



## Mozambican Banks

### More challenging environment impacts 2019 results

Research

June 2020

#### **Banks faced a slowing economy and lower interest rates**

The Mozambican banking sector continued to face a slowing domestic economy and a lower interest rate environment during 2019. Economic growth reached 2.2%, well below the 3.75% recorded in 2016-17 and the 3.4% in the previous year. The gradual drop in inflation also allowed the central bank to continue easing monetary policy, with its reference interest rates cut an additional two times (for a combined 150bps) after already aggressive reductions in 2018 (525bps in the MIMO rate). Moreover, the central bank lifted its reserve requirements in foreign currency by 900bps to 36%, while slightly reducing the ones in meticaís (100bps to 13%) towards year-end. Although commercial banks adjusted their interest rates in response to lower central bank rates, these adjustments were not as material as the ones witnessed in 2018. Still, the lower interest rates and significantly more demanding reserve requirements impacted margins and, as result, net interest income.

#### **Banking**

**Tiago Bossa Dionísio**

(+351) 964 643 530

tiago.dionisio@eaglestone.eu

#### **Net profit was hit by (quite) muted revenue growth and higher loan provisions**

The combined net profit of the six largest banks in the country (representing 85-90% of the sector) reached MZM 16,168 million (US\$ 263 million) in 2019. This is 7.6% below the bottom-line of the previous year. It reflects a very modest improvement in revenues (just over 1% YoY) as well as higher loan impairments, which results from an increasingly more challenging economic environment. Overall, the combined ROE of these banks stood at an estimated 16.1%, while ROA reached 2.90%.

#### **Efficiency levels deteriorated slightly**

The operating performance of these banks showed that revenue growth was clearly impacted by a slightly weaker contribution from net interest income (71.1% of total revenues vs. 72.3% in 2018) and other banking income. On the other hand, they saw another double-digit increase in fees that reflects, in large part, higher retail banking activity. Costs expanded above the inflation rate once again, as the sector continued to expand its branch network and hire more staff (this time at a faster pace than in recent years). This means that the combined cost-to-income ratio rose to 51.9% from 48.9% in 2018, which still compares favorably with other African countries.

#### **L/D ratio falls further below 50%, despite slight recovery in loans**

The combined net assets of the six banks reached MZM 556,798 million (US\$ 9,058 million), advancing slightly more than 10% YoY, as the sector increased the amount of cash and deposits at the central bank and, in some cases, the portfolio of treasury instruments. Loans recovered slightly (after contracting in the previous two years) as lower interest rates made these more accessible to companies and households. Still, net loans represented only 34% of the total assets, remaining at a multi-year low. In particular, foreign currency loans fell sharply yet again, while loans in meticaís were up by nearly 12% YoY. Deposits grew at a double-digit pace, with another healthy improvement in local currency deposits. Overall, loans and deposits in meticaís represented over 70% of their respective total while 60% of total deposits were sight deposits. The loans-to-deposits (L/D) ratio stood further below 50% (at 45.6%) after falling below this level for the first time in many years in 2018. Asset quality ratios deteriorated slightly in the period, with the NPL ratio reaching 6.24% and the NPL coverage ratio 152.9%. Finally, the total solvency ratio of the six banks stood at an estimated 28.6%, with all banks recording a ratio above the required 10% minimum.

**ECONOMIC OVERVIEW**

Mozambique’s economic growth continued to slow in 2019 after an already sharp deceleration in the previous three years, particularly when compared with the country’s growth performance during the decade of 2006-15 (annual growth average of 7.3% in the period). Real GDP growth reached 2.2% last year, down from 3.75% in 2016-17 and 3.4% in 2018. This slowdown was mostly due to a contraction in the mining industry (-1.8%) and moderate growth in agriculture (1.2%), which still reflects the negative impact from the cyclones that took place at the start of 2019. Agriculture remained by far the largest sector of the economy accounting for just below 23% of GDP last year.

*Economic activity continued to decelerate in 2019 after a contraction in the mining industry and weak growth in agriculture*

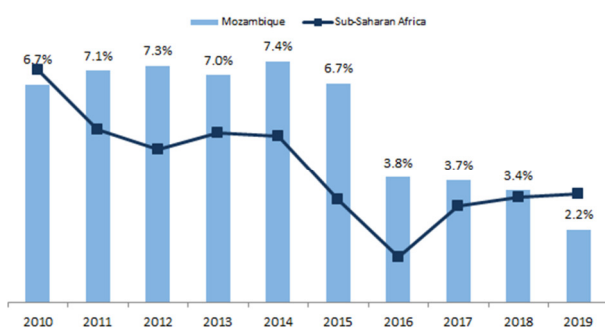
Despite the contraction recorded in 2019, the country’s mining industry has clearly remained the fast-growing area of the economy in recent years, with figures from the National Statistics Institute (INE) showing an annual average growth rate of 16.8% during 2012-19. This was followed by an expansion in activity in financial services (9.8%) and retail (5.6%). Agriculture saw a more modest average annual growth of 2.9% in the period.

*The mining industry has expanded at an average annual growth rate of 16.8% during 2012-19*

It is worth noting that Mozambique expanded at a slower pace than the average of Sub-Saharan Africa in 2019. According to the IMF, growth in the region stood at 3.3% last year, above the 2.2% in the country. This was the first time that economic activity underperformed the average of the region since 2010 and comes despite the challenging economic environment in the two largest economies (Nigeria and South Africa) in the last few years.

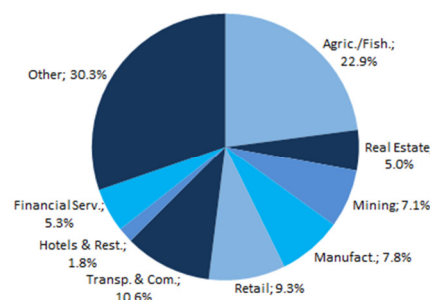
*Mozambique expanded at a slower pace than the average in Sub-Saharan Africa for the first time since 2010*

**REAL GDP GROWTH (2010-19)**



Sources: INE and IMF.

**GDP STRUCTURE (2019)**

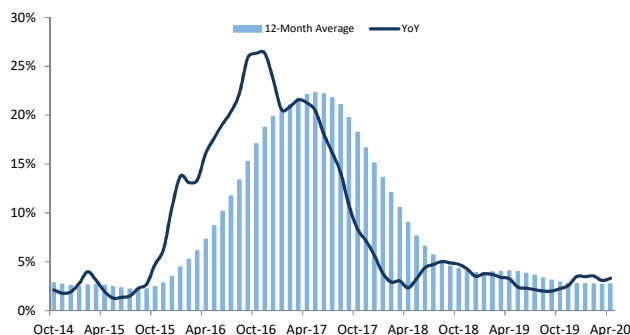


Source: INE.

Consumer price data released by the INE show a slight increase in annual inflation towards the end of 2019, remaining nevertheless at a relatively low level in the period. Annual inflation reached 3.50% in December while the 12-month average was 2.78%. These figures compare with 3.52% and 3.91%, respectively, in December 2018. In terms of components, the evolution of annual inflation during 2019 largely reflected the increase in the prices of food and non-alcoholic beverages. According to the INE, this was due to the lower supply of agricultural goods produced domestically, in particular fruits and vegetables.

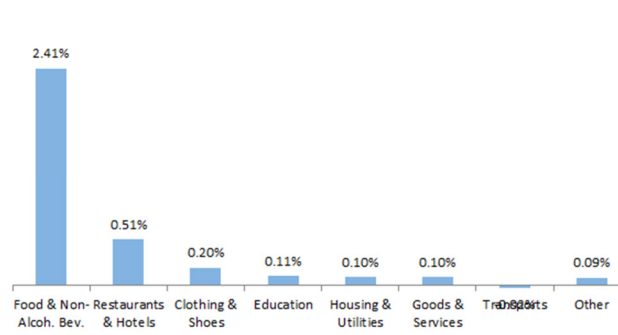
*Annual inflation showed a slight increase towards end-2019, but remained at relatively low levels (below 4%)*

**CONSUMER PRICE INDEX – YOY AND 12M AVERAGE**



Source: INE.

**ANNUAL INFLATION – BIGGEST CONTRIBUTORS (2019)**



Source: INE.

The increase in inflation was smoothed by the relative stability in the prices of administered goods, which benefitted from the decline in fuel costs as a result of the favorable evolution in average crude prices, especially in the second half of 2019.

*The increase in inflation was smoothed by some stability in fuel prices*

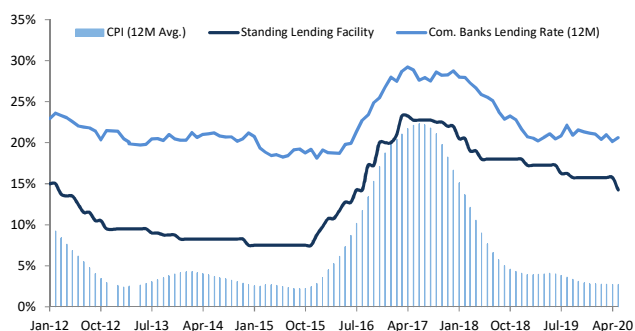
Low inflation levels allowed the Banco de Moçambique to continue easing monetary policy in 2019. The reference lending rate (FPC) and the interbank reference lending rate (MIMO) were both cut by 150 basis points (bps) during the year to 15.75% and 12.75%, respectively. The interest rate cuts occurred on two different occasions: June (100bps) and August (50bps).

*The central bank continued to lower interest rates in 2019 due to the benign inflation outlook*

Commercial banks operating in the country have also adjusted their interest rates in response to the cuts in central bank reference rates in the last couple of years, although these adjustments lost some momentum in 2019. Central bank data shows that the average retail interest rate for a 12-month loan stood at 21.0% at end-2019. This compares with 20.7% in December 2018 and 28.0% in the previous year. These lower rates have allowed some recovery in credit growth, as demonstrated in the graph below.

*Commercial banks have adjusted their interest rates to reflect the central bank's monetary policy easing in the last two years, allowing for some recovery in credit growth*

#### INFLATION, CENTRAL AND COMMERCIAL BANKS RATES



Sources: INE and Banco de Moçambique.

#### CREDIT GROWTH (YOY CHANGE)



Source: Banco de Moçambique.

## BANKING SECTOR OVERVIEW

The Mozambican banking sector includes 18 banks registered at the Banco de Moçambique after the merger of Moza Banco with Banco Terra in August 2019. None of these banks is listed and most of them are units of foreign lenders or controlled by international investors. The financial system also comprises nine smaller lenders (micro-banks), eight credit cooperatives and 430 microfinance operators, which, for a country with a population of about 30 million, is quite significant when compared with other countries in the African continent.

*There are currently 18 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	Millenniumbcp (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 (4)	2008	Kuhanha (5) (Mozambique)
United Bank for Africa Moçambique	2010	UBA (Nigeria)
Banco Mais (6)	2010	BISON Capital Financial Holding (China)
Banco Nacional de Investimento	2011	IGEPE (Mozambique)
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 Mauritius Commercial Bank (Moçambique); (2) Ecobank bought Banco ProCredit in June 2014; (3) Previously Banco Oportunidade de Moçambique; (4) Banco Terra merged with Moza Banco in August 2019; (5) Manages the pension fund of Banco de Moçambique; (6) Previously Banco Tchuma.

Source: Annual Reports.

The financial system is also increasingly more developed, with a larger presence of the banking sector in the local economy. In particular, over the years, there has been an increase in financial

*The banking sector has played a bigger role in the local economy while there*

inclusion levels, reflected in a larger number of clients that have access to a bank account, more available banking products, as well as a greater and wider presence of the branch network in the country. The latest available data provided by the central bank indicates that (1) the number of bank accounts increased from 2,114,226 in 2011 to 4,898,936 last year, (2) the branch network rose from 457 in 2011 to 694 in 2019, with nearly 73% concentrated in urban areas and (3) the number of ATMs went from 853 to 1,766 in the same period. We detail in the table below some of the key financial inclusion indicators of the sector in the period 2011-19.

*has also been a clear increase in financial inclusion levels*

FINANCIAL INCLUSION INDICATORS							
Year	2011	2014	2015	2016	2017	2018	2019
Bank accounts (per Km2)	2.6	4.3	5.5	6.6	6.1	6.4	6.1
Bank cards (per Km2)	3.2	4.3	3.8	4.3	4.1	4.2	3.7
Branches (per 10,000 Km2)	5.7	7.2	7.7	8.2	8.2	8.7	8.5
Urban areas	96.2	120.8	129.7	132.6	136.0	143.4	129.5
Rural areas	1.5	1.8	1.9	2.4	2.2	2.3	2.8
ATMs (per 10,000 km2)	10.7	16.3	19.7	21.0	21.8	25.6	22.0
POS (per 10,000 km2)	80.2	183.7	256.2	320.3	389.9	402.9	459.1
Bank accounts (per 100,000 adults)	18.8	25.1	31.1	36.0	32.5	32.7	31.4
Bank cards (per 100,000 adults)	22.7	30.4	26.7	23.7	21.8	21.4	18.8
Branches (per 100,000 adults)	3.6	4.3	4.6	4.5	4.4	4.5	4.4
Urban areas	12.3	10.8	11.6	10.8	10.6	10.7	9.6
Rural areas	1.2	1.4	1.5	2.0	1.8	1.9	2.2
ATMs (per 10,000 adults)	6.8	9.5	11.4	11.5	11.6	13.1	11.3
POS (per 10,000 adults)	50.9	106.7	148.8	175.3	207.0	207.0	235.9
Districts with bank branches (% of total)	45.3%	53.9%	68.0%	76.6%	59.7%	68.8%	72.7%
Loans (MZM million) per 1,000 adults	7.8	14.1	16.4	17.9	15.0	14.7	14.4
Deposits (MZM million) per 1,000 adults	10.0	17.2	21.4	22.7	23.2	23.7	26.6
Bank accounts (% of adult population)	16.8%	25.1%	31.1%	36.0%	32.5%	32.7%	30.5%

Source: Banco de Moçambique.

Meanwhile, the Banco de Moçambique has played a bigger supervisory role of the banking sector, adjusting the existing regulation when needed in order to ensure the implementation of the best international practices. In 2019, the central bank issued several legislation aimed at improving the quality of the information provided by the local financial institutions as well as its transparency. These include norms related to (1) the disclosure of required information upon receiving client deposits, (2) interbank compensation and liquidity, (3) intraday credit, (4) transfer liquidation, (5) buy/sell conditions of foreign currency in the FX market, (6) ratios and prudential investment limits and (7) clearance and constitution of mandatory reserves.

*The central bank has played a bigger supervisory role of the banking sector*

## OVERVIEW OF 2019 RESULTS

In this report, we look at the 2019 financial accounts of the six largest banks operating in the country and extrapolate these figures in order to try to analyze the main trends for the sector. These banks are Banco Comercial e de Investimento (BCI), Millennium bim, Standard Bank Moçambique, Moza Banco, Absa Bank Moçambique and Banco Único. They represent about 85-90% of the sector's total assets, loans and deposits. Therefore, we think the combined accounts of these banks provide a fairly accurate picture of the performance of the sector.

*We analyze the 2019 results of the six largest banks operating in Mozambique*

SIX MAJOR BANKS - 2019	Million								Branches	Employees
	Assets		Loans		Deposits		Net Profit			
	MZM	US\$	MZM	US\$	MZM	US\$	MZM	US\$		
BCI - Fomento	163,393	2,658	66,190	1,077	125,345	2,039	3,427	56	208	2,841
Millennium bim	163,389	2,658	44,293	721	118,056	1,921	7,023	114	200	2,524
Standard Bank Mozambique	119,286	1,941	28,447	463	88,479	1,439	4,941	80	40	1,198
Moza Banco	41,817	680	23,875	388	29,346	477	-776	-13	62	919
Absa Bank Mozambique	41,167	670	16,273	265	31,508	513	1,048	17	44	756
Banco Único	27,746	451	10,477	170	22,515	366	506	8	23	620

Source: Annual Reports.

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 six banks individually in more detail and analyze their 2019 accounts separately. In the annex, we provide several tables and graphs comparing the key figures and indicators for these banks.

*We look at the figures both on a combined and individual basis*

**BALANCE SHEET**

The combined net assets of these six banks reached MZM 556,798 million (US\$ 9,058 million) in 2019, rising 10.3% relatively to the previous year and at a slightly faster growth rate than the one recorded in 2018 (9.8%). This performance was mostly due to a higher amount of cash and deposits at the central bank while some players also stated that they increased their portfolio of treasury instruments in the period.

*Net assets rose 10.3% YoY in 2019*

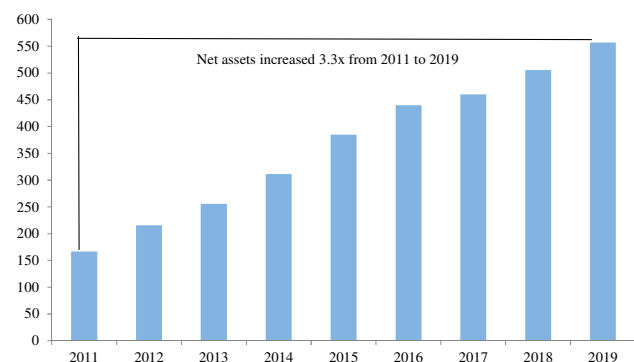
Total net loans saw a modest recovery of 1.9% YoY after falling in 2017-18, standing at MZM 189,555 million. In particular, net lending in local and foreign currencies posted a mixed performance, as loans in meticaais rose 11.9% YoY while loans in foreign currency continued to see a sharp drop (-23.2% YoY). This recovery in loan growth is largely explained by the impact of the less restrictive monetary policy carried out by the central bank, as this has led to a gradual decline in reference interest rates in the market and, as a result, facilitated the access of market participants to loans from the banking sector.

*The banking sector saw a slight recovery in net loans after two years of declines, as lower interest rates made lending more accessible to market participants*

Overall, the combined net loans of these six banks accounted for 34.0% of their assets in 2019, which compares with 36.8% in the previous year and is once again well below the levels above 50% witnessed in the years prior to 2017. The loan portfolio of these banks also comprised mostly loans in local currency, accounting for 78.3% of the total (vs. 71.4% in 2018).

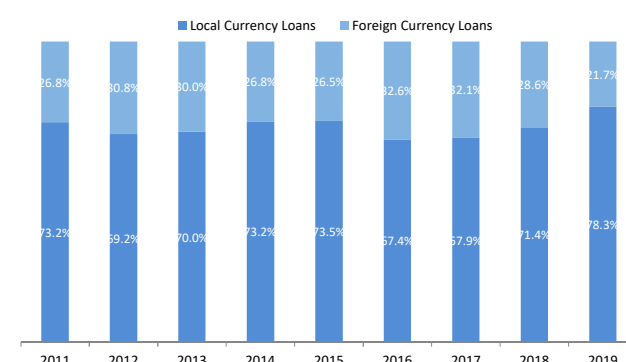
*Net loans were only 34.0% of total assets while loans in meticaais still represented well over 70% of the total loan portfolio*

**NET ASSETS (2011-19) – BILLION MZM**



Sources: Annual Reports and Eaglestone Securities.

**LOANS BY TYPE OF CURRENCY (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

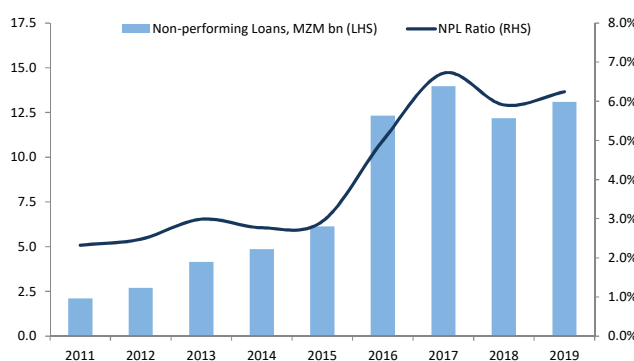
Loan loss provisions in the balance sheet stabilized in 2019 after advancing at a rapid pace in recent years and represented 9.55% of total gross loans. This compares with 9.85% of total gross loans in 2018. These higher provisioning levels reflect the deterioration in asset quality ratios in recent years, particularly since 2017, and a more prudent approach from the banking sector in the current economic environment marked by relatively slower growth.

*Provisions in the balance sheet stabilized in 2019 after rising significantly in recent years*

The combined NPL ratio of the six banks rose to 6.24% (from 5.91% in 2018), despite the continued decline in interest rates and its favorable impact on affordability levels. In absolute terms, NPLs rose 7.4% YoY after unexpectedly falling 12.8% in the previous year. The NPL coverage ratio (measured by provisions over NPLs) fell to 152.9% from 166.7% in 2018.

