

ANNUAL REPORT 2023

FINANCIAL STATEMENTS

volume 32







ANNUAL REPORT 2023

BOARD OF DIRECTORS



Governor Rogério Lucas Zandamela (center)

LEFT

Board Member Gertrudes Adolfo Macueve Tovela

Board Member Benedita Maria Guimino

Board Member Maria Esperança Majimeja

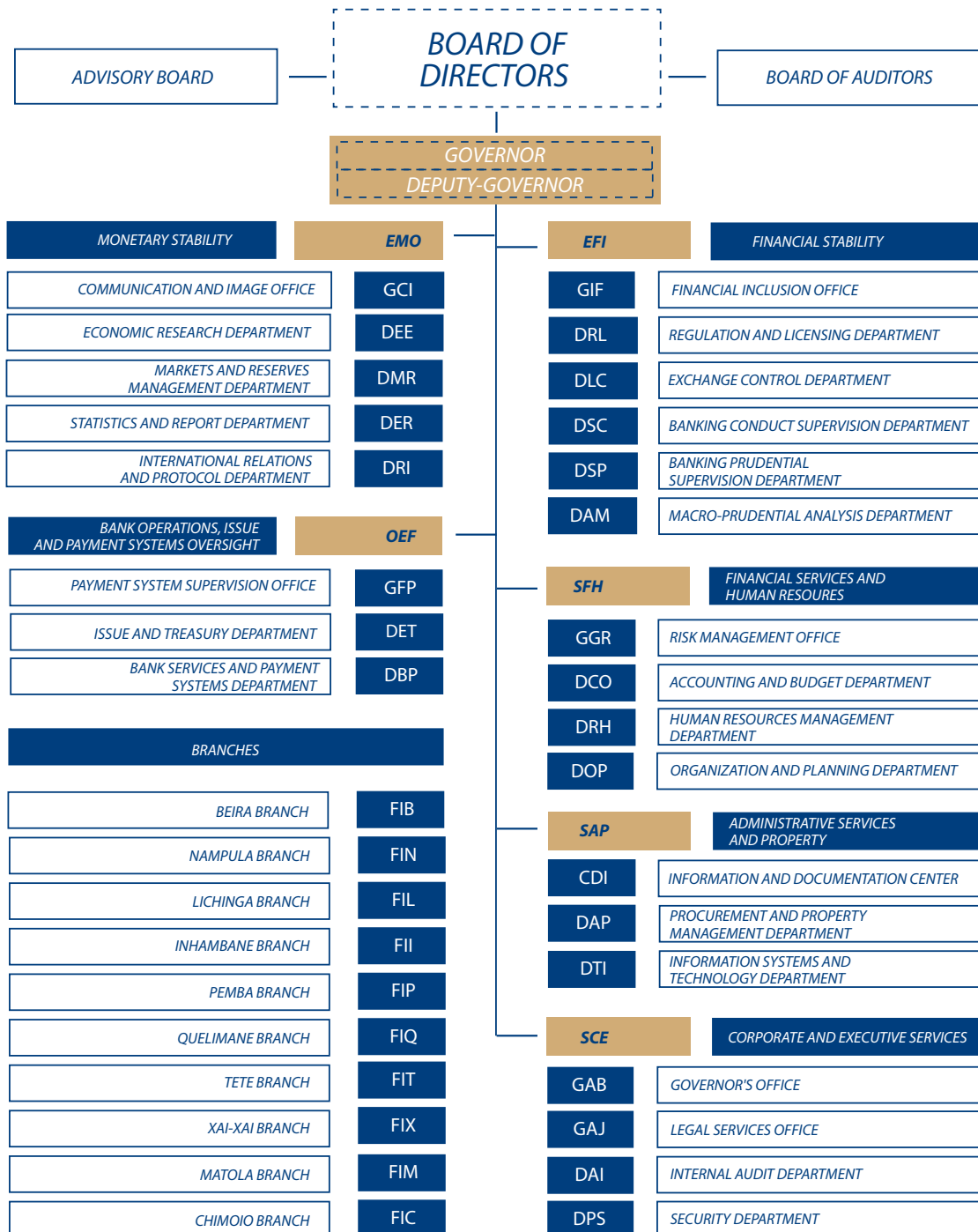
RIGHT

Board Member Jamal Omar

Board Member Silvina de Abreu



ORGANIZATIONAL CHART OF BANCO DE MOÇAMBIQUE





FINANCIAL STATEMENTS



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BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

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STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the due preparation and presentation of the individual and consolidated financial statements of the Banco de Moçambique, comprising the financial position statement, profit or loss statement, comprehensive income statement, statement of changes in equity and cash flow statement for the financial year then ended, as well as the notes to the financial statements, which include a summary of key accounting policies and other explanatory notes, as provided by the Organic Law of the Banco de Moçambique and its own standards based on the International Financial Reporting Standards (IAS/IFRS).

The Board of Directors is also responsible for the development, implementation, and maintenance of an internal control system relevant to the preparation and appropriate presentation of consolidated and separate financial statements that are free from material distortion, due to both fraud and error, and for keeping adequate accounting records and an effective risk management system.

APPROVAL OF THE FINANCIAL STATEMENTS

Pursuant to Articles 64 and 65 of Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique, the financial statements for the financial year ended 31 December 2023, referred to in the first paragraph, have been approved by the Board of Directors on 27 March 2024, and shall, on their behalf, be signed by:

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



TO THE
BOARD OF DIRECTORS OF BANCO DE MOÇAMBIQUE
MAPUTO

INDEPENDENT AUDITOR'S REPORT

Qualified opinion

We have audited the individual and consolidated financial statements of BANCO DE MOÇAMBIQUE (the Bank and Group), set out on pages 9 to 88, which comprise the individual and consolidated statements of financial position as at 31 December 2023, the individual and consolidated income statements, the individual and consolidated statements of comprehensive income, the individual and consolidated statements of changes in equity, and the individual and consolidated statements of cash flows for the year then ended; and notes to the individual and consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the paragraph 1 and except for the effects of the matters described in the paragraph 2 in the *Basis for Qualified Opinion* section of our report, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of BANCO DE MOÇAMBIQUE as at 31 December 2023, and its financial performance and its individual and consolidated cash flows for the year then ended in accordance with the accounting policies described in note 1.2 to the consolidated and individual financial statements.

Basis for qualified opinion

1 Although article 14 of Law 01/92 of the 3 January (organic law) defines that the debit balances of exchange rate fluctuations must be recognised by the Government of Mozambique, which will issue public debt securities in favour of the Central Bank, we noted that the Government of Mozambique has not assumed its responsibility since 2005 in an approximate amount of 98 817 051 thousand Meticaís, neither has the Bank recognised the accumulated income associated with this State debt in an approximate amount of 26 777 137 thousand Meticaís. This situation, along with the fact that the accounting system does not allow validation of the balance of this heading, as well as the fact that the Government of Mozambique has not confirmed the amount of interest on loans granted, in an approximate amount of 34 044 031 thousand Meticaís, does not allow us to ensure the completeness and accuracy of these headings, nor confirm their recoverability.

2 In 2021, as a result of the Metical appreciation, and in order to maintain the average results from previous years transactions (in USD and Euros), the Bank made an adjustment to the net average costs of foreign currency reserves, in an approximate amount of 20 154 116 thousand Meticaís, against the heading foreign exchange fluctuations. Additionally, in 2022, due to a reconciliation in the system that manages foreign currency reserves, a difference was found in an approximate amount of 5 547 504 thousand Meticaís, which positively affected the results from foreign currency operations heading. Since both transactions were not reversed in 2023, the headings foreign exchange fluctuations, as well the retained earnings, are overstated by approximately 25 701 620 thousand Meticaís.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matter paragraph

We draw attention to the following situations:

Basis of accounting

Note 1.2 of the individual and consolidated financial statements which describes the basis of accounting. The individual and consolidated financial statements are prepared for the purpose of complying with the financial reporting provisions described in that note and, accordingly, the financial statements may not be suitable for any other purpose.

Contingent assets relating to monetary policy costs

Note 33.1 of the individual and consolidated financial statements which discloses contingent assets relating to monetary policy costs, whose effects are reflected in the Bank's liquidity, as can be seen in note 5.3.

Our opinion is not modified in respect of these matters.

Information other than the individual and consolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the individual and consolidated financial statements and our auditor's report thereon.

Our opinion on the individual and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the individual and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements with the accounting policies described in note 2.1 to the individual and consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank and Group ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and/or Group financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and Group internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and Group to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO (MOZAMBIQUE), LDA

Registered Audit Firm No 02/SAC/OCAM/2012, represented by:



Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 31 March 2024



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Assets					
Foreign currency	6	2.226.324	2.244.565	2.226.324	2.244.565
Deposit with other financial institutions	7	1.502.192	8.285.434	2.674.498	9.082.336
Gold	8	16.687.023	14.715.100	16.687.023	14.715.100
Financial assets at fair value through profit or loss	9	39.414.105	37.813.948	39.414.105	37.813.948
Financial assets at fair value through other comprehensive income	10	170.116.623	119.338.816	170.116.623	119.338.816
Financial assets at amortized cost	11	178.657.029	220.686.820	178.745.054	220.756.221
Financial investments	12	660.410	660.410	-	-
Other tangible assets	13	53.706.323	51.595.558	54.095.090	52.037.848
Intangible assets	14	11.864	49.198	107.126	198.055
Other financial assets	15	82.411.837	71.615.527	82.394.610	71.381.511
Foreign exchange	16	98.817.051	90.324.178	98.817.051	90.324.178
Employee benefits assets	21	6.730.561	9.021.959	6.730.561	9.021.959
Total Assets		650.941.342	626.351.513	652.008.065	626.914.537
Liabilities					
Banknotes and coins in circulation	17	80.456.159	80.737.885	80.456.159	80.737.885
Deposits from other institutions	18	287.544.178	140.881.515	287.544.178	140.881.515
Mozambique Government Treasury bills issued and other monetary instruments	19	264.814.112	385.038.822	264.814.112	385.038.822
Foreign Loans	20	9.331.192	15.487.951	9.331.192	15.487.951
Other liabilities	22	6.961.732	1.038.708	7.504.147	1.466.040
Total Liabilities		649.107.373	623.184.881	649.649.788	623.612.213
Equity					
Capital	23	2.596.721	2.596.721	2.596.721	2.596.721
Legal reserve	24	488.412	488.412	607.072	546.742
Non-distributable reserves	24	17.372.048	17.372.048	17.372.048	17.011.129
Employee benefits reserve	24	(14.810.864)	(10.603.313)	(14.810.864)	(10.603.313)
Fair value revaluation reserve – available for sale	24	(152.994)	(967.660)	(152.994)	(967.660)
Fixed asset revaluation reserves	24	7.827.003	10.391.392	7.827.003	10.391.392
Retained earnings		(13.825.070)	(15.842.773)	(14.340.473)	(15.846.114)
Net result		2.338.713	(268.195)	2.727.330	(171.753)
		1.833.969	3.166.632	1.825.843	2.957.144
Non-controlling interest	24	-	-	532.434	345.180
Total Equity		1.833.969	3.166.632	2.358.277	3.302.324
Total Liabilities and Equity		650.941.342	626.351.513	652.008.065	626.914.537

ACCOUNTING DEPARTMENT

Lígia Siteo

Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino

Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Interest and similar income	26.1	17.012.920	10.427.736	17.105.425	10.489.866
Interest and similar expenses	26.2	(15.768.653)	(22.514.439)	(15.813.652)	(22.567.004)
Net interest income		1.244.267	(12.086.703)	1.291.773	(12.077.138)
Fees and commission income	27.1	-	-	2.158.012	1.779.998
Fees and commission expense	27.2	-	-	(814.411)	(858.440)
Net fees and commission income		-	-	1.343.601	921.558
Net gains from foreign currency operations and revaluation of gold	28	12.065.283	21.268.249	12.064.038	21.270.636
Other operating income	29	666.134	345.078	738.639	395.736
Total income		13.975.684	9.526.624	15.438.051	10.510.792
Staff costs	30	(6.407.205)	(4.651.703)	(6.846.956)	(5.006.294)
Depreciation	13	(1.154.596)	(1.246.686)	(1.254.926)	(1.361.789)
Amortization	14	(24.002)	(25.120)	(84.054)	(80.269)
Other operating expenses	31	(4.051.168)	(3.871.310)	(4.479.580)	(4.136.990)
Impairment losses of receivables		-	-	(43.311)	(98.878)
Provisions		-	-	(1.894)	1.675
Total operating expenses		(11.636.971)	(9.794.819)	(12.710.722)	(10.682.544)
Net profit/(loss) of the year		2.338.713	(268.195)	2.727.330	(171.753)
Net realized income		2.338.713	(268.195)	2.727.330	(171.753)
Consolidated net profit attributable to:					
BANCO DE MOÇAMBIQUE		-	-	2.540.075	(216.226)
Non-controlling interest		-	-	187.255	44.473

ACCOUNTING DEPARTMENT

Lígia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for

Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Other comprehensive income				
Items not reclassifiable for results in subsequent years				
Prior period adjustments	(357.215)	3.540.674	(357.216)	3.565.062
Actuarial study adjustment	(4.207.551)	(3.291.197)	(4.207.551)	(3.291.197)
Reclassifiable items for results in subsequent years				
Adjustment - Revaluation of tangible fixed assets	(2.564.389)	-	(2.564.389)	-
Changes in fair value - financial assets available-	814.666	(942.643)	814.666	(942.643)
Total comprehensive income	(3.975.776)	(961.361)	(3.587.160)	(840.531)

ACCOUNTING DEPARTMENT

Ligia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	Notes	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non-distributable reserve	Employee benefits reserve	Legal reserve	Retained earnings	Profit for the year	Total equity
Balance at 1 January 2021		<u>2.596.721</u>	<u>(25.017)</u>	<u>10.391.392</u>	<u>13.831.374</u>	<u>(7.312.116)</u>	<u>488.412</u>	<u>(16.443.596)</u>	<u>600.823</u>	<u>4.127.993</u>
Net results transfer for 2021		-	-	-	-	-	-	600.823	(600.823)	-
Total comprehensive income for 2022		-	-	-	-	-	-	-	(268.195)	(268.195)
Total prior period adjustments		-	-	-	3.540.674	(3.291.197)	-	-	-	249.477
Adjustment - fair value of financial assets	24	-	(942.643)	-	-	-	-	-	-	(942.643)
Balance at 31 December 2022		<u>2.596.721</u>	<u>(967.660)</u>	<u>10.391.392</u>	<u>17.372.048</u>	<u>(10.603.313)</u>	<u>488.412</u>	<u>(15.842.773)</u>	<u>(268.195)</u>	<u>3.166.632</u>
Net results transfer for 2022		-	-	-	-	-	-	(268.195)	268.195	-
Total comprehensive income for 2023		-	-	-	-	-	-	-	2.338.713	2.338.713
Total prior period adjustments		-	-	-	-	-	-	(357.215)	-	(357.215)
Adjustment - Revaluation of tangible fixed assets		-	-	(2.564.389)	-	-	-	2.564.389	-	-
Total actuarial statement adjustment		-	-	-	-	(4.207.551)	-	-	-	(4.207.551)
Adjustment - fair value of financial assets	24	-	893.390	-	-	-	-	-	-	893.390
Derecognition of variation in securities sold	24	-	(78.724)	-	-	-	-	78.724	-	-
Balance at 31 December 2023		<u>2.596.721</u>	<u>(152.994)</u>	<u>7.827.003</u>	<u>17.372.048</u>	<u>(14.810.864)</u>	<u>488.412</u>	<u>(13.825.070)</u>	<u>2.338.713</u>	<u>1.833.969</u>

ACCOUNTING DEPARTMENT

Lígia Siteo

Head of the Accounting and Budget Department

BOARD OF DIRECTORS

Benedita Maria Guimino

Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEAR ENDED 31 DECEMBER 2023
 (Amounts expressed in thousands of meticalais)

