KPMG

Financial statements

Auditoria

Servcred Microbanco S.A.

For the year ended 31 December 2025

SERVCRED MICROBANCO S.A.
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

General Information

Country of incorporation and domicile	Mozambique
Nature of the business and main activities	Provision of retail financial services
Administrators	Blessing Nyakubaya Dário Magide Mendes Liasse Luís Gamo Cumbana Mara Matias Mangane Sharon Bwanya
Microbank Address	Nr. 231, Av. Samora Machel Rádio de Moçambique Building Ground floor Lichinga Mozambique
Main Banks	Access Bank Mozambique S.A Banco Nacional de Investimentos, S.A Ecobank Moçambique S.A First National Bank Moçambique S.A
Auditors	KPMG Auditores e Consultores, S.A 1223 Street Number 72C Central Neighborhood "C" P.O. Box 2451 Maputo, Mozambique
Microbank's Lawyers	Dentons FLA Advogados Mozambique Liberation Front Street (formerly Pereira do Lago Street) No. 224 Maputo, Mozambique
Fiscal Council	Nexia Mozmabique Av. Marginal 9519,-2° Andar Super Marés Shopping Maputo, Mozambique
Microbank registration number	101922642

Director's Responsibility Statement

The Directors are responsible for the preparation and fair presentation of the financial statements of Servcred MicroBanco S.A. ("the MicroBank") comprising the Statement of financial position as at 31 December 2025 and the Statements of profit or loss and other comprehensive income, Statement of Changes in equity and Statement of cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards).

The Directors are also responsible for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as compliance with relevant laws and regulations in the Republic of Mozambique.

The Directors have made an assessment of the MicroBank's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

Approval of financial statements

The financial statements of Servcred MicroBanco, S.A., as identified in the first paragraph, were approved by the Directors on 23 April 2026 and are signed on their behalf by:

Sharon Bwanya
(Chairman of Board of Directors)

Blessing Nyakubaya
Chief Executive Officer

Directors' Report
The Directors have pleasure in submitting their report on the financial statements of Servcred Microbanco, S.A for the year ended 31 December 2025.

This report accompanies the audited financial statements and provides an overview of the company's performance, key achievements and strategic direction.

A. SERVCRED COMPANY PROFILE

1. Incorporation

Servcred MicroBanco S.A. ("the Microbank") operates as a microbank, with a strategic focus on the provision of retail credit to individual clients. The Microbank was formally incorporated in Mozambique on 31 January 2023 and traces its origins to a microcredit institution established in July 2019, from which the current business operations evolved.

2. Nature of Business

Servcred Microbanco is a provider of retail credit and impact finance in Mozambique.

3. Our Vision

Our Vision is to be Mozambique's credit institution of choice for those without access to banking services.

Our products are aimed at positively impacting the employees of government. We leverage our countrywide footprint to make credit available to underserved markets.

4. Our values

Our three core values governing Servcred Microbanco, S.A are:

- Integrity;
- Energy; and
- Adaptive Intelligence.

B. BUSINESS OPERATING ENVIRONMENT 2025

The business operating environment in Mozambique during 2025 remained complex and continued to be influenced by a combination of political, economic, regulatory, technological, environmental, social, and governance factors.

- ***Political Factors***: The political environment in 2025 continued to reflect the effects of the 2024 general elections, which were followed by periods of public unrest and uncertainty in certain parts of the country. While the new administration has committed to economic reforms, governance improvements, and the promotion of investment, the business environment continued to be affected by political risk perceptions, particularly in relation to policy implementation and the security situation in the northern parts of the country. Despite these challenges, continued government focus on infrastructure, investment promotion, and strategic sectors such as energy and financial services provided a basis for medium-term business confidence.

- ***Economic Factors***: Mozambique's economic environment in 2025 remained under pressure, although signs of gradual recovery were observed. Economic growth continued to be supported by the extractive sector, particularly liquefied natural gas (LNG), mining, and related infrastructure investment. However, domestic economic activity remained subdued in some sectors following the slowdown experienced in late 2024 and early 2025. Inflation remained within single-digit levels, supported by the Bank of Mozambique's monetary policy measures and exchange rate stability. Nonetheless, businesses continued to face challenges arising from foreign exchange liquidity constraints, fiscal pressures, and the broader cost of doing business.

