%	8.1%	13.4%
Banco Único	-61.0%	-62.5%	-27.1%	-10.8%	1.6%	5.9%	18.1%
Moza Banco	20.1%	2.5%	-5.1%	1.6%	7.3%	3.3%	n.a.
ROA							
Banco Comercial e de Investimentos	1.95%	1.96%	1.90%	1.46%	1.32%	1.36%	1.00%
Millennium bim	4.36%	5.93%	4.35%	3.94%	3.57%	3.10%	3.62%
Standard Bank Mozambique	2.47%	3.42%	2.94%	2.83%	3.20%	3.52%	3.49%
Barclays Bank Mozambique	0.41%	-2.41%	-4.53%	-3.51%	-0.07%	1.31%	2.10%
Banco Único	-39.29%	-16.04%	-4.08%	-1.13%	0.16%	0.69%	1.94%
Moza Banco	4.63%	0.73%	-0.78%	0.15%	0.66%	0.26%	n.a.

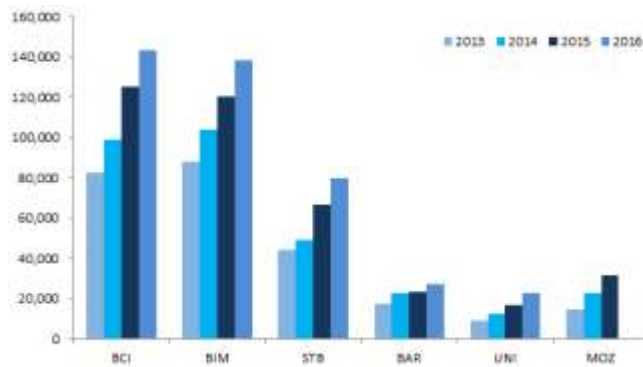
Source: Annual Reports and Eaglestone Securities.