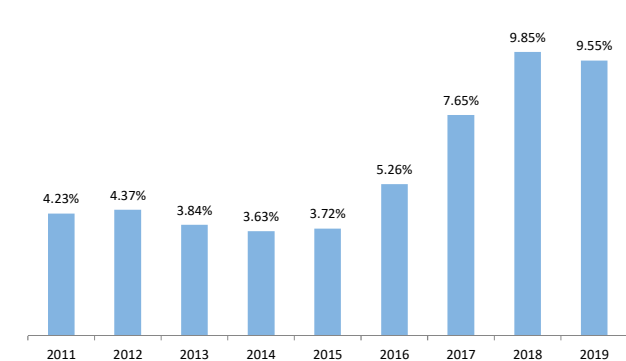
*The NPL ratio deteriorated despite the continued decline in interest rates and its favorable impact on affordability levels*

**ASSET QUALITY INDICATORS (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

**BAL. SHEET PROVISIONS (% OF GROSS LOANS) (2011-19)**

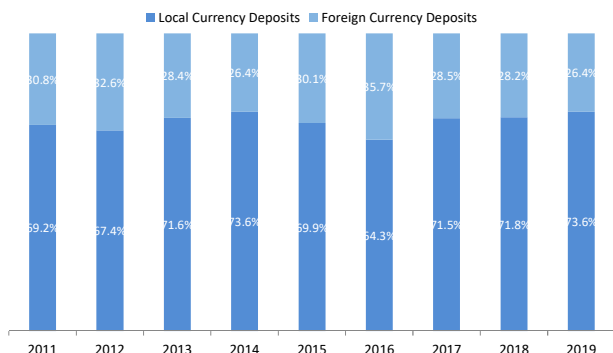


Sources: Annual Reports and Eaglestone Securities.

Meanwhile, total deposits of these six banks expanded once again at close to 11% annually, reaching MZM 415,250 million (US\$ 6,755 million). Deposits are clearly the main source of funding of the sector, as they represented 91% of total liabilities. Deposits in meticaís advanced 13.6% and accounted for 73.6% of the total deposit base, while deposits denominated in foreign currency rose a more modest 3.8%. Moreover, sight deposits were up 11.8% YoY and represented 60.1% of total deposits, a figure that has not changed much in the period 2011-19.

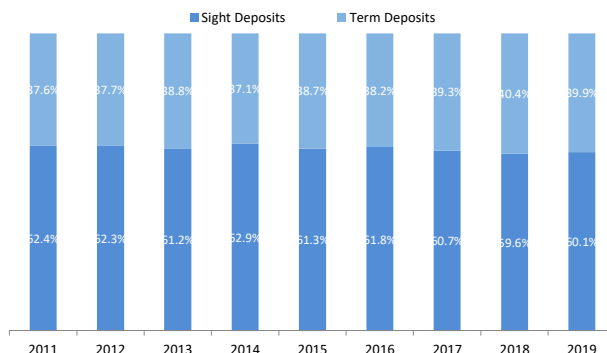
*Deposits expanded once again at a double-digit growth rate thanks to another strong increase in local currency deposits*

**DEPOSITS BY TYPE OF CURRENCY (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

**DEPOSITS BY MATURITY (2011-19)**

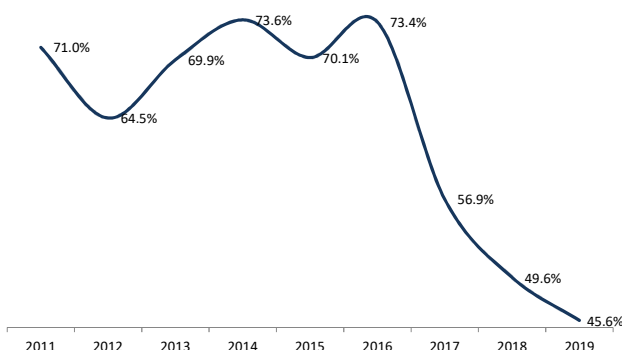


Sources: Annual Reports and Eaglestone Securities.

All in all, this means that the combined loans-to-deposits ratio continued to decline last year, standing further below the 50%-level (at 45.6%) after falling below this level for the first time in 2018. Also, according to our estimates, the combined solvency ratio of the six banks improved to 28.6% (from 22.8% in the previous year), standing well above the regulatory requirement of 12% imposed by the Banco de Moçambique for banks operating in the country.

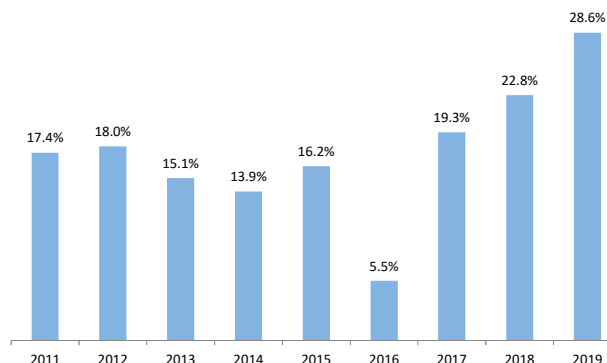
*The loans-to-deposits ratio fell further below the 50%-level while the solvency ratio improved to an estimated 28.6%*

**LOANS TO DEPOSITS RATIO (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

**SOLVENCY RATIO (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

SIX MAJOR BANKS	Million MZM					Million US\$					% Change (MZM)			
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCESHEET</b>														
Net Assets	384,508	439,513	460,058	504,961	556,798	8,377	6,160	7,795	8,215	9,058	14.3%	4.7%	9.8%	10.3%
Customer Loans (net)	201,122	233,476	192,176	185,983	189,555	4,382	3,272	3,256	3,026	3,084	16.1%	-17.7%	-3.2%	1.9%
Local Currency Loans	148,468	157,915	131,028	133,285	149,103	3,235	2,213	2,220	2,168	2,426	6.4%	-17.0%	1.7%	11.9%
Foreign Currency Loans	52,654	75,560	61,147	52,698	40,452	1,147	1,059	1,036	857	658	43.5%	-19.1%	-13.8%	-23.2%
Loan Loss Provisions	7,767	12,964	15,927	20,315	20,003	169	182	270	330	325	66.9%	22.9%	27.6%	-1.5%
Non-Performing Loans	6,124	12,311	13,979	12,185	13,087	133	173	237	198	213	101.0%	13.5%	-12.8%	7.4%
Customer Deposits	286,966	318,145	337,647	374,629	415,250	6,252	4,459	5,721	6,095	6,755	10.9%	6.1%	11.0%	10.8%
Local Currency Deposits	200,512	204,507	241,532	268,978	305,564	4,368	2,866	4,092	4,376	4,971	2.0%	18.1%	11.4%	13.6%
Foreign Currency Deposits	86,453	113,637	96,115	105,652	109,686	1,884	1,593	1,629	1,719	1,784	31.4%	-15.4%	9.9%	3.8%
Sight Deposits	175,862	196,625	204,859	223,162	249,485	3,831	2,756	3,471	3,630	4,059	11.8%	4.2%	8.9%	11.8%
Term Deposits	111,104	121,519	132,788	151,468	165,764	2,421	1,703	2,250	2,464	2,697	9.4%	9.3%	14.1%	9.4%
Equity	49,256	51,465	77,384	90,738	100,459	1,073	721	1,311	1,476	1,634	4.5%	50.4%	17.3%	10.7%
<b>MAIN RATIOS</b>														
Loans/Deposits	70.1%	73.4%	56.9%	49.6%	45.6%	70.1%	73.4%	56.9%	49.6%	45.6%	3.3%	-16.5%	-7.3%	-4.0%
Loans/Assets	52.3%	53.1%	41.8%	36.8%	34.0%	52.3%	53.1%	41.8%	36.8%	34.0%	0.8%	-11.3%	-4.9%	-2.8%
Deposits/Liabilities	85.6%	82.0%	88.2%	90.4%	91.0%	85.6%	82.0%	88.2%	90.4%	91.0%	-3.6%	6.2%	2.2%	0.6%
Loans in Local Currency (% of Total)	73.5%	67.4%	67.9%	71.4%	78.3%	73.5%	67.4%	67.9%	71.4%	78.3%	-6.2%	0.5%	3.5%	6.9%
Deposits in Local Currency (% of Total)	69.9%	64.3%	71.5%	71.8%	73.6%	69.9%	64.3%	71.5%	71.8%	73.6%	-5.6%	7.3%	0.3%	1.8%
Sight Deposits (% of Total)	61.3%	61.8%	60.7%	59.6%	60.1%	61.3%	61.8%	60.7%	59.6%	60.1%	0.5%	-1.1%	-1.1%	0.5%
Loans per Branch ('000 MZM/US\$)	386,773	443,028	358,537	335,105	328,518	8,426	6,209	6,075	5,452	5,344	14.5%	-19.1%	-6.5%	-2.0%
Deposits per Branch ('000 MZM/US\$)	551,857	603,690	629,939	675,008	719,671	12,023	8,461	10,673	10,981	11,708	9.4%	4.3%	7.2%	6.6%
NPL Ratio	2.93%	5.00%	6.72%	5.91%	6.24%	2.93%	5.00%	6.72%	5.91%	6.24%	2.06%	1.72%	-0.81%	0.34%
NPL Coverage	126.8%	105.3%	113.9%	166.7%	152.9%	126.8%	105.3%	113.9%	166.7%	152.9%	-21.5%	8.6%	52.8%	-13.9%
BS Provisions/Loans (gross)	3.72%	5.26%	7.65%	9.85%	9.55%	3.72%	5.26%	7.65%	9.85%	9.55%	1.54%	2.39%	2.19%	-0.30%
Solvency Ratio	16.2%	5.5%	19.3%	22.8%	28.6%	16.2%	5.5%	19.3%	22.8%	28.6%	-10.7%	13.8%	3.5%	5.8%

Sources: Annual Reports and Eaglestone Securities.

## PROFIT AND LOSS ACCOUNT

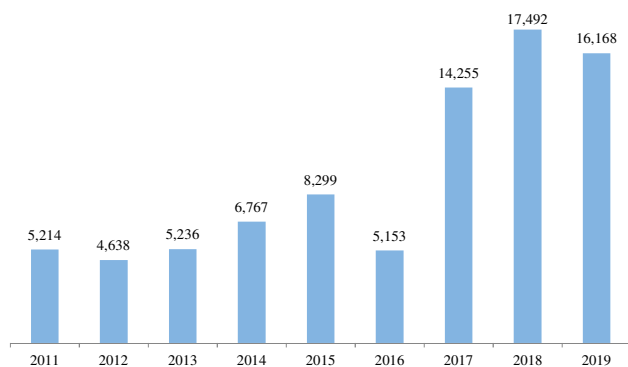
The combined profit and loss account of the six banks showed that total net profit fell by 7.6% YoY last year, reaching MZM 16,168 million (US\$ 263 million). This represents a return-on-equity (ROE) of 16.1% and a return-on-assets (ROA) of 2.90% in the period.

*The combined net profit of the six banks fell by 7.6% YoY*

As shown below, apart from 2012, 2016 and 2019, total net profit has consistently increased in recent years, standing last year at 3.1x the level recorded in 2011. In particular, the lower net profit in 2019 was due to a relatively weak revenue performance, which was insufficient to offset the impact from higher costs and loan impairments.

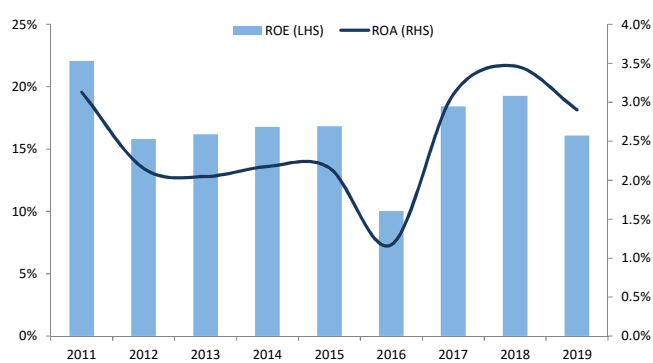
*The lower net profit reflected a modest revenue performance, which was insufficient to offset the impact of higher costs and loan provisions*

### NET PROFIT (2011-19) – MILLION MZM



Sources: Annual Reports and Eaglestone Securities.

### RETURN ON EQUITY AND RETURN ON ASSETS (2011-19)

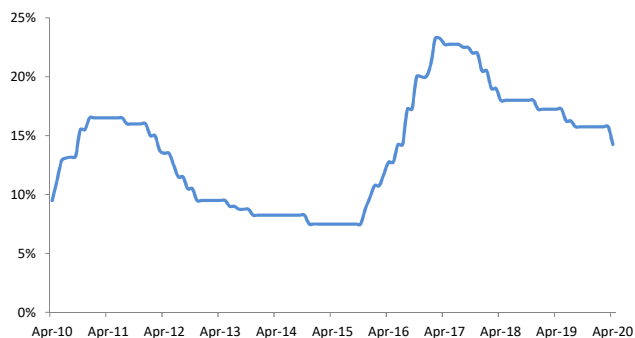


Sources: Annual Reports and Eaglestone Securities.

Total revenues for these banks stood at MZM 54,947 million (US\$ 894 million). This is only a 1.3% annual increase (vs. 4.7% YoY in 2018) after both net interest income and other banking revenue remained relatively unchanged from the previous year. This evolution is once again explained by the impact of lower interest rates (from the central bank's monetary policy easing in 2018-19) on loan interest receipts as well as on the performance of the treasury instruments portfolio. This dual effect was larger than the marked reduction in deposit interest rates applied by most banks and the aforementioned recovery in loan growth.

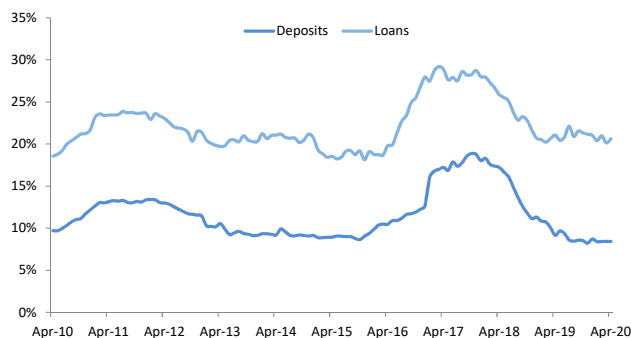
*Revenues were impacted by a lackluster performance in net interest income*

**STANDING LENDING FACILITY – CENTRAL BANK**



Sources: Central Bank and Eaglestone Securities.

**AVERAGE INTEREST RATES (ONE YEAR)**



Sources: Central Bank and Eaglestone Securities.

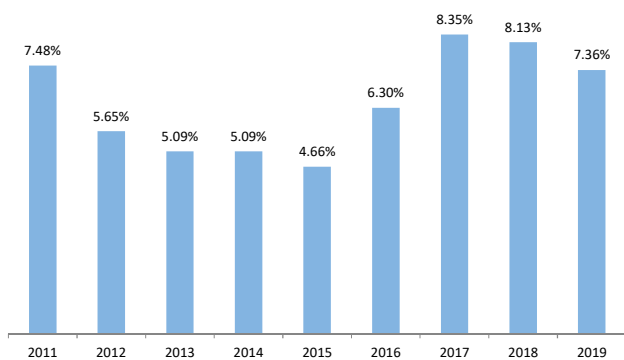
The lower interest rate environment in 2018-19 contrasts with the one witnessed in recent years whereby the central bank followed a more restrictive monetary policy to combat high inflation levels. This is reflected in some banking sector indicators, including net interest margin, which is the ratio of net interest income over average total assets. According to our calculations, this ratio stood at 7.36%, down from 8.13% in 2018 and a multi-year high of 8.35% in the previous year. The contribution of net interest income to total banking revenues reached 71.1% (vs. 72.3% in 2018).

*Net interest income accounted for 71.1% of total banking income*

Moreover, non-interest income such as fees saw another strong double-digit increase of 13.4% YoY after recovering 11.9% in 2018 from a weak performance in the previous year. This evolution reflects greater retail banking activity, namely in terms of more lending operations, while some banks also mentioned that they benefited from higher fees associated to electronic and home-banking platforms. On the other hand, other banking income stood flat from the previous year, despite some banks mentioning that they saw a strong performance in terms of operations in the foreign exchange market.

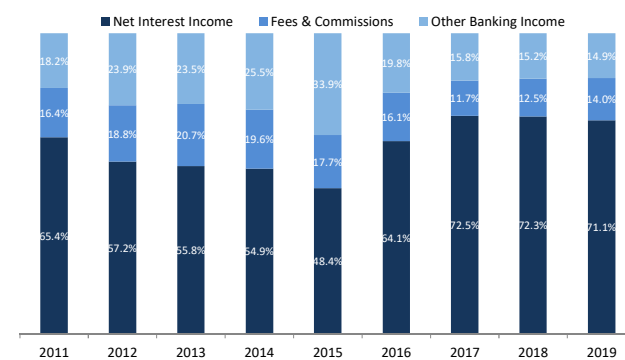
*Fees recorded another strong performance while other banking income was mostly unchanged*

**NET INTEREST MARGIN (NII/ATA) (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

**REVENUE BREAKDOWN (2011-19)**



Sources: Annual Reports and Eaglestone Securities.

Meanwhile, total costs reached MZM 28,528 million (US\$ 464 million) in 2019, up 7.6% YoY. This compares with an average inflation of 2.78% recorded in the country last year. The sector continued to expand its branch network and hire more staff, with the total number of branches and employees of the six banks rising by 22 to 577 branches (4.0%) and by 153 to 8,858 people (1.8%).

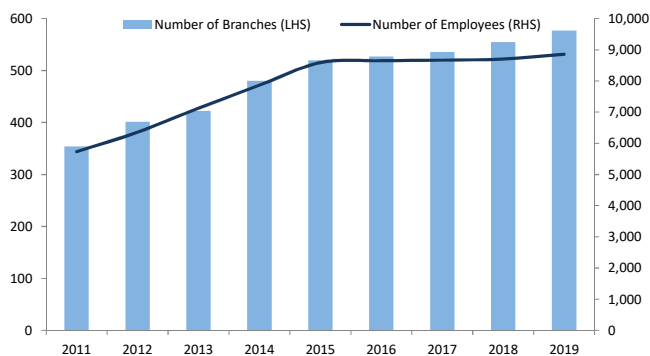
*Total costs increased above the inflation rate of 2019, reflecting the continued expansion of the branch network*

The cost performance of the sector also reflected some changes in the accounting rules, namely from the implementation of IFRS 16 that states that real estate rents are no longer booked as “administrative costs” and instead recorded as “depreciation”. As a result, this change had a favorable effect on “administrative costs”, which basically stood flat in the period, while impacting “depreciation” levels (these were up 48.2% YoY).

*There were also some changes in the accounting rules that impacted the cost structure of the banking sector*

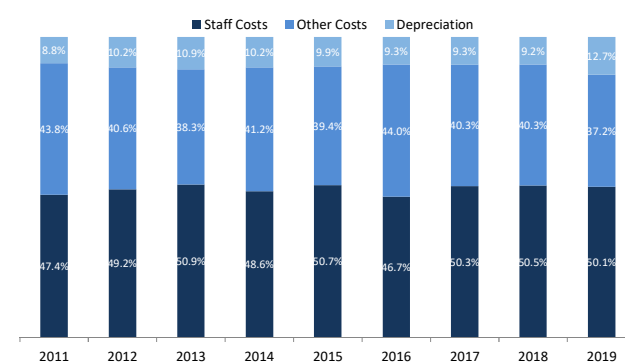


NUMBER OF BRANCHES AND EMPLOYEES (2011-19)



Sources: Annual Reports and Eaglestone Securities.

COST BREAKDOWN (2011-19)

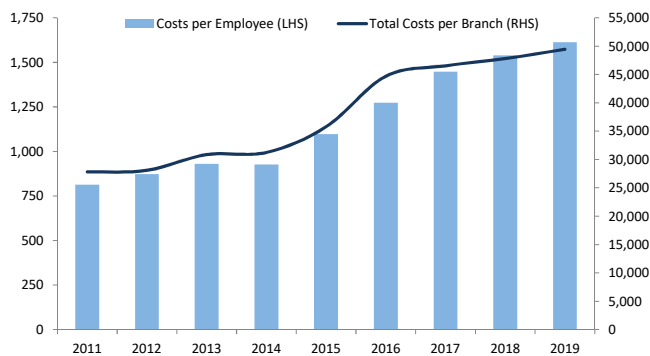


Sources: Annual Reports and Eaglestone Securities.

In terms of efficiency ratios, the relatively weak revenue improvement recorded in the period meant that the cost-to-income ratio reached 51.9%, which compares with 48.9% in the previous year. Moreover, total costs per employee and total costs per branch continued to increase, namely by 4.9% and 3.5%, respectively.