	Notes	Capital	Fair value revaluation reserve	Fixed assets revaluation reserve	Non-distributable reserve	Employee benefits reserve	Legal reserve	Retained earnings	Profit for the year	Total equity	Non-controlling interest	Total equity
Balance at 1 January 2021		<u>2.596.721</u>	<u>(25.017)</u>	<u>10.391.392</u>	<u>13.379.307</u>	<u>(7.312.116)</u>	<u>546.611</u>	<u>(16.298.525)</u>	<u>575.725</u>	<u>3.854.098</u>	<u>288.757</u>	<u>4.142.855</u>
Net results transfer for 2021		-	-	-	2.500	-	131	573.094	(575.725)	-	-	-
Total comprehensive income for 2022		-	-	-	-	-	-	-	(171.753)	(171.753)	-	(171.753)
Total prior period adjustments		-	-	-	3.629.322	(3.291.197)	-	(120.683)	-	217.442	56.423	273.865
Adjustment - fair value of financial assets	24	-	(942.643)	-	-	-	-	-	-	(942.643)	-	(942.643)
Balance at 31 December 2022		<u>2.596.721</u>	<u>(967.660)</u>	<u>10.391.392</u>	<u>17.011.129</u>	<u>(10.603.313)</u>	<u>546.742</u>	<u>(15.846.114)</u>	<u>(171.753)</u>	<u>2.957.144</u>	<u>345.180</u>	<u>3.302.324</u>
Net results transfer for 2022		-	-	-	-	-	65.727	(237.480)	171.753	-	-	-
Total comprehensive income for 2023		-	-	-	-	-	-	-	2.727.330	2.727.330	-	2.727.330
Total actuarial statement adjustment		-	-	-	-	(4.207.551)	-	-	-	(4.207.551)	-	(4.207.551)
Total prior period adjustments		-	-	-	360.919	-	(5.397)	(899.992)	-	(544.470)	187.254	(357.216)
Adjustment - Revaluation of tangible fixed assets		-	-	(2.564.389)	-	-	-	2.564.389	-	-	-	-
Adjustment - fair value of financial assets	24	-	893.390	-	-	-	-	-	-	893.390	-	893.390
Derecognition of variation in securities so	24	-	(78.724)	-	-	-	-	78.724	-	-	-	-
Balance at 31 December 2023		<u>2.596.721</u>	<u>(152.994)</u>	<u>7.827.003</u>	<u>17.372.048</u>	<u>(14.810.864)</u>	<u>607.072</u>	<u>(14.340.473)</u>	<u>2.727.330</u>	<u>1.825.843</u>	<u>532.434</u>	<u>2.358.277</u>

ACCOUNTING DEPARTMENT

Lígia Siteo

Head of the Accounting and Budget Department

BOARD OF DIRECTORS

Benedita Maria Guimino

Board Member for
Financial Services and Human Resources



BANCO DE MOÇAMBIQUE
INDIVIDUAL AND CONSOLIDATED STATEMENT OF CASH FLOWS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticaís)

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Cash flows from operating activities					
Net profit/(loss) of the year		2.338.713	(268.195)	2.727.330	(171.753)
Adjustments for:					
Depreciation and amortization		1.178.598	1.271.806	1.338.980	1.442.058
Impairment losses on tangible assets		-	-	2.534	-
Tangible and intangible assets		-	-	47.567	92.092
Net interest and similares		(1.244.267)	12.086.703	(1.291.773)	12.077.138
Prior period adjustments		(357.215)	-		(66.889)
Cash flows from operating activities		1.915.829	13.090.314	2.824.638	13.372.646
Changes in:					
Financial assets at fair value through profit or loss		(1.600.157)	(5.581.171)	(1.600.157)	(5.581.171)
Other financial assets		(10.796.310)	(10.971.703)	(11.013.099)	(11.113.986)
Financial assets at amortized cost		42.029.791	(67.942.859)	42.011.167	(67.955.851)
Deposits from other institutions		146.662.663	(2.065.971)	146.662.663	(2.065.971)
Pension fund assets		2.291.398	619.511	2.291.398	619.511
Other liabilities		5.923.024	(7.483.427)	6.038.107	(7.544.214)
Treasury bills issued on behalf of the Government and other monetary instruments		(120.224.710)	84.444.586	(120.224.710)	84.444.586
Foreign exchange repayable by the Government		(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Net cash flow from changes in working capital		55.792.826	(26.278.265)	55.672.496	(26.494.327)
Net cash from operating activities		57.708.655	(13.187.950)	58.497.134	(13.121.680)
Cash flow from investing activities					
Acquisition of property, plant and equipment		(3.265.361)	(6.529.432)	(3.346.419)	(6.598.842)
Acquisition of intangible assets		13.332	(13.614)	(8.975)	(22.483)
Changes in cash and cash equivalents and investments in credit institutions and foreign currency		4.829.560	22.147.930	4.454.156	22.059.095
Changes in financial assets available-for-sale		(50.777.807)	20.291.300	(50.777.807)	20.291.300
Interest and similar income		17.012.920	10.427.736	17.105.425	10.489.866
Net cash from investing activities		(32.187.356)	46.323.920	(32.573.620)	46.218.935
Cash flow from financing activities					
Increase in banknotes and coins in circulation		(281.726)	7.989.483	(281.726)	7.989.483
Changes in external financing		(6.156.759)	(17.917.847)	(6.156.759)	(17.917.847)
Changes in reserves		(3.314.161)	(693.166)	(3.671.377)	(601.887)
Interest and similar expenses		(15.768.653)	(22.514.439)	(15.813.652)	(22.567.004)
Net cash flow from financing activities		(25.521.299)	(33.135.969)	(25.923.514)	(33.097.255)
Net change in cash and cash equivalents				233.769	(6.741)
Cash and cash equivalents at the beginning of the year	7.1	-	-	212.888	219.629
Cash and cash equivalents end of the year	7.1	-	-	446.657	212.888

ACCOUNTING DEPARTMENT

Ligia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources



NOTE 1 – BASIS OF PREPARATION

1.1. Introduction

The Banco de Moçambique (Bank) is the central bank of the Republic of Mozambique and has its head office at Av. 25 de Setembro, 1695, Maputo. Its capital is fully underwritten and injected by the Government of the Republic of Mozambique.

The main objective of the Bank is to preserve the value of the national currency.

To this end, the Bank also undertakes the following functions:

- a) promoting better monetary policy;
- b) guiding credit policy with a view to promoting the economic and social growth and development of the country;
- c) Managing external cash and cash equivalents in order to maintain an adequate volume of means of payment necessary for international trade; and
- d) Disciplining banking.

The Board of Directors of the Bank has approved the financial statements for the financial year ended 31 December 2023 on 27 March 2024.

The accompanying financial statements are expressed in thousands of meticaís and have been prepared in accordance with the fundamental principles of business continuity, substance over form, materiality, and historical cost, with the exception of assets and liabilities accounted at fair value, namely financial assets at fair value through profit or loss and financial assets at fair value through comprehensive income.

1.2. Structure of the financial statements

The financial statements herein have been prepared in compliance with the Organic Law of the Banco de Moçambique and its own IAS/IFRS-based standards, as decided by the Board of Directors on 1 September 2023, with the derogations described in point 2.2.

In cases where its own IAS/IFRS-based standards oppose the Organic Law and other instruments approved by the Bank, the Organic Law of the Bank or other policies associated with the nature of the activities carried out by the central bank shall prevail.



The Organic Law lays down rules for the recognition and classification of assets and liabilities in foreign currency when there are fluctuations in values, but is not prescriptive relating to the other accounting principles to be adopted by the Bank. In this light, the Board of the Bank, as provided by Article 61 of the Organic Law, which confers the prerogative to adopt its own rules for accounting and presentation of accounts, decided to adopt its own IAS/IFRS-based standards.

The Bank has subsidiaries and associates operating in different branches of activity, so each of them has a different impact on the financial statements, which affects the Bank's decision regarding the implementation of accounting policies that best reflect the nature of a central bank.

Thus, considering the nature of the activities of the subsidiaries and associates and considering the right conferred by Law to adopt own rules for the accounting of their operations, the Bank has made adjustments to its financial reporting structure, and not all the subsidiaries were consolidated.

Preparing financial statements in compliance with the Organic Law and own IAS/IFRS-based standards (partial adoption) requires the Bank to make judgements and estimates and use assumptions that may affect the implementation of accounting policies and the amounts of income, expenses, assets, and liabilities. Changes in such assumptions, or their differences from reality, may have an impact on estimates and judgments.

The areas that involve a higher level of judgment or complexity, or where significant assumptions and estimates are used in preparing the financial statements, are analyzed in Note 3.

NOTE 2 – KEY ACCOUNTING POLICIES

2.1. Key accounting policies

The key accounting policies adopted by the Bank are described below.

2.1.1. Foreign currency transactions

The Bank's accounting records are processed and held in meticais. Foreign currency transactions are converted to meticais using the exchange rate in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currency are converted into currencies using the exchange rate in force at the reporting date.



Non-monetary assets in foreign currency that are valued at historical cost are converted at the exchange rate in effect on the date of the transaction. Non-monetary assets in foreign currency that are valued at fair value shall be converted at the exchange rate in force on the date on which the fair value is determined.

During the financial year, the aggregation of gains or losses on foreign currency transactions is made currency by currency, by the difference between the value of transactions and the weighted average cost of the day, calculated based on the “daily net cost method”.

The daily net cost method is the method for calculating the weighted average cost, according to which the weighted average cost of each currency is only changed when the quantity bought on the day is greater than the quantity sold. When the quantity bought on the day is less than the quantity sold, the weighted average cost does not change.

With regard to gains and losses arising from the foreign exchange revaluation of active and passive positions in foreign currency, the Bank applies the provisions of Article 14 of the Organic Law - No. 1/92 of 3 January, which determines that these gains and losses are attributable to the Government and, for this reason, must be presented in an account of the financial position (special account for unrealized foreign exchange movements).

The following are the exchange rates used for foreign currency conversion, reported as of 31 December 2023.

	Currency	Average exchange rate	
		2023	2022
Countries			
Meticais per currency units			
USA	USD	63,90	63,87
South Africa	ZAR	3,47	3,77
Australia	AUD	43,42	43,39
European Union	EUR	70,65	68,18
England	GBP	81,24	76,83
IMF	SDR	85,74	85,00

2.1.2 Financial assets and liabilities

Financial assets and liabilities are recognized on the trading date. As of 1 January 2018, the Bank applies IFRS 9 in the classification of financial assets, and groups them into the following categories:

- Financial assets at amortized cost;



- Financial assets measured at fair value through comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification and measurement provided for in IFRS 9 differs from IAS 39 in the following aspects:

- Classification and measurement are no longer based on rules, but on the valuation of the business model, carried out by the Board, which is based on how financial assets are actually managed. The objective is to align the classification of financial assets with the Bank's business;
- A specific valuation of the existence of embedded derivatives is not necessary, since solely payments of principal and interest ("SPPI") are applied.

Classification according to IFRS 9 for investments in debt instruments is carried out by the Board, considering the business model and the characteristics of contractual cash flows. In the test to the business model, the Bank determines the purpose for which it holds the financial assets, that is, whether (i) to receive cash flows; (ii) to receive cash flows and sell; or (iii) to sell. When determining the business model of a group of assets, the following factors are considered:

- History of cash flow receipts;
- Valuation of asset performance and reporting to the Board;
- Risk assessment and management; and
- Compensation of Board Members.

In the solely payments of principal and interest test, the Bank determines whether the receipts of contractual cash flows represent solely payments of principal and interest on specific dates. In making this valuation, the Bank considers whether the contractual cash flows are consistent with a loan agreement, that is, whether the interest includes only remuneration on the time value of the money, credit risk, other loan risks and a profit margin consistent with the type of loan. A financial asset is measured at amortized cost if the following criteria are met:

- The asset is held for the purpose of receiving contractual cash flows; and
- The contractual cash flows of the assets represent solely payments of principal and interest ("SPPI").

Financial assets included in this category are initially recognized at fair value and subsequently measured at amortized cost.



A financial asset is measured at fair value through comprehensive income if the following criteria are met:

- The asset is held for the purpose of receiving contractual cash flows or for a future sale; and
- The contractual cash flows of the assets represent solely payments of principal and interest (“SPPI”).

Financial assets included in the fair value through comprehensive income category are initially recognized at cost and subsequently measured at fair value. Changes in fair value are recognized in comprehensive income, with the exception of interest income, foreign exchange gains and losses, which are recognized in profit or loss.

When the financial asset is derecognized, the previously accumulated gain or loss in comprehensive income is reclassified to net profit or loss.

According to the new model, the fair value category through profit or loss is the residual category. Financial assets must be classified at fair value through profit or loss, if they do not meet the criteria for classification at fair value, through comprehensive income or amortized cost. Financial assets included in the fair value category through profit or loss shall be measured at fair value, with all changes recognized in net profit or loss.

Regardless of the assessment of the business model, the Bank may classify an asset at fair value through profit or loss, if it prevents any eventual accounting mismatch.

Investments in equity instruments are always measured at fair value. Capital instruments are those that meet the definition of “equity” from the perspective of the issuer, as defined in IAS 32. Capital instruments that are held for trading shall be classified at fair value through profit or loss. For all other shares, the Board has the possibility to make an irrevocable election in the initial recognition, instrument by instrument, to present changes in fair value in comprehensive income rather than profit or loss. If this election is made, all changes to fair value, excluding dividends that are a return on investment, will be included in comprehensive income. There is no recycling of comprehensive income values for profit or loss (for example, on the sale of a capital investment), nor are there any impairment requirements. However, the Bank may transfer the accumulated gain or loss on net equity.



Fair value means the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability, in an orderly transaction between market participants at the measurement date.

Fair value is determined based on:

- Active market prices;
- Recent sales prices of similar assets; or
- Valuation methods and techniques, where there is no active market, which have the following underlying criteria:
 - Level 1: financial instruments measured according to market prices or providers; or
 - Level 2: Financial instruments measured according to internal measurement methodologies, mostly considering observable market data; and/or
 - Level 3: Financial instruments measured according to internal valuation methodologies, essentially considering assumptions or adjustments not observable in the market and with significant impact on the measurement of the instrument.

A market is considered active and therefore liquid if it trades regularly. In general, there are market prices for securities and derivatives (futures and options) traded on the exchange.

Financial assets are derecognized when: (i) the Bank's contractual rights to receiving cash flows expire, and (ii) the Bank has substantially transferred all the risks and benefits associated to their holding, or (iii) despite holding a part but not substantially all the risks and benefits associated to their holding, the Bank has transferred control over the asset.

Amortized cost

Financial assets at amortized cost are assets held for the purpose of receiving contractual cash flows representing solely payments of principal and interest (SPPI) and are not classified at fair value through profit or loss. The net value of these assets is adjusted considering accumulated impairment losses and interest income is calculated based on the effective interest rate. Both interest and any dividends are taken into account in the profit or loss statement.

Fair value through comprehensive income

Financial assets measured at fair value through comprehensive income are assets held for receiving contractual cash flows and/or sale, where cash flows represent solely payments of principal and



interest (SPPI) and are not classified at fair value through profit or loss. Changes in the net value are recognized in comprehensive income, except for impairment losses and reversals and interest income on the amortized cost of the financial asset that are recognized in the profit or loss statement. When the financial asset is derecognized, the previously accumulated gain or loss in comprehensive income is reclassified to net profit or loss. Dividends received on assets classified in this category are recognized in net income.

If a capital instrument is not held for trading, the Bank may make the irrevocable decision, on initial recognition, to classify it at fair value through comprehensive income, excluding dividends to be recognized in net income.

Fair value through profit or loss

Financial assets shall be classified at fair value through profit or loss, if they do not meet the criteria of fair value through comprehensive income or amortized cost, this being the residual category of IFRS 9.

In addition, financial assets may, at initial recognition, be classified at fair value through profit or loss, if this classification removes or significantly reduces a measurement or recognition inconsistency, or if the financial asset is part of a portfolio of financial assets held for trading managed and measured in terms of daily performance on the basis of fair value. A gain or loss on a debt instrument subsequently measured at fair value through profit or loss, other than hedging, is recognized in net income. Interest income is calculated based on the effective interest rate. Both interest and any dividends are taken into account in the profit or loss statement.

Financial liabilities

Financial liabilities include banknotes and coins in circulation, deposits from other institutions, Treasury securities issued in favor of the Government, other instruments arising from monetary policy and financing obtained from the International Monetary Fund (IMF).

Financial liabilities are initially recognized at fair value, including expenses and commissions considered incremental to the transaction, and are subsequently measured at amortized cost.

Any difference between the net received amount of transaction costs and the amount payable at maturity is recognized in the comprehensive income statement over the life of the liability using the effective interest method.



2.1.3. Cash and cash equivalents

The banknotes and coins comprising the Bank's cash balance at the end of the financial year have been deducted from the value of the banknotes and coins in circulation because they do not represent currency in circulation.

2.1.4. Impairment of financial assets

As of 1 January 2023, the Bank has not applied IFRS 9. Meanwhile, impairment losses are recognized in the Bank's financial position, when there is objective evidence of a loss event affecting the estimated future cash flow of the financial asset and such loss can be estimated with reasonable confidence.



2.1.5. Gold

Gold is measured at the average price of gold quoted in US dollars at the end of the year on the London gold market. Changes in the fair value of gold, resulting from changes in price, are recognized under profit or loss.