SIX MAJOR BANKS - MAIN INDICATORS (CONT.)							
Year	2010	2011	2012	2013	2014	2015	2016
Loans/Deposits							
Banco Comercial e de Investimentos	88.8%	85.5%	73.4%	75.4%	80.0%	75.5%	80.4%
Millennium bim	83.6%	75.4%	70.9%	74.2%	73.6%	74.4%	80.0%
Standard Bank Mozambique	42.0%	46.4%	42.5%	53.0%	59.6%	53.9%	47.9%
Barclays Bank Mozambique	69.2%	69.4%	58.7%	66.1%	70.3%	67.3%	70.1%
Banco Único	n.a.	13.1%	54.3%	73.3%	72.8%	64.2%	59.4%
Moza Banco	73.2%	82.1%	79.9%	71.1%	80.7%	72.5%	n.a.
Loans/Assets							
Banco Comercial e de Investimentos	63.9%	63.0%	54.0%	54.7%	59.1%	55.4%	57.7%
Millennium bim	62.7%	55.1%	52.3%	54.5%	54.5%	55.1%	56.5%
Standard Bank Mozambique	35.2%	36.7%	35.3%	42.9%	46.5%	40.1%	37.0%
Barclays Bank Mozambique	43.2%	45.6%	40.1%	46.1%	43.4%	48.6%	52.1%
Banco Único	n.a.	7.3%	43.8%	60.3%	60.1%	54.0%	50.2%
Moza Banco	53.8%	54.9%	57.2%	55.7%	59.1%	57.2%	n.a.
Deposits/Liabilities							
Banco Comercial e de Investimentos	77.8%	80.3%	79.7%	78.3%	79.8%	79.9%	78.0%
Millennium bim	88.5%	88.9%	89.8%	89.2%	89.5%	89.2%	85.1%
Standard Bank Mozambique	92.0%	93.2%	96.7%	95.8%	92.9%	88.0%	91.8%
Barclays Bank Mozambique	74.1%	74.5%	80.9%	77.3%	73.5%	86.0%	88.3%
Banco Único	n.a.	74.8%	94.8%	91.8%	91.3%	95.3%	94.6%
Moza Banco	95.6%	94.2%	84.4%	86.1%	80.5%	85.5%	n.a.
Loans in Local Currency (% of Total)							
Banco Comercial e de Investimentos	58.3%	63.8%	57.8%	57.6%	63.4%	65.0%	56.2%
Millennium bim	76.2%	80.9%	74.8%	76.1%	79.0%	78.5%	74.9%
Standard Bank Mozambique	67.8%	69.2%	65.0%	63.4%	66.6%	64.9%	62.0%
Barclays Bank Mozambique	86.2%	88.5%	93.6%	88.9%	87.9%	86.2%	78.9%
Banco Único	n.a.	51.6%	82.8%	83.6%	86.8%	88.4%	80.0%
Moza Banco	84.9%	82.8%	94.1%	96.8%	88.7%	88.8%	n.a.
Deposits in Local Currency (% of Total)							
Banco Comercial e de Investimentos	58.7%	72.7%	75.2%	77.5%	77.1%	75.2%	67.6%
Millennium bim	67.2%	74.8%	73.9%	77.1%	79.1%	75.0%	70.6%
Standard Bank Mozambique	35.7%	48.7%	42.1%	47.6%	49.8%	45.0%	45.3%
Barclays Bank Mozambique	76.0%	85.9%	71.6%	67.8%	71.0%	70.3%	62.8%
Banco Único	n.a.	84.2%	64.0%	74.4%	75.2%	67.9%	60.7%
Moza Banco	65.7%	74.8%	86.0%	86.4%	88.5%	82.3%	n.a.
Loans per Branch ('000 MZM)							
Banco Comercial e de Investimentos	317,199	266,625	287,531	340,266	347,709	363,257	429,523
Millennium bim	277,639	247,770	253,181	305,227	342,137	392,491	444,790
Standard Bank Mozambique	314,469	375,166	439,188	511,382	558,809	671,831	737,206
Barclays Bank Mozambique	95,817	133,796	140,679	171,944	210,167	223,784	279,525
Banco Único	n.a.	23,146	231,580	337,401	444,916	510,284	570,223
Moza Banco	391,472	152,104	155,261	229,135	303,330	304,025	n.a.
Deposits per Branch ('000 MZM)							
Banco Comercial e de Investimentos	357,174	311,862	391,848	451,314	434,556	481,154	534,275
Millennium bim	332,284	328,456	357,074	411,298	464,721	527,838	555,789
Standard Bank Mozambique	747,889	809,109	1,032,899	965,314	937,161	1,246,781	1,539,928
Barclays Bank Mozambique	138,448	192,754	239,669	260,303	298,754	332,412	399,006
Banco Único	n.a.	176,706	426,416	460,501	610,869	794,546	960,296
Moza Banco	535,159	185,239	194,304	322,276	375,877	419,232	n.a.
Solvency Ratio							
Banco Comercial e de Investimentos	12.3%	13.1%	10.9%	11.9%	8.6%	12.7%	14.0%
Millennium bim	15.1%	17.9%	21.7%	21.4%	19.0%	19.8%	18.8%
Standard Bank Mozambique	10.8%	19.0%	17.7%	13.3%	9.7%	15.3%	17.0%
Barclays Bank Mozambique	17.1%	16.8%	30.5%	8.2%	27.3%	24.7%	22.5%
Banco Único	13.8%	37.4%	17.2%	9.8%	10.0%	16.4%	15.5%
Moza Banco	#DIV/0!	35.5%	17.6%	13.5%	10.5%	9.9%	n.a.
NPL Ratio							
Banco Comercial e de Investimentos	1.55%	1.13%	0.96%	2.79%	1.93%	1.00%	2.78%
Millennium bim	1.11%	1.71%	2.12%	1.85%	2.47%	4.31%	4.04%
Standard Bank Mozambique	0.79%	0.94%	2.77%	2.61%	2.03%	1.57%	7.93%
Barclays Bank Mozambique	6.19%	13.99%	13.51%	13.36%	13.93%	9.44%	17.82%
Banco Único	n.a.	0.00%	0.15%	1.38%	1.78%	3.33%	2.12%
Moza Banco	3.69%	4.47%	1.54%	3.28%	2.22%	2.27%	n.a.
NPL Coverage							
Banco Comercial e de Investimentos	140.7%	205.0%	198.3%	66.1%	122.7%	189.3%	85.0%
Millennium bim	481.0%	414.0%	326.9%	315.7%	212.3%	137.5%	180.1%
Standard Bank Mozambique	57.6%	88.4%	75.0%	85.8%	88.8%	130.2%	62.0%
Barclays Bank Mozambique	54.1%	36.1%	73.8%	63.4%	52.8%	64.8%	31.6%
Banco Único	n.a.	n.a.	1379.4%	169.8%	175.9%	135.8%	179.4%
Moza Banco	104.0%	61.1%	156.0%	82.6%	118.6%	122.6%	n.a.
BS Provisions/Loans (gross)							
Banco Comercial e de Investimentos	2.17%	2.32%	1.90%	1.84%	2.37%	1.89%	2.37%
Millennium bim	5.36%	7.08%	6.93%	5.83%	5.23%	5.92%	7.28%
Standard Bank Mozambique	0.45%	0.83%	2.08%	2.24%	1.80%	2.05%	4.92%
Barclays Bank Mozambique	3.35%	5.05%	9.96%	8.46%	7.35%	6.12%	5.64%
Banco Único	n.a.	1.94%	2.00%	2.34%	3.14%	4.52%	3.80%
Moza Banco	3.84%	2.73%	2.41%	2.71%	2.63%	2.79%	n.a.