- ***Legal and Regulatory Factors:*** The legal and regulatory landscape continued to evolve in 2025, with ongoing reforms aimed at strengthening corporate governance, tax administration, anti-money laundering controls, financial sector supervision, and compliance standards. Businesses were required to maintain close attention to changes in sector-specific regulations, reporting requirements, and compliance obligations issued by relevant regulators, including the Bank of Mozambique, tax authorities, and other supervisory bodies. The continued focus on governance, transparency, and risk management remained central to the operating environment.

- ***Advancements in Technology and the Digital Economy***: Technological advancement and digital transformation continued to play an increasingly important role in Mozambique's business environment during 2025. The continued expansion of mobile banking, digital payment platforms, fintech services, and broader financial inclusion initiatives contributed to the growth of the digital economy. Businesses increasingly invested in digital channels, cybersecurity, data management, and process automation to improve operational efficiency and customer service delivery. These developments were particularly significant within the financial services and telecommunications sectors.

- ***Environmental Sustainability***: Environmental, Social and Governance (ESG) considerations continued to gain prominence in the Mozambican business landscape. Businesses remained increasingly focused on sustainability initiatives, climate risk management, governance standards, transparency, ethical business conduct, and responsible corporate practices. Climate-related risks, including cyclones, floods, and other extreme weather events, remained material considerations for strategic planning and operational resilience.

- ***Social Factors***: Social factors continued to influence the operating environment, particularly high unemployment levels, poverty, income inequality, and the ongoing need for greater financial inclusion and economic participation. These factors continued to affect consumer demand, credit risk, labour market conditions, and the broader socio-economic environment in which businesses operate.

Notwithstanding the political disruptions that characterized the early months of the year, Servcred MicroBanco, S.A. continued to demonstrate operational resilience by adapting proactively to a changing business environment. The Microbank's emphasis on agility and strategic flexibility has strengthened its ability to respond to uncertainty and remain competitive.

C. STRATEGIC INITIATIVES IN 2025

The 2025 financial year was characterised by a strong strategic focus on transformative investments aimed at scaling up the Microbank's operational capacity and supporting sustainable growth. In line with this strategy, the Bank successfully issued Corporate Bonds totalling MZN 830 million between May and July, with the proceeds directed toward the expansion of lending activities.

These bond issuances constituted a major milestone for Servcred, significantly improving liquidity and enabling rapid growth in the loan portfolio. The gross credit book grew almost tenfold year-on-year, leading to a substantial increase in interest income and positioning the Bank for strong performance from 2026 onwards.

There was also significant expansion of the banking agents network to facilitate wider deployment of the funds raised through the corporate bond issuances. This expansion was supported by continuous training and ongoing monitoring processes aimed at safeguarding credit quality and ensuring sound risk management practices.

It is important to note that the growth in the loan portfolio did not adversely affect the quality of the credit book. As at year-end, 98.12% of the loan portfolio remained classified under Stage 1, while non-performing loans (NPLs) remained at 1.15%, demonstrating the effectiveness of the Bank's credit underwriting and monitoring processes.

During 2025, the Bank undertook targeted investments in senior management recruitment in response to accelerated business growth and a conscious effort to enhance compliance guardrails and governance structures. Key leadership and operational positions were filled to underpin the Bank's strategic expansion and strengthen oversight.

Finally, Servcred fully complied with all capital markets commitments, reinforcing confidence in the Bank's financial strength and operational cashflow model.

Overall, 2025 was a highly satisfactory year for the business, representing a quantum leap that followed the go-to-market phase in 2024. The Directors look ahead with optimism to 2026 as the year that will anchor sustained profitability and are pleased with the progress and achievements realized during the year.