Foreign exchange gains and losses on gold transactions are recognized in the special account for unrealized foreign exchange movements.

2.1.6. Other tangible assets

The Bank's other tangible assets are measured at historical cost except for buildings that are at revalued cost, less accumulated depreciation, and accumulated impairment losses. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.

The latest property revaluation was carried out on 31 December 2019 by an independent company, and these were recorded at fair value.

The fair value of the properties has been determined as per the IFRS 13 (fair value measurement), which defines fair value as the amount receivable for the sale of an asset or payable for the transfer of a financial liability in a current transaction between market participants, at the date of valuation.

Subsequent costs of tangible fixed assets are recognized as an asset only if they are likely to result in future economic benefits for the Bank. When incurred, all maintenance and repair expenses are recognized as expenses.

The property revaluation gains have been recognized in the respective Property Revaluation Reserves. On the other hand, impairment losses have been recorded under the Profit or Loss Statement for the financial year at the revaluation date.

Depreciation of property, plant, and equipment is calculated using the straight-line basis to depreciate their cost to their residual value, based on the following depreciation rates reflecting the expected useful life of the assets:

	<u>Number of years</u>
Buildings	50
Computer equipment	4
Cars	4 - 5
Other assets	10



The residual values, useful lives and depreciation methods of assets shall be reviewed at the end of each financial year and prospectively adjusted, where appropriate. Where there is an indication that an asset may be impaired, the Bank estimates its recoverable value and recognizes an impairment loss where the net value exceeds the recoverable value of those assets.

The recoverable amount is determined by the greatest of its fair value less costs of sale and its use value, the latter being calculated on the basis of the present value of the estimated future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

Other tangible assets are derecognized when they are sold or when future economic benefits from their use or sale are no longer expected. The gains and losses generated in the derecognition of these assets are recognized in the profit or loss for the period.

2.1.7. Intangible assets

Under this item, the Bank mainly records the costs of acquiring software when it is expected that the economic benefits will be passed on beyond the financial year in which the expenditure is incurred.

Intangible assets are amortized using the straight-line basis over the estimated useful life of the asset, which is generally three years.

The depreciation method, useful life, and residual value of each item of intangible assets are revised at each reporting date.

2.1.8. Transactions with the Government

The Bank undertakes various transactions on behalf of the Government, including opening and maintaining accounts for sponsored projects. Transactions in which the Bank acts only as an agent and does not assume any risks and benefits, as well as the assets and liabilities arising from these transactions, are not reflected in the financial statements.

2.1.9. Costs of the production of banknotes and coins

The costs of producing banknotes and coins are recognized under Other Assets. At the time of issue, they are amortized against profit or loss for a period of 3 to 5 years, respectively, from the date of the respective issue.



2.1.10. Retirement pension obligations

As of 1 January 1993, the Bank has set up a separate pension fund to meet employee pension liabilities. The fund was established by resolution of the Board of Directors. The pension fund is managed by Kuhanha - Sociedade Gestora do Fundo de Pensões, S.A.

The policy adopted by the Bank sets out to assume full responsibility for the payment of employee retirement pensions, including the allocation of benefits to widows, minor orphans, and disabled employees.

The existing pension plan corresponds to a defined benefit plan, since it defines the criteria for determining the amount of pension an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and contribution. This plan shall be financing by the employees and the employer, as provided by Decree No. 100/2019, of 31 December.

The obligations of the Bank with retirement pensions shall be calculated annually, at the accounts closing date, by an independent actuary, based on the Projected Unit Credit Method. The discount rate used in this calculation was based on the increase in interest rates on investments made in the bond market; the prime rate of the Mozambican financial system; resumption of economy financing by the IMF and other cooperation partners; post-COVID-19 macroeconomic recovery; and financial system stability.

Remeasuring gains and losses, including (i) actuarial gains and losses from differences between the actuarial assumptions used, and the amounts actually recorded (experience gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return on assets and the amounts obtained, are recognized against equity under Other Comprehensive Income.

Each year, the Bank recognizes, as a cost, the total net value of the following: (i) the cost of the current service; (ii) the cost of interest, less the expected return on the fund's assets; (iii) the effect of any early retirement, which includes the early amortization of associated actuarial gains and losses; and (iv) gains and losses resulting from changes in assumptions or changes in the conditions of benefits. The components listed above are recognized under "Staff Expenses".



2.1.11. Seniority Bonus

In accordance with the Collective Labor Agreement (CLT) for the Mozambican banking sector, the Bank has undertaken to award active employees who complete fifteen, twenty and thirty years of good and effective service a seniority bonus equal respectively to one, two and three months of their current monthly remuneration (in the year of assignment).

The Bank determines annually the present value of benefits with seniority bonuses through actuarial calculations. Actuarial assumptions (financial and demographic) are based on reporting-date expectations for wage growth and are based on mortality tables adapted to the Bank's population. The discount rate used in this calculation is determined based on market rates associated with Mozambican treasury bonds.

2.1.12. Interest recognition

Income on interest on financial instruments measured at amortized cost and on financial assets at fair value through comprehensive income is recognized under interest and similar income items, using the effective interest rate method. Interest on financial assets at fair value through profit or loss is also included under interest and similar income. Interest on financial liabilities is recognized under interest and similar expenses

The effective interest rate is the rate that accurately discounts estimated future payments or receipts over the expected life of the financial instrument or, where appropriate, a shorter period, for the carrying amount of the financial asset or liability. The effective interest rate is established in the initial recognition of financial assets and liabilities and is not subsequently revised.

In order to calculate the effective interest rate, future cash flows are estimated taking into account all the contractual terms of the financial instrument, while disregarding any future credit losses. The calculation includes commissions that are an integral part of the effective interest rate, transaction costs and all bonuses and discounts directly related to the transaction.

2.1.13. Recognition of income from services and commissions

Income from services and commissions is recognized as follows:

- Income from services and commissions obtained in the execution of a significant act is recognized when the significant act has been completed;
- Revenues from services and commissions earned as services are provided are recognized in profit or loss in the period to which they relate; and



- Income from services and commissions that are an integral part of the effective interest of a financial instrument is recorded in profit or loss using the effective interest rate method.

2.2. Exemptions

Regarding the specifics of its activity as the regulator of the financial system and responsibility for implementing monetary and foreign exchange policies in the country, as well as managing international reserves, the Bank, while adopting its own IAS/IFRS-based standards, has decided not to adopt the following standards issued by the International Accounting Standards Boards, as well as the interpretations issued by the International Financial Reporting Interpretations Committee and previous bodies:

- **IAS 21 – the effects of exchange rate changes:** Gains and losses from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under a financial position account (special account for unrealized foreign exchange movements), under Article 14 (2) of Law No. 1/92 of 3 January – Organic Law of the Banco de Moçambique, which states that “if, at the end of the financial year, the special account for unrealized foreign exchange movements shows an outstanding balance, the Government shall settle this balance by issuing public debt securities in favor of the Bank or any other manner proposed by the Board of Directors of the Bank”; and (3) of the same article, which states that “any credit balance in the special account for unrealized foreign exchange movements at the end of each financial year shall be credited to an account held on behalf of the Government, where the Bank shall pay interest at a rate to be determined by the Board of Directors”.
- **IFRS 9 – Financial Instruments:** with the exception of the methodology for the calculation of expected credit losses (impairments) provided for in paragraph 5.5, the Bank moved to classify its other financial assets, at the time of initial recognition, in accordance with the requirements introduced by IFRS 9 in the category of:
 - Financial assets measured at amortized cost;
 - Financial assets measured at fair value through comprehensive income; and
 - Financial assets measured at fair value.

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



BANCO DE MOÇAMBIQUE
NOTES TO THE FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in thousands of meticais)

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Unrealized foreign exchange loss (IAS 21)	(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Financial instruments impairments (IFRS 9)	329.587	366.089	329.587	366.089
Net profit/(loss) of the year without derogation	(5.824.573)	(17.199.337)	(5.435.956)	(17.102.895)
Equity with derogation	1.833.969	3.166.632	2.358.277	3.302.324
Value exchange account	(98.817.051)	(90.324.178)	(98.817.051)	(90.324.178)
Financial instruments impairments (IFRS 9)	8.797.242	(8.467.655)	8.797.242	(8.467.655)
Equity without derogation	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)

2.3. Scope of consolidation

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

	Equity	Banco de Moçambique share		Non-controlling interest	
	2023	%	2023	%	2023
SIMO	1.086.601	51%	554.167	49%	532.434
Kuhanha	98.117	100%	98.117	0%	-
Total	1.184.718	-	652.284	-	532.434

- Sociedade Interbancária de Moçambique, S.A., based in Mozambique, 51% owned, whose main objective is the management of electronic card and payment systems;
- Kuhanha - Sociedade Gestora do Fundo de Pensões of the Banco de Moçambique, S.A., based in Mozambique, 100% owned, whose primary objective is the management of the pension fund of the Banco de Moçambique.

Transactions, balances, revenues, and expenses in operations between the group's companies are eliminated. Profits and losses resulting from transactions between the group's companies, recognized in assets, are also eliminated. Associates' accounting policies are changed as necessary to ensure consistency with group policies.

When the group ceases to have control of a subsidiary, the share's book value is revalued at fair value on the date of the sale. The carrying value is recognized under gains or losses.

In the Bank's separate financial statements, subsidiaries are valued at historical cost and recognized as financial investments.



2.4. Changes in international standards and interpretations

2.4.1. The following rules and interpretations came into effect as of 1 January 2023 and shall be applied by the Bank, where applicable:

IAS 37 Onerous Contracts. The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets clarify what “contract performance costs” represent when assessing whether a contract is for consideration. Some entities apply that apply the “incremental cost” approach may see the value of their provisions increase, or new provisions recognized for contracts for consideration, as a result of the new definition. Effective date: annual periods starting on or after 1 January 2023.

IFRS 1 - Subsidiary, as a first-time adopter of IFRS. The amendment allows a subsidiary applying IFRS 1, paragraph D16(a), to measure the differences between cumulative foreign exchange conversions using the amounts informed by its parent company, based on the date of transition to IFRS by the parent company. Effective date: annual periods starting on or after 1 January 2023.

IFRS 9 – The amendment clarifies the commissions included by the entity when applying the “10 percent” test provided by paragraph B3.3.6 of IFRS 9 when assessing whether a financial liability should be derecognized. An entity shall only include the commissions paid or received between the entity (the debtor) and the creditor, including commissions paid or received by the entity or the creditor on behalf of the other party. Effective date: annual periods starting on or after 1 January 2023.

IFRS 16 – Amendment of illustrative example 13 accompanying IFRS 16. The aim is to remedy an inconsistency in the accounting treatment of incentives assigned by the lessor to the lessee. This improvement is of prospective application. Effective date: annual periods starting on or after 1 June 2023.

IAS 41 Lifting of the requirement to exclude cash flows from taxation in the fair measurement of biological assets, ensuring their consistency with the principles of IFRS 3 – Fair Value. This improvement is of prospective application. Effective date: annual periods starting on or after 1 June 2023.

IAS 16 Property, plant, and equipment – now prohibits the deduction of proceeds arising from property, plant, and equipment testing outputs from the book value of such assets. The proceeds from selling property, plant, and equipment outputs shall be recognized under profit or loss for the



financial year, as provided by the applicable regulations, as well as directly concerned expenses. This amendment shall apply retrospectively, without the restatement of comparatives. Effective date: annual periods starting on or after 1 January 2023.

Amendments to IFRS 3 – References to the conceptual framework for financial reporting This amendment updates the references to the conceptual structure in the IFRS 3 contents, as regards the identification of an asset or liability in terms of business combinations, without introducing amendments to accounting requirements for recording business combinations. This amendment also makes it clear that when applying the acquisition method, liabilities and contingent liabilities shall be analyzed in light of IAS 37, while disregarding the conceptual framework's definition of liability, and that the acquiree's contingent assets cannot be recognized in a business combination. Effective date: annual periods starting on or after 1 January 2023.

IAS 12 Deferred tax related to assets and liabilities arising from a single transaction IAS 12 requires entities to record deferred tax on certain specific transactions when their simultaneous initial recognition gives rise to equal amount of taxable temporary differences and deductible temporary differences. Such transactions relate to the recognition of right-of-use assets and lease liabilities, and decommissioning, restoration or similar liabilities with the corresponding amounts recognized as part of the cost of the related asset, if they are not relevant for tax purposes at the date of initial recognition. Thus, these temporary differences do not qualify for the exemption from the initial recognition of deferred tax assets or liabilities. The cumulative effect of the initial application of this amendment is recognized as an adjustment to the opening balance of retained earnings (or other component of equity) for the earliest comparative period presented. Effective date: annual periods starting on or after 1 January 2023.

2.4.2. Published standards (new and amendments) and interpretations mandatory for annual periods starting on or after 1 January 2024:

IAS 1 – Classification of liabilities as non-current and current and non-current liabilities with covenants. The published amendments clarify that liabilities are classified as current or non-current balances, depending on an entity's right to defer payment beyond 12 months after the financial reporting date. If, at the reporting date, an entity expects, and has the discretion, to refinance or roll over a liability for at least twelve months after the reporting period under an existing loan facility, it classifies the liability as non-current, even if it would otherwise be due within a shorter



period. However, if the entity does not have the discretion to refinance or roll over (for example, there is no refinancing agreement), the entity shall classify the liability as current.

The published amendments also clarify that the covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if only verified by the creditor entity after the reporting date (e.g., when the covenant is based on the position of the financial position at the reporting date). When an entity classifies liabilities arising from financing agreements as non-current and those liabilities are subject to compliance with covenants, disclosure is required to enable investors to assess the risk of these liabilities becoming repayable within 12 months, such as:

- a) the carrying value of liabilities;
- b) the nature of covenants and the dates of compliance; and
- c) the facts and circumstances that indicate that the entity may have difficulties in complying with covenants on due dates.

Effective date: annual periods starting on or after 1 January 2024.

IFRS 16 – Lease liabilities in a sale and leaseback This amendment to the lease standard introduces guidance on the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a “sale”, according to IFRS 15 principles - Revenue from contracts with customers, with greater impact when some or all lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, seller-lessees shall determine “lease payments” and “revised lease payments” in such a way that they do not recognize gains/(losses) arising from their right of use. Variable lease payments that do not depend on an index or a rate do not meet the definition of “lease payments”. This amendment applies retrospectively. Effective date: annual periods starting on or after 1 January 2024.

IAS 7 and IFRS 7 – Supplier financing arrangements

In supplier financing arrangements, or reverse factoring, a financier undertakes to pay the balances that an entity owes to its suppliers, and the entity, in turn, agrees to pay in compliance with the contracted terms and conditions, on the same date, or later than the date of payment to suppliers. The published amendments require an entity to make additional disclosures about its supplier financing arrangements to allow for:

- a) the assessment of how supplier financing arrangements affect the liabilities and cash flows of the entity; and



b) an understanding of the effect of supplier financing arrangements on an entity's exposure to liquidity risk, and how the entity would be affected if the arrangements were no longer available. These amendments shall apply for annual reporting periods starting on or after 1 January 2024.

NOTE 3 – USE OF ESTIMATES AND JUDGMENTS

Preparing financial statements requires the Board of Directors to make certain judgments and estimates based on historical experience and other factors considered relevant.

Estimates and associated judgments are reviewed on an ongoing basis. Revisions of accounting estimates shall be recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in subsequent periods if the revision affects both the current and future periods.

The main estimates focus on the following areas:

Employee benefits

Liabilities for retirement and survivors' pensions and other post-employment or short-term benefits are estimated on the basis of assumptions and estimates, including the use of actuarial projections, estimated fund profitability and other factors that may impact on expenses and liabilities for pensions and other post-employment benefits.

The Board of Directors considers that the estimates and judgments made are appropriate and that the financial statements present the Bank's financial position, financial performance, and cash flows, in all material respects, in a true and appropriate manner.

Impairment

As of 1 January 2018, the Bank has not fully adopted IFRS, i.e., a partial adoption, as referred to in point 2.2. Meanwhile, impairment losses are recognized in the Bank's financial position, when there is objective evidence of a loss event affecting the estimated future cash flow of the financial asset and such loss can be estimated with reasonable confidence.

Periodically, the Bank analyzes the balance of tangible assets to check for indications of impairment, in order to determine the need to recognize impairment losses or not.

The Bank's tangible assets are measured at historical cost with the exception of buildings, which are at revalued cost, less accumulated depreciation. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.



With reference to 31 December 2019, the properties were reevaluated by an independent company and accounted at their fair value.

The Board of Directors considers that the estimates and judgments made are appropriate and that the financial statements adequately present the Bank's financial position and the result of its operations in all materially relevant aspects.