Source: Annual Reports and Eaglestone Securities.

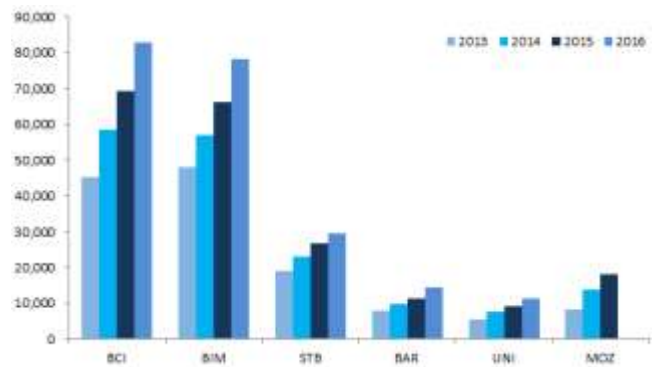
ANNEX II – SIX MAJOR BANKS COMPARISON (GRAPHS)

ASSETS (MZM MILLION)



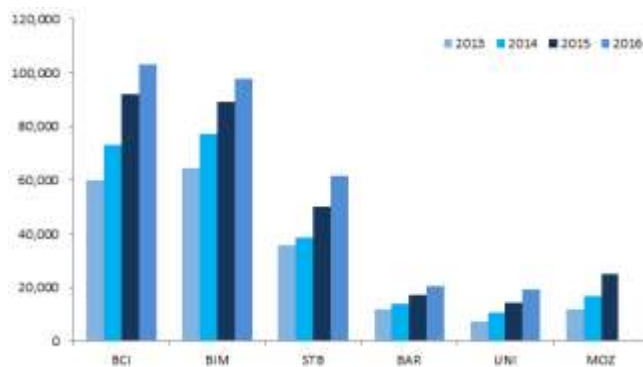
Sources: Annual Reports and Eaglestone Securities.

NET LOANS (MZM MILLION)



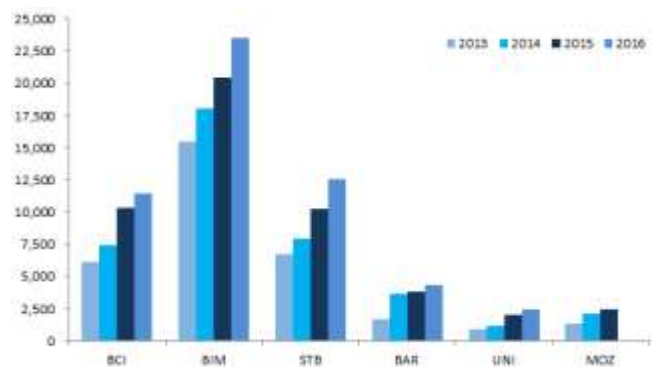
Sources: Annual Reports and Eaglestone Securities.

DEPOSITS (MZM MILLION)



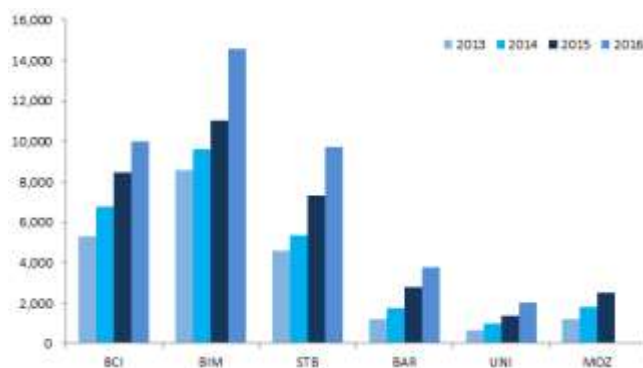
Sources: Annual Reports and Eaglestone Securities.