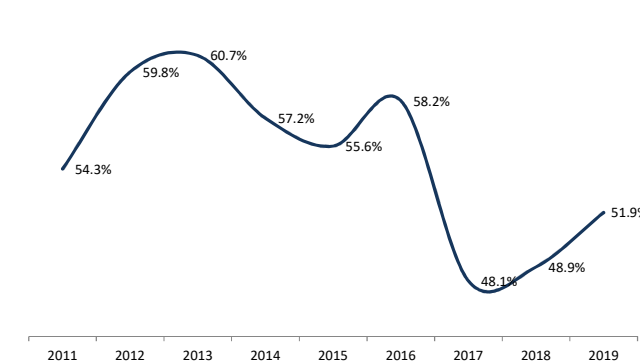
*The cost-to-income ratio increased to 51.9% (vs. 48.9% in the previous year)*

COSTS PER EMPLOYEE AND PER BRANCH (2011-19)



Sources: Annual Reports and Eaglestone Securities.

COST-TO-INCOME RATIO (2011-19)

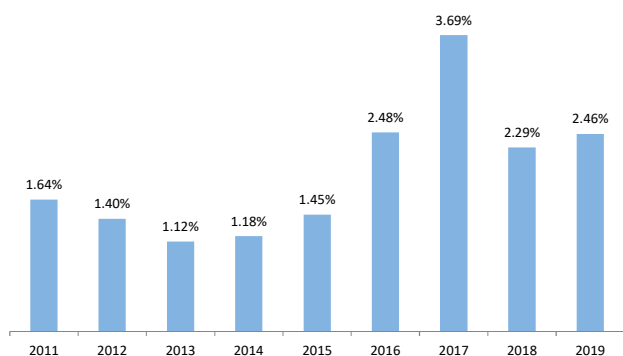


Sources: Annual Reports and Eaglestone Securities.

Below the operating income line, net loan loss provisions increased 9.5% YoY. This followed a sharp fall of 40% in 2018 after most banks had built large impairments in the previous two years. The strong increase in impairment levels witnessed during that period mainly resulted from (1) the robust expansion of the loan portfolio of the banking sector, (2) a more conservative approach from most banks to face the more challenging macro environment in the country and (3) the impact of higher interest rates on asset quality levels. Overall, cost-of-risk (measure by the ratio of impairments over loans) rose to 246 bps (from 229 bps in 2018).

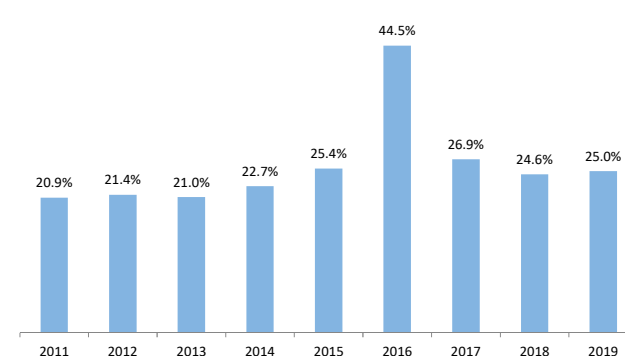
*Loan impairments rose by 9.5% YoY, with cost of risk standing at 246 bps*

NET LOAN LOSS PROVISIONS (% OF LOANS) (2011-19)



Sources: Annual Reports and Eaglestone Securities.

TAX RATE (2011-19)



Sources: Annual Reports and Eaglestone Securities.

Net profit also benefitted from a sharp drop in other provisions (-35.2% YoY) as well as lower taxes (-5.2% YoY), with the total effective tax rate of these six banks standing at 25.0% (vs. 24.6% in the previous year).

*Net profit benefitted from lower other provisions and taxes*

SIX MAJOR BANKS	Million MZM					Million US\$					% Change (MZM)			
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>P&amp;L ACCOUNT</b>														
Net Interest Income	16,202	25,953	37,573	39,236	39,052	353	364	637	638	635	60.2%	44.8%	4.4%	-0.5%
Fees & Commissions	5,918	6,527	6,080	6,802	7,713	129	91	103	111	125	10.3%	-6.8%	11.9%	13.4%
Other Banking Income	11,327	8,019	8,199	8,225	8,182	247	112	139	134	133	-29.2%	2.2%	0.3%	-0.5%
<b>Banking Income</b>	<b>33,447</b>	<b>40,499</b>	<b>51,852</b>	<b>54,264</b>	<b>54,947</b>	<b>729</b>	<b>568</b>	<b>879</b>	<b>883</b>	<b>894</b>	<b>21.1%</b>	<b>28.0%</b>	<b>4.7%</b>	<b>1.3%</b>
Staff Costs	9,425	11,009	12,545	13,387	14,285	205	154	213	218	232	16.8%	13.9%	6.7%	6.7%
Other Costs	7,331	10,362	10,062	10,694	10,622	160	145	170	174	173	41.3%	-2.9%	6.3%	-0.7%
Depreciation	1,847	2,179	2,332	2,443	3,621	40	31	40	40	59	18.0%	7.0%	4.8%	48.2%
<b>Total Costs</b>	<b>18,603</b>	<b>23,551</b>	<b>24,938</b>	<b>26,523</b>	<b>28,528</b>	<b>405</b>	<b>330</b>	<b>423</b>	<b>431</b>	<b>464</b>	<b>26.6%</b>	<b>5.9%</b>	<b>6.4%</b>	<b>7.6%</b>
<b>Operating Income</b>	<b>14,844</b>	<b>16,949</b>	<b>26,914</b>	<b>27,741</b>	<b>26,419</b>	<b>323</b>	<b>238</b>	<b>456</b>	<b>451</b>	<b>430</b>	<b>14.2%</b>	<b>58.8%</b>	<b>3.1%</b>	<b>-4.8%</b>
Net Loan Loss Provisions (LLP)	2,921	5,781	7,087	4,253	4,658	64	81	120	69	76	97.9%	22.6%	-40.0%	9.5%
Other	-796	-1,888	-338	-301	-195	-17	-26	-6	-5	-3	-137.4%	-82.1%	-10.8%	-35.2%
<b>Pre-Tax Profits</b>	<b>11,127</b>	<b>9,280</b>	<b>19,489</b>	<b>23,186</b>	<b>21,566</b>	<b>242</b>	<b>130</b>	<b>330</b>	<b>377</b>	<b>351</b>	<b>-16.6%</b>	<b>110.0%</b>	<b>19.0%</b>	<b>-7.0%</b>
Taxes	2,828	4,126	5,234	5,694	5,398	62	58	89	93	88	45.9%	26.8%	8.8%	-5.2%
<b>Net Profit</b>	<b>8,299</b>	<b>5,153</b>	<b>14,255</b>	<b>17,492</b>	<b>16,168</b>	<b>181</b>	<b>72</b>	<b>242</b>	<b>285</b>	<b>263</b>	<b>-37.9%</b>	<b>176.6%</b>	<b>22.7%</b>	<b>-7.6%</b>
<b>MAIN RATIOS</b>														
Net Interest Margin (NII/ATA)	4.66%	6.30%	8.35%	8.13%	7.36%	4.66%	6.30%	8.35%	8.13%	7.36%	1.64%	2.05%	-0.22%	-0.78%
Net Interest Income (% of Revenues)	48.4%	64.1%	72.5%	72.3%	71.1%	48.4%	64.1%	72.5%	72.3%	71.1%	15.6%	8.4%	-0.2%	-1.2%
Fees (% of Banking Income)	17.7%	16.1%	11.7%	12.5%	14.0%	17.7%	16.1%	11.7%	12.5%	14.0%	-1.6%	-4.4%	0.8%	1.5%
Staff Costs (% of Total Costs)	50.7%	46.7%	50.3%	50.5%	50.1%	50.7%	46.7%	50.3%	50.5%	50.1%	-3.9%	3.6%	0.2%	-0.4%
Costs per Employee ('000 MZM/US\$)	1,097.2	1,273.1	1,447.3	1,537.8	1,612.6	23.9	17.8	24.5	25.0	26.2	16.0%	13.7%	6.3%	4.9%
Total Costs per Branch ('000 MZM/US\$)	35,775	44,688	46,527	47,790	49,441	779	626	788	777	804	24.9%	4.1%	2.7%	3.5%
Cost-to-Income (incl. Depreciation)	55.6%	58.2%	48.1%	48.9%	51.9%	55.6%	58.2%	48.1%	48.9%	51.9%	2.5%	-10.1%	0.8%	3.0%
Net LLP (% of Net Loans)	1.45%	2.48%	3.69%	2.29%	2.46%	1.45%	2.48%	3.69%	2.29%	2.46%	1.02%	1.21%	-1.40%	0.17%
Tax Rate	25.4%	44.5%	26.9%	24.6%	25.0%	25.4%	44.5%	26.9%	24.6%	25.0%	19.0%	-17.6%	-2.3%	0.5%
ROE	16.8%	10.0%	18.4%	19.3%	16.1%	16.8%	10.0%	18.4%	19.3%	16.1%	-6.8%	8.4%	0.9%	-3.2%
ROA	2.16%	1.17%	3.10%	3.46%	2.90%	2.16%	1.17%	3.10%	3.46%	2.90%	-0.99%	1.93%	0.37%	-0.56%

Sources: Annual Reports and Eaglestone Securities.

## BANCO COMERCIAL E DE INVESTIMENTOS (BCI)

BCI disclosed a net profit of MZM 3,427 million (US\$ 55.7 million) in 2019, a drop of 15.3% YoY. The decline in bottom-line reflected a very significant increase in loan impairments while operating income remained unchanged from the previous year. The bank said that these higher provisions reflect a new methodology that is being adopted by the entities of Portugal's CGD Group (BCI's largest shareholder) for the calculation of provisions for public sector related assets, which required higher impairments in 2019. Overall, this performance meant that BCI reported a ROE of 18.1% and ROA of 2.10% in the period.

*BCI's net profit fell 15.3% YoY as a result of higher provisioning requirements*

On the operating front, revenues were lifted by a continued improvement in net interest income (NII), although at a slower pace than in recent years. The higher NII reflected the favorable impact of lower funding costs from deposits, which more than offset the impact that the current lower interest rate environment (following more rate cuts adopted by the central bank in 2019) had on loan interest income. Fees saw another double-digit increase that, according to BCI, was due to higher business activity in the period while other banking income fell once again despite some improvement in trading income. Costs were up 7.7% YoY, with the bank stating that it is continuing to implement cost control initiatives and efficiency gaining measures. All in all, the cost-to-income ratio reached 51.1% (up from 49.2% in 2018).

*Net interest income advanced at a slower pace than in recent years, but still accounted for 70% of total revenues*

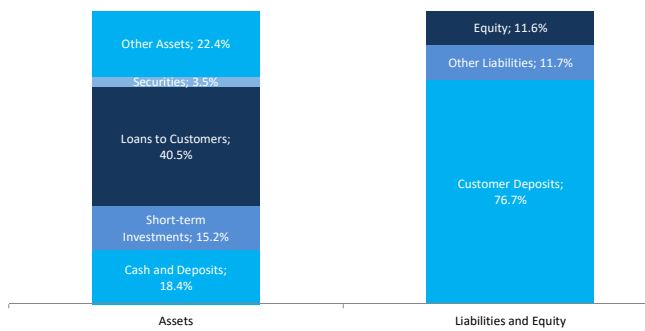
Regarding the balance sheet we note that net loans saw a very slight recovery following a sharp increase in local currency loans. This is partially explained by the conversion into meticaís of a loan that was initially denominated in foreign currency. On the other hand, deposits continued to advance at a relatively healthy pace, leading the loans-to-deposits ratio to continue to decline and reach 52.8% (vs. 56.5% in 2018). Also worth noting is the improvement in the NPL ratio to 5.41%, with NPL coverage standing at 152.8%. These compare with 5.66% and 158.3%, respectively, in the previous year. Finally, BCI reported a solvency ratio of 25%, well above the 17% recorded in 2018.

*The loans-to-deposits ratio continued to decline (52.8% from 56.5% in 2018) while the NPL ratio improved to 5.41% (from 5.66% in 2018)*

B. COM. E DE INVESTIM. (BCI)	MZM Million					US\$ Million					% Change (MZM)			
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCESHEET</b>														
Net Assets	125,264	143,631	154,556	153,808	163,393	2,729	2,013	2,619	2,502	2,658	14.7%	7.6%	-0.5%	6.2%
Customer Loans (net)	69,382	82,898	72,411	65,375	66,190	1,512	1,162	1,227	1,064	1,077	19.5%	-12.7%	-9.7%	1.2%
Local Currency Loans	45,066	46,577	41,638	39,550	47,537	982	653	705	643	773	3.4%	-10.6%	-5.0%	20.2%
Loan Loss Provisions	1,334	2,010	3,173	6,433	5,966	29	28	54	105	97	50.7%	57.8%	102.8%	-7.3%
Non-Performing Loans	856	3,040	6,349	4,064	3,904	19	43	108	66	64	255.2%	108.9%	-36.0%	-4.0%
Customer Deposits	91,900	103,115	113,002	115,737	125,345	2,002	1,445	1,915	1,883	2,039	12.2%	9.6%	2.4%	8.3%
Local Currency Deposits	69,144	70,332	86,052	89,047	95,787	1,506	986	1,458	1,449	1,558	1.7%	22.4%	3.5%	7.6%
Equity	10,300	11,418	15,419	16,621	18,916	224	160	261	270	308	10.9%	35.0%	7.8%	13.8%
<b>P&amp;L ACCOUNT</b>														
Net Interest Income	4,067	6,121	8,006	9,832	10,266	88.6	85.8	135.7	159.9	167.0	50.5%	30.8%	22.8%	4.4%
Fees & Commissions	1,737	2,094	1,607	1,849	2,094	37.9	29.4	27.2	30.1	34.1	20.5%	-23.3%	15.1%	13.3%
Other Banking Income	2,661	1,748	3,350	2,444	2,303	58.0	24.5	56.8	39.8	37.5	-34.3%	91.6%	-27.0%	-5.8%
<b>Banking Income</b>	<b>8,465</b>	<b>9,964</b>	<b>12,963</b>	<b>14,125</b>	<b>14,664</b>	<b>184.4</b>	<b>139.6</b>	<b>219.6</b>	<b>229.8</b>	<b>238.6</b>	<b>17.7%</b>	<b>30.1%</b>	<b>9.0%</b>	<b>3.8%</b>
Staff Costs	2,658	3,213	3,590	3,782	4,096	57.9	45.0	60.8	61.5	66.6	20.9%	11.7%	5.4%	8.3%
Other Costs	2,026	2,292	2,435	2,484	2,564	44.1	32.1	41.3	40.4	41.7	13.1%	6.2%	2.0%	3.2%
Depreciation	552	665	742	682	826	12.0	9.3	12.6	11.1	13.4	20.4%	11.6%	-8.2%	21.2%
<b>Total Costs</b>	<b>5,237</b>	<b>6,170</b>	<b>6,767</b>	<b>6,949</b>	<b>7,486</b>	<b>114.1</b>	<b>86.5</b>	<b>114.7</b>	<b>113.0</b>	<b>121.8</b>	<b>17.8%</b>	<b>9.7%</b>	<b>2.7%</b>	<b>7.7%</b>
<b>Operating Income</b>	<b>3,228</b>	<b>3,794</b>	<b>6,196</b>	<b>7,176</b>	<b>7,178</b>	<b>70.3</b>	<b>53.2</b>	<b>105.0</b>	<b>116.7</b>	<b>116.8</b>	<b>17.5%</b>	<b>63.3%</b>	<b>15.8%</b>	<b>0.0%</b>
Net Loan Loss Provisions (LLP)	729	1,036	2,685	1,218	2,353	15.9	14.5	45.5	19.8	38.3	42.1%	159.1%	-54.7%	93.2%
Other	-117	-835	-309	-303	-183	-2.5	-11.7	-5.2	-4.9	-3.0	614.3%	-63.1%	-1.7%	-17.9%
<b>Pre-Tax Profits</b>	<b>2,382</b>	<b>1,922</b>	<b>3,202</b>	<b>5,655</b>	<b>4,642</b>	<b>51.9</b>	<b>26.9</b>	<b>54.3</b>	<b>92.0</b>	<b>75.5</b>	<b>-19.3%</b>	<b>66.6%</b>	<b>76.6%</b>	<b>-17.9%</b>
Taxes	684	487	868	1,608	1,215	14.9	6.8	14.7	26.2	19.8	-28.8%	78.4%	85.2%	-24.5%
<b>Net Profit</b>	<b>1,698</b>	<b>1,435</b>	<b>2,334</b>	<b>4,047</b>	<b>3,427</b>	<b>37.0</b>	<b>20.1</b>	<b>39.5</b>	<b>65.8</b>	<b>55.7</b>	<b>-15.5%</b>	<b>62.6%</b>	<b>73.4%</b>	<b>-15.3%</b>
<b>RATIOS</b>														
Net Interest Margin (NII/ATA)	3.63%	4.55%	5.37%	6.38%	6.47%	3.63%	4.55%	5.37%	6.38%	6.47%	0.92%	0.82%	1.01%	0.10%
Net Interest Income (% of Revenue)	48.0%	61.4%	61.8%	69.6%	70.0%	48.0%	61.4%	61.8%	69.6%	70.0%	13.4%	0.3%	7.8%	0.4%
Fees (% of Banking Income)	20.5%	21.0%	12.4%	13.1%	14.3%	20.5%	21.0%	12.4%	13.1%	14.3%	0.5%	-8.6%	0.7%	1.2%
Staff Costs (% of Total Costs)	50.8%	52.1%	53.1%	54.4%	54.7%	50.8%	52.1%	53.1%	54.4%	54.7%	1.3%	1.0%	1.4%	0.3%
Costs per Employee (000)	883	1,076	1,227	1,309	1,442	19.2	15.1	20.8	21.3	23.5	21.8%	14.1%	6.6%	10.1%
Cost-to-Income (incl. Depreciation)	61.9%	61.9%	52.2%	49.2%	51.1%	61.9%	61.9%	52.2%	49.2%	51.1%	0.1%	-9.7%	-3.0%	1.9%
Net LLP (% of Net Loans)	1.05%	1.25%	3.71%	1.86%	3.56%	1.05%	1.25%	3.71%	1.86%	3.56%	0.20%	2.46%	-1.85%	1.69%
Tax Rate	28.7%	25.3%	27.1%	28.4%	26.2%	28.7%	25.3%	27.1%	28.4%	26.2%	-3.4%	1.8%	1.3%	-2.3%
ROE	16.5%	12.6%	15.1%	24.3%	18.1%	16.5%	12.6%	15.1%	24.3%	18.1%	-3.9%	2.6%	9.2%	-6.2%
ROA	1.36%	1.00%	1.51%	2.63%	2.10%	1.36%	1.00%	1.51%	2.63%	2.10%	-0.36%	0.51%	1.12%	-0.53%
Loans/Deposits	75.5%	80.4%	64.1%	56.5%	52.8%	75.5%	80.4%	64.1%	56.5%	52.8%	4.9%	-16.3%	-7.6%	-3.7%
Loans/Assets	55.4%	57.7%	46.9%	42.5%	40.5%	55.4%	57.7%	46.9%	42.5%	40.5%	2.3%	-10.9%	-4.3%	-2.0%
Deposits/Liabilities	79.9%	78.0%	81.2%	84.4%	86.8%	79.9%	78.0%	81.2%	84.4%	86.8%	-1.9%	3.2%	3.1%	2.4%
Loans in Local Currency (% Total)	65.0%	56.2%	57.5%	60.5%	71.8%	65.0%	56.2%	57.5%	60.5%	71.8%	-8.8%	1.3%	3.0%	11.3%
Deposits in Local Currency (% Total)	75.2%	68.2%	76.2%	76.9%	76.4%	75.2%	68.2%	76.2%	76.9%	76.4%	-7.0%	7.9%	0.8%	-0.5%
Loans per Branch (000)	363,257	429,523	371,338	326,874	318,220	7,914	6,020	6,292	5,318	5,177	18.2%	-13.5%	-12.0%	-2.6%
Deposits per Branch (000)	481,154	534,275	579,496	578,686	602,622	10,483	7,488	9,819	9,414	9,804	11.0%	8.5%	-0.1%	4.1%
Solvency Ratio	12.7%	14.0%	17.1%	17.0%	25.0%	12.7%	14.0%	17.1%	17.0%	25.0%	1.3%	3.1%	-0.1%	8.0%
NPL Ratio	1.21%	3.58%	8.40%	5.66%	5.41%	1.21%	3.58%	8.40%	5.66%	5.41%	2.37%	4.82%	-2.74%	-0.25%
NPL Coverage	155.9%	66.1%	50.0%	158.3%	152.8%	155.9%	66.1%	50.0%	158.3%	152.8%	-89.8%	-16.2%	108.3%	-5.5%
BS Provisions/Loans (gross)	1.89%	2.37%	4.20%	8.96%	8.27%	1.89%	2.37%	4.20%	8.96%	8.27%	0.48%	1.83%	4.76%	-0.69%

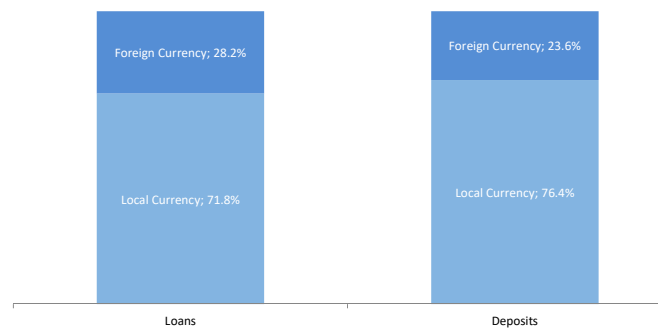
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2019**



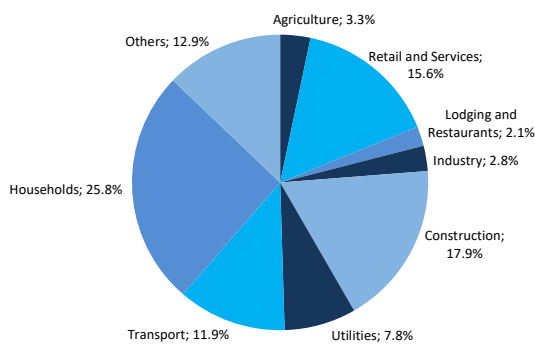
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2019**



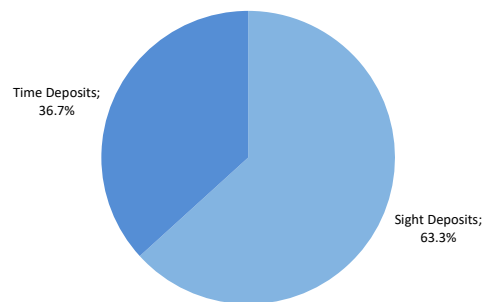
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2019**



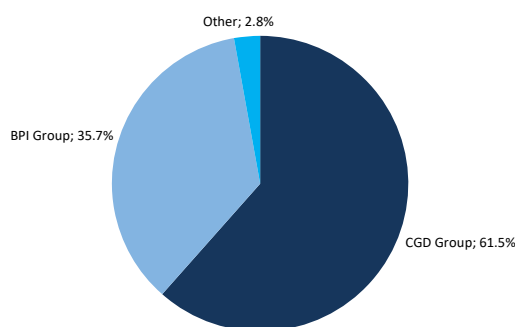
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.