NOTE 4 – CHANGES IN POLICIES, ESTIMATES, AND ERRORS

For the financial years ended 31 December 2023 and 31 December 2022, there were no changes in accounting policies that had an effect on the comparability of those years, or requiring additional disclosures.

NOTE 5 – FINANCIAL RISK MANAGEMENT

The Banco de Moçambique is exposed to various financial risks, namely market risk, which includes foreign exchange and interest rate risks, liquidity risk, credit risk and operational risk.

Risk management focuses on the unpredictability of financial markets and seeks to minimize the adverse effects of such unpredictability on the Bank's financial performance and capital.

Financial risk management related to the management of international reserves is undertaken by the Risk Management Department under the supervision of the International Reserves Management Committee and the Board of Directors. This department is responsible for identifying, valuing and hedging financial risks, following the guidelines laid down by the Board of Directors.

5.1. Strategy for using financial instruments

In light of its nature, the activities of the Bank are mainly centered on managing international reserves, in accordance with the powers conferred by Law No. 1/92 of 3 January, Organic Law of the Banco de Moçambique. In accordance with the International Reserves Management Policy, the Bank manages international reserves in order to meet the following needs:

- Ensuring that the country is able to absorb shocks from the balance of payments;
- Maintain the confidence of economic agents in the country's monetary and exchange rate policies; and
- Protecting the national economy in the event of disasters or external shocks.

The international reserves portfolio may consist of the following financial assets:

- Precious metals;
- Special drawing rights;
- Marketable currencies in the international financial market; and
- Other assets in assured convertible currency.



In the management of international reserves, the Bank shall ensure the observance of good practices relating to prudential and operational principles as regards the choice of portfolio structure, composition of the portfolio by currency, maturity, benchmarks to be taken into account, instruments to be traded, markets where to apply its assets and external partners to be contracted.

The Board of Directors approves: (i) the sources and use of reserves; (ii) the composition of the global portfolio and the criteria for its division into tranches; (iii) the average maturity of the global portfolio (duration); (iv) the eligible financial instruments; (v) the minimum credit quality of financial products and counterparties; and (vi) the decision-making and responsibility levels for reserve management.

The Bank subdivides its global international reserves portfolio into three tranches, defined on the basis of the reasons justifying the maintenance of international reserves and their potential demand, namely:

- **Working capital tranche** - intended to meet estimated monthly liquidity needs for current transactions and potential foreign exchange market interventions;
- **Liquidity tranche** - intended to meet the estimated liquidity needs for covering 1 to 3 months of imports of goods and services and of the government debt service budgeted for the year concerned (maturity up to 1 year); and
- **Investment tranche** - to meet medium and long-term needs and contingencies in times of crisis, consists of any excess of reserves on working capital and liquidity tranches as a whole.

The working capital tranche sets out to preserve the value of the capital, i.e., the security of the invested value. Asset investments shall be carried out in such a way as to ensure the integrity of the capital allocated to each portfolio within the established investment horizon. In this sense, the financial assets in the working capital tranche were classified as financial assets at amortized cost.

The purpose of the liquidity tranche is to make the funds available to meet liquidity needs. Investment management should be carried out so as to ensure an adequate level of funds to meet the obligations as they mature. In order to maintain sufficient liquidity, the majority of reserve assets should be invested in assets with a strong secondary market. In this sense, financial assets in the liquidity tranche were classified as financial assets at fair value through comprehensive income.



The objective of the investment tranche is to maximize returns on capital, subject to capital preservation and liquidity constraints. Reserve assets are invested with the aim of achieving a competitive rate of return while respecting prudential levels of risk. In this sense, the financial assets in the investment tranche were classified as financial assets at fair value.

The Bank manages a part of the portfolio internally and hires external managers to manage its reserves, considering the ratings of the managers and legal regulations in force. A benchmark portfolio is defined for the management of the global international reserves' portfolio, such as a specific benchmark for the internally managed portfolio and for each portfolio under external management. Limits are set for deviations from the benchmark. The Bank receives a monthly report from the custodian, with the violations of the rules set for external managers. Regarding the internally managed portfolio, a daily comparison between the portfolio and the benchmarks is carried out by the department responsible for the management of international reserves. A balance of the portfolio is carried out monthly.

Notwithstanding the matter of the Bank taking as reference the data in the reports received by the custodian, the Bank ensures that the recognized fair value of the securities is determined in accordance with Note 25 – fair value.

In the context of the Bank's strategy as concerns the use of financial instruments, the following table shows the Bank's various financial assets and liabilities as at 31 December 2023, broken down by different categories according to IFRS 9 – Financial instruments: recognition and measurement.

The following tables show the Bank's various financial assets and liabilities as of 31 December 2023, broken down by the different categories of IFRS 9 – Financial instruments: recognition and measurement.



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31-12-2023	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.226.324	-	-	-	2.226.324
Deposit with other financial institutions	-	1.502.192	-	-	-	1.502.192
Fair value through profit or loss	39.414.105	-	-	-	-	39.414.105
Fair value through other comprehensive income	-	-	-	170.116.623	-	170.116.623
Treasury bills	-	-	178.657.029	-	-	178.657.029
Other financial assets	-	82.411.837	-	-	-	82.411.837
Total financial assets	39.414.105	86.140.353	178.657.029	170.116.623	-	474.328.110
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	-	-	-	-	287.544.178	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	264.814.112	264.814.112
Foreign loans	-	-	-	-	9.331.192	9.331.192
Other liabilities	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	-	-	-	-	649.107.373	649.107.373



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31-12-2022	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.244.565	-	-	-	2.244.565
Deposit with other financial institutions	-	8.285.434	-	-	-	8.285.434
Fair value through profit or loss	37.813.948	-	-	-	-	37.813.948
Fair value through other comprehensive income	-	-	-	119.338.816	-	119.338.816
Treasury bills	-	-	220.686.820	-	-	220.686.820
Other financial assets	-	71.615.527	-	-	-	71.615.527
Total financial assets	37.813.948	82.145.526	220.686.820	119.338.816	-	459.985.110
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	-	-	-	-	140.881.515	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	385.038.822	385.038.822
Foreign loans	-	-	-	-	15.487.951	15.487.951
Other liabilities	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	-	-	-	-	623.184.881	623.184.881



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The following tables show the group's various financial assets and liabilities as at 31 December 2023, broken down by the different categories of IFRS 9 – Financial instruments: recognition and measurement.

31-12-2023	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.226.324	-	-	-	2.226.324
Deposit with other financial institutions	-	2.674.498	-	-	-	2.674.498
Fair value through profit or loss	39.414.105	-	-	-	-	39.414.105
Fair value through other comprehensive income	-	-	-	170.116.623	-	170.116.623
Treasury bills	-	-	178.745.054	-	-	178.745.054
Other financial assets	-	82.394.610	-	-	-	82.394.610
Total financial assets	39.414.105	87.295.432	178.745.054	170.116.623	-	475.571.214
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	-	-	-	-	287.544.178	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	264.814.112	264.814.112
Foreign loans	-	-	-	-	9.331.192	9.331.192
Other liabilities	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	-	-	-	-	649.649.788	649.649.788



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31-12-2022	Financial assets at fair value through profit or loss	Credits and receivables	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Other financial liabilities	Total
Financial assets						
Foreign currency	-	2.244.565	-	-	-	2.244.565
Deposit with other financial institutions	-	9.082.336	-	-	-	9.082.336
Fair value through profit or loss	37.813.948	-	-	-	-	37.813.948
Fair value through other comprehensive income	-	-	-	119.338.816	-	119.338.816
Treasury bills	-	-	220.756.221	-	-	220.756.221
Other financial assets	-	71.381.511	-	-	-	71.381.511
Total financial assets	37.813.948	82.708.412	220.756.221	119.338.816	-	460.617.397
Financial liabilities						
Banknotes and coins in circulation	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	-	-	-	-	140.881.515	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	-	-	-	-	385.038.822	385.038.822
Foreign loans	-	-	-	-	15.487.951	15.487.951
Other liabilities	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	-	-	-	-	623.612.213	623.612.213



5.2. Credit Risk

5.2.1. Risk control and mitigation policies

In its activity, the Bank takes on some exposure to credit risk, that is, to the risk of actual default by the counterparty. The Board carefully regulates the Bank's exposure to credit risk and country risk by establishing: (i) the minimum credit ratings for each type of eligible instrument, (ii) the maximum terms per rating for term deposits, (iii) the concentration limits per rating of counterparties, (iv) the concentration limits per country and (v) the risk limits per issuer. These risks are reviewed annually.

The Markets and Reserves Management Department verifies compliance with the limits on a daily basis. For the management and investments of international reserves, the Board shall also define the external entities empowered to provide these services.

The financial assets that potentially expose the Bank to credit concentration risk consist mainly of cash and cash equivalents and investments in other credit institutions, bonds, and other fixed-income securities.

5.2.2. Maximum exposure to credit risk

The maximum exposure to credit risk as at 31 December 2023 was as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Deposit with other financial institutions	1.502.192	8.285.434	2.674.498	9.082.336
Financial assets at fair value through profit or loss	39.414.105	37.813.948	39.414.105	37.813.948
Financial assets at fair value through other comprehensive income	170.116.623	119.338.816	170.116.623	119.338.816
Financial assets at amortized cost	178.657.029	220.686.820	178.745.054	220.756.221
Other financial assets	82.411.837	71.615.527	82.394.610	71.381.511
Total at 31 December	472.101.786	457.740.545	473.344.890	458.372.833



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5.2.3. Quality of financial assets

The following table provides a summary of the credit quality of financial assets as at 31 December 2023:

31.12.2023

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	157.576	4.865.721	29.302.537	-	-	34.325.834
AA - to AA+	503.504	17.505.159	62.665.117	-	-	80.673.780
A- to A+	400.453	3.395.647	74.876.293	-	-	78.672.393
Below A -	97.777	11.597.462	1.619.871	-	-	13.315.110
Unrated	342.882	150.115	1.652.805	178.657.029	82.411.837	263.214.669
Total	1.502.192	37.514.105	170.116.623	178.657.029	82.411.837	470.201.786

31.12.2022

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	78.986	20.120.936	41.124.393	-	-	61.324.315
AA - to AA+	424.677	8.336.856	32.810.046	-	-	41.571.579
A- to A+	3.072.444	9.052.852	43.342.630	-	-	55.467.926
Below A -	1.430.560	-	411.551	-	-	1.842.112
Unrated	3.278.766	303.303	1.650.196	220.686.820	71.615.527	297.534.613
Total	8.285.434	37.813.948	119.338.816	220.686.820	71.615.527	457.740.546

The following table provides a group summary of the credit quality of financial assets as at 31 December 2023:

31.12.2023

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	157.576	4.865.721	29.302.537	-	-	34.325.834
AA - to AA+	503.504	17.505.159	62.665.117	-	-	80.673.780
A- to A+	400.453	3.395.647	74.876.293	-	-	78.672.394
Below A -	97.777	13.497.462	1.619.871	-	-	15.215.110
Unrated	1.515.188	150.115	1.652.805	178.745.054	82.394.610	264.457.773
Total	2.674.498	39.414.105	170.116.623	178.745.054	82.394.610	473.344.891



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31.12.2022

	Deposit with other financial institutions	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortized cost	Other financial liabilities	Total
AAA	78.986	20.120.936	41.124.393	-	-	52.856.660
AA - to AA+	424.677	8.336.856	32.810.046	-	-	41.571.579
A- to A+	3.072.444	9.052.853	43.342.630	-	-	55.467.927
Below A -	1.430.560	-	411.551	-	-	1.842.112
Unrated	4.075.668	303.303	1.650.196	220.756.221	71.381.511	298.166.900
Total	9.082.336	37.813.948	119.338.816	220.756.221	71.381.511	449.905.179

5.2.4. Impairment of financial assets

The Bank shall regularly assess whether there is objective evidence that a financial asset, or group of financial assets, shows signs of impairment.

For financial assets showing signs of impairment, their recoverable value shall be determined, with impairment losses recorded against profit or loss.

A financial asset or group of financial assets is impaired when there is objective evidence of a loss from one or more events that occurred after the initial recognition, such as (i) the securities listed, an extended or significant depreciation in its price, and (ii) unlisted equity investments, loans granted, and other financial assets measured at amortized cost when the event impacted the estimated future cash flows of the financial asset, or groups of financial assets that can be estimated reasonably.

If, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed against the profit or loss for the financial year, until the replacement of the acquisition cost, if the increase is objectively related to an event that took place after the recognition of impairment loss, except when addressing shares or other capital instruments, where the subsequent added value is recognized under reserves.

In the case of impairment of assets measured at amortized cost, the loss corresponding to the difference between the carrying amount and the recoverable amount is recognized under profit or loss for the period. Recoverable value is determined as the value of expected future cash flows discounted at the original effective rate of the asset.

5.3. Liquidity risk

Liquidity risk is the risk that an institution does not have the necessary funds to meet its payment obligations at all times.



The Board sets concentration limits by maturity dates, which are revised annually. The Markets and Reserves Management Department verifies compliance with the limits on a daily basis.

As mentioned in Note 5.1. – Strategy for using financial instruments, the Bank subdivides its global portfolio of international reserves into three tranches: working capital tranche, liquidity tranche and investment tranche, according to the reasons justifying the maintenance of international reserves and their potential demand.

Minimum and maximum limits are set for the working capital and liquidity tranches.

Liquidity risk management shall be developed on the basis of cash flow projections and by checking compliance with limits.

The average maturity of all the assets in the portfolio, weighted by their market value (duration) of the international reserves' portfolio, may not, on average, exceed 1 year.

As at 31 December 2023, the liquidity tranche presents a concentration of investments in institutions rated AAA, AA -, AA+, A - and A+.

The following tables analyze the Bank's financial assets and liabilities and gold (individual) by maturity, the amounts being composed of the value of financial assets and liabilities considering the date on which payment, receipt, or maturity of the transactions will take place.



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	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	1.502.192	1.502.192
Gold	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.732.628	-	-	-	-	178.657.029
Other financial assets	-	-	-	-	-	-	82.411.837	82.411.837
Total financial assets and gold	168.083.546	77.964.102	78.950.899	37.714.881	8.592.938	-	119.708.768	491.015.133
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.417.891	649.107.372
Net position	(298.551.802)	48.466.424	22.725.636	37.714.881	8.592.938	(9.331.192)	32.290.877	(158.092.238)



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	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	8.285.434	8.285.434
Gold	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Activos financeiros ao custo amortizado	152.185.075	28.411.323	39.857.945	-	-	221.407	11.071	220.686.820
Other financial assets	-	-	-	-	-	-	71.615.527	71.615.527
Total financial assets and gold	193.302.228	71.885.790	63.133.948	42.696.351	5.633.196	698.374	97.350.324	474.700.210
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	81.787.664	623.184.881
Net position	(126.141.788)	29.416.342	(100.640.448)	42.696.351	5.633.196	(15.010.984)	15.562.660	(148.484.670)



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

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	1.158.710	-	-	-	-	-	1.515.788	2.674.498
Gold	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.820.653	-	-	-	-	178.745.054
Other financial assets	-	-	-	-	-	-	82.394.610	82.394.610
Total financial assets and gold	169.242.255	77.964.103	79.038.923	37.714.881	8.592.938	-	119.705.137	492.258.237
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.960.306	649.649.788
Net position	(297.393.093)	48.466.425	22.813.659	37.714.881	8.592.938	(9.331.192)	31.744.831	(157.391.551)



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At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets and gold								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	783.214	-	-	-	-	-	8.299.122	9.082.336
Gold	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.927.346	-	-	221.407	11.071	220.756.221
Other financial assets	-	-	-	-	-	-	71.381.511	71.381.511
Total financial assets and gold	194.085.442	71.885.790	63.203.348	42.696.351	5.633.196	698.374	97.129.996	475.332.498
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	82.214.996	623.612.213
Net position	(125.358.574)	29.416.342	(100.571.047)	42.696.351	5.633.196	(15.010.984)	14.915.001	(148.279.714)



5.4. Market risk

Market risk corresponds to the prospects of negative impact on income or capital due to unfavorable movements in the market price of the financial instruments held by the Bank, such as the risk of fluctuations in interest and exchange rates.

The Bank assumes exposure to market risks, i.e., risks arising from open positions in interest rates, foreign currency and other products exposed to market movements.

Market risk consists of interest rate risk, currency risk and price risk.

5.4.1. Interest rate risk

Interest rate risk is the risk of fluctuation to which the cash flows of a financial instrument are subject due to changes in market interest rates.

Investments in credit institutions, bonds and other fixed income securities and financial liabilities are subject to interest rate risk.