EQUITY (MZM MILLION)



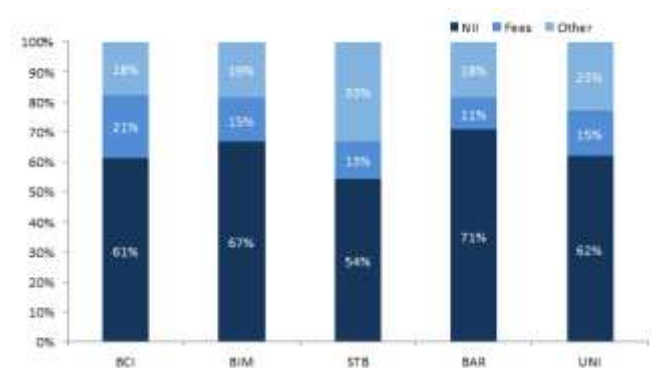
Sources: Annual Reports and Eaglestone Securities.

REVENUES (MZM MILLION)



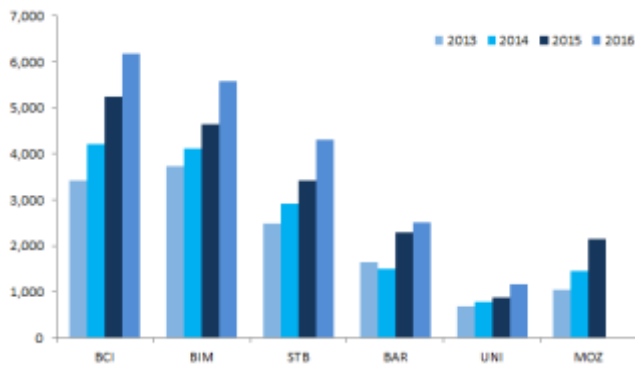
Sources: Annual Reports and Eaglestone Securities.

REVENUE BREAKDOWN - 2016



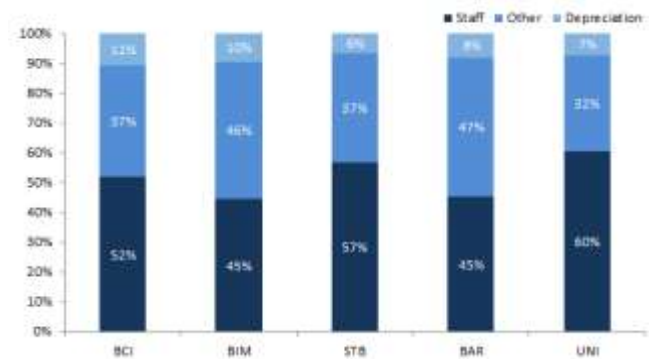
Sources: Annual Reports and Eaglestone Securities.

COSTS (MZM MILLION)



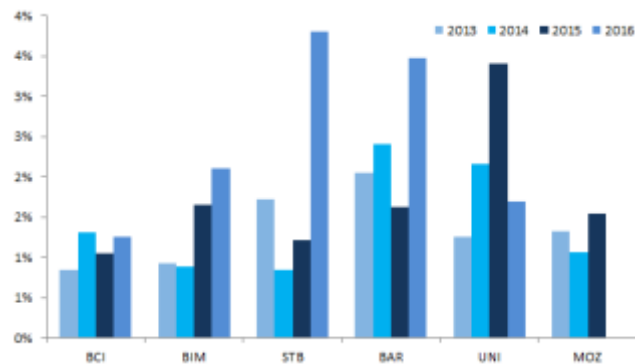
Sources: Annual Reports and Eaglestone Securities.

COSTS BREAKDOWN - 2016



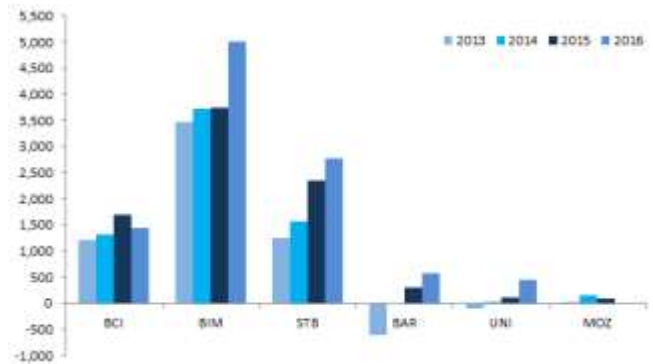
Sources: Annual Reports and Eaglestone Securities.

COST OF RISK (NET LOAN LOSS PROVISIONS / LOANS)



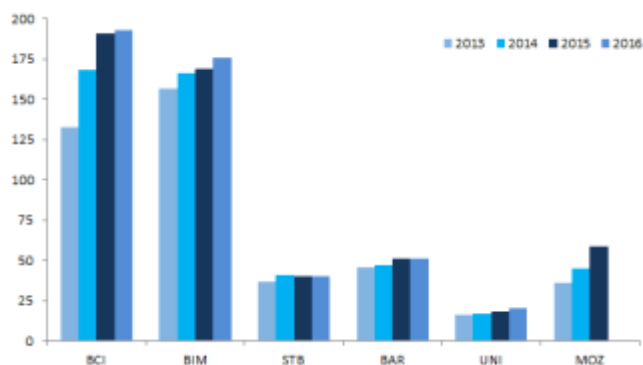
Sources: Annual Reports and Eaglestone Securities.