## MILLENNIUM BIM (BIM)

Millennium bim (BIM) reported a net profit of MZM 7,023 million (US\$ 114.2 million) in 2019. This represents a 3.1% YoY increase that resulted from a sharp drop in loan impairments (-42.9%) in the period, which BIM attributed to the improved quality of new credit. Overall, ROE stood at 18.8% and ROA at 4.30% (vs. 20.3% and 4.51%, respectively, in 2018).

*BIM's net profit rose 3.1% YoY after a sharp drop in loan impairments*

The bank's revenue performance (-1.4% YoY) was affected by a softer contribution in terms of net interest income. This was due to the impact that a lower interest rate environment had on loan interest rates and the bank's financial assets portfolio, which is mostly composed of public debt instruments. Fee income recovered in 2019 after a slight drop in the previous year while results from financial operations surged as a result of a larger number of operations done in the FX market. The latter was influenced by the expansion in BIM's client base, namely exporters. Total costs advanced 4.5% YoY as the impact from higher staff costs outweighed the drop in admin costs while the sharp increase in depreciation reflects investments in the IT platform of the bank. This means that the cost-to-income ratio increased to 39.8% (from 37.6% in 2018).

*The bank continued to record the lowest cost-to-income ratio in the sector*

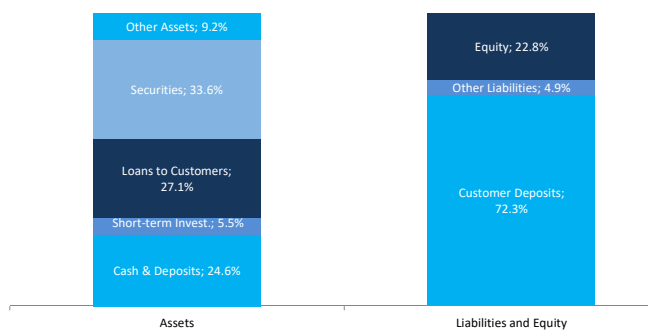
In terms of the balance sheet, net loans continued to decline (-11.7% YoY) largely as a result of the bank's more selective lending policy despite the current environment of lower interest rates allowing for easier access to credit. We note that net loans represented just 27.1% of the bank's total assets. On the other hand, BIM continued to capture more deposits (+6.6% YoY), which led the loans-to-deposits ratio to fall below 40% in the period. Most of the loans (87.1%) and deposits (79.2%) of the bank were denominated in local currency while 48.9% of the deposits were sight deposits. Meanwhile, the bank's NPL ratio reached 6.6%, with coverage standing at 180% (vs. 5.33% and 212%, respectively, in 2018). Finally, the bank's solvency ratio stood at comfortable 45.8%, above the 39.0% in the previous year and regulatory requirements (12%).

*The slowdown in economic activity and a more cautious stance in terms of lending policy meant that loan growth continued to contract in 2019*

MILLENNIUM BIM (BIM)	MZM Million					US\$ Million					% Change (MZM)			
Year	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCESHEET</b>														
Net Assets	120,428	138,459	137,331	150,808	163,389	2,624	1,941	2,327	2,453	2,658	15.0%	-0.8%	9.8%	8.3%
Customer Loans (net)	66,331	78,283	61,413	50,165	44,293	1,445	1,097	1,041	816	721	18.0%	-21.6%	-18.3%	-11.7%
Local Currency Loans	52,081	58,615	47,000	41,375	38,563	1,135	822	796	673	627	12.5%	-19.8%	-12.0%	-6.8%
Loan Loss Provisions	4,177	6,147	6,571	6,384	5,965	91	86	111	104	97	47.1%	6.9%	-2.8%	-6.6%
Non-Performing Loans	2,948	2,993	3,432	3,013	3,316	64	42	58	49	54	1.5%	14.7%	-12.2%	10.1%
Customer Deposits	89,205	97,819	99,622	110,727	118,056	1,943	1,371	1,688	1,801	1,921	9.7%	1.8%	11.1%	6.6%
Local Currency Deposits	66,913	69,080	75,325	85,687	93,459	1,458	968	1,276	1,394	1,520	3.2%	9.0%	13.8%	9.1%
Sight Deposits	50,659	54,075	51,171	55,964	57,741	1,104	758	867	910	939	6.7%	-5.4%	9.4%	3.2%
Equity	20,471	23,506	28,661	33,566	37,304	446	329	486	546	607	14.8%	21.9%	17.1%	11.1%
<b>P&amp;L ACCOUNT</b>														
Net Interest Income	6,157	9,711	12,417	13,148	12,757	134.2	136.1	210.4	213.9	207.5	57.7%	27.9%	5.9%	-3.0%
Fees & Commissions	1,973	2,129	2,180	2,144	2,244	43.0	29.8	36.9	34.9	36.5	7.9%	2.4%	-1.7%	4.6%
Other Banking Income	2,890	2,707	1,480	2,135	2,176	63.0	37.9	25.1	34.7	35.4	-6.3%	-45.3%	44.3%	1.9%
<b>Banking Income</b>	<b>11,021</b>	<b>14,547</b>	<b>16,077</b>	<b>17,427</b>	<b>17,176</b>	<b>240.1</b>	<b>203.9</b>	<b>272.4</b>	<b>283.5</b>	<b>279.4</b>	<b>32.0%</b>	<b>10.5%</b>	<b>8.4%</b>	<b>-1.4%</b>
Staff Costs	2,096	2,496	2,656	2,822	2,949	45.7	35.0	45.0	45.9	48.0	19.1%	6.4%	6.3%	4.5%
Other Costs	2,043	2,548	2,874	3,117	3,023	44.5	35.7	48.7	50.7	49.2	24.7%	12.8%	8.5%	-3.0%
Depreciation	501	533	560	605	870	10.9	7.5	9.5	9.8	14.2	6.3%	5.1%	8.1%	43.8%
<b>Total Costs</b>	<b>4,640</b>	<b>5,576</b>	<b>6,089</b>	<b>6,545</b>	<b>6,841</b>	<b>101.1</b>	<b>78.2</b>	<b>103.2</b>	<b>106.5</b>	<b>111.3</b>	<b>20.2%</b>	<b>9.2%</b>	<b>7.5%</b>	<b>4.5%</b>
<b>Operating Income</b>	<b>6,381</b>	<b>8,971</b>	<b>9,988</b>	<b>10,882</b>	<b>10,335</b>	<b>139.0</b>	<b>125.7</b>	<b>169.2</b>	<b>177.0</b>	<b>168.1</b>	<b>40.6%</b>	<b>11.3%</b>	<b>9.0%</b>	<b>-5.0%</b>
Net Loan Loss Provisions (LLP)	1,093	1,644	2,004	2,437	1,390	23.8	23.0	33.9	39.6	22.6	50.5%	21.8%	21.6%	-42.9%
Other	-654	-349	80	-48	43	-14.3	-4.9	1.4	-0.8	0.7	-46.7%	n.m.	n.m.	n.m.
<b>Pre-Tax Profits</b>	<b>4,634</b>	<b>6,978</b>	<b>8,065</b>	<b>8,397</b>	<b>8,988</b>	<b>100.9</b>	<b>97.8</b>	<b>136.6</b>	<b>136.6</b>	<b>146.2</b>	<b>50.6%</b>	<b>15.6%</b>	<b>4.1%</b>	<b>7.0%</b>
Taxes	896	1,963	1,904	1,588	1,965	19.5	27.5	32.3	25.8	32.0	119.0%	-3.0%	-16.6%	23.8%
<b>Net Profit</b>	<b>3,737</b>	<b>5,014</b>	<b>6,161</b>	<b>6,809</b>	<b>7,023</b>	<b>81.4</b>	<b>70.3</b>	<b>104.4</b>	<b>110.8</b>	<b>114.2</b>	<b>34.2%</b>	<b>22.9%</b>	<b>10.5%</b>	<b>3.1%</b>
<b>RATIOS</b>														
Net Interest Margin (NII/ATA)	5.48%	7.50%	9.00%	9.13%	8.12%	5.48%	7.50%	9.00%	9.13%	8.12%	2.02%	1.50%	0.12%	-1.01%
Net Interest Income (% of Revenue)	55.9%	66.8%	77.2%	75.4%	74.3%	55.9%	66.8%	77.2%	75.4%	74.3%	10.9%	10.5%	-1.8%	-1.2%
Fees (% of Banking Income)	17.9%	14.6%	13.6%	12.3%	13.1%	17.9%	14.6%	13.6%	12.3%	13.1%	-3.3%	-1.1%	-1.3%	0.8%
Staff Costs (% of Total Costs)	45.2%	44.8%	43.6%	43.1%	43.1%	45.2%	44.8%	43.6%	43.1%	43.1%	-0.4%	-1.1%	-0.5%	0.0%
Costs per Employee ('000)	892	1,039	1,073	1,147	1,168	19.4	14.6	18.2	18.7	19.0	16.5%	3.2%	6.9%	1.9%
Cost-to-Income (incl. Depreciation)	42.1%	38.3%	37.9%	37.6%	39.8%	42.1%	38.3%	37.9%	37.6%	39.8%	-3.8%	-0.5%	-0.3%	2.3%
Net LLP (% of Net Loans)	1.65%	2.10%	3.26%	4.86%	3.14%	1.65%	2.10%	3.26%	4.86%	3.14%	0.45%	1.16%	1.60%	-1.72%
Tax Rate	19.3%	28.1%	23.6%	18.9%	21.9%	19.3%	28.1%	23.6%	18.9%	21.9%	8.8%	-4.5%	-4.7%	3.0%
ROE	18.3%	21.3%	21.5%	20.3%	18.8%	18.3%	21.3%	21.5%	20.3%	18.8%	3.1%	0.2%	-1.2%	-1.5%
ROA	3.10%	3.62%	4.49%	4.51%	4.30%	3.10%	3.62%	4.49%	4.51%	4.30%	0.52%	0.86%	0.03%	-0.22%
Loans/Deposits	74.4%	80.0%	61.6%	45.3%	37.5%	74.4%	80.0%	61.6%	45.3%	37.5%	5.7%	-18.4%	-16.3%	-7.8%
Loans/Assets	55.1%	56.5%	44.7%	33.3%	27.1%	55.1%	56.5%	44.7%	33.3%	27.1%	1.5%	-11.8%	-11.5%	-6.2%
Deposits/Liabilities	89.2%	85.1%	91.7%	94.4%	93.6%	89.2%	85.1%	91.7%	94.4%	93.6%	-4.1%	6.6%	2.8%	-0.8%
Loans in Local Currency (% Total)	78.5%	74.9%	76.5%	82.5%	87.1%	78.5%	74.9%	76.5%	82.5%	87.1%	-3.6%	1.7%	5.9%	4.6%
Deposits in Local Currency (% Total)	75.0%	70.6%	75.6%	77.4%	79.2%	75.0%	70.6%	75.6%	77.4%	79.2%	-4.4%	5.0%	1.8%	1.8%
Loans per Branch ('000)	392,491	444,790	330,178	259,923	221,463	8,551	6,234	5,594	4,228	3,603	13.3%	-25.8%	-21.3%	-14.8%
Deposits per Branch ('000)	527,838	555,789	535,600	573,716	590,279	11,500	7,790	9,075	9,333	9,603	5.3%	-3.6%	7.1%	2.9%
Solvency Ratio	19.8%	18.8%	17.1%	39.0%	45.8%	19.8%	18.8%	17.1%	39.0%	45.8%	-1.0%	-1.7%	21.9%	6.8%
NPL Ratio	4.18%	3.54%	5.05%	5.33%	6.60%	4.18%	3.54%	5.05%	5.33%	6.60%	-0.64%	1.50%	0.28%	1.27%
NPL Coverage	141.7%	205.4%	191.5%	211.9%	179.9%	141.7%	205.4%	191.5%	211.9%	179.9%	63.7%	-13.9%	20.4%	-32.0%
BS Provisions/Loans (gross)	5.92%	7.28%	9.67%	11.29%	11.87%	5.92%	7.28%	9.67%	11.29%	11.87%	1.36%	2.39%	1.62%	0.58%

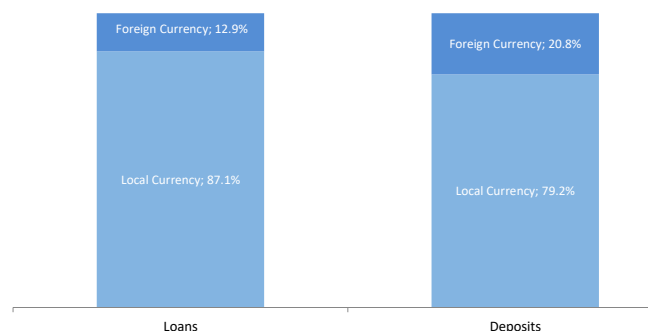
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2019**



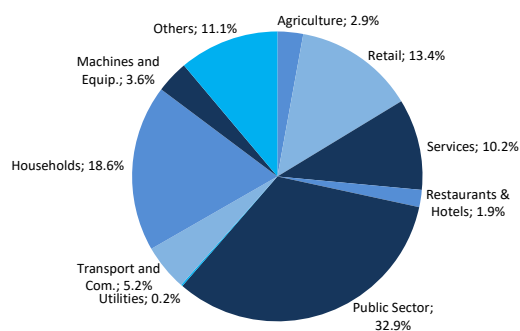
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**LOANS AND DEPOSITS BY CURRENCY - 2019**



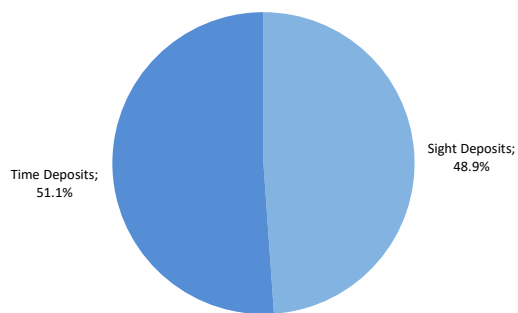
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2019**



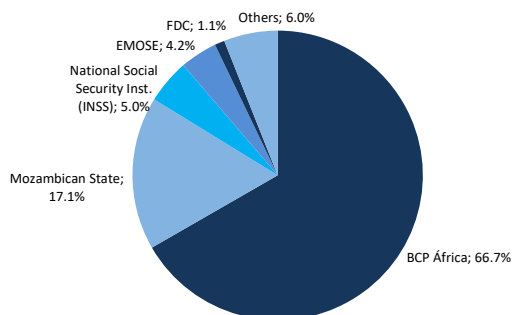
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.

## STANDARD BANK MOZAMBIQUE

Standard Bank Mozambique disclosed a net profit of MZM 4,941 million (US\$ 80.4 million) in 2019, which is 11.6% lower than in the previous year. This lower bottom-line came on the back of a weak revenue performance and higher costs, meaning that operating income declined 9.5% YoY. The bottom-line benefited from lower loan impairments (-50.5%), which continued to decline from the abnormally high level in 2016. Recall that the surge in loan impairments in 2016 resulted from a large downgrade in the rating of some clients made by the bank. Overall, ROE reached 19.8% while ROA stood at 4.14% (vs. 26.5% and 5.59%, respectively, in 2018).

The bank's revenue performance was clearly impacted by a relatively weaker contribution from net interest income (-6.1% YoY). This was due to (1) an increasingly accommodative monetary policy followed by the central bank, (2) reserve requirements in foreign currency rose by 900 bps and (3) a 24% YoY increase in time deposits in local currency, all of which hurt the bank's margin. This was partly offset by a strong evolution in fee income that surged 25.3% YoY. The bank stated that this was the result of a higher number of operations at its retail network as well as from large corporate clients. Costs were up by 6.5% YoY, meaning that the cost-to-income ratio reached 47.4% (vs. 43.3% in 2018). Despite this increase, the bank's efficiency ratio still compares favorably to the rest of the banking sector.

In terms of the balance sheet, net loans remained flat in the period, with the bank stating that loans to individuals and SMEs saw a healthy improvement while loans to large corporates were down as a result of the slower economic activity and limited investment outside of the oil and gas sector. The bank also said that the percentage of its remunerated assets to total assets fell from 78.2% in 2018 to 75.7% as a result of the 900 bps increase in required reserves in foreign currency at the central bank. On the other hand, deposits rose 19.7% last year mainly due to the increase in sight deposits in local currency. Meanwhile, the NPL ratio declined further in 2019 and reached 1.48%, with coverage standing at 372% (vs. 2.6% and 242%, respectively, in 2018) after the bank was able to restructure or recover part of its loans that were overdue. Finally, the solvency ratio stood at 29.3%, which compares with 19.4% in the previous year.