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



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	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	1.502.192	1.502.192
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.732.628	-	-	-	-	178.657.029
Other financial assets	-	-	-	-	-	-	82.411.837	82.411.837
Total financial assets	168.083.546	77.964.102	78.950.899	37.714.881	8.592.938	-	103.021.745	474.328.111
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other credit institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	6.961.732	6.961.732
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.417.891	649.107.373
Net position	(298.551.802)	48.466.424	22.725.636	37.714.881	8.592.938	(9.331.192)	15.603.854	(174.779.261)



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At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	8.285.434	8.285.434
Financial assets held-for-trading	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets available-for-sale	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.857.945	-	-	221.407	11.071	220.686.820
Other financial assets	-	-	-	-	-	-	71.615.527	71.615.527
Total financial assets	193.302.228	71.885.790	63.133.948	42.696.351	5.633.196	698.374	82.635.224	459.985.111
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from othe credit institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.038.708	1.038.708
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	81.787.664	623.184.881
Net position	(126.141.788)	29.416.342	(100.640.448)	42.696.351	5.633.196	(15.010.984)	847.560	(163.199.770)



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

At 31 December 2023

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial assets								
Foreign currency	-	-	-	-	-	-	2.226.324	2.226.324
Deposit with other financial institutions	-	-	-	-	-	-	2.674.498	2.674.498
Financial assets at fair value through profit or loss	518.522	1.071.577	7.557.567	25.262.066	4.854.258	-	150.115	39.414.105
Financial assets at fair value through other comprehensive income	64.410.276	51.122.872	21.660.703	12.452.815	3.738.680	-	16.731.277	170.116.623
Financial assets at amortized cost	103.154.747	25.769.654	49.820.653	-	-	-	-	178.745.054
Other financial assets	-	-	-	-	-	-	82.394.610	82.394.610
Total financial assets	168.083.546	77.964.102	79.038.923	37.714.881	8.592.938	-	104.176.825	475.571.215
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.456.159	80.456.159
Deposits from other credit institutions	287.544.178	-	-	-	-	-	-	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	179.091.170	29.497.678	56.225.264	-	-	-	-	264.814.111
Foreign loans	-	-	-	-	-	9.331.192	-	9.331.192
Other liabilities	-	-	-	-	-	-	7.504.147	7.504.147
Total financial liabilities	466.635.348	29.497.678	56.225.264	-	-	9.331.192	87.960.306	649.649.787
Net position	(298.551.802)	48.466.424	22.813.660	37.714.881	8.592.938	(9.331.192)	16.216.519	(174.078.571)



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At 31 December 2022

	1 month	1 to 3 months	3 to 12 months	1 to 3 years	3 to 5 years	More than 5 years	Without a fixed term	Total
Financial Assets								
Foreign currency	-	-	-	-	-	-	2.244.565	2.244.565
Deposit with other financial institutions	-	-	-	-	-	-	9.082.336	9.082.336
Financial assets at fair value through profit or loss	167.467	1.821.598	8.920.175	23.612.190	2.989.214	-	303.303	37.813.948
Financial assets at fair value through other comprehensive income	40.949.687	41.652.869	14.355.828	19.084.161	2.643.982	476.967	175.323	119.338.816
Financial assets at amortized cost	152.185.075	28.411.323	39.927.346	-	-	221.407	11.071	220.756.221
Other financial assets	-	-	-	-	-	-	71.381.511	71.381.511
Total financial assets	193.302.228	71.885.790	63.203.348	42.696.351	5.633.196	698.374	83.198.111	460.617.398
Financial liabilities								
Banknotes and coins in circulation	-	-	-	-	-	-	80.737.885	80.737.885
Deposits from other credit institutions	140.881.515	-	-	-	-	-	-	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	178.562.501	42.469.447	163.774.396	-	-	221.407	11.071	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	15.487.951
Other liabilities	-	-	-	-	-	-	1.466.040	1.466.040
Total financial liabilities	319.444.016	42.469.447	163.774.396	-	-	15.709.358	82.214.996	623.612.213
Net position	(126.141.788)	29.416.343	(100.571.047)	42.696.351	5.633.196	(15.010.984)	983.115	(162.994.814)



The Bank manages interest rate risk by establishing benchmarks for externally and internally managed portfolios, including a definition of duration for each tranche of the international reserves portfolio.

For external managers, the Bank also established instrument exposure and duration deviation limits on the benchmark, as well as stop loss limits regarding the benchmark.

As at 31 December 2023, the effect on the Bank's profit or loss and equity arising from a +/- 25 basis point change in interest rate is negative at (475,958) thousands of meticaís (2022: negative 409,680 thousands of meticaís) and 928,266 thousands of meticaís (2022: 943,841 thousands of meticaís), respectively.

5.4.2. Foreign exchange risk

Foreign exchange risk arises from transactions in assets and liabilities denominated in foreign currency. Cash and cash equivalents, investments and resources of credit institutions, gold, securities, external financing, and other foreign currency balances expose the Bank to foreign exchange risk, even if ultimately the risk falls under the Government, as explained in the following paragraph. The Bank manages this risk by limiting the currency composition of the international reserves' portfolio. The Board shall approve the limits of exposure to foreign exchange risk.

As a result of the provisions of Article 14 of the Organic Law, gains and losses arising from the foreign exchange revaluation of active and passive positions in foreign currency shall fall under a value fluctuation account, under asset or liability, as per the case.



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As at 31 December 2023, the Bank's financial and gold assets and liabilities, denominated in national and foreign currencies, are presented as follows:

At 31 December 2023

	<u>MZN</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>ZAR</u>	<u>SDR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
Financial assets and Gold									
Foreign currency	-	1.240.333	921.019	371	64.563	-	-	38	2.226.324
Cash and claims in credit institutions	-	542.440	499.192	97.049	2.171	342.873	15.499	2.968	1.502.192
Gold	-	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets held-for-trading	128.640	39.283.817	1.648	-	-	-	-	-	39.414.105
Financial assets available-for-sale	4.982	142.873.436	4.168.715	2.849.276	11.132.249	-	9.087.954	11	170.116.623
Financial assets at a amortized cost	178.657.029	-	-	-	-	-	-	-	178.657.029
Other financial assets	50.729.262	11.551.753	1.654.089	119.145	29.773	5.224.811	-	13.103.004	82.411.837
Total	229.519.913	195.491.779	7.244.663	3.065.841	11.228.756	5.567.684	9.103.453	29.793.044	491.015.133
Financial liabilities									
Banknotes and coins in circulation	80.456.159	-	-	-	-	-	-	-	80.456.159
Deposits from other credit institutions	197.154.263	87.974.562	1.710.154	197	172.631	-	-	532.371	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	264.814.112	-	-	-	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	-	9.331.192
Other liabilities	94.820	1.707.306	73.557	2.265	2.358	5.043.296	-	38.130	6.961.732
Total	542.519.354	89.681.868	1.783.711	2.462	174.989	14.374.488	-	570.501	649.107.373
Overall operating position	(312.999.441)	105.809.911	5.460.952	3.063.379	11.053.767	(8.806.804)	9.103.453	29.222.543	(158.092.240)



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At 31 December 2022

	MZN	USD	EUR	GBP	ZAR	SDR	CNY	Others	Total
Financial assets and Gold									
Foreign currency	-	1.125.174	1.068.513	351	50.490	-	-	37	2.244.565
Cash and claims in credit institutions	-	4.541.299	136.280	116.734	18.643	3.277.705	19.466	175.307	8.285.434
Gold	-	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	128.640	37.683.718	1.590	-	-	-	-	-	37.813.948
Financial assets at fair value through other comprehensive income	-	93.761.600	-	2.341.839	12.256.476	-	10.978.891	10	119.338.816
Activos financeiros ao custo amortizado	220.686.820	-	-	-	-	-	-	-	220.686.820
Other financial assets	41.124.211	11.392.562	1.282.542	674.623	98.337	5.224.811	-	11.818.441	71.615.527
Total	261.939.671	148.504.353	2.488.925	3.133.547	12.423.946	8.502.516	10.998.357	26.708.895	474.700.210
Financial liabilities									
Banknotes and coins in circulation	80.737.885	-	-	-	-	-	-	-	80.737.885
Deposits from other credit institutions	85.469.253	52.169.487	2.356.411	187	179.190	-	-	706.987	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	385.038.822	-	-	-	-	-	-	-	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	-	15.487.951
Other liabilities	89.083	902.055	-	3.301	24.944	-	-	19.325	1.038.708
Total	551.335.043	53.071.542	2.356.411	3.488	204.134	15.487.951	-	726.312	623.184.881
Overall operating position	(289.395.372)	95.432.811	132.514	3.130.059	12.219.812	(6.985.435)	10.998.357	25.982.583	(148.484.671)



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The following tables summarize the group's financial assets and liabilities and gold denominated in national and foreign currency and are presented as follows:

At 31 December 2023

	<u>MZN</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>ZAR</u>	<u>SDR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
Financial assets and Gold									
Foreign currency	-	1.240.333	921.019	371	64.563	-	-	38	2.226.324
Cash and claims in credit institutions	1.172.306	542.440	499.192	97.049	2.171	342.873	15.499	2.968	2.674.498
Gold	-	-	-	-	-	-	-	16.687.023	16.687.023
Financial assets at fair value through profit or loss	128.640	39.283.817	1.648	-	-	-	-	-	39.414.105
Financial assets at fair value through other comprehensive income	4.982	142.873.436	4.168.715	2.849.276	11.132.249	-	9.087.954	11	170.116.623
Financial assets at amortized cost	178.745.054	-	-	-	-	-	-	-	178.745.054
Other financial assets	50.712.035	11.551.753	1.654.089	119.145	29.773	5.224.811	-	13.103.004	82.394.610
Total	230.763.017	195.491.779	7.244.663	3.065.841	11.228.756	5.567.684	9.103.453	29.793.044	492.258.237
Financial liabilities									
Banknotes and coins in circulation	80.456.159	-	-	-	-	-	-	-	80.456.159
Deposits from other credit institutions	197.154.263	87.974.562	1.710.154	197	172.631	-	-	532.371	287.544.178
Treasury bills issued on behalf of the State and other monetary instruments	264.814.112	-	-	-	-	-	-	-	264.814.112
Foreign loans	-	-	-	-	-	9.331.192	-	-	9.331.192
Other liabilities	637.235	1.707.306	73.557	2.265	2.358	5.043.296	-	38.130	7.504.147
Total	543.061.769	89.681.868	1.783.711	2.462	174.989	14.374.488	-	570.501	649.649.788
Overall operating position	(312.298.752)	105.809.911	5.460.952	3.063.379	11.053.767	(8.806.804)	9.103.453	29.222.543	(157.391.551)



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At 31 December 2022

	<u>MZN</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>ZAR</u>	<u>SDR</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
Financial assets and Gold									
Foreign currency	-	1.125.174	1.068.513	351	50.490	-	-	37	2.244.565
Cash and claims in credit institutions	796.902	4.541.299	136.280	116.734	18.643	3.277.705	19.466	175.307	9.082.336
Gold	-	-	-	-	-	-	-	14.715.100	14.715.100
Financial assets at fair value through profit or loss	128.640	37.683.718	1.590	-	-	-	-	-	37.813.948
Financial assets at fair value through other comprehensive income	-	93.761.600	-	2.341.839	12.256.476	-	10.978.891	10	119.338.816
Financial assets at amortized cost	220.756.221	-	-	-	-	-	-	-	220.756.221
Other financial assets	40.890.195	11.392.562	1.282.542	674.623	98.337	5.224.811	-	11.818.441	71.381.511
Total	262.571.958	148.504.353	2.488.925	3.133.547	12.423.946	8.502.516	10.998.357	26.708.895	475.332.497
Financial liabilities									
Banknotes and coins in circulation	80.737.885	-	-	-	-	-	-	-	80.737.885
Deposits from other credit institutions	85.469.253	52.169.487	2.356.411	187	179.190	-	-	706.987	140.881.515
Treasury bills issued on behalf of the State and other monetary instruments	385.038.822	-	-	-	-	-	-	-	385.038.822
Foreign loans	-	-	-	-	-	15.487.951	-	-	15.487.951
Other liabilities	516.415	902.055	-	3.301	24.944	-	-	19.325	1.466.040
Total	551.762.375	53.071.542	2.356.411	3.488	204.134	15.487.951	-	726.312	623.612.213
Overall operating position	(289.190.417)	95.432.811	132.514	3.130.059	12.219.812	(6.985.435)	10.998.357	25.982.583	(148.279.716)



As at 31 December 2023, the effect on the Bank's profit or loss and equity, amid an appreciation or depreciation of Metical by approximately 10% versus the total in foreign currency is 11,671,079 thousands of meticaís (2022: 41,111,996 thousands of meticaís) and 17,480 thousands of meticaís (2022: 17,466 thousands of meticaís), respectively.

5.5. Operational risk

Operational risk can be defined as the possibility of losses arising from the malfunction of computer systems, conveyance systems and the inadequacy or failures of internal processes, people or as a result of exogenous events. For the prevention and control of operational risk, the Bank has implemented several internal control systems. Compliance with internal regulations and procedures is guaranteed by the Internal Audit Department, which is responsible for ensuring the consistent observance. However, the departments separately ensure compliance with the established regulations regarding the operations under their purview.

NOTE 6 – FOREIGN CURRENCY

This item is broken down as follows:

Currency	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
CAD	34	34	34	34
CHF	5	5	5	5
EUR	921.019	1.068.513	921.019	1.068.513
GBP	371	351	371	351
USD	1.240.333	1.125.174	1.240.333	1.125.174
ZAR	64.562	50.488	64.562	50.488
	2.226.324	2.244.565	2.226.324	2.244.565

NOTE 7 – CASH AND CASH EQUIVALENTS IN CREDIT INSTITUTIONS

As to their nature, cash and cash equivalents and investments on credit institutions are analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Cash in credit institutions				
Demand deposits	1.502.192	8.285.434	1.936.349	8.485.822
Advances to credit institutions				
Term deposit	-	-	738.149	596.514
	1.502.192	8.285.434	2.674.498	9.082.336



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As at 31 December 2023, the maximum and minimum interest rates for these foreign currency investments were as follows:

Term	2023		2022	
	Minimum	Maximum	Minimum	Maximum
Up to 1 month	0,625%	8,840%	1,625%	7,400%
1 to 3 months	0,250%	8,790%	0,100%	8,000%
3 to 12 months	0,005%	5,660%	0,125%	3,875%
1 to 3 years	0,005%	5,512%	0,005%	5,088%
3 to 5 years	0,730%	6,000%	0,375%	4,928%
More than 5 years	-	-	-	-

Cash and cash equivalents and investments in credit institutions are mainly composed of short-term financial assets, and, for this reason, their carrying amount at the reporting date is considered to be close to fair value.

7.1. End-of-period cash and cash equivalents

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Cash	-	-	17	9
Banks	-	-	446.640	212.879
	-	-	446.657	212.888

This balance represents the cash and cash equivalents of the Bank's subsidiaries.

NOTE 8 – GOLD

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Gold in coins and bars				
Held outside the country	16.687.023	14.715.100	16.687.023	14.715.100
	16.687.023	14.715.100	16.687.023	14.715.100

As at 31 December 2023, gold reserves of approximately 126,575 ounces (2022: 126,575 ounces) were valued at USD 261,142,767 (2022: USD 230,391,423), based on the average price of gold quoted in US dollars as of the reporting date on the London gold market.



NOTE 9 – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

They refer to investments under the custody of asset managers appointed by the Bank. Managers invest the funds made available in assets, specifically stipulated in the agreement, through separate agreements signed by them. Fees range from 0.10% to 0.30% of the portfolio market value.