D. FINANCIAL OVERVIEW

Our financial results for the year ended December 2025 reflect our commitment to growth and the creation of sustainable value for our shareholders. Below is a table showing the key highlights:

DETAILS	2025 MT	2024 MT	% change
Profitability			
Interest income	134 656 973	26 837 080	402%
Interest expense	(95 326 122)	(4 592 926)	1 975%
Net fees and commissions	(36 410 634)	(1 320 913)	2 656%
Impairment of financial instruments	(6 818 181)	(438 125)	1 456%
Operating expenses	(68 171 448)	(26 138 649)	161%
Income tax expense	15 623 097	97 471	15 928%
Loss for the year	(56 465 304)	(5 559 565)	916%
Financial Position			
Cash and Cash equivalents	123 031 283	1 524 537	7 970%
Loans and advances to customers[1]	671 260 297	62 347 321	977%
Other assets[1]	1 238 512	1 230 260	1%
Total assets[1]	963 458 601	85 870 755	949%
Total equity	13 930 525	34 821 829	(60%)
Total liabilities[1]	811 675 773	43 852 194	1 751%

1 Restated, refer to the note 25 for details related to the restatement.

Interest income: The Company reported gross interest income of MZN 134 656 973, representing a 402% increase compared to the previous year. During 2025, the Company experienced significant growth in its lending portfolio, primarily driven by additional funding secured through corporate bond issuances amounting to MZN 830 million and commercial paper totalling MZN 17 million. As a result of this funding, the Company was able to substantially expand its credit portfolio. Consequently, by December 2025, the loan portfolio had grown significantly to MZN 587 million (2024: MZN 60.7 million). This expansion materially increased the base on which interest income is generated, resulting in a substantial rise in gross interest income for the year.

Interest expense: Interest expenses rose materially during the year, driven by the capital raise executed mid-year through the issuance of corporate bonds, leading to a 1 975% increase compared to the previous year. This financing strategy, implemented in 2025 and supported by bond listings on the Mozambique Stock Exchange, underpinned the Company's accelerated operational and lending expansion.

Net fees and commissions: Net fees and commissions, which largely relate to amortised capital-raising and deferred operational costs, increased by 2 656% during the year, in line with the significant funding raised and the expansion of the loan portfolio.

Impairment of financial instruments: The impairment loss was calculated in accordance with the IFRS 9 Expected Credit Loss (ECL) model and increased by 1 456% during the year under review. This increase was primarily attributable to the significant growth in the loan book during the period. The loan portfolio is largely composed of newly originated facilities as a result of the substantial increase in lending activities during the year. Consequently, most exposures within the portfolio are relatively recent and continue to exhibit strong credit quality characteristics. Despite the significant growth in the loan book, asset quality improved during the year, with the level of non-performing loans (NPLs) decreasing from 3.0% in 2024 to 1.15% in 2025.

Operating expense: Operating expenses increased by 161% compared to the previous year, primarily as a result of the Company's recruitment drive undertaken in 2025 to expand its operational capacity and fill key and senior level positions. The increase was also driven by the expansion of the microbank's operations during the year to support its new business model following the funding raised.

Loss for the year: The loss reported for the year arose as a direct consequence of the factors outlined in the interest expense, net fees and commissions, and operating expenses commentary. Such an outcome was unavoidable given the pace and scale of growth achieved within a single financial year, and represents a conscious trade-off inherent in the Bank's strategic expansion phase to establish a strong foundation for future profitability.

Cash and cash equivalents: The growth in cash and cash equivalents was primarily driven by funding raised during the year, notably the MZN 830 million corporate bond issuances. Through disciplined execution of its sales strategy, the Microbank deployed a substantial portion of these funds into loans and advances, highlighting Servcred's ability to quickly convert funding into high-yielding assets while preserving strong credit quality.

Loans and advances to customers: During the year, the loan book increased by **977%**, supported by third-party funding secured to finance loan disbursements. The growth reflects strong demand for Servcred's products. As at **December 2025, 98.12% of the credit portfolio remained in Stage 1**, with **NPLs comprising only 1.15% of total exposure**, underscoring the sound quality of the portfolio and effective credit risk management.