*Net profit declined 11.6% YoY as a result of a weak operating performance*

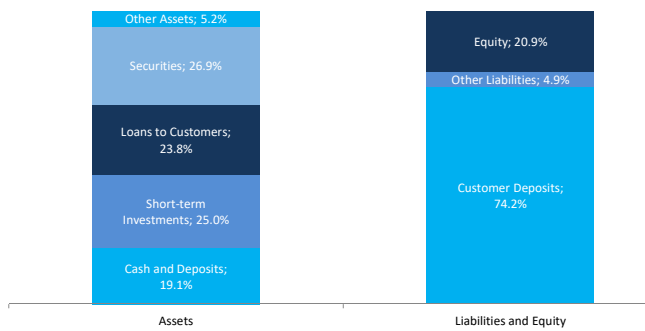
*Revenues were clearly impacted by a relatively weaker contribution from net interest income, as margins remained under pressure as a result of an increasingly lower interest rate environment*

*The loans-to-deposits ratio continued to decline, reaching only 32.2%*

STANDARD BANK MOZAMBIQUE	MZM Million					US\$ Million					% Change (MZM)				
	Year	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCESHEET</b>															
Net Assets	66,948	79,663	87,428	99,928	119,286	1,459	1,117	1,481	1,626	1,941	19.0%	9.7%	14.3%	19.4%	
Customer Loans (net)	26,873	29,488	22,013	28,296	28,447	585	413	373	460	463	9.7%	-25.3%	28.5%	0.5%	
Local Currency Loans	17,433	18,294	12,384	19,092	21,181	380	256	210	311	345	4.9%	-32.3%	54.2%	10.9%	
Loan Loss Provisions	562	1,525	1,689	1,905	1,654	12	21	29	31	27	171.2%	10.8%	12.8%	-13.2%	
Non-Performing Loans	432	2,460	1,133	787	444	9	34	19	13	7	469.9%	-53.9%	-30.6%	-43.5%	
Customer Deposits	49,871	61,597	65,729	73,940	88,479	1,087	863	1,114	1,203	1,439	23.5%	6.7%	12.5%	19.7%	
Local Currency Deposits	22,466	27,919	36,807	39,274	51,938	489	391	624	639	845	24.3%	31.8%	6.7%	32.2%	
Sight Deposits	46,061	54,692	57,185	64,406	74,779	1,004	767	969	1,048	1,217	18.7%	4.6%	12.6%	16.1%	
Equity	10,266	12,578	17,493	21,114	24,916	224	176	296	343	405	22.5%	39.1%	20.7%	18.0%	
<b>P&amp;L ACCOUNT</b>															
Net Interest Income	2,881	5,275	9,359	9,249	8,681	62.8	73.9	158.6	150.5	141.2	83.1%	77.4%	-1.2%	-6.1%	
Fees & Commissions	1,070	1,216	1,256	1,542	1,933	23.3	17.0	21.3	25.1	31.4	13.7%	3.3%	22.8%	25.3%	
Other Banking Income	3,348	3,223	2,481	2,596	2,430	73.0	45.2	42.0	42.2	39.5	-3.8%	-23.0%	4.6%	-6.4%	
<b>Banking Income</b>	<b>7,299</b>	<b>9,714</b>	<b>13,096</b>	<b>13,387</b>	<b>13,043</b>	<b>159.0</b>	<b>136.1</b>	<b>221.9</b>	<b>217.8</b>	<b>212.2</b>	<b>33.1%</b>	<b>34.8%</b>	<b>2.2%</b>	<b>-2.6%</b>	
Staff Costs	1,997	2,453	3,166	3,391	3,514	43.5	34.4	53.6	55.2	57.2	22.9%	29.1%	7.1%	3.6%	
Other Costs	1,229	1,578	1,920	1,972	2,004	26.8	22.1	32.5	32.1	32.6	28.3%	21.7%	2.7%	1.6%	
Depreciation	188	279	343	436	659	4.1	3.9	5.8	7.1	10.7	48.5%	23.2%	27.1%	50.9%	
<b>Total Costs</b>	<b>3,413</b>	<b>4,309</b>	<b>5,430</b>	<b>5,799</b>	<b>6,177</b>	<b>74.4</b>	<b>60.4</b>	<b>92.0</b>	<b>94.3</b>	<b>100.5</b>	<b>26.2%</b>	<b>26.0%</b>	<b>6.8%</b>	<b>6.5%</b>	
<b>Operating Income</b>	<b>3,885</b>	<b>5,405</b>	<b>7,666</b>	<b>7,588</b>	<b>6,867</b>	<b>84.6</b>	<b>75.8</b>	<b>129.9</b>	<b>123.4</b>	<b>111.7</b>	<b>39.1%</b>	<b>41.8%</b>	<b>-1.0%</b>	<b>-9.5%</b>	
Net Loan Loss Provisions (LLP)	325	1,122	295	213	106	7.1	15.7	5.0	3.5	1.7	245.4%	-73.7%	-27.6%	-50.5%	
<b>Pre-Tax Profits</b>	<b>3,560</b>	<b>4,283</b>	<b>7,371</b>	<b>7,374</b>	<b>6,761</b>	<b>77.6</b>	<b>60.0</b>	<b>124.9</b>	<b>120.0</b>	<b>110.0</b>	<b>20.3%</b>	<b>72.1%</b>	<b>0.0%</b>	<b>-8.3%</b>	
Taxes	1,203	1,502	1,776	1,788	1,821	26.2	21.0	30.1	29.1	29.6	24.9%	18.3%	0.6%	1.8%	
<b>Net Profit</b>	<b>2,357</b>	<b>2,781</b>	<b>5,595</b>	<b>5,587</b>	<b>4,941</b>	<b>51.4</b>	<b>39.0</b>	<b>94.8</b>	<b>90.9</b>	<b>80.4</b>	<b>18.0%</b>	<b>101.2%</b>	<b>-0.1%</b>	<b>-11.6%</b>	
<b>RATIOS</b>															
Net Interest Margin (NII/ATA)	4.96%	7.20%	11.20%	9.87%	7.92%	4.96%	7.20%	11.20%	9.87%	7.92%	2.24%	4.01%	-1.33%	-1.95%	
Net Interest Income (% of Revenue)	39.5%	54.3%	71.5%	69.1%	66.6%	39.5%	54.3%	71.5%	69.1%	66.6%	14.8%	17.2%	-2.4%	-2.5%	
Fees (% of Banking Income)	14.7%	12.5%	9.6%	11.5%	14.8%	14.7%	12.5%	9.6%	11.5%	14.8%	-2.1%	-2.9%	1.9%	3.3%	
Staff Costs (% of Total Costs)	58.5%	56.9%	58.3%	58.5%	56.9%	58.5%	56.9%	58.3%	58.5%	56.9%	-1.6%	1.4%	0.2%	-1.6%	
Costs per Employee ('000)	1,732	2,067	2,688	2,847	2,933	37.7	29.0	45.5	46.3	47.7	19.3%	30.1%	5.9%	3.0%	
Cost-to-Income (incl. Depreciation)	46.8%	44.4%	41.5%	43.3%	47.4%	46.8%	44.4%	41.5%	43.3%	47.4%	-2.4%	-2.9%	1.9%	4.0%	
Net LLP (% of Net Loans)	1.21%	3.81%	1.34%	0.75%	0.37%	1.21%	3.81%	1.34%	0.75%	0.37%	2.60%	-2.47%	-0.58%	-0.38%	
Tax Rate	33.8%	35.1%	24.1%	24.2%	26.9%	33.8%	35.1%	24.1%	24.2%	26.9%	1.3%	-11.0%	0.1%	2.7%	
ROE	23.0%	22.1%	32.0%	26.5%	19.8%	23.0%	22.1%	32.0%	26.5%	19.8%	-0.9%	9.9%	-5.5%	-6.6%	
ROA	3.52%	3.49%	6.40%	5.59%	4.14%	3.52%	3.49%	6.40%	5.59%	4.14%	-0.03%	2.91%	-0.81%	-1.45%	
Loans/Deposits	53.9%	47.9%	33.5%	38.3%	32.2%	53.9%	47.9%	33.5%	38.3%	32.2%	-6.0%	-14.4%	4.8%	-6.1%	
Loans/Assets	40.1%	37.0%	25.2%	28.3%	23.8%	40.1%	37.0%	25.2%	28.3%	23.8%	-3.1%	-11.8%	3.1%	-4.5%	
Deposits/Liabilities	88.0%	91.8%	94.0%	93.8%	93.8%	88.0%	91.8%	94.0%	93.8%	93.8%	3.8%	2.2%	-0.2%	-0.1%	
Loans in Local Currency (% Total)	64.9%	62.0%	56.3%	67.5%	74.5%	64.9%	62.0%	56.3%	67.5%	74.5%	-2.8%	-5.8%	11.2%	7.0%	
Deposits in Local Currency (% Total)	45.0%	45.3%	56.0%	53.1%	58.7%	45.0%	45.3%	56.0%	53.1%	58.7%	0.3%	10.7%	-2.9%	5.6%	
Loans per Branch ('000)	671,831	737,206	550,330	707,395	711,180	14,637	10,332	9,324	11,508	11,570	9.7%	-25.3%	28.5%	0.5%	
Deposits per Branch ('000)	1,246,781	1,539,928	1,643,227	1,848,488	2,211,982	27,163	21,583	27,842	30,071	35,985	23.5%	6.7%	12.5%	19.7%	
Solvency Ratio	15.3%	17.0%	20.4%	19.4%	29.3%	15.3%	17.0%	20.4%	19.4%	29.3%	1.6%	3.5%	-1.0%	9.9%	
NPL Ratio	1.57%	7.93%	4.78%	2.60%	1.48%	1.57%	7.93%	4.78%	2.60%	1.48%	6.36%	-3.15%	-2.18%	-1.13%	
NPL Coverage	130.2%	62.0%	149.1%	242.2%	372.5%	130.2%	62.0%	149.1%	242.2%	372.5%	-68.2%	87.1%	93.1%	130.3%	
BS Provisions/Loans (gross)	2.05%	4.92%	7.13%	6.31%	5.50%	2.05%	4.92%	7.13%	6.31%	5.50%	2.87%	2.21%	-0.82%	-0.81%	

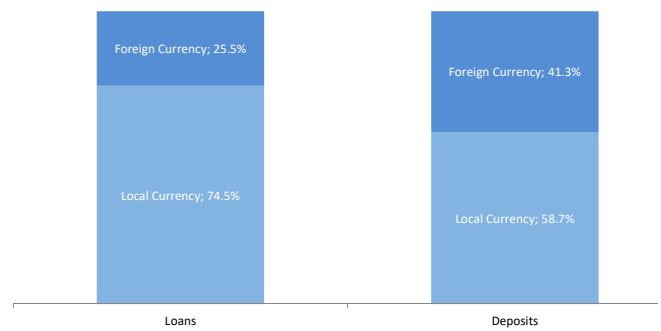
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2019**



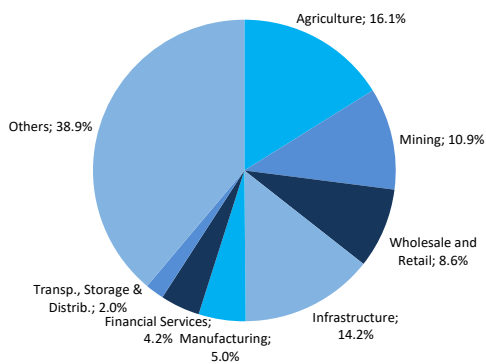
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2019**



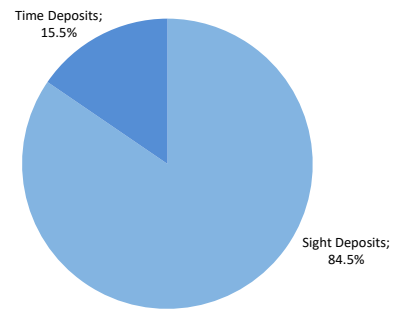
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2019**



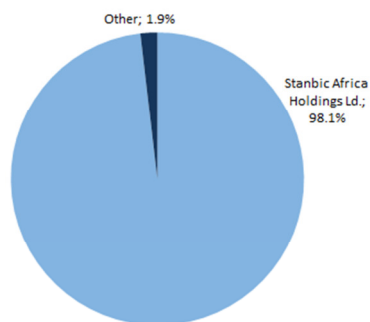
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.



## MOZA BANCO

Moza Banco disclosed a net loss of MZM 776 million (US\$ -12.6 million) in 2019, roughly the same result as in the previous year. Despite a recovery in operating income, the bank's bottom-line was clearly impacted by higher loan impairments, which more than doubled in the period. The bank stated that it had to build impairments for a certain group of clients after a continuous evaluation of their risk profile. This meant that Moza Banco recorded a fourth consecutive year of losses. ROE stood at -10% and ROA at -1.85%. These compare with -8.5% and -2.11%, respectively, in the previous year.

Revenues saw a sharp increase of 25.9% YoY, boosted by an improved performance across the board. In particular, net interest income was up 25.3% in the period, reflecting a faster growth in credit relatively to deposits (32.7% vs. 17.9%). The bank said this impact was able to offset some margin pressure felt in the period as a result of the lower interest rate environment. Fees advanced at high single-digits and continued to reflect a favorable evolution in commissions associated with new credit production and the significant increase in transactions in direct channels and self-banking. Other banking income surged 78% YoY and mostly reflects higher trading volumes in FX. In terms of costs, these rose 10.4% YoY and reflect the impact from the integration of former Banco Terra in the bank last year and significantly higher depreciation levels due to regulatory changes in the period. Overall, Moza's cost-to-income ratio reached 98% (vs. 111.7% in 2018), clearly remaining the highest amongst the largest banks.

Balance sheet data showed that Moza's loans-to-deposits ratio reached 81.4% in the period. Moreover, its NPL ratio stood at 11.9%, with coverage reaching 138.6%. This compares with 9.9% and 179.1%, respectively, in the previous year. These ratios remain the highest for the largest banks operating in the country. Finally, the bank's solvency ratio reached 23.8%, above the 21.7% in 2018 and the regulatory requirement.

*The bank recorded another net loss in 2019*

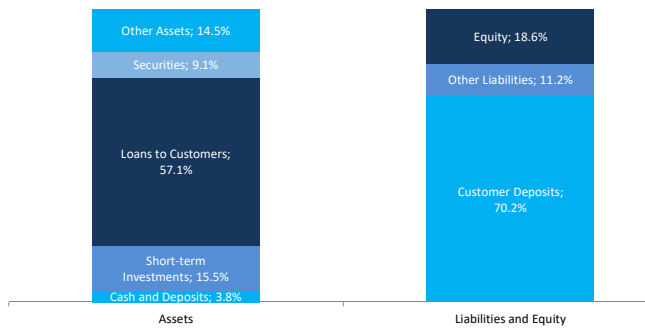
*Revenues saw a sharp increase, as strong volume growth helped offset the impact from tighter margins*

*Moza continues to record the highest loans-to-deposits ratio as well as the NPL ratio amongst the largest banks*

MOZA BANCO Year	MZM Million					US\$ Million					% Change (MZM)				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18	
<b>BALANCESHEET</b>															
Net Assets	31,369	27,673	26,676	36,411	41,817	683	388	452	592	680	-11.8%	-3.6%	36.5%	14.8%	
Customer Loans (net)	17,937	17,146	15,281	17,986	23,875	391	240	259	293	388	-4.4%	-10.9%	17.7%	32.7%	
Local Currency Loans	15,932	14,050	13,309	14,993	20,294	347	197	225	244	330	-11.8%	-5.3%	12.7%	35.4%	
Loan Loss Provisions	515	1,980	2,947	3,873	4,721	11	28	50	63	77	284.8%	48.9%	31.4%	21.9%	
Non-Performing Loans	420	876	1,593	2,163	3,406	9	12	27	35	55	108.7%	81.9%	35.7%	57.5%	
Customer Deposits	24,735	16,058	17,960	24,893	29,346	539	225	304	405	477	-35.1%	11.8%	38.6%	17.9%	
Local Currency Deposits	20,361	12,755	15,222	21,539	26,339	444	179	258	350	428	-37.4%	19.3%	41.5%	22.3%	
Sight Deposits	9,519	7,882	6,788	8,002	10,681	207	110	115	130	174	-17.2%	-13.9%	17.9%	33.5%	
Equity	2,441	-2,775	7,198	9,093	7,780	53	-39	122	148	127	n.m.	n.m.	26.3%	-14.4%	
<b>P&amp;L ACCOUNT</b>															
Net Interest Income	725	946	1,968	1,858	2,327	15.8	13.3	33.3	30.2	37.9	30.4%	108.1%	-5.6%	25.3%	
Fees & Commissions	432	386	324	461	501	9.4	5.4	5.5	7.5	8.1	-10.6%	-10.0%	42.1%	8.6%	
Other Banking Income	1,350	-808	175	173	308	29.4	-11.3	3.0	2.8	5.0	n.m.	n.m.	-1.2%	78.0%	
<b>Banking Income</b>	<b>2,507</b>	<b>524</b>	<b>2,467</b>	<b>2,491</b>	<b>3,135</b>	<b>54.6</b>	<b>7.3</b>	<b>41.8</b>	<b>40.5</b>	<b>51.0</b>	<b>-79.1%</b>	<b>370.6%</b>	<b>1.0%</b>	<b>25.9%</b>	
Staff Costs	887	1,005	943	1,138	1,296	19.3	14.1	16.0	18.5	21.1	13.3%	-6.2%	20.7%	13.9%	
Other Costs	932	2,397	1,091	1,263	1,121	20.3	33.6	18.5	20.6	18.2	157.3%	-54.5%	15.8%	-11.2%	
Depreciation	322	417	394	381	655	7.0	5.8	6.7	6.2	10.7	29.5%	-5.5%	-3.2%	71.9%	
<b>Total Costs</b>	<b>2,140</b>	<b>3,819</b>	<b>2,427</b>	<b>2,783</b>	<b>3,072</b>	<b>46.6</b>	<b>53.5</b>	<b>41.1</b>	<b>45.3</b>	<b>50.0</b>	<b>78.4%</b>	<b>-36.4%</b>	<b>14.6%</b>	<b>10.4%</b>	
<b>Operating Income</b>	<b>367</b>	<b>-3,295</b>	<b>40</b>	<b>-291</b>	<b>63</b>	<b>8.0</b>	<b>-46.2</b>	<b>0.7</b>	<b>-4.7</b>	<b>1.0</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	
Net Loan Loss Provisions (LLP)	276	1,290	1,406	254	607	6.0	18.1	23.8	4.1	9.9	366.8%	9.0%	-81.9%	139.1%	
Other	0	-681	-91	-1	-26	0.0	-9.5	-1.5	0.0	-0.4	n.m.	-86.6%	-99.2%	3325.3%	
<b>Pre-Tax Profits</b>	<b>91</b>	<b>-5,265</b>	<b>-1,457</b>	<b>-546</b>	<b>-570</b>	<b>2.0</b>	<b>-73.8</b>	<b>-24.7</b>	<b>-8.9</b>	<b>-9.3</b>	<b>n.m.</b>	<b>-72.3%</b>	<b>-62.5%</b>	<b>4.5%</b>	
Taxes	9	-172	2	222	205	0.2	-2.4	0.0	3.6	3.3	n.m.	n.m.	n.m.	-7.7%	
<b>Net Profit</b>	<b>82</b>	<b>-5,093</b>	<b>-1,459</b>	<b>-768</b>	<b>-776</b>	<b>1.8</b>	<b>-71.4</b>	<b>-24.7</b>	<b>-12.5</b>	<b>-12.6</b>	<b>n.m.</b>	<b>-71.4%</b>	<b>-47.3%</b>	<b>0.9%</b>	
<b>RATIOS</b>															
Net Interest Margin (NII/ATA)	2.66%	3.20%	7.24%	5.89%	5.95%	2.66%	3.20%	7.24%	5.89%	5.95%	0.54%	4.04%	-1.35%	0.06%	
Net Interest Income (% of Revenue)	28.9%	180.4%	79.8%	74.6%	74.2%	28.9%	180.4%	79.8%	74.6%	74.2%	151.5%	-100.6%	-5.2%	-0.3%	
Fees (% of Banking Income)	17.2%	73.6%	13.1%	18.5%	16.0%	17.2%	73.6%	13.1%	18.5%	16.0%	56.4%	-60.5%	5.4%	-2.5%	
Staff Costs (% of Total Costs)	41.4%	26.3%	38.8%	40.9%	42.2%	41.4%	26.3%	38.8%	40.9%	42.2%	-15.1%	12.5%	2.1%	1.3%	
Costs per Employee (000)	1,109	1,375	1,288	1,511	1,410	24	19	22	25	23	24.0%	-6.3%	17.3%	-6.7%	
Cost-to-Income (incl. Depreciation)	85.4%	728.4%	98.4%	111.7%	98.0%	85.4%	728.4%	98.4%	111.7%	98.0%	643.0%	-630.0%	13.3%	-13.7%	
Net LLP (% of Net Loans)	1.54%	7.52%	9.20%	1.41%	2.54%	1.54%	7.52%	9.20%	1.41%	2.54%	5.98%	1.68%	-7.79%	1.13%	
Tax Rate	9.9%	3.3%	-0.1%	-40.7%	-36.0%	9.9%	3.3%	-0.1%	-40.7%	-36.0%	-6.6%	-3.4%	-40.6%	4.7%	
ROE	3.3%	183.5%	-20.3%	-8.5%	-10.0%	3.3%	183.5%	-20.3%	-8.5%	-10.0%	180.1%	-203.8%	11.8%	-1.5%	
ROA	0.26%	-18.40%	-5.47%	-2.11%	-1.85%	0.26%	-18.40%	-5.47%	-2.11%	-1.85%	-18.66%	12.93%	3.36%	0.26%	
Loans/Deposits	72.5%	106.8%	85.1%	72.3%	81.4%	72.5%	106.8%	85.1%	72.3%	81.4%	-18.66%	-21.7%	-12.8%	9.1%	
Loans/Assets	57.2%	62.0%	57.3%	49.4%	57.1%	57.2%	62.0%	57.3%	49.4%	57.1%	4.8%	-4.7%	-7.9%	7.7%	
Deposits/Liabilities	85.5%	52.7%	92.2%	91.1%	86.2%	85.5%	52.7%	92.2%	91.1%	86.2%	-32.8%	39.5%	-1.1%	-4.9%	
Loans in Local Currency (% Total)	88.8%	81.9%	87.1%	83.4%	85.0%	88.8%	81.9%	87.1%	83.4%	85.0%	-6.9%	5.2%	-3.7%	1.6%	
Deposits in Local Currency (% Total)	82.3%	79.4%	84.8%	86.5%	89.8%	82.3%	79.4%	84.8%	86.5%	89.8%	-2.9%	5.3%	1.8%	3.2%	
Loans per Branch (000)	304,025	311,746	288,321	327,011	385,085	6,624	4,369	4,885	5,320	6,265	2.5%	-7.5%	13.4%	17.8%	
Deposits per Branch (000)	419,232	291,969	338,870	452,604	473,325	9,134	4,092	5,742	7,363	7,700	-30.4%	16.1%	33.6%	4.6%	
Solvency Ratio	9.9%	-98.9%	23.5%	21.7%	23.8%	9.9%	-98.9%	23.5%	21.7%	23.8%	-108.8%	122.3%	-1.8%	2.1%	
NPL Ratio	2.3%	4.6%	8.7%	9.9%	11.9%	2.27%	4.58%	8.74%	9.89%	11.91%	2.30%	4.16%	1.15%	2.02%	
NPL Coverage	122.6%	226.1%	185.0%	179.1%	138.6%	122.6%	226.1%	185.0%	179.1%	138.6%	103.5%	-41.1%	-5.9%	-40.5%	
BS Provisions/Loans (gross)	2.79%	10.35%	16.17%	17.72%	16.51%	2.79%	10.35%	16.17%	17.72%	16.51%	7.56%	5.82%	1.55%	-1.21%	