This item is analyzed as follows:

31.12.2023	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares (Afreximbank and Swift)	97.600	303.442	97.600	303.442
Treasury bills	31.893.795	32.128.582	31.893.795	32.128.582
Bonds of other issuers	3.980.445	3.760.631	3.980.445	3.760.631
Others	3.166.516	3.221.450	3.166.516	3.221.450
Total	39.138.356	39.414.105	39.138.356	39.414.105

31.12.2022	INDIVIDUAL		CONSOLIDATED	
	Acquisition cost	Fair value	Acquisition cost	Fair value
Shares (Afreximbank and Swift)	97.600	303.304	97.600	303.304
Treasury bills	32.187.856	31.665.141	32.187.856	31.665.141
Bonds of other issuers	4.764.929	4.568.226	4.764.929	4.568.226
Others	1.296.967	1.277.277	1.296.967	1.277.277
Total	38.347.351	37.813.948	38.347.351	37.813.948

NOTE 10 – FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Debt instruments				
Unlisted securities				
From non-resident issuers				
U.S. Treasury bonds	39.583.711	37.955.036	39.583.711	37.955.036
Investments in credit institutions				
Term deposits	130.532.912	81.383.781	130.532.912	81.383.781
Financial assets at fair value through other comprehensive income	170.116.623	119.338.816	170.116.623	119.338.816



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

	Nominal value	Fair value	Acquisition cost	Capital gains
31.12.2023				
Debt instruments				
U.S. Treasury bonds	-	39.583.711	38.935.793	647.918
Investments in credit institutions				
Term deposits	130.532.912	130.532.912	130.064.028	468.884
Financial assets at fair value through other comprehensive income	130.532.912	170.116.623	168.999.821	1.116.802
31.12.2022				
Debt instruments				
U.S. Treasury bonds	-	37.955.036	38.438.640	(483.605)
Investments in credit institutions				
Term deposits	81.383.781	81.383.781	81.055.292	328.489
Financial assets at fair value through other comprehensive income	81.383.781	119.338.816	119.493.932	(155.116)

NOTE 11 – FINANCIAL ASSETS AT AMORTIZED COST

At December 31, 2023, financial assets at amortized cost were as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Treasury bonds	4.696.380	4.545.335	4.784.405	4.614.736
Special issue treasury bills	88.424.834	146.269.411	88.424.834	146.269.411
Use of treasury bills	85.535.815	69.872.074	85.535.815	69.872.074
	178.657.029	220.686.820	178.745.054	220.756.221

Financial assets at amortized cost incorporate the values of Mozambican Government Treasury Bonds and Treasury Bills, which total 4,696,380 thousands of meticaís and 173,960,649 thousands of meticaís, respectively.

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

As of 2008, due to the revision of the contractual terms, the bonds have a one-year maturity, tacitly renewable, and are remunerated at an annual interest rate of 8% and 10.91% for the first and second semesters, respectively. The fair value of these bonds nears the carrying amount as at 31 December 2023.



NOTE 12 – FINANCIAL INVESTMENTS

The financial investments contain the Bank's subsidiaries already identified in Note 2.3. In the separate financial statements, the subsidiaries are valued at historical cost. In the consolidated financial statements, the Sociedade Interbancária de Moçambique, S. A. and Kuhanha — Sociedade Gestora do Fundo de Pensões do Banco de Moçambique, S. A. are consolidated using the full consolidation method.

NOTE 13 – OTHER TANGIBLE ASSETS

The movements in the financial year ended 31 December 2023 were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	26.490.894	1.117.554	10.857	23.976.253	51.595.558
Additions	79.974	329.744	-	2.855.643	3.265.361
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(794.869)	(357.136)	(2.591)	-	(1.154.596)
Carrying amount at end of year	25.775.999	1.090.162	8.266	26.831.896	53.706.323
At 31 December 2023					
Cost	30.819.569	3.568.136	26.317	26.831.896	61.245.918
Accumulated depreciation	(4.117.623)	(2.477.974)	(18.051)	-	(6.613.648)
Accumulated depreciation	(925.947)	-	-	-	(925.947)
Carrying amount	25.775.999	1.090.162	8.266	26.831.896	53.706.323

The movements under current transfer of asset values for land and buildings refer to the costs of the Bank's buildings in use.

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2022					
Carrying amount at the beginning of the year	24.303.615	849.272	10.023	21.149.902	46.312.812
Additions	3.068.513	631.869	2.699	2.826.351	6.529.432
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairments	-	-	-	-	-
Depreciation for the year	(881.234)	(363.587)	(1.865)	-	(1.246.686)
Impairment for the year	-	-	-	-	-
Carrying amount at end of year	26.490.894	1.117.554	10.857	23.976.253	51.595.558
Cost					
At 31 December 2022					
Cost	30.713.714	3.375.984	25.807	23.976.253	58.091.758
Accumulated depreciation	(3.296.873)	(2.258.429)	(14.950)	-	(5.570.253)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	26.490.894	1.117.554	10.857	23.976.253	51.595.558



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The movements in the group in the year ended 31 December 2023 were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	26.631.500	1.274.024	10.857	24.121.468	52.037.849
Additions	79.974	402.521	-	2.863.923	3.346.418
Regularizations	(346)	59.453	-	(93.342)	(34.235)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(798.197)	(454.138)	(2.591)	-	(1.254.926)
Asset write-off	-	(16)	-	-	(16)
Carrying amount at end of year	25.912.931	1.281.844	8.266	26.892.049	54.095.090
At 31 December 2023					
Cost	30.999.927	4.442.163	26.317	26.892.049	62.360.456
Accumulated depreciation	(4.161.049)	(3.160.319)	(18.051)	-	(7.339.419)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	25.912.931	1.281.844	8.266	26.892.049	54.095.090
At 31 December 2022					
Carrying amount at the beginning of the year	24.449.569	1.190.330	10.023	21.293.997	46.943.919
Additions	3.068.513	642.641	2.699	2.884.989	6.598.842
Gains in revaluation	-	-	-	-	-
Regularizations	(1.972)	(83.634)	-	(57.518)	(143.124)
Depreciation for the year	(884.610)	(475.314)	(1.865)	-	(1.361.789)
Impairment for the year	-	-	-	-	-
Carrying amount at end of year	26.631.500	1.274.024	10.857	24.121.468	52.037.848
At 31 December 2022					
Cost	30.894.072	4.247.992	25.807	24.121.468	59.289.339
Accumulated depreciation	(3.336.625)	(2.973.968)	(14.950)	-	(6.325.543)
Accumulated impairments	(925.947)	-	-	-	(925.947)
Carrying amount	26.631.500	1.274.024	10.857	24.121.468	52.037.848

The Bank's other tangible assets are measured at historical cost, except for buildings that are at revalued cost, less accumulated depreciation, and accumulated impairment losses. The cost of acquisition includes expenses that are directly attributable to the procurement of the goods.

The latest property revaluation was carried out on 31 December 2019 by the independent company REC - Real Estate Consulting, Lda, and recorded at fair value. This resulted in a revaluation of 6,774,283 thousands of meticaís, after deducting impairments and amortization of 2,694,944 thousands of meticaís and 626,993 thousands of meticaís, respectively.



The result of the revaluation can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Revaluation reserve	10.096.220	10.096.220	10.096.220	10.096.220
Accumulated impairments	(2.694.944)	(2.694.944)	(2.694.944)	(2.694.944)
Amortization adjustment	(3.191.382)	(626.993)	(3.191.382)	(626.993)
Reevaluation result	4.209.894	6.774.283	4.209.894	6.774.283

The fair value of the properties has been determined as per the IFRS 13 (fair value measurement), which defines fair value as the amount receivable for the sale of an asset or payable for the transfer of a financial liability in a current transaction between market participants, at the date of valuation.

Subsequent costs of tangible fixed assets are recognized as an asset only if they are likely to result in future economic benefits for the Bank. When incurred, all maintenance and repair expenses are recognized as expenses.

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

For valuing land and buildings, when there is a comparable market for similar properties, the Market Comparison Method and/or Market Rent Method were considered.

When there is scarce evidence of property purchase and sale and rental market information prevails, the method of income by “Direct Capitalization” and other was considered. Given its size and use complexity, the “discounted cash flow” income method was also considered, always based on market information.

For valuing the new headquarters facilities in Maputo, Xai-Xai, Beira, Chimoio and Nampula, due to their specific construction and technology, and because there are no similar properties comparable to the properties under evaluation, the depreciated replacement cost method was considered, regarding the construction costs for properties similar to the evaluated properties.

For valuing properties located in areas where market information is insufficient, and predominates a self-construction market, the depreciated replacement cost was considered, regarding construction costs for properties similar to the evaluated properties.



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In the depreciated replacement cost method, the evaluation considers the physical, economic, and functional depreciation of assets as per the on-site inspection.

It should be noted that the equipment and machinery have been valued and consist of air conditioners, generators, fuel tanks, water reservoirs and other special structures, which are considered integral parts of the buildings. It should also be noted that, in the case of the new provincial headquarters, all components, and equipment related to special electrical installation, electronic security, information technology and telecommunications were also valued.

The movements in the financial year ended 31 December 2023, using the cost method, were as follows:

	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	16.919.453	1.117.554	10.857	23.976.254	42.024.118
Additions	79.974	329.744	-	2.855.643	3.265.361
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(820.750)	(219.545)	(3.101)	-	(1.043.396)
Carrying amount at end of year	16.178.677	1.227.753	7.756	26.831.897	44.246.083
At 31 December 2023					
Cost	20.185.279	3.705.727	25.807	26.831.897	50.748.710
Accumulated depreciation	(4.006.602)	(2.477.974)	(18.051)	-	(6.502.627)
Accumulated impairments	-	-	-	-	-
Carrying amount	16.178.677	1.227.753	7.756	26.831.897	44.246.083
At 31 December 2022					
Carrying amount at the beginning of the year	14.322.199	849.272	10.023	21.149.902	36.331.396
Additions	3.068.513	631.869	2.699	2.826.352	6.529.433
Regularizations	-	-	-	-	-
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(471.259)	(363.587)	(1.865)	-	(836.711)
Asset write-off	-	-	-	-	-
Carrying amount at end of year	16.919.453	1.117.554	10.857	23.976.254	42.024.118
At 31 December 2022					
Cost	20.105.305	3.375.983	25.807	23.976.254	47.483.349
Accumulated depreciation	(3.185.852)	(2.258.429)	(14.950)	-	(5.459.231)
Accumulated impairments	-	-	-	-	-
Carrying amount	16.919.453	1.117.554	10.857	23.976.254	42.024.118

The movements in the group in the financial year ended 31 December 2023, by the cost method, were as follows:



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	Land and buildings	Equipment	Artistic heritage	Ongoing investments	Total
At 31 December 2023					
Carrying amount at the beginning of the year	17,060,058	1,274,023	10,857	24,121,468	42,466,406
Additions	79,974	402,521	-	2,863,923	3,346,418
Regularizations	(346)	59,453	-	(93,342)	(34,235)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(824,424)	(186,351)	(3,101)	-	(1,013,876)
Asset write-off	-	(16)	-	-	(16)
Carrying amount at end of year	16,315,262	1,549,630	7,756	26,892,049	44,764,697
At 31 December 2023					
Cost	20,365,290	4,709,949	25,807	26,892,049	51,993,095
Accumulated depreciation	(4,050,028)	(3,160,319)	(18,051)	-	(7,228,398)
Accumulated impairments	-	-	-	-	-
Carrying amount	16,315,262	1,549,630	7,756	26,892,049	44,764,697
At 31 December 2022					
Carrying amount at the beginning of the year	14,468,152	1,190,330	10,023	21,293,997	36,962,502
Additions	3,068,513	642,641	2,699	2,884,989	6,598,842
Regularizations	(1,972)	(83,634)	-	(57,518)	(143,124)
Gains in revaluation	-	-	-	-	-
Impairment for the year	-	-	-	-	-
Depreciation for the year	(474,635)	(475,314)	(1,865)	-	(951,814)
Asset write-off	-	-	-	-	-
Carrying amount at end of year	17,060,058	1,274,023	10,857	24,121,468	42,466,406
At 31 December 2022					
Cost	20,285,662	4,247,991	25,807	24,121,468	48,680,928
Accumulated depreciation	(3,225,604)	(2,973,968)	(14,950)	-	(6,214,522)
Accumulated impairments	-	-	-	-	-
Carrying amount	17,060,058	1,274,023	10,857	24,121,468	42,466,406

NOTE 14 – INTANGIBLE ASSETS

The movements in intangible assets in the financial year 2023 were as follows:

	INDIVIDUAL	CONSOLIDATED
At 31 December 2023		
Carrying amount at the beginning of the year	49.198	198.055
Additions	-	8.975
Regularizations	(13.332)	(13.332)
Amortization for the year	(24.002)	(84.054)
Impairment for the year	-	-
Asset write-off	-	(2.518)
Carrying amount at the end of the year	11.864	107.126
At 31 December 2023		
Cost	355.836	669.290
Accumulated amortization	(343.972)	(562.164)
Impairment for the year	-	-
Carrying amount	11.864	107.126



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The movements in intangible assets in the financial year 2022 were as follows:

At 31 December 2022	<u>INDIVIDUAL</u>	<u>CONSOLIDATED</u>
Carrying amount at the beginning of the year	60.704	204.810
Additions	13.614	22.483
Regularizations	-	51.031
Amortization for the year	(25.120)	(80.269)
Impairment for the year	-	-
Carrying amount at the end of the year	<u>49.198</u>	<u>198.055</u>
At 31 December 2022		
Cost	367.599	867.223
Accumulated amortization	(318.401)	(669.168)
Accumulated impairments	-	-
Carrying amount	<u>49.198</u>	<u>198.055</u>

NOTE 15 – OTHER FINANCIAL ASSETS

The balance of this item is broken down as follows:

	Notes	<u>INDIVIDUAL</u>		<u>CONSOLIDATED</u>	
		2023	2022	2023	2022
Staff loans	15.1	6.975.177	6.563.571	6.975.177	6.563.571
Clearing accounts		2.321	2.321	2.321	2.321
Production costs of banknotes and coins	15.2	3.292.430	3.372.057	3.292.430	3.372.057
Stationery		16.942	27.020	16.942	27.020
Loans and advances granted to the Government	15.3	66.430.020	58.520.140	66.430.020	58.520.140
Other receivables	15.4	1.214.490	3.139.960	1.197.263	2.905.946
Repurchase agreements	14.5	4.490.000	-	4.490.000	-
Gross amount of other assets		<u>82.421.380</u>	<u>71.625.069</u>	<u>82.404.153</u>	<u>71.391.054</u>
Impairment losses		(9.543)	(9.543)	(9.543)	(9.543)
Carrying amount		<u>82.411.837</u>	<u>71.615.527</u>	<u>82.394.610</u>	<u>71.381.511</u>

Impairment losses refer to “other debtors”:

	<u>INDIVIDUAL</u>		<u>CONSOLIDATED</u>	
	2023	2022	2023	2022
Carrying amount at 01 January				
Increases	9.543	9.543	9.543	9.543
Decreases	-	-	-	-
Carrying amount at 31 December	<u>9.543</u>	<u>9.543</u>	<u>9.543</u>	<u>9.543</u>



With the exception of loans to staff members, the financial assets included in this item are mainly composed of short-term financial assets and therefore their carrying amount is close to their fair value.

15.1. Loans to employees

According to the Collective Labor Agreement, the Bank shall provide loans for housing, cars, education, and other purposes to its employees.

15.2. Costs of the production of banknotes and coins

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes and coins issued	1.000.076	1.022.252	1.000.076	1.022.252
Banknotes and coins not issued	2.292.354	2.349.804	2.292.354	2.349.804
	3.292.430	3.372.057	3.292.430	3.372.057

Banknote and coin depreciation	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes				
Coins	537.857	524.936	537.857	524.936
	70.698	68.634	70.698	68.634
	608.555	593.571	608.555	593.571

15.3. Loans and advances to the Government

As of 31 December 2023, the outstanding loans to the Government stands at 66,430,020 thousands of meticaís, of which 12,765,628 thousands of meticaís at an annual interest rate of 3%; the amount of 43,100,918 thousands of meticaís was granted in compliance with Article 18 of Law No. 1/92 of 3 January, the Organic Law of the Banco de Moçambique, and the remaining 10,563,474 thousands of meticaís concerns interest.

It should be noted that Article 18 (1) establishes that the Bank "... may grant annually to the Government, interest-free credit in the form of a current account, in national currency, up to the maximum amount of ten percent of the ordinary earnings of the General Government Budget for the penultimate financial year". Number 2 of the same article states that "the withdrawals of the Government from the same account will be made only in representation of the budget revenues of the respective financial year and the credit must be settled until the last day of the financial year, in which it has been opened, and if not, the balance will accrue interest at the bank's rediscount rate".



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15.4. Other debtors

The balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
SIMO				
MEF - PTA - Bank	525.367	213.866	525.367	213.866
Creditors - banknote and coin production	479.328	557.906	444.278	557.906
MEF - MEFMI	178.408	178.324	178.408	178.324
Kuhanha	11.635	34.552	11.635	34.552
Other active operations (accrued amounts)	9.585	9.581	9.585	9.581
Others	10.167	2.145.731	27.990	2.145.731
	1.214.490	3.139.960	1.197.263	2.905.946

NOTE 16 – FLUCTUATION OF VALUES

Gains and losses from unrealized foreign exchange differences as foreign currency claims and liabilities are recognized under a financial position account (special account for unrealized foreign exchange movements), under Article 14 (2) of Law No. 1/92 of 3 January – Organic Law, which states that “if, at the end of the financial year, the special account for unrealized foreign exchange movements shows an outstanding balance, the Government shall settle this balance by issuing public debt securities in favor of the Bank or any other manner proposed by the Board of Directors of the Bank”; and (3) of the same Article, which states that “any credit balance in the special account for unrealized foreign exchange movements at the end of each financial year shall be credited to an account held on behalf of the Government, where the Bank shall pay interest at a rate to be determined by the Board of Directors”.