NET PROFIT (MZM MILLION)



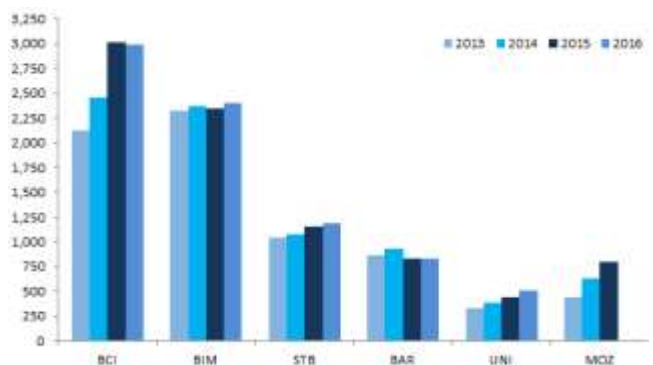
Sources: Annual Reports and Eaglestone Securities.

NUMBER OF BRANCHES



Sources: Annual Reports and Eaglestone Securities.

NUMBER OF EMPLOYEES



Sources: Annual Reports and Eaglestone Securities.

Disclaimer

This document has been prepared by Eaglestone Advisory Limited which is authorised and regulated by the Financial Conduct Authority of the United Kingdom and its affiliates ("Eaglestone"), and is provided for information purposes only.

The information and opinions in this document are published for the assistance of the recipients, are for information purposes only, and have been compiled by Eaglestone in good faith using sources of public information considered reliable. Although all reasonable care has been taken to ensure that the information contained herein is not untrue or misleading we make no representation regarding its accuracy or completeness, it should not be relied upon as authoritative or definitive, and should not be taken into account in the exercise of judgments by any recipient. Accordingly, with the exception of information about Eaglestone, Eaglestone makes no representation as to the accuracy or completeness of such information.

This document does not have regard to specific investment objectives, financial situation and the particular needs of any specific recipient. Recipients should seek financial advice regarding the appropriateness of investment strategies discussed or recommended in this document and should understand that the statements regarding future prospects may not be realised. Unless otherwise stated, all views (including estimates, forecasts, assumptions or perspectives) herein contained are solely expression Eaglestone's research department.

This document must not be considered as an offer to sell or a solicitation to buy any investment instrument and distribution of this document does not oblige Eaglestone to enter into any transaction. Nothing in this document constitutes investment, legal, tax or accounting advice. The opinions expressed herein reflect Eaglestone's point of view as of the date of its publication and may be subject to change without prior notice

This document is intended for is made to and directed at (i) existing clients of Eaglestone and/or (ii) persons who would be classified as a professional client or eligible counterparty under the FCA Handbook of Rules and Guidance if taken on as clients by Eaglestone and/or (iii) persons who would come within Article 19 (investment professionals) or Article 49 (high net worth companies, trusts and associations) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2001 and/or (iv) persons to whom this communication could otherwise be lawfully made in the United Kingdom or by respective home jurisdictions regulators for non UK countries. None of the investments or investment services mentioned or described herein are available to "private customers" as defined by the rules of the Financial Conduct Authority ("FCA"). It should not be disclosed to retail clients (or equivalent) and should not be distributed to others or replicated without the consent of Eaglestone. Eaglestone name and the eagle logo are registered trademarks.

Additional information is available upon request.



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

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

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

LISBON - Av. da Liberdade, 105, 3rd Floor - T: +351 21 121 44 00

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

LUANDA - Rua Marechal Brós Tito n° 35/37 - 13th Floor A - Kinaxixi, Ingombotas - T: +244 222 441 362

MAPUTO – Avenida Vladimir Lenine – Edifício Millennium Park, Torre A, n° 174, 4° andar S - T: +258 21 342 811

Disclosures

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

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

Eaglestone is committed to operating and behaving according to the highest standards of corporate governance. Its subsidiary in the United Kingdom is authorized and regulated by the Financial Conduct Authority.

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

EAGLESTONE SECURITIES

Business Intelligence

Caroline Fernandes Ferreira

(+351) 211 214 430

caroline.ferreira@eaglestone.eu

Research

Tiago Bossa Dionísio

(+351) 211 214 431

tiago.dionisio@eaglestone.eu