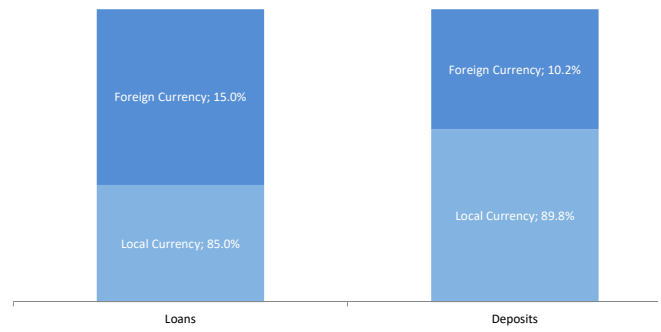
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2019**



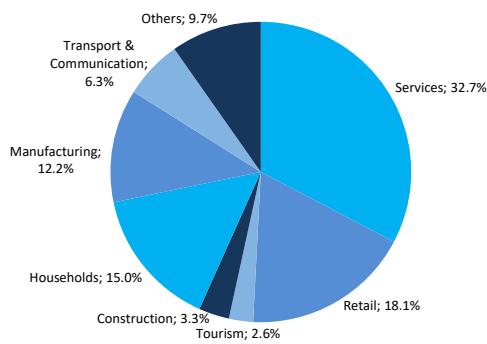
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2019**



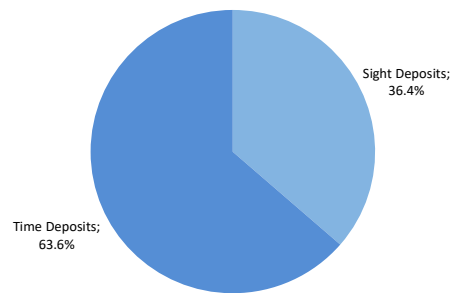
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2019**



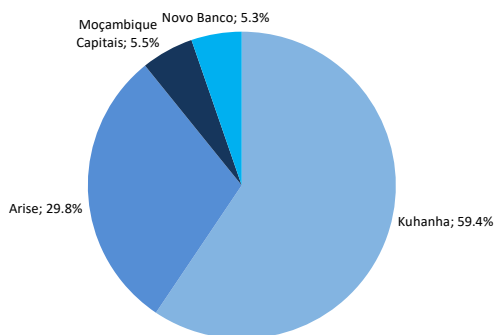
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.

## ABSA BANK MOZAMBIQUE

ABSA Bank Mozambique's net profit declined 24.1% YoY to MZM 1,048 million (US\$ 17.1 million) in 2019. This reflected a modest recovery in revenues that was insufficient to offset a double-digit in costs, leading operating income to fall by 21% YoY in the period. Overall, this means that ROE reached 14.1% and ROA stood at 2.55% (vs. 20.5% and 3.63%, respectively, in the previous year).

On the revenue front, we highlight the 2.8% YoY drop in net interest income, which the bank attributed to the strong squeeze in margins on the asset side of its balance sheet (reflecting the lower interest rate environment that persisted in 2019). This impact more than offset a healthy improvement in volumes (net loans advanced 32.5% and deposits rose 14.7%). As a result, and despite the continued robust performance of fees and other revenues, total banking income was only up by 2.1% YoY. Net interest income accounted for nearly 72% of total revenues (down from 75.5% in the previous year).

Meanwhile, the cost performance was impacted by the change in brand from Barclays to ABSA and the associated IT costs. According to the bank, this led to a 9.1% increase in costs (from a reported 13.1% YoY). This means that the cost-to-income deteriorated further in the period, reaching 75% (vs. 67.7% in 2018) and standing only below Moza's reported 98%. Below the operating income line, we note that loan provisions were almost non-existent while net profit also benefited from very little taxes paid.

In terms of the balance sheet, we note that the healthy increase in net loans was due to the surge in local currency lending (43.9% YoY), which represented more than 80% of total loans. And, despite the increase in NPLs in the period, the NPL ratio continued to improve (after surging in 2016) and stood at 7.11%, while NPL coverage reached 63.5%. These figures compare with 7.68% and 65.4%, respectively, in 2018. Finally, the solvency ratio remained at a comfortable 20.0%, despite falling from 23.1% in the previous year.

*ABSA Bank reported a decline in net profit partly due to the impact from the change in brand and the associated costs*

*Revenues saw a relatively weak performance, as net interest income continued to be pressured by the low interest rate environment*

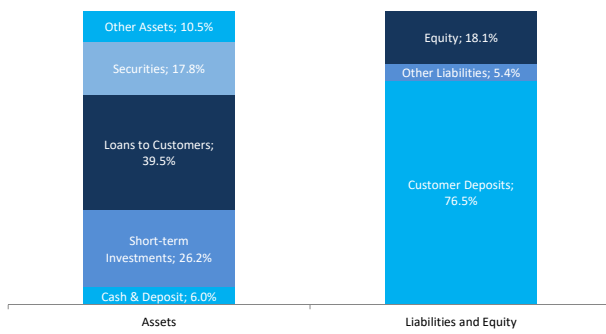
*The bank's efficiency ratio deteriorated further in the period, reaching 75%*

*The NPL ratio continued to improve while solvency levels remained comfortable*

ABSA BANK MOZAMBIQUE Year	MZM Million					US\$ Million					% Change (MZM)			
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCE SHEET</b>														
Net Assets	23,501	27,347	29,912	38,053	41,167	512	383	507	619	670	16.4%	9.4%	27.2%	8.2%
Customer Loans (net)	11,413	14,256	10,288	12,284	16,273	249	200	174	200	265	24.9%	-27.8%	19.4%	32.5%
Local Currency Loans	9,839	11,254	8,565	9,140	13,150	214	158	145	149	214	14.4%	-23.9%	6.7%	43.9%
Loan Loss Provisions	744	852	805	650	769	16	12	14	11	13	14.5%	-5.5%	-19.3%	18.4%
Non-Performing Loans	1,148	2,692	1,054	994	1,212	25	38	18	16	20	134.4%	-60.9%	-5.7%	22.0%
Customer Deposits	16,953	20,349	21,400	27,478	31,508	369	285	363	447	513	20.0%	5.2%	28.4%	14.7%
Local Currency Deposits	11,923	12,772	14,298	17,876	21,741	260	179	242	291	354	7.1%	12.0%	25.0%	21.6%
Sight Deposits	8,582	9,363	10,351	11,746	15,652	187	131	175	191	255	9.1%	10.6%	13.5%	33.2%
Equity	3,793	4,305	5,410	6,742	7,434	83	60	92	110	121	13.5%	25.6%	24.6%	10.3%
<b>P&amp;L ACCOUNT</b>														
Net Interest Income	1,522	2,654	4,052	3,391	3,294	33.2	37.2	68.7	55.2	53.6	74.3%	52.7%	-16.3%	-2.8%
Fees & Commissions	488	395	355	454	561	10.6	5.5	6.0	7.4	9.1	-19.1%	-10.1%	27.8%	23.6%
Other Banking Income	764	690	380	646	730	16.7	9.7	6.4	10.5	11.9	-9.8%	-45.0%	70.2%	12.9%
<b>Banking Income</b>	<b>2,775</b>	<b>3,738</b>	<b>4,787</b>	<b>4,491</b>	<b>4,585</b>	<b>60.5</b>	<b>52.4</b>	<b>81.1</b>	<b>73.1</b>	<b>74.6</b>	<b>34.7%</b>	<b>28.0%</b>	<b>-6.2%</b>	<b>2.1%</b>
Staff Costs	1,229	1,134	1,435	1,440	1,571	26.8	15.9	24.3	23.4	25.6	-7.7%	26.5%	0.4%	9.1%
Other Costs	844	1,169	1,331	1,388	1,504	18.4	16.4	22.5	22.6	24.5	38.5%	13.8%	4.3%	8.3%
Depreciation	209	200	203	215	365	4.6	2.8	3.4	3.5	5.9	-4.3%	1.4%	5.7%	70.0%
<b>Total Costs</b>	<b>2,282</b>	<b>2,504</b>	<b>2,969</b>	<b>3,042</b>	<b>3,440</b>	<b>49.7</b>	<b>35.1</b>	<b>50.3</b>	<b>49.5</b>	<b>56.0</b>	<b>9.7%</b>	<b>18.6%</b>	<b>2.5%</b>	<b>13.1%</b>
<b>Operating Income</b>	<b>492</b>	<b>1,235</b>	<b>1,818</b>	<b>1,448</b>	<b>1,145</b>	<b>10.7</b>	<b>17.3</b>	<b>30.8</b>	<b>23.6</b>	<b>18.6</b>	<b>150.7%</b>	<b>47.3%</b>	<b>-20.3%</b>	<b>-21.0%</b>
Net Loan Loss Provisions (LLP)	185	495	279	-301	7	4.0	6.9	4.7	-4.9	0.1	167.7%	-43.6%	n.m.	n.m.
<b>Pre-Tax Profits</b>	<b>308</b>	<b>740</b>	<b>1,539</b>	<b>1,749</b>	<b>1,138</b>	<b>6.7</b>	<b>10.4</b>	<b>26.1</b>	<b>28.5</b>	<b>18.5</b>	<b>140.5%</b>	<b>108.0%</b>	<b>13.7%</b>	<b>-34.9%</b>
Taxes	0	165	436	369	90	0.0	2.3	7.4	6.0	1.5	n.m.	164.7%	-15.4%	-75.6%
<b>Net Profit</b>	<b>308</b>	<b>575</b>	<b>1,103</b>	<b>1,380</b>	<b>1,048</b>	<b>6.7</b>	<b>8.1</b>	<b>18.7</b>	<b>22.5</b>	<b>17.1</b>	<b>86.9%</b>	<b>91.8%</b>	<b>25.2%</b>	<b>-24.1%</b>
<b>RATIOS</b>														
Net Interest Margin (NII/ATA)	6.58%	10.44%	14.15%	9.98%	8.32%	6.58%	10.44%	14.15%	9.98%	8.32%	3.86%	3.72%	-4.18%	-1.66%
Net Interest Income (% of Revenue)	54.9%	71.0%	84.7%	75.5%	71.8%	54.9%	71.0%	84.7%	75.5%	71.8%	16.1%	13.7%	-9.2%	-3.7%
Fees (% of Banking Income)	17.6%	10.6%	7.4%	10.1%	12.2%	17.6%	10.6%	7.4%	10.1%	12.2%	-7.0%	-3.1%	2.7%	2.1%
Staff Costs (% of Total Costs)	53.8%	45.3%	48.3%	47.3%	45.7%	53.8%	45.3%	48.3%	47.3%	45.7%	-8.5%	3.0%	-1.0%	-1.6%
Costs per Employee (000)	1,475	1,370	1,805	1,813	2,078	32.1	19.2	30.6	29.5	33.8	-7.1%	31.7%	0.5%	14.6%
Cost-to-Income (incl. Depreciation)	82.3%	67.0%	62.0%	67.7%	75.0%	82.3%	67.0%	62.0%	67.7%	75.0%	-15.3%	-5.0%	5.7%	7.3%
Net LLP (% of Net Loans)	1.62%	3.47%	2.71%	-2.45%	0.04%	1.62%	3.47%	2.71%	-2.45%	0.04%	1.85%	-0.76%	-5.16%	2.49%
Tax Rate	0.0%	22.3%	28.3%	21.1%	7.9%	0.0%	22.3%	28.3%	21.1%	7.9%	22.3%	6.1%	-7.3%	-13.2%
ROE	8.1%	13.4%	20.4%	20.5%	14.1%	8.1%	13.4%	20.4%	20.5%	14.1%	5.2%	7.0%	0.1%	-6.4%
ROA	1.31%	2.10%	3.69%	3.63%	2.55%	1.31%	2.10%	3.69%	3.63%	2.55%	0.79%	1.58%	-0.06%	-1.08%
Loans/Deposits	67.3%	70.1%	48.1%	44.7%	51.6%	67.3%	70.1%	48.1%	44.7%	51.6%	2.7%	-22.0%	-3.4%	6.9%
Loans/Assets	48.6%	52.1%	34.4%	32.3%	39.5%	48.6%	52.1%	34.4%	32.3%	39.5%	3.6%	-17.7%	-2.1%	7.2%
Deposits/Liabilities	86.0%	88.3%	87.3%	87.8%	93.4%	86.0%	88.3%	87.3%	87.8%	93.4%	2.3%	-1.0%	0.4%	5.6%
Loans in Local Currency (% Total)	86.2%	78.9%	83.3%	74.4%	80.8%	80.9%	74.5%	77.2%	70.7%	77.2%	-7.3%	4.3%	-8.8%	6.4%
Deposits in Local Currency (% Total)	70.3%	62.8%	66.8%	65.1%	69.0%	70.3%	62.8%	66.8%	65.1%	69.0%	-7.6%	4.1%	-1.8%	3.9%
Loans per Branch (000)	265,418	331,530	244,951	279,187	369,849	5,783	4,647	4,150	4,542	6,017	24.9%	-26.1%	14.0%	32.5%
Deposits per Branch (000)	394,256	473,240	509,526	624,492	716,089	8,589	6,633	8,633	10,159	11,649	20.0%	7.7%	22.6%	14.7%
Solvency Ratio	24.7%	19.7%	24.8%	23.1%	20.0%	24.7%	19.7%	24.8%	23.1%	20.0%	-5.0%	5.1%	-1.8%	-3.0%
NPL Ratio	9.44%	17.82%	9.50%	7.68%	7.11%	9.44%	17.82%	9.50%	7.68%	7.11%	8.37%	-8.32%	-1.82%	-0.57%
NPL Coverage	64.8%	31.6%	76.4%	65.4%	63.5%	64.8%	31.6%	76.4%	65.4%	63.5%	-33.2%	44.8%	-11.0%	-1.9%
BS Provisions/Loans (gross)	6.12%	5.64%	7.26%	5.02%	4.51%	6.12%	5.64%	7.26%	5.02%	4.51%	-0.48%	1.62%	-2.23%	-0.51%

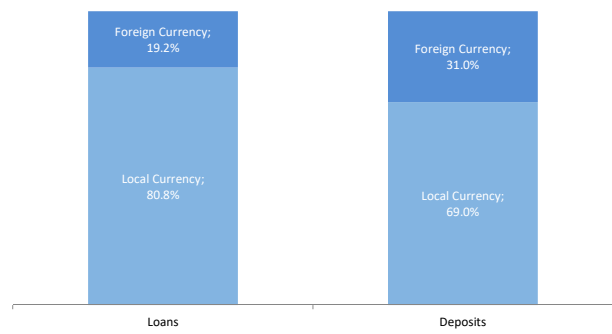
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**BALANCE SHEET STRUCTURE - 2019**



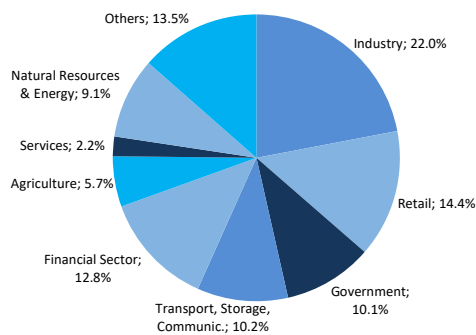
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**LOANS AND DEPOSITS BY CURRENCY - 2019**



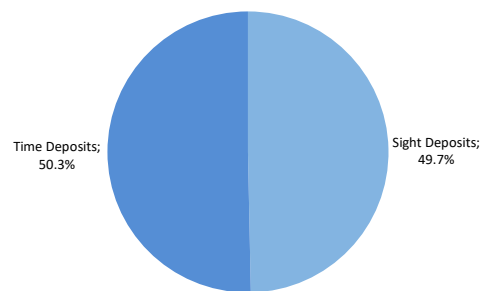
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**LOAN BREAKDOWN - 2019**



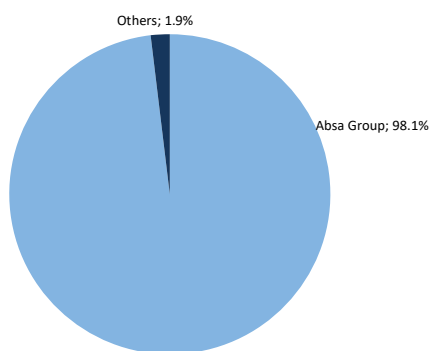
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.

Sources: Annual Reports and Eaglestone Securities.

## BANCO ÚNICO

Banco Único's net profit rose 15.6% YoY to MZM 506 million (US\$ 8.2 million) in 2019. This figure represents a ROE of 12.3% and a ROA of 1.82% (vs. 12.1% and 1.69%, respectively, in the previous year). The improvement in net profit was due to a sharp fall in loan impairments (-54.9% YoY) and reflects the bank's strong focus on the recovery of NPLs. That said, bottom-line continued to be impacted by another decline in operating income, as revenues stood flat in the period while costs advanced 7.5% YoY.

*Banco Único saw an improvement in its net profit after a sharp drop in loan impairments more than offset a weaker contribution from operating income*

On the revenue front, we note the slight drop in net interest income (-1.9% YoY) that came as a result of the impact that the continued low interest rate environment had on margins as well as the drop in net loans (-11.8% YoY). Nevertheless, net interest income still represented 73.7% of total revenues (vs. 75.1% in the previous year). This lower contribution was offset by a 5.5% YoY increase in other revenues such as fees and commissions, profits from financial operations and other income. Meanwhile, costs saw a mixed performance in what concerns its different components. Staff costs were up 5.7% YoY, reflecting an increase in the number of employees (from 616 to 620 people), career progressions and salary adjustments. The bank stated that the decline in administrative costs (-13.4% YoY) reflects a change in accounting rule that lowered the impact of renting costs. Still, this change lifted depreciation and interest costs (affecting net interest income). All in all, this meant that the cost-to-income ratio rose to 64.5% from 60% in the previous year.

*Net interest income was impacted by the low interest rate environment and decline in net loans*

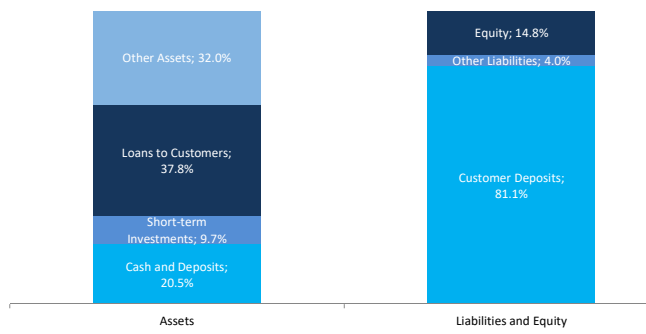
In terms of the balance sheet, net loan impairments were down 13.3% YoY following the sharp increases in the previous two years. The bank stated that this reflected the impact of its NPL recovery efforts, as stated above. Provisions in the balance sheet represented 8.13% of gross loans (vs. 8.26% in 2018). The NPL ratio fell to 7.06%, while NPL coverage reached 115.2%. These figures compare with 9.0% and 91.8%, respectively, in the previous year. Finally, the bank's solvency ratio stood at 16.7%, up from 15.8% in the previous year.