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Fluctuation in the value - Opening Balance	90,324,178	73,026,947	90,324,178	73,026,947
Unrealized foreign exchange loss for the year	8,492,873	17,297,231	8,492,873	17,297,231
Fluctuation in the value - Closing Balance	98,817,051	90,324,178	98,817,051	90,324,178

In addition, we present below the impact of the Bank adopting the Organic Law and its own IAS/IFRS-based standards, to the detriment of IAS/IFRS, in this regard.

Accounts in accordance with IFRS	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	8.492.873	17.297.231	8.492.873	17.297.231
Equity	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	-	-	-	-
Equity	1.833.969	3.166.632	2.358.277	3.302.324
Accumulated amounts due to the government	98.817.051	90.324.178	98.817.051	90.324.178



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Accounts in accordance with IFRS	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	8.492.873	17.297.231	8.492.873	17.297.231
Equity	(88.185.840)	(95.625.201)	(87.661.531)	(95.489.509)
Accounts in accordance with the Organic Law				
	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year	2.338.713	(268.195)	2.727.330	(171.753)
Changes unrealized foreign exchange in profit / loss for the year	-	-	-	-
Equity	1.833.969	3.166.632	2.358.277	3.302.324
Accumulated amounts due to the government	98.817.051	90.324.178	98.817.051	90.324.178
Impact				
	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Net profit/(loss) of the year with derogation	2.338.713	(268.195)	2.727.330	(171.753)
Unrealized foreign exchange loss (IAS 21)	(8.492.873)	(17.297.231)	(8.492.873)	(17.297.231)
Financial instruments impairments (IFRS 9)	329.587	366.089	329.587	366.089
Net profit/(loss) of the year without derogation	<u>(5.824.573)</u>	<u>(17.199.337)</u>	<u>(5.435.956)</u>	<u>(17.102.895)</u>
Equity with derogation	1.833.969	3.166.632	2.358.277	3.302.324
Value exchange account	(98.817.051)	(90.324.178)	(98.817.051)	(90.324.178)
Financial instruments impairments (IFRS 9)	8.797.242	(8.467.655)	8.797.242	(8.467.655)
Equity without derogation	<u>(88.185.840)</u>	<u>(95.625.201)</u>	<u>(87.661.531)</u>	<u>(95.489.509)</u>

NOTE 17 – BANKNOTES AND COINS IN CIRCULATION

As at 31 December 2023, the balance of this item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes	101.651.170	104.310.895	101.651.170	104.310.895
Coins	1.806.912	1.677.332	1.806.912	1.677.332
Banknotes and coins held by the Bank	(10.337.737)	(12.775.305)	(10.337.737)	(12.775.305)
Banknotes and coins no longer in use	(12.664.185)	(12.475.038)	(12.664.185)	(12.475.038)
	<u>80.456.159</u>	<u>80.737.885</u>	<u>80.456.159</u>	<u>80.737.885</u>

The banknotes and coins that comprised the Bank's cash balance at the reporting date were deducted from the value of banknotes and coins in circulation for, due to their condition, they do not represent currency in circulation.

The following table shows the value of banknotes and coins in circulation as at 31 December 2023:

Banknotes and coins in circulation (outside the Bank)	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Banknotes	78.675.699	79.088.755	78.675.699	79.088.755
Coins	1.780.460	1.649.130	1.780.460	1.649.130
	<u>80.456.159</u>	<u>80.737.885</u>	<u>80.456.159</u>	<u>80.737.885</u>

Currency Reserve



In accordance with Article 15 of Law No. 1/92, regarding the Bank's issue of money, where it exceeds the level of foreign exchange reserves, it shall have full coverage, consisting of:

- Claims on the Government;
- Securities comprising the bank's commercial portfolio;
- Loans granted to credit institutions as a result of gold-backed credit transactions; and
- Claims arising from transactions in loans secured by gold, treasury securities and foreign Government securities granted to credit institutions under Article 41.

Article 12 of Law No. 1/92 defines that foreign exchange reserves consist of gold, bar or ingot, fine silver and platinum, special drawing rights, foreign currency and other assets expressed in foreign currency of assured convertibility.

As at 31 December 2023, foreign exchange reserves amounted to 229,637,843 thousands of meticaís (2022: 537,342,587 thousands of meticaís).



NOTE 18 – DEPOSITS FROM OTHER INSTITUTIONS

As at 31 December 2023, the balance of this item is broken down as follows:

	Notes	INDIVIDUAL		CONSOLIDATED	
		2023	2022	2023	2022
Deposits in national currency:					
Government		12.777.372	36.872.846	12.777.372	36.872.846
Financial institutions	18.1	183.172.719	43.726.005	183.172.719	43.726.005
Consignment liabilities	18.2	2.170.340	855.155	2.170.340	855.155
Others		924.605	4.539.978	924.605	4.539.978
Deposits in foreign currency:					
Government		36.660.428	32.007.789	36.660.428	32.007.789
Financial institutions	18.1	48.601.998	18.903.634	48.601.998	18.903.634
Consignment liabilities	18.3	3.236.234	3.975.629	3.236.234	3.975.629
Collateral		33	33	33	33
Others		447	445	447	445
		287.544.178	140.881.515	287.544.178	140.881.515

Pursuant to Article 6 (1), Law No. 1/92 of 3 January, Organic Law of the Bank, deposits from financial institutions, including mandatory deposits, may bear interest. Deposits are mainly composed of short-term investments, and for this reason, their carrying amount is close to fair value.

18.1 This balance represents the deposits of local commercial entities with the Bank.

18.2 This balance represents the equivalent in national currency of loans received from the World Bank and other financial institutions for lending to beneficiaries of financing programs.

18.3 This balance covers special project accounts held in the name of the Treasury and other resident entities.



NOTE 19 – TREASURY BILLS ISSUED IN FAVOR OF THE GOVERNMENT AND OTHER MONETARY INSTRUMENTS

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Treasury bills issued to finance the State	85.588.272	100.209.411	85.588.272	100.209.411
Treasury bills for Monetary Policy	99.262.997	148.651.806	99.262.997	148.651.806
Marginal lending facilities	78.792.058	134.558.957	78.792.058	134.558.957
Interest payable	1.170.784	1.618.648	1.170.784	1.618.648
	264.814.112	385.038.822	264.814.112	385.038.822

Treasury bills represent debt securities issued by the Bank for periods of three months, six months and one year. Treasury bills are issued in order to serve as instruments for managing money market liquidity through open market operations in the local financial market and to provide the Mozambican Government with short-term funds.

The funds obtained by issuing the Treasury Bills shall be transferred to the Government, at its request, at the same interest rate charged in the market, and for the period agreed with the Government. For this reason, the carrying amount at the reporting date is considered close to fair value. The interest rate on Treasury Bills ranged between 14.25% and 19.00% throughout the year.

NOTE 20 – EXTERNAL FINANCING

The balance of this item is broken down as follows:

Liabilities	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Special drawing rights	8.519.568	13.878.617	8.519.568	13.878.617
Extended credit facility (ESF)	811.624	1.609.333	811.624	1.609.333
Total	9.331.192	15.487.951	9.331.192	15.487.951

This is the extended credit facility under the financing for Poverty Reduction and Growth Program and under the international financial crisis, respectively.

The loans are denominated in Special Drawing Rights (SDR) and their terms and conditions will be honored by the Bank. The potential interest has been duly recognized.

The SDR allocation (amount payable to the IMF) accounts for SDR 108,837,606.50, equivalent to 9,331,192 thousands of meticaís (2022: SDR 163,277,851.50, equivalent to 13,878,617 thousands of meticaís).



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

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Foreign loans	9.331.192	15.487.951	9.331.192	15.487.951
Assets				
Special drawing rights	342.873	3.277.705	342.873	3.277.705
Total	8.988.319	12.210.246	8.988.319	12.210.246

The special drawing rights asset represents Mozambique's share in the IMF. The carrying amount at the reporting date is considered close to fair value. This amount is included in Note 7 - Cash and cash equivalents and investments in other credit institutions.

NOTE 21 – EMPLOYEE BENEFIT LIABILITIES

The main actuarial assumptions used in the calculation of pension obligations are:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Financial assumptions				
Discount rate	22,00%	23,50%	22,00%	23,50%
Salary increase rate	6,66%	7,40%	6,66%	7,40%
Pension fund increase rate	6,66%	7,40%	6,66%	7,40%
Rate of Return	22,00%	23,50%	22,00%	23,50%
Demographic assumptions				
Mortality table	PF 60/64	PF 60/64	PF 60/64	PF 60/64
Retirement date	Retirement date	Retirement date	Retirement date	Retirement date
% of married employees	70%	70%	70%	70%

The calculation of the retirement pension liabilities of employed persons was made on the assumption that the time of early retirement pension award would be at the earliest opportunity, i.e. the transition to retirement on the date on which the 35 years of service are reached, recognizing the increases in service where applicable.

For the allocation of retirement pensions for old age, the assumption is that women retire on the date on which they turn 55 years of age and men on the date on which they turn 60 years of age.



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Participants in the pension plan are broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Assets	1.020	1.002	1.020	1.002
Retired persons and pensioners	806	808	806	808
	1.826	1.810	1.826	1.810

As at 31 December 2023, the Fund's financing level is described as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Current liabilities for past services	(22.421.255)	(18.645.733)	(22.421.255)	(18.645.733)
Amount of pension fund assets	29.151.816	27.667.692	29.151.816	27.667.692
Surplus	6.730.561	9.021.959	6.730.561	9.021.959

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

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Demand deposits	13.037	1.655	13.037	1.655
Term deposits	3.525.800	4.834.100	3.525.800	4.834.100
Private bonds	4.183.629	3.665.644	4.183.629	3.665.644
Treasury bonds	8.265.108	7.493.919	8.265.108	7.493.919
Investment properties	1.449.180	1.449.180	1.449.180	1.449.180
Financial investments	7.383.359	6.304.357	7.383.359	6.304.357
Others	4.332.876	3.920.071	4.332.876	3.920.071
Payable	(1.173)	(1.233)	(1.173)	(1.233)
	29.151.816	27.667.692	29.151.816	27.667.692

Investment properties are mainly composed of investments in properties and financial holdings. The profitability of these assets depends on the future cash flows that these entities can generate.



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

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Fund balance at 1 January	27.667.692	26.702.250	27.667.692	26.702.250
Contributions of current services costs	1.130.967	954.961	1.130.967	954.961
Additional contributions	116.496	-	116.496	-
Pensions paid by the fund	(2.652.819)	(2.290.899)	(2.652.819)	(2.290.899)
System costs	-	(4.562)	-	(4.562)
Other expenses	(29.662)	(26.379)	(29.662)	(26.379)
Estimated return on plan assets	6.342.182	5.209.980	6.342.182	5.209.980
Difference between estimated na actual return	(3.361.488)	(2.748.931)	(3.361.488)	(2.748.931)
Health care	(61.552)	(63.787)	(61.552)	(63.787)
Re-measurement of the asset	-	(64.941)	-	(64.941)
Fund balance at 31 December	29.151.816	27.667.692	29.151.816	27.667.692

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

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Responsibilities as at 1 January	18.645.733	17.060.780	18.645.733	17.060.780
Pensions paid by the fund	(2.652.819)	(2.290.899)	(2.652.819)	(2.290.899)
System costs	-	(4.562)	-	(4.562)
Other expenses	(29.662)	(26.379)	(29.662)	(26.379)
Estimated financial cost	4.117.512	3.216.915	4.117.512	3.216.915
Current service cost	308.517	276.340	308.517	276.340
Re-measurement of liabilities (liabilities) for 2023	2.031.974	413.538	2.031.974	413.538
Liabilities as at 31 December	22.421.255	18.645.733	22.421.255	18.645.733

Sensitivity Analysis

Regarding the sensitivity analysis, the discount rate change was assumed at 1%, maintaining the growth rate of wages and pensions of 6.66%. With discount rate stress and the maintenance of wage and pension growth rates, the post-retirement rate would stand at 13.44% and 15.32%, for negative and positive stress, respectively:

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity
Assumptions						
Pre-retirement discount rate	21,00%	22,00%	23,00%	21,00%	22,00%	23,00%
Salary inflation	6,66%	6,66%	6,66%	6,66%	6,66%	6,66%
Growth rate of pensions	6,66%	6,66%	6,66%	6,66%	6,66%	6,66%
Post-retirement discount rate	13,44%	14,38%	15,32%	13,44%	14,38%	15,32%



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The impact of changing this assumption (discount rate) is presented in the table below:

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity	-1% Sensitivity	Scenario 1 (22,00%)	+1% Sensitivity
Past service						
Active workers	5.788.622	5.198.099	4.691.499	5.788.622	5.198.099	4.691.499
Retired workers	16.560.358	15.747.983	15.011.875	16.560.358	15.747.983	15.011.875
Pensioners	1.542.023	1.475.173	1.414.235	1.542.023	1.475.173	1.414.235
	23.891.003	22.421.255	21.117.609	23.891.003	22.421.255	21.117.609
Fund Value	29.151.816	29.151.816	29.151.816	29.151.816	29.151.816	29.151.816
Surplus	5.260.813	6.730.561	8.034.207	5.260.813	6.730.561	8.034.207

For the financial year 2024, a contribution of 1,023,835 thousands of meticaís to the Pension Fund is anticipated.

In 2023, the average contribution to the retirement plan spans 23.5 years (2022: 23.2 years).

NOTE 22 – OTHER LIABILITIES

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Foreign creditors	319.356	22.805	319.356	22.805
Domestic creditors	6.248.805	428.143	6.248.805	428.143
Other trade payables	393.570	587.760	935.985	1.015.092
	6.961.732	1.038.708	7.504.147	1.466.040

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

The value of the other charges payable reflects the change in the maturity procedure for Special Issue Treasury Bills, which were carried over to the following financial year. Previously, the maturities of treasury bills issued in a given financial year matured in the same financial year.

NOTE 23 – CAPITAL

The capital of the Bank is fully subscribed and realized by the Government of the Republic of Mozambique in a total of 2,596,721 thousands of meticaís. The capital is represented by a single 100% share of the Government.



NOTE 24 – RESERVES

LEGAL RESERVES

The amount recorded under this item is intended to ensure the integrity of the share capital.

NON-DISTRIBUTABLE RESERVES

Pursuant to Article 65, Law No. 1/92 of 3 January, Organic Law of the Bank, the investment of profits obtained must be submitted by the Board of Directors and approved by the Government.

For 2022, in view of the net (negative) income of 268,195 thousands of meticaís, unrealized gains from investments in gold, financial instruments and post-employment benefits are considered non-distributable in the process of application of income, and thus unrealized income cannot be distributed in the form of dividends.

RESERVES OF POST-EMPLOYMENT BENEFITS

The balance of this item can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Balance at 1 January	(10.603.313)	(7.312.116)	(10.603.313)	(7.312.116)
Changes during the year	(4.207.551)	(3.291.197)	(4.207.551)	(3.291.197)
Balance at 31 December	(14.810.864)	(10.603.313)	(14.810.864)	(10.603.313)

FAIR VALUE REVALUATION RESERVES

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

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
At 1 January	(967.660)	(25.017)	(967.660)	(25.017)
Shares	814.666	(942.643)	814.666	(942.643)
Total change for the year	814.666	(942.643)	814.666	(942.643)
At 31 December	(152.994)	(967.660)	(152.994)	(967.660)

FIXED ASSET REVALUATION RESERVES

The balance of this item can be analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Balance at 1 January	10.391.392	10.391.392	10.391.392	10.391.392
Changes during the year	(2.564.389)	-	(2.564.389)	-
Balance at 31 December	7.827.003	10.391.392	7.827.003	10.391.392

NON-CONTROLLING INTERESTS



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The following tables show the analysis of the group's non-controlling interests.

	Equity	Banco de Moçambique share		Non-controlling interest	
	2023	%	2023	%	2023
SIMO	1.086.601	51%	554.167	49%	532.434
Kuhanha	98.117	100%	98.117	0%	-
Total	1.184.718	-	652.284	-	532.434

	Equity	Banco de Moçambique share		Non-controlling interest	
	2022	%	2022	%	2022
SIMO	704.449	51%	359.269	49%	345.180
Kuhanha	91.653	100%	91.653	0%	-
Total	796.102	-	450.922	-	345.180

NOTE 25 – FAIR VALUE

For the determination of the fair value of financial assets and liabilities, the Bank uses the following measurement levels:

- Level 1: Financial Instruments and buildings measured according to market prices or providers;
- Level 2: Financial Instruments and buildings measured according to internal valuation methodologies, mostly considering observable market data; and
- Level 3: Financial Instruments and buildings measured according to internal valuation methodologies, essentially considering non-observable assumptions or adjustments in the market, and having a significant impact on the measurement of the instrument.

This hierarchy requires the use of observable market data, when available. Where possible, the Bank considers relevant and observable market prices in its measurement of the fair value of financial instruments and buildings.

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



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At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets and gold						
Gold	16,687,023	-	16,687,023	16,687,023	-	16,687,023
	16,687,023	-	16,687,023	16,687,023	-	16,687,023
Fair value through profit or loss						
Shares	-	303,442	303,442	-	303,442	303,442
Treasury bonds	32,128,582	-	32,128,582	32,128,582	-	32,128,582
Bonds of other issuers	3,760,631	-	3,760,631	3,760,631	-	3,760,631
Others	3,221,450	-	3,221,450	3,221,450	-	3,221,450
	39,110,663	303,442	39,414,105	39,110,664	303,442	39,414,105
Fair value through other comprehensive income						
Mozambican Government Treasury Bonds	-	-	-	-	-	-
U.S. treasury bonds	39,583,711	-	39,583,711	39,583,711	-	39,583,711
Term deposits	-	130,532,912	130,532,912	-	130,532,912	130,532,912
	39,583,711	130,532,912	170,116,623	39,583,711	130,532,912	170,116,623
Other tangible assets						
Buildings	25,775,999	-	25,775,999	25,775,999	-	25,775,999
	25,775,999	-	25,775,999	25,775,999	-	25,775,999
	121,157,396	130,836,354	251,993,750	121,157,395	130,836,354	251,993,751
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	264,814,112	264,814,112	-	264,814,112	264,814,112
	-	264,814,112	264,814,112	-	264,814,112	264,814,112
At 31 December 2022						
	INDIVIDUAL			CONSOLIDATED		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial assets and gold						
Gold	14,715,100	-	14,715,100	14,715,100	-	14,715,100
	14,715,100	-	14,715,100	14,715,100	-	14,715,100
Fair value through profit or loss						
Shares	-	303,304	303,304	-	303,304	303,304
Treasury bonds	31,665,141	-	31,665,141	31,665,141	-	31,665,141
Bonds of other issuers	4,568,226	-	4,568,226	4,568,226	-	4,568,226
Others	1,277,277	-	1,277,277	1,277,277	-	1,277,277
	37,510,645	303,304	37,813,948	37,510,645	303,304	37,813,948
Fair value through other comprehensive income						
Mozambican Government Treasury Bonds	-	-	-	-	-	-
U.S. treasury bonds	37,955,036	-	37,955,036	37,955,036	-	37,955,036
Term deposits	-	81,383,781	81,383,781	-	81,383,781	81,383,781
	37,955,036	81,383,781	119,338,816	37,955,036	81,383,781	119,338,816
Other tangible assets						
Buildings	26,490,894	-	26,490,894	26,490,894	-	26,490,894
	26,490,894	-	26,490,894	26,490,894	-	26,490,894
	116,671,674	81,687,085	198,358,759	116,671,674	81,687,085	198,358,760
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	-	385,038,822	385,038,822	-	385,038,822	385,038,822
	-	385,038,822	385,038,822	-	385,038,822	385,038,822



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The following tables show the analysis of financial instruments and buildings recorded at fair value and their comparison with their acquisition cost.

At 31 December 2023	INDIVIDUAL			CONSOLIDATED		
	Cost	Fair-value	Difference	Cost	Fair-value	Difference
Financial assets and gold						
Gold	16.687.023	16.687.023	-	16.687.023	16.687.023	-
	16.687.023	16.687.023	-	16.687.023	16.687.023	-
Fair value through profit or loss						
Shares	97.600	303.442	205.843	97.600	303.442	205.843
Treasury bonds	31.893.795	32.128.582	234.787	31.893.795	32.128.582	234.787
Bonds of other issuers	3.980.445	3.760.631	(219.814)	3.980.445	3.760.631	(219.814)
Others	3.166.516	3.221.450	54.934	3.166.516	3.221.450	54.934
	39.138.356	39.414.105	275.750	39.138.356	39.414.105	275.750
Fair value through other comprehensive income						
U.S. treasury bonds	39.583.711	39.583.711	-	39.583.711	39.583.711	-
Term deposits	163.315.993	130.532.912	(32.783.081)	163.315.993	130.532.912	(32.783.081)
	202.899.704	170.116.623	(32.783.081)	202.899.704	170.116.623	(32.783.081)
Other tangible assets						
Buildings	18.011.131	25.775.999	7.764.868	18.011.131	25.775.999	7.764.868
	18.011.131	25.775.999	7.764.868	18.011.131	25.775.999	7.764.868
Total financial assets	276.736.213	251.993.750	(24.742.463)	276.736.213	251.993.750	(24.742.463)
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	264.814.112	264.814.112	-	264.814.112	264.814.112	-
Total financial liabilities	264.814.112	264.814.112	-	264.814.112	264.814.112	-
At 31 December 2022						
Financial assets and gold						
Gold	14.715.100	14.715.100	-	14.715.100	14.715.100	-
	14.715.100	14.715.100	-	14.715.100	14.715.100	-
Fair value through profit or loss						
Shares	97.600	303.304	205.704	97.600	303.304	205.704
Treasury bonds	32.187.856	31.665.141	(522.714)	32.187.856	31.665.141	(522.714)
Bonds of other issuers	4.764.929	4.568.226	(196.703)	4.764.929	4.568.226	(196.703)
Others	1.296.967	1.277.277	(19.689)	1.296.967	1.277.277	(19.689)
	38.347.351	37.813.948	(533.403)	38.347.351	37.813.948	(533.403)
Fair value through other comprehensive income						
U.S. treasury bonds	37.955.036	37.955.036	-	37.955.036	37.955.036	-
Term deposits	163.315.993	81.383.781	(81.932.212)	163.315.993	81.383.781	(81.932.212)
	201.271.029	119.338.816	(81.932.212)	201.271.029	119.338.816	(81.932.212)
Other tangible assets						
Buildings	18.011.131	26.490.894	8.479.763	18.011.131	26.490.894	8.479.763
	18.011.131	26.490.894	8.479.763	18.011.131	26.490.894	8.479.763
Total financial assets	272.344.611	198.358.759	(73.985.852)	272.344.611	198.358.759	(73.985.852)
Financial liabilities						
Treasury bills issued on behalf of the Mozambican Government and other monetary instruments	385.038.822	385.038.822	-	385.038.822	385.038.822	-
Total financial liabilities	385.038.822	385.038.822	-	385.038.822	385.038.822	-



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NOTE 26 – NET INTEREST INCOME

This item is broken down as follows:

26.1. Interest and similar income

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Interest on term deposits	5.157.920	2.197.431	5.157.920	2.197.431
Interest on securities available-for-sale	2.702.764	1.301.654	2.702.764	1.301.654
Interest on securities held-for-trading	770.910	431.727	770.910	431.727
Interest on demand deposits	9.380	2.663	101.885	64.793
Interest on loans and advances granted	8.217.449	6.371.259	8.217.449	6.371.259
Other interest	154.496	123.002	154.496	123.002
	17.012.920	10.427.736	17.105.425	10.489.866

26.2. Interest and similar expenses

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Interest on Treasury Bills issued on behalf of the Mozambican Government and Monetary Securities	13.623.938	21.239.880	13.623.938	21.239.880
Interest on liquidity investments	1.143.544	1.069.011	1.143.544	1.069.011
Other interest and similar expenses	1.001.171	205.549	1.046.170	258.114
	15.768.653	22.514.439	15.813.652	22.567.004

NOTE 27 – FEE AND COMMISSION INCOME

This item is broken down as follows:

27.1. Fee and commission income

Income from fees and commissions	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Services provided	-	-	1.393.100	1.343.806
Transactions made	-	-	764.912	436.125
Other income from fees and commissions	-	-	-	67
	-	-	2.158.012	1.779.998

27.2. Fee and commission expenses

Fee and commission expenses	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Services provided	-	-	814.411	858.440
Transactions made	-	-	-	-
Other income from fees and commissions	-	-	-	-
	-	-	814.411	858.440
Results with fees and commissions	-	-	1.343.601	921.558



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NOTE 28 – NET GAINS AND LOSSES FROM FOREIGN CURRENCY AND REVALUATION OF GOLD

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Profit from sale of foreign currency				
On operations in gold	(0)	1.790	(0)	1.790
On operations in foreign currency	12.065.283	21.266.459	12.064.038	21.268.846
	12.065.283	21.268.249	12.064.038	21.270.636

For unrealized exchange rate revaluation results, see note 16.

NOTE 29 – OTHER OPERATING INCOME

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Collection costs	38.350	26.271	38.350	26.271
Other services	4.082	2.317	4.082	2.317
Other operating profit	598.142	130.618	670.647	181.276
Other gains	25.562	185.871	25.562	185.871
	666.134	345.078	738.639	395.736

NOTE 30 – STAFF EXPENSES

This item is analyzed as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Management remuneration	240.089	296.983	269.317	324.066
Employee remuneration	6.912.414	4.991.531	7.302.413	5.307.514
Costs with employee benefits - Note 20	(1.244.744)	(1.090.826)	(1.244.744)	(1.090.826)
Social charges	194.794	136.618	206.387	145.419
Other staff costs	304.653	317.397	313.584	320.121
	6.407.205	4.651.703	6.846.956	5.006.294

Costs with employee benefits presents a negative balance (favorable to the Bank) because the estimated returns for the financial year presented a value greater than the sum of the financial costs and the costs of current services. This also had a positive impact on overall remuneration costs.

As at 31 December 2023, the number of employees of the bank amounted to 1,020 (2022: 1,002).

Top management consists of members of the Board of Directors and the Audit Board of the Bank.



NOTE 31 – OTHER OPERATING EXPENSES

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Third-party supplies	513.022	444.075	533.099	462.270
Third-party services	2.279.824	2.282.564	2.688.159	2.530.048
Production costs of banknotes and coins	626.602	606.932	626.602	606.932
Other expenses	568.532	473.652	568.532	473.652
Other losses	63.189	64.087	63.188	64.087
	4.051.168	3.871.310	4.479.580	4.136.990

Other expenses mainly concern direct taxes in the amount of 85,095 thousands of meticaís in 2023 (2022: 72,000 thousands of meticaís) and commissions paid on portfolios under external management in the amount of 68,042 thousands of meticaís in 2023 (2022: 63,951 thousands of meticaís).

The item “third-party services” includes rental costs in the amount of 37,864 thousands of meticaís (2022: 24,995 thousands of meticaís). These short-term contracts, less than 12 months, do not meet the requirements of IFRS 16, so they were considered expenses for the financial year.

NOTE 32 – RELATED PARTIES

The following related parties have been identified:

	2023	2022
Government	Shareholder	Shareholder
Kuhanha	Controlled company	Controlled company
SIMO	Controlled company	Controlled company
Afreximbank	Participated company	Participated company
Swift	Participated company	Participated company
Key management	Members of the board of directors and audit board	Members of the board of directors and audit board

Balances with related parties are as follows:

At 31 December 2023	Government	Key management	Controlled and participated companies	Total
Assets				
Financial assets at amortized cost	85.535.815	-	-	85.535.815
Financial assets at fair value through profit or loss	-	-	963.852	963.852
Credits and advances granted	66.629.647	267.408	479.328	67.376.383
Total	152.165.462	267.408	1.443.180	153.876.051
Liabilities				
Government deposits	49.437.800	-	-	49.437.800
Treasury bills issued on behalf of the State and other monetary instruments	85.588.272	-	-	85.588.272
Total	135.026.072	-	-	135.026.072



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	Government	Key management	Related and participated comp	Total
Assets				
Financial assets at amortized cost	69.872.074	-	-	69.872.074
Financial assets at fair value through profit or loss	-	-	963.714	963.714
Credits and advances granted	58.742.597	111.445	557.906	59.411.948
Total	128.614.671	111.445	1.521.619	130.247.736
Liabilities				
Government deposits	68.880.635	-	-	68.880.635
Treasury bills issued on behalf of the State and other monetary instruments	100.209.411	-	-	100.209.411
Total	169.090.046	-	-	169.090.046

The flow for the period of transactions carried out by entities related to the Bank, with whom it held balances or made transactions in the year ended 31 December 2023, is as follows:

At 31 December 2023

	Loans	Treasury bills	Contributions to the Pension Fund	Pension Fund Management Committee	Total
Government	50.092	85.535.815	-	-	85.585.907
Kuhanha	-	-	-	91.260	91.260
SIMO	-	-	-	-	-
Afreximbank	-	-	-	-	-
Swift	-	-	-	-	-
Key management	155.963	-	-	-	155.963
	206.055	85.535.815	-	91.260	85.833.130

At 31 December 2022

	Loans	Treasury bills	Contributions to the Pension Fund	Pension Fund Management Committee	Total
Government	50.092	69.872.074	-	-	69.922.166
Kuhanha	-	-	-	68.000	68.000
SIMO	-	-	-	-	-
Afreximbank	-	-	-	-	-
Swift	-	-	-	-	-
Key management	97	-	-	-	97
	50.189	69.872.074	-	68.000	69.990.263

The earnings of the key management and supervision staff members of the Bank are as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Short-term employee benefits	240.089	296.983	269.317	324.066
	240.089	296.983	269.317	324.066

NOTE 33 – COMMITMENTS AND CONTINGENCIES

Pursuant to Article 69, Law No. 1/92 of 3 January, the Bank enjoys, in the same terms as the Government, exemption from all contributions, taxes, fees, administrative licenses, justice tax, stamp tax and other general and special provisions.

However, that exemption does not cover the obligation to retain withholding tax, which is required by law.



In this regard, tax authorities may review the Bank's outlook for ten years, which, due to different interpretations and/or non-compliance with the tax legislation regarding withholding tax, may result in possible corrections. However, the Board of Directors of the Bank considers that any corrections resulting from reviews as to withholding tax (Company Income Tax – IRPC and Personal Income Tax – IRPS) will not have a material effect on the financial statements.

As at 31 December 2023, the Bank has several ongoing judicial proceedings, making up approximately 3,013,836 thousands of meticaís (2022: 2,623,216 thousand meticaís), where no cash flow is anticipated, hence no provision has been created.

The guarantees and sureties, as well as the other liabilities, are disclosed in Note 34.

33.1 Contingent assets

Article 3 (3) of the Organic Law states that when implementing economic policy, the Bank observes the policies of the Mozambican Government that is, it exercises this function on behalf of the Mozambican Government. To date, spending on monetary policy has always been borne by the Bank. Thus, costs are to be transferred to the Government, in the amount of approximately 138,520,621 thousands of meticaís (2022: 125,806,421 thousand meticaís), recognized by the Bank in its financial statements.

NOTE 34 – OFF-BALANCE SHEET ITEMS

This item is broken down as follows:

	INDIVIDUAL		CONSOLIDATED	
	2023	2022	2023	2022
Guarantees and sureties	177.716	177.716	177.716	177.716
Open documentary credits	5.895.918	1.400.914	5.895.918	1.400.914
Transactions on behalf of the Mozambican Government	6.073.634	1.578.629	6.073.634	1.578.629
	<u>12.147.268</u>	<u>3.157.258</u>	<u>12.147.268</u>	<u>3.157.258</u>

Transactions carried out on behalf of the Government, in which the Bank does not hold any risk inherent in the transaction, were accounted for in off-balance sheet accounts. The Bank only acts as an intermediary in these transactions. The balance of transactions carried out on behalf of the Government mainly includes the nominal value of Treasury Bills, manufactured notes and coins that have not yet been released on the market and promissory notes in favor of the IMF.



NOTE 35 – SUBSEQUENT EVENTS

On 31 January 2024, the Monetary Policy Committee (MPC) of the Banco de Moçambique released Communiqué No. 1/2024 announcing the decision to reduce the MIMO policy rate from 17.25% to 16.50%. This decision is underpinned by the consolidation of prospects of single-digit inflation over the medium term, in a context where the assessment of the risks and uncertainties associated with inflation projections is more favorable.

On the other hand, the Bank's Board believes that the budget approved for the year 2024 will be sufficient to continue its operations.

The Bank shall continue to monitor the developments in the risks and uncertainties associated with inflation forecasts, and will not hesitate to take the necessary corrective measures.

ACCOUNTING DEPARTMENT

Lígia Siteo
Head of the Accounting and Budget
Department

BOARD OF DIRECTORS

Benedita Maria Guimino
Board Member for
Financial Services and Human Resources