*The NPL ratio as well as solvency levels improved from the previous year*

BANCO ÚNICO	MZM Million					US\$ Million					% Change (MZM)			
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019	16/15	17/16	18/17	19/18
<b>BALANCESHEET</b>														
Net Assets	16,998	22,741	24,154	25,953	27,746	370	319	409	422	451	33.8%	6.2%	7.4%	6.9%
Customer Loans (net)	9,185	11,404	10,769	11,878	10,477	200	160	182	193	170	24.2%	-5.6%	10.3%	-11.8%
Local Currency Loans	8,118	9,126	8,133	9,135	8,378	177	128	138	149	136	12.4%	-10.9%	12.3%	-8.3%
Loan Loss Provisions	435	450	741	1,070	927	9	6	13	17	15	3.5%	64.5%	44.4%	-13.3%
Non-Performing Loans	320	251	418	1,165	805	7	4	7	19	13	-21.7%	66.4%	178.8%	-30.9%
Customer Deposits	14,302	19,206	19,934	21,855	22,515	312	269	338	356	366	34.3%	3.8%	9.6%	3.0%
Local Currency Deposits	9,705	11,650	13,828	15,554	16,300	211	163	234	253	265	20.0%	18.7%	12.5%	4.8%
Sight Deposits	8,257	10,440	10,111	11,219	11,344	180	146	171	183	185	26.4%	-3.1%	11.0%	1.1%
Equity	1,986	2,432	3,203	3,603	4,109	43	34	54	59	67	22.5%	31.7%	12.5%	14.0%
<b>P&amp;L ACCOUNT</b>														
Net Interest Income	850	1,246	1,770	1,760	1,727	18.5	17.5	30.0	28.6	28.1	46.6%	42.0%	-0.5%	-1.9%
Fees & Commissions	218	306	358	353	381	4.8	4.3	6.1	5.7	6.2	40.4%	16.8%	-1.5%	8.2%
Other Banking Income	312	459	334	231	235	6.8	6.4	5.7	3.8	3.8	47.0%	-27.1%	-30.8%	1.5%
<b>Banking Income</b>	<b>1,380</b>	<b>2,011</b>	<b>2,462</b>	<b>2,344</b>	<b>2,344</b>	<b>30.1</b>	<b>28.2</b>	<b>41.7</b>	<b>38.1</b>	<b>38.1</b>	<b>45.7%</b>	<b>22.4%</b>	<b>-4.8%</b>	<b>0.0%</b>
Staff Costs	558	708	755	813	859	12.2	9.9	12.8	13.2	14.0	26.8%	6.8%	7.7%	5.7%
Other Costs	257	379	411	469	406	5.6	5.3	7.0	7.6	6.6	47.3%	8.5%	14.1%	-13.4%
Depreciation	74	86	89	124	246	1.6	1.2	1.5	2.0	4.0	15.0%	4.5%	38.8%	97.9%
<b>Total Costs</b>	<b>890</b>	<b>1,172</b>	<b>1,256</b>	<b>1,406</b>	<b>1,511</b>	<b>19.4</b>	<b>16.4</b>	<b>21.3</b>	<b>22.9</b>	<b>24.6</b>	<b>31.7%</b>	<b>7.1%</b>	<b>12.0%</b>	<b>7.5%</b>
<b>Operating Income</b>	<b>490</b>	<b>839</b>	<b>1,206</b>	<b>938</b>	<b>833</b>	<b>10.7</b>	<b>11.8</b>	<b>20.4</b>	<b>15.3</b>	<b>13.5</b>	<b>71.1%</b>	<b>43.8%</b>	<b>-22.2%</b>	<b>-11.2%</b>
Net Loan Loss Provisions (LLP)	313	193	419	433	195	6.8	2.7	7.1	7.0	3.2	-38.2%	116.8%	3.3%	-54.9%
Other	-24	-24	-18	51	-29	-0.5	-0.3	-0.3	0.8	-0.5	-3.0%	-21.7%	n.m.	n.m.
<b>Pre-Tax Profits</b>	<b>153</b>	<b>622</b>	<b>769</b>	<b>557</b>	<b>608</b>	<b>3.3</b>	<b>8.7</b>	<b>13.0</b>	<b>9.1</b>	<b>9.9</b>	<b>306.1%</b>	<b>23.6%</b>	<b>-27.6%</b>	<b>9.2%</b>
Taxes	36	182	248	119	102	0.8	2.6	4.2	1.9	1.7	399.3%	36.1%	-51.9%	-14.1%
<b>Net Profit</b>	<b>117</b>	<b>440</b>	<b>521</b>	<b>437</b>	<b>506</b>	<b>2.5</b>	<b>6.2</b>	<b>8.8</b>	<b>7.1</b>	<b>8.2</b>	<b>277.0%</b>	<b>18.4%</b>	<b>-16.1%</b>	<b>15.6%</b>
<b>RATIOS</b>														
Net Interest Margin (NII/ATA)	5.74%	6.27%	7.55%	7.03%	6.43%	5.74%	6.27%	7.55%	7.03%	6.43%	0.53%	1.28%	-0.52%	-0.59%
Net Interest Income (% of Revenue)	61.6%	62.0%	71.9%	75.1%	73.7%	61.6%	62.0%	71.9%	75.1%	73.7%	0.4%	9.9%	3.2%	-1.4%
Fees (% of Banking Income)	15.8%	15.2%	14.5%	15.0%	16.3%	15.8%	15.2%	14.5%	15.0%	16.3%	-0.6%	-0.7%	0.5%	1.2%
Staff Costs (% of Total Costs)	62.7%	60.4%	60.1%	57.8%	56.9%	62.7%	60.4%	60.1%	57.8%	56.9%	-2.4%	-0.2%	-2.3%	-1.0%
Costs per Employee ('000)	1,257	1,379	1,344	1,320	1,386	27	19	23	21	23	9.7%	-2.6%	-1.8%	5.0%
Cost-to-Income (incl. Depreciation)	64.5%	58.3%	51.0%	60.0%	64.5%	64.5%	58.3%	51.0%	60.0%	64.5%	-6.2%	-7.3%	9.0%	4.5%
Net LLP (% of Net Loans)	3.40%	1.69%	3.89%	3.64%	1.86%	3.40%	1.69%	3.89%	3.64%	1.86%	-1.71%	2.20%	-0.25%	-1.78%
Tax Rate	23.8%	29.2%	32.2%	21.4%	16.8%	23.8%	29.2%	32.2%	21.4%	16.8%	5.5%	3.0%	-10.8%	-4.6%
ROE	5.9%	18.1%	16.3%	12.1%	12.3%	5.9%	18.1%	16.3%	12.1%	12.3%	12.2%	-1.8%	-4.1%	0.2%
ROA	0.69%	1.94%	2.16%	1.69%	1.82%	0.69%	1.94%	2.16%	1.69%	1.82%	1.25%	0.22%	-0.47%	0.14%
Loans/Deposits	64.2%	59.4%	54.0%	54.3%	46.5%	64.2%	59.4%	54.0%	54.3%	46.5%	-4.8%	-5.4%	0.3%	-7.8%
Loans/Assets	54.0%	50.2%	44.6%	45.8%	37.8%	54.0%	50.2%	44.6%	45.8%	37.8%	-3.9%	-5.6%	1.2%	-8.0%
Deposits/Liabilities	95.3%	94.6%	95.1%	97.8%	95.3%	95.3%	94.6%	95.1%	97.8%	95.3%	-0.7%	0.6%	2.6%	-2.5%
Loans in Local Currency (% Total)	88.4%	80.0%	75.5%	76.9%	80.0%	88.4%	80.0%	75.5%	76.9%	80.0%	-8.4%	-4.5%	1.4%	3.1%
Deposits in Local Currency (% Total)	67.9%	60.7%	69.4%	71.2%	72.4%	67.9%	60.7%	69.4%	71.2%	72.4%	-7.2%	8.7%	1.8%	1.2%
Loans per Branch ('000)	510,284	570,223	538,468	516,415	455,514	11,117	7,992	9,123	8,401	7,410	11.7%	-5.6%	-4.1%	-11.8%
Deposits per Branch ('000)	794,546	960,296	996,717	950,202	978,933	17,310	13,459	16,888	15,458	15,925	20.9%	3.8%	-4.7%	3.0%
Solvency Ratio	16.4%	12.4%	17.7%	15.8%	16.7%	16.4%	12.4%	17.7%	15.8%	16.7%	-4.0%	5.3%	-1.9%	0.9%
NPL Ratio	3.33%	2.12%	3.63%	9.00%	7.06%	3.33%	2.12%	3.63%	9.00%	7.06%	-1.21%	1.51%	5.37%	-1.94%
NPL Coverage	135.8%	179.4%	177.4%	91.8%	115.2%	135.8%	179.4%	177.4%	91.8%	115.2%	43.6%	-2.1%	-85.5%	23.4%
BS Provisions/Loans (gross)	4.52%	3.80%	6.44%	8.26%	8.13%	4.52%	3.80%	6.44%	8.26%	8.13%	-0.72%	2.64%	1.82%	-0.13%

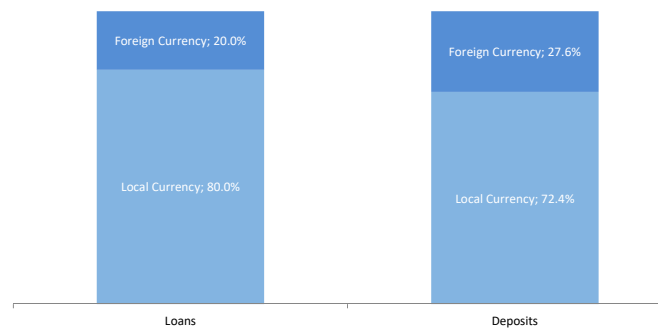
Source: Annual Reports and Eaglestone Securities.

**BALANCE SHEET STRUCTURE - 2019**



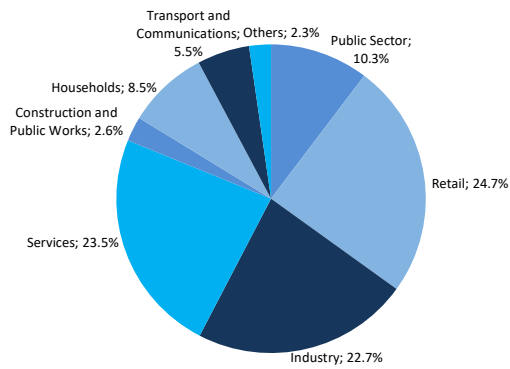
Sources: Annual Reports and Eaglestone Securities.

**LOANS AND DEPOSITS BY CURRENCY - 2019**



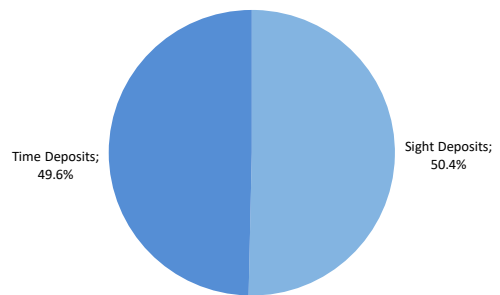
Sources: Annual Reports and Eaglestone Securities.

**LOAN BREAKDOWN - 2019**



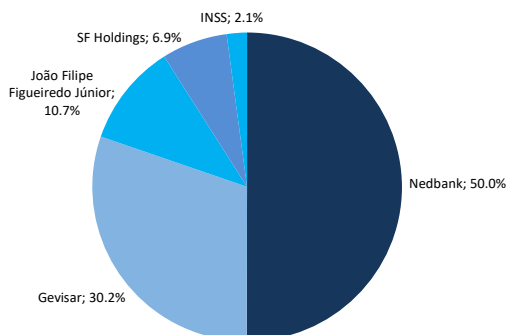
Sources: Annual Reports and Eaglestone Securities.

**DEPOSIT BREAKDOWN - 2019**



Sources: Annual Reports and Eaglestone Securities.

**SHAREHOLDER STRUCTURE - 2019**



Sources: Annual Reports and Eaglestone Securities.

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

SIX MAJOR BANKS - MAIN INDICATORS									
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net Interest Margin (NI/ATA)</b>									
Banco Comercial e de Investimentos	4.96%	3.92%	3.69%	4.02%	3.63%	4.55%	5.37%	6.38%	6.47%
Millennium bim	9.93%	7.23%	6.28%	6.09%	5.48%	7.50%	9.00%	9.13%	8.12%
Standard Bank Mozambique	7.05%	6.09%	5.47%	5.51%	4.96%	7.20%	11.20%	9.87%	7.92%
ABSA Bank Mozambique	7.76%	5.48%	4.41%	4.77%	6.58%	10.44%	14.15%	9.98%	8.32%
Moza Banco	7.32%	5.89%	5.54%	4.11%	2.66%	3.20%	7.24%	5.89%	5.95%
Banco Único	-1.06%	1.25%	4.83%	5.68%	5.74%	6.27%	7.55%	7.03%	6.43%
<b>Net Interest Income (% of Banking Revenue)</b>									
Banco Comercial e de Investimentos	60.8%	52.7%	52.9%	53.8%	48.0%	61.4%	61.8%	69.6%	70.0%
Millennium bim	67.9%	61.4%	58.9%	61.0%	55.9%	66.8%	77.2%	75.4%	74.3%
Standard Bank Mozambique	61.7%	54.2%	51.6%	48.1%	39.5%	54.3%	71.5%	69.1%	66.6%
ABSA Bank Mozambique	71.1%	62.7%	61.5%	55.3%	54.9%	71.0%	84.7%	75.5%	71.8%
Moza Banco	64.0%	59.0%	54.4%	43.5%	28.9%	180.4%	79.8%	74.6%	74.2%
Banco Único	20.6%	23.0%	60.5%	61.4%	61.6%	62.0%	71.9%	75.1%	73.7%
<b>Fees (% of Banking Income)</b>									
Banco Comercial e de Investimentos	20.1%	20.6%	21.0%	21.3%	20.5%	21.0%	12.4%	13.1%	14.3%
Millennium bim	14.5%	17.8%	20.1%	19.6%	17.9%	14.6%	13.6%	12.3%	13.1%
Standard Bank Mozambique	15.0%	15.3%	18.0%	16.5%	14.7%	12.5%	9.6%	11.5%	14.8%
ABSA Bank Mozambique	20.8%	29.3%	36.9%	22.8%	17.6%	10.6%	7.4%	10.1%	12.2%
Moza Banco	13.4%	20.2%	19.7%	19.1%	17.2%	73.6%	13.1%	18.5%	16.0%
Banco Único	-4.9%	24.3%	17.1%	19.0%	15.8%	15.2%	14.5%	15.0%	16.3%
<b>Staff Costs (% of Total Costs)</b>									
Banco Comercial e de Investimentos	45.2%	48.9%	49.8%	47.0%	50.8%	52.1%	53.1%	54.4%	54.7%
Millennium bim	46.3%	47.9%	47.6%	47.1%	45.2%	44.8%	43.6%	43.1%	43.1%
Standard Bank Mozambique	53.1%	55.1%	58.4%	55.2%	58.5%	56.9%	58.3%	58.5%	56.9%
ABSA Bank Mozambique	39.1%	42.4%	52.4%	46.0%	53.8%	45.3%	48.3%	47.3%	45.7%
Moza Banco	45.9%	46.2%	44.4%	42.4%	41.4%	26.3%	38.8%	40.9%	42.2%
Banco Único	71.2%	56.2%	53.1%	56.8%	62.7%	60.4%	60.1%	57.8%	56.9%
<b>Costs per Employee ('000 MZM)</b>									
Banco Comercial e de Investimentos	665	714	802	808	883	1,076	1,227	1,309	1,442
Millennium bim	651	730	765	817	892	1,039	1,073	1,147	1,168
Standard Bank Mozambique	1,167	1,276	1,398	1,490	1,732	2,067	2,688	2,847	2,933
ABSA Bank Mozambique	1,029	1,080	990	740	1,475	1,370	1,805	1,813	2,078
Moza Banco	893	868	1,068	977	1,109	1,375	1,288	1,511	1,410
Banco Único	1,675	1,308	1,091	1,135	1,257	1,379	1,344	1,320	1,386
<b>Total Costs per Branch ('000 MZM)</b>									
Banco Comercial e de Investimentos	20,910	21,751	25,698	25,128	27,419	31,969	34,702	34,743	35,992
Millennium bim	22,695	23,159	23,830	24,772	27,455	31,684	32,738	33,911	34,206
Standard Bank Mozambique	57,693	65,970	67,382	71,195	85,336	107,732	135,753	144,970	154,417
ABSA Bank Mozambique	34,994	36,056	38,030	34,935	53,079	58,229	70,680	69,140	78,173
Moza Banco	23,196	19,077	29,217	32,548	36,278	69,435	45,802	50,592	49,556
Banco Único	65,183	44,401	42,840	45,797	49,439	58,612	62,798	61,147	65,703
<b>Cost-to-Income (incl. Depreciation)</b>									
Banco Comercial e de Investimentos	62.9%	62.9%	64.8%	62.2%	61.9%	61.9%	52.2%	49.2%	51.1%
Millennium bim	36.4%	44.0%	43.6%	42.9%	42.1%	38.3%	37.9%	37.6%	39.8%
Standard Bank Mozambique	51.4%	51.8%	54.4%	54.6%	46.8%	44.4%	41.5%	43.3%	47.4%
ABSA Bank Mozambique	104.6%	119.8%	136.9%	87.2%	82.3%	67.0%	62.0%	67.7%	75.0%
Moza Banco	88.4%	101.8%	87.8%	81.8%	85.4%	728.4%	98.4%	111.7%	98.0%
Banco Único	n.m.	233.1%	108.6%	78.2%	64.5%	58.3%	51.0%	60.0%	64.5%
<b>Net LLP (% of Loans)</b>									
Banco Comercial e de Investimentos	0.81%	0.18%	0.85%	1.30%	1.05%	1.25%	3.71%	1.86%	3.56%
Millennium bim	2.24%	1.22%	0.93%	0.88%	1.65%	2.10%	3.26%	4.86%	3.14%
Standard Bank Mozambique	1.05%	2.18%	1.72%	0.84%	1.21%	3.81%	1.34%	0.75%	0.37%
ABSA Bank Mozambique	4.20%	7.36%	2.05%	2.40%	1.62%	3.47%	2.71%	-2.45%	0.04%
Moza Banco	0.27%	1.44%	1.32%	1.07%	1.54%	7.52%	9.20%	1.41%	2.54%
Banco Único	1.98%	1.94%	1.26%	2.17%	3.40%	1.69%	3.89%	3.64%	1.86%
<b>Tax Rate</b>									
Banco Comercial e de Investimentos	18.3%	15.1%	12.2%	25.2%	28.7%	25.3%	27.1%	28.4%	26.2%
Millennium bim	17.6%	17.3%	17.4%	18.5%	19.3%	28.1%	23.6%	18.9%	21.9%
Standard Bank Mozambique	30.9%	29.3%	29.4%	29.4%	33.8%	35.1%	24.1%	24.2%	26.9%
ABSA Bank Mozambique	0.0%	0.0%	0.0%	0.0%	0.0%	22.3%	28.3%	21.1%	7.9%
Moza Banco	22.4%	17.9%	39.3%	14.7%	9.9%	3.3%	-0.1%	-40.7%	-36.0%
Banco Único	31.9%	32.4%	29.0%	42.0%	23.8%	29.2%	32.2%	21.4%	16.8%
<b>ROE</b>									
Banco Comercial e de Investimentos	23.7%	24.5%	19.8%	17.6%	16.5%	12.6%	15.1%	24.3%	18.1%
Millennium bim	33.2%	24.2%	22.3%	20.7%	18.3%	21.3%	21.5%	20.3%	18.8%
Standard Bank Mozambique	22.8%	20.5%	18.4%	19.8%	23.0%	22.1%	32.0%	26.5%	19.8%
ABSA Bank Mozambique	-20.5%	-28.9%	-35.7%	-0.5%	8.1%	13.4%	20.4%	20.5%	14.1%
Moza Banco	2.5%	-5.1%	1.6%	7.3%	3.3%	183.5%	-20.3%	-8.5%	-10.0%
Banco Único	-62.5%	-27.1%	-10.8%	1.6%	5.9%	18.1%	16.3%	12.1%	12.3%
<b>ROA</b>									
Banco Comercial e de Investimentos	1.96%	1.90%	1.46%	1.32%	1.36%	1.00%	1.51%	2.63%	2.10%
Millennium bim	5.93%	4.35%	3.94%	3.57%	3.10%	3.62%	4.49%	4.51%	4.30%
Standard Bank Mozambique	3.42%	2.94%	2.83%	3.20%	3.52%	3.49%	6.40%	5.59%	4.14%
ABSA Bank Mozambique	-2.41%	-4.53%	-3.51%	-0.07%	1.31%	2.10%	3.69%	3.63%	2.55%
Moza Banco	0.73%	-0.78%	0.15%	0.66%	0.26%	-18.40%	-5.47%	-2.11%	-1.85%
Banco Único	-16.04%	-4.08%	-1.13%	0.16%	0.69%	1.94%	2.16%	1.69%	1.82%

Sources: Annual Reports and Eaglestone Securities.

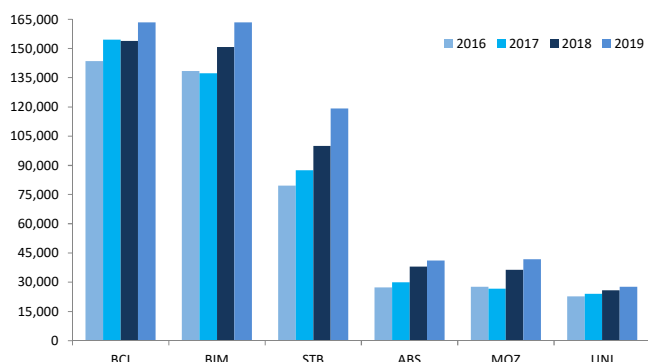
SIX MAJOR BANKS - MAIN INDICATORS (CONT.)									
Year	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Loans/Deposits</b>									
Banco Comercial e de Investimentos	85.5%	73.4%	75.4%	80.0%	75.5%	80.4%	64.1%	56.5%	52.8%
Millennium bim	75.4%	70.9%	74.2%	73.6%	74.4%	80.0%	61.6%	45.3%	37.5%
Standard Bank Mozambique	46.4%	42.5%	53.0%	59.6%	53.9%	47.9%	33.5%	38.3%	32.2%
ABSA Bank Mozambique	69.4%	58.7%	66.1%	70.3%	67.3%	70.1%	48.1%	44.7%	51.6%
Moza Banco	82.1%	79.9%	71.1%	80.7%	72.5%	106.8%	85.1%	72.3%	81.4%
Banco Único	13.1%	54.3%	73.3%	72.8%	64.2%	59.4%	54.0%	54.3%	46.5%
<b>Loans/Assets</b>									
Banco Comercial e de Investimentos	63.0%	54.0%	54.7%	59.1%	55.4%	57.7%	46.9%	42.5%	40.5%
Millennium bim	55.1%	52.3%	54.5%	54.5%	55.1%	56.5%	44.7%	33.3%	27.1%
Standard Bank Mozambique	36.7%	35.3%	42.9%	46.5%	40.1%	37.0%	25.2%	28.3%	23.8%
ABSA Bank Mozambique	45.6%	40.1%	46.1%	43.4%	48.6%	52.1%	34.4%	32.3%	39.5%
Moza Banco	54.9%	57.2%	55.7%	59.1%	57.2%	62.0%	57.3%	49.4%	57.1%
Banco Único	7.3%	43.8%	60.3%	60.1%	54.0%	50.2%	44.6%	45.8%	37.8%
<b>Deposits/Liabilities</b>									
Banco Comercial e de Investimentos	80.3%	79.7%	78.3%	79.8%	79.9%	78.0%	81.2%	84.4%	86.8%
Millennium bim	88.9%	89.8%	89.2%	89.5%	89.2%	85.1%	91.7%	94.4%	93.6%
Standard Bank Mozambique	93.2%	96.7%	95.8%	92.9%	88.0%	91.8%	94.0%	93.8%	93.8%
ABSA Bank Mozambique	74.5%	80.9%	77.3%	73.5%	86.0%	88.3%	87.3%	87.8%	93.4%
Moza Banco	94.2%	84.4%	86.1%	80.5%	85.5%	52.7%	92.2%	91.1%	86.2%
Banco Único	74.8%	94.8%	91.8%	91.3%	95.3%	94.6%	95.1%	97.8%	95.3%
<b>Loans in Local Currency (% of Total)</b>									
Banco Comercial e de Investimentos	63.8%	57.8%	57.6%	63.4%	65.0%	56.2%	57.5%	60.5%	71.8%
Millennium bim	80.9%	74.8%	76.1%	79.0%	78.5%	74.9%	76.5%	82.5%	87.1%
Standard Bank Mozambique	69.2%	65.0%	63.4%	66.6%	64.9%	62.0%	56.3%	67.5%	74.5%
ABSA Bank Mozambique	88.5%	93.6%	88.9%	87.9%	86.2%	78.9%	83.3%	74.4%	80.8%
Moza Banco	82.8%	94.1%	96.8%	88.7%	88.8%	81.9%	87.1%	83.4%	85.0%
Banco Único	51.6%	82.8%	83.6%	86.8%	88.4%	80.0%	75.5%	76.9%	80.0%
<b>Deposits in Local Currency (% of Total)</b>									
Banco Comercial e de Investimentos	72.7%	75.2%	77.5%	77.1%	75.2%	68.2%	76.2%	76.9%	76.4%
Millennium bim	74.8%	73.9%	77.1%	79.1%	75.0%	70.6%	75.6%	77.4%	79.2%
Standard Bank Mozambique	48.7%	42.1%	47.6%	49.8%	45.0%	45.3%	56.0%	53.1%	58.7%
ABSA Bank Mozambique	85.9%	71.6%	67.8%	71.0%	70.3%	62.8%	66.8%	65.1%	69.0%
Moza Banco	74.8%	86.0%	86.4%	88.5%	82.3%	79.4%	84.8%	86.5%	89.8%
Banco Único	84.2%	64.0%	74.4%	75.2%	67.9%	60.7%	69.4%	71.2%	72.4%
<b>Loans per Branch ('000 MZM)</b>									
Banco Comercial e de Investimentos	266,625	287,531	340,266	347,709	363,257	429,523	371,338	326,874	318,220
Millennium bim	247,770	253,181	305,227	342,137	392,491	444,790	330,178	259,923	221,463
Standard Bank Mozambique	375,166	439,188	511,382	558,809	671,831	737,206	550,330	707,395	711,180
ABSA Bank Mozambique	143,131	150,493	183,940	229,718	265,418	331,530	244,951	279,187	369,849
Moza Banco	152,104	155,261	229,135	303,330	304,025	311,746	288,321	327,011	385,085
Banco Único	23,146	231,580	337,401	444,916	510,284	570,223	538,468	516,415	455,514
<b>Deposits per Branch ('000 MZM)</b>									
Banco Comercial e de Investimentos	311,862	391,848	451,314	434,556	481,154	534,275	579,496	578,686	602,622
Millennium bim	328,456	357,074	411,298	464,721	527,838	555,789	535,600	573,716	590,279
Standard Bank Mozambique	809,109	1,032,899	965,314	937,161	1,246,781	1,539,928	1,643,227	1,848,488	2,211,982
ABSA Bank Mozambique	206,202	256,390	278,463	326,546	394,256	473,240	509,526	624,492	716,089
Moza Banco	185,239	194,304	322,276	375,877	419,232	291,969	338,870	452,604	473,325
Banco Único	176,706	426,416	460,501	610,869	794,546	960,296	996,717	950,202	978,933
<b>Solvency Ratio</b>									
Banco Comercial e de Investimentos	13.1%	10.9%	11.9%	8.6%	12.7%	14.0%	17.1%	17.0%	25.0%
Millennium bim	17.9%	21.7%	21.4%	19.0%	19.8%	18.8%	17.1%	39.0%	45.8%
Standard Bank Mozambique	19.0%	17.7%	13.3%	9.7%	15.3%	17.0%	20.4%	19.4%	29.3%
ABSA Bank Mozambique	16.8%	30.5%	8.2%	27.3%	24.7%	19.7%	24.8%	23.1%	20.0%
Moza Banco	35.5%	17.6%	13.5%	10.5%	9.9%	-98.9%	23.5%	21.7%	23.8%
Banco Único	37.4%	17.2%	9.8%	10.0%	16.4%	12.4%	17.7%	15.8%	16.7%
<b>NPL Ratio</b>									
Banco Comercial e de Investimentos	1.13%	0.96%	2.79%	1.93%	1.21%	3.58%	8.40%	5.66%	5.41%
Millennium bim	1.71%	2.12%	1.68%	2.17%	4.18%	3.54%	5.05%	5.33%	6.60%
Standard Bank Mozambique	0.94%	2.77%	2.61%	2.03%	1.57%	7.93%	4.78%	2.60%	1.48%
ABSA Bank Mozambique	13.99%	13.51%	13.36%	13.93%	9.44%	17.82%	9.50%	7.68%	7.11%
Moza Banco	4.47%	1.54%	3.28%	2.22%	2.27%	4.58%	8.74%	9.89%	11.91%
Banco Único	0.00%	0.15%	1.38%	1.78%	3.33%	2.12%	3.63%	9.00%	7.06%
<b>NPL Coverage</b>									
Banco Comercial e de Investimentos	205.0%	198.3%	66.1%	122.7%	155.9%	66.1%	50.0%	158.3%	152.8%
Millennium bim	414.0%	326.9%	348.0%	241.3%	141.7%	205.4%	191.5%	211.9%	179.9%
Standard Bank Mozambique	88.4%	75.0%	85.8%	88.8%	130.2%	62.0%	149.1%	242.2%	372.5%
ABSA Bank Mozambique	36.1%	73.8%	63.4%	52.8%	64.8%	31.6%	76.4%	65.4%	63.5%
Moza Banco	61.1%	156.0%	82.6%	118.6%	122.6%	226.1%	185.0%	179.1%	138.6%
Banco Único	n.a.	1379.4%	169.8%	175.9%	135.8%	179.4%	177.4%	91.8%	115.2%
<b>BS Provisions/Loans (gross)</b>									
Banco Comercial e de Investimentos	2.32%	1.90%	1.84%	2.37%	1.89%	2.37%	4.20%	8.96%	8.27%
Millennium bim	7.08%	6.93%	5.83%	5.23%	5.92%	7.28%	9.67%	11.29%	11.87%
Standard Bank Mozambique	0.83%	2.08%	2.24%	1.80%	2.05%	4.92%	7.13%	6.31%	5.50%
ABSA Bank Mozambique	5.05%	9.96%	8.46%	7.35%	6.12%	5.64%	7.26%	5.02%	4.51%
Moza Banco	2.73%	2.41%	2.71%	2.63%	2.79%	10.35%	16.17%	17.72%	16.51%
Banco Único	1.94%	2.00%	2.34%	3.14%	4.52%	3.80%	6.44%	8.26%	8.13%

Sources: Annual Reports and Eaglestone Securities.



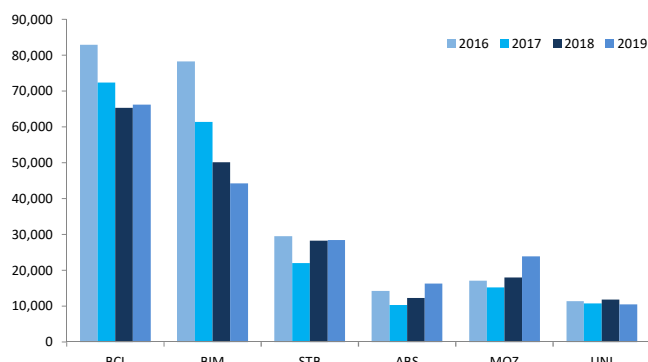
ANNEX II – SIX MAJOR BANKS COMPARISON (GRAPHS)

ASSETS (MZM MILLION)



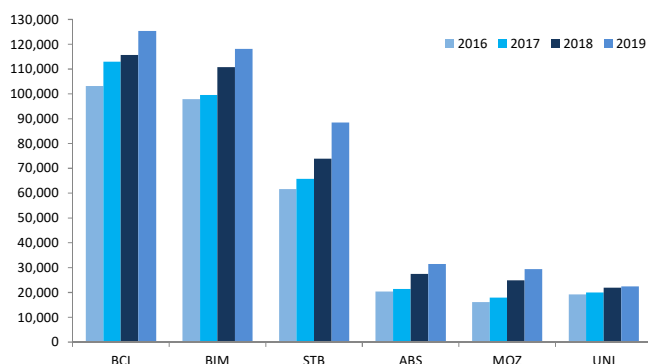
Sources: Annual Reports and Eaglestone Securities.

NET LOANS (MZM MILLION)



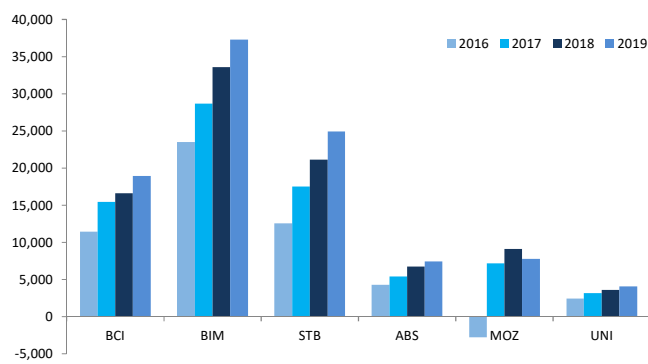
Sources: Annual Reports and Eaglestone Securities.

DEPOSITS (MZM MILLION)



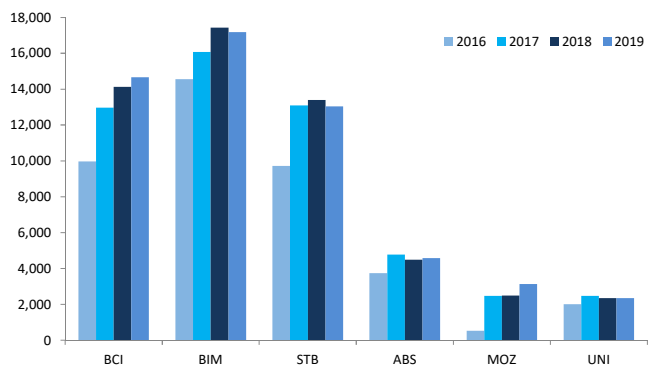
Sources: Annual Reports and Eaglestone Securities.

EQUITY (MZM MILLION)



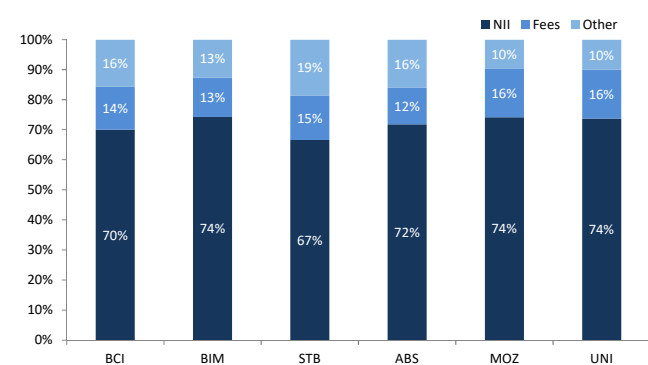
Sources: Annual Reports and Eaglestone Securities.

REVENUES (MZM MILLION)



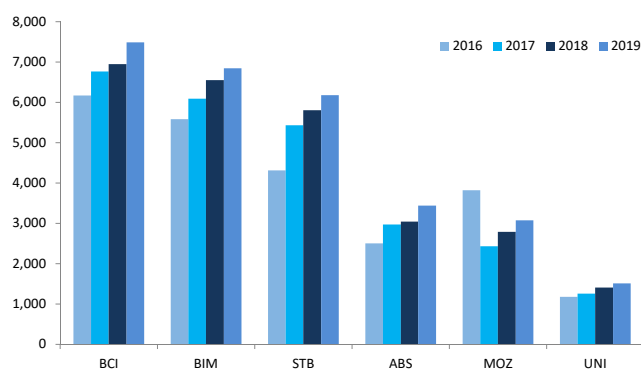
Sources: Annual Reports and Eaglestone Securities.

REVENUE BREAKDOWN - 2019



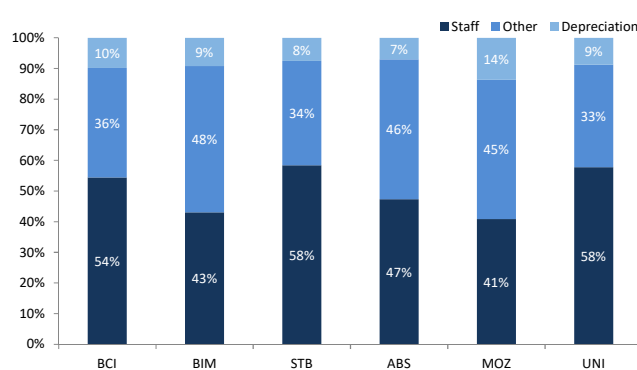
Sources: Annual Reports and Eaglestone Securities.

**COSTS (MZM MILLION)**



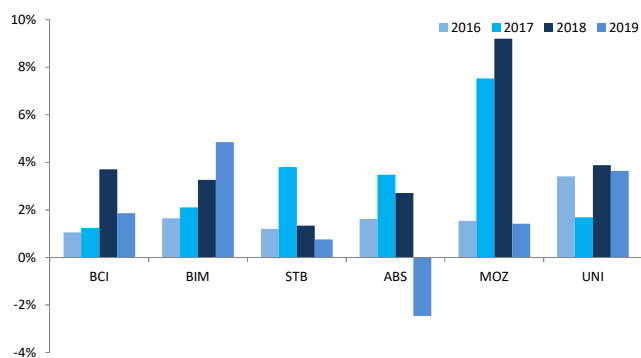
Sources: Annual Reports and Eaglestone Securities.

**COSTS BREAKDOWN - 2019**



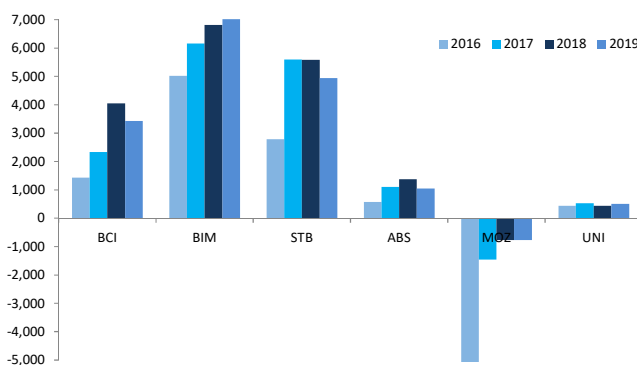
Sources: Annual Reports and Eaglestone Securities.

**COST OF RISK (NET LOAN LOSS PROVISIONS / LOANS)**



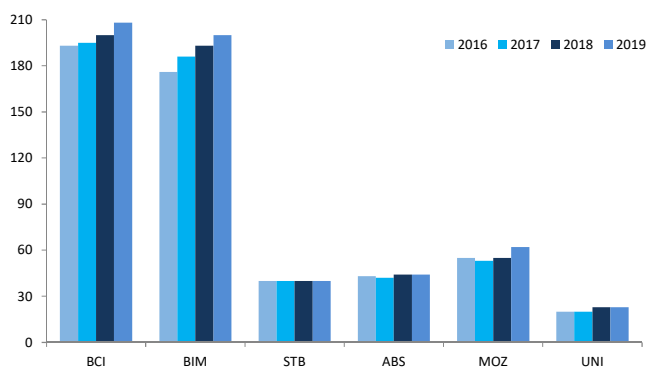
Sources: Annual Reports and Eaglestone Securities.

**NET PROFIT (MZM MILLION)**



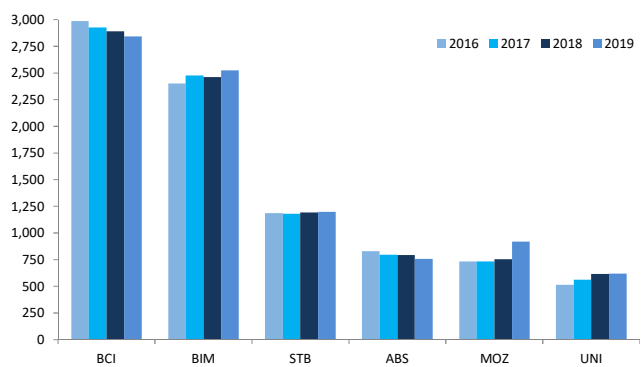
Sources: Annual Reports and Eaglestone Securities.

**NUMBER OF BRANCHES**



Sources: Annual Reports and Eaglestone Securities.

**NUMBER OF EMPLOYEES**



Sources: Annual Reports and Eaglestone Securities.

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Additional information is available upon request.



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

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

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

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

LONDON - 2 Portman 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 – Rua Lucas Elias Kumato No. 283 - 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

### Research

**Tiago Bossa Dionísio**

(+351) 964 643 530

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