Total liabilities: Total liabilities increased by 1 751%, primarily due to an increase in capital raised through corporate bonds issued to finance the primary activities of the Microbank.

Total equity: Equity decreased by 60% during the year, primarily as a result of the loss incurred, the drivers of which are explained in the income statement commentary above. In order to proactively manage the adequacy of regulatory capital during the year, the shareholders made supplementary capital injections amounting to MZN 34.8 million. This supplementary capital is currently undergoing the relevant regulatory procedures and remains subject to prior approval for recognition as paid-up capital.

Overall Assessment: The 2025 financial year represented a transformational period for Servcred and anchored its accelerated growth phase following the successful mobilisation of funding through corporate bond issuances and commercial paper. This significantly strengthened the Company's liquidity position and enabled substantial expansion of the loan book, which grew almost tenfold to MZN 671 million year-on-year. As a result, gross interest income increased by 402% compared to the previous year, reflecting the successful deployment of funds into the Company's core lending activities and strong market demand for its products.

The loss reported for the year is considered by the Board to be a natural consequence of the Company's accelerated investment and growth phase, driven by funding costs, infrastructure expansion, strategic recruitment, and other upfront investments necessary to support increased capacity and future profitability. These costs are viewed as essential to positioning the Company for sustainable long-term growth.

The Board remains encouraged by the strong underlying fundamentals of the business, particularly the sound quality of the credit portfolio, with 98.12% of exposures classified under Stage 1 and non-performing loans maintained at low levels. Furthermore, the progressive improvement in monthly profitability towards breakeven by year-end supports the Board's view that the business model is robust, scalable, and capable of generating sustainable future returns. Accordingly, the Directors remain confident in the Company's ability to continue as a going concern.

E. SHARE CAPITAL COMPONENTS

The primary objectives of the Microbank's capital management are to ensure that:

- The Microbank complies with the externally imposed capital requirements set by the Central Bank of Mozambique;
- The Microbank maintains healthy capital ratios to support its business; and
- The Microbank has the ability to continue as a going concern, enabling it to provide investor returns and maximize shareholder value.

DETAILS	2025 MT	2024 MT
Share Capital		
Frederico Muianga 1.5%	**516 000**	150 000
Sergio Matsinhe 1.5%	**516 000**	150 000
Blessing Nyakubaya 97%	**33 400 000**	9 700 000
	34 432 000	10 000 000
Supplementary capital	**34 842 000**	23 700 000

F. RISK MANAGEMENT

The board of directors plays a crucial role in risk management, ensuring that the organization is well-prepared to handle potential threats and uncertainties. Effective risk management by the board involves active engagement and oversight, enabling the organization to navigate challenges and capitalize on opportunities.

Risk management is one of the directors' responsibilities, and the Servcred's Board of Directors takes full accountability. The company has a Risk and Compliance Committee that reports to the board of directors. Its mandate is to assist the directors in risk oversight, compliance monitoring, reporting, and ensuring that the organization effectively manages its risks and complies with relevant regulations.

The Microbank has exposure to the following risks from financial instruments:

Credit Risk:

The Microbank has policies, procedures and processes dedicated to controlling and monitoring risk from lending activities.

The exposure to risk based on the credit profile of the Microbank is monitored and managed through the tracking of overdue exposures. The Microbank monitors concentrations of credit risk that arise by type of customer in relation to the Microbank's loans and advances to customers by carrying a balanced portfolio.

Liquidity Risk

Liquidity risk is the risk that the Microbank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Microbank's operations.

The Microbank's board of directors sets the Microbank's strategy for managing liquidity risk and oversight of the implementation is administered by the Board of Directors. The Board of Directors approves the Microbank's liquidity policies and procedures created by ALCO. Finance Department manages the Microbank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position.

The Microbank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Microbank's reputation. The key elements of the Microbank's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of shareholder loans and debts securities.
- Carrying a portfolio of highly liquid assets, diversified by maturity.
- Monitoring maturity mismatches, behavioural characteristics of the Microbank's financial assets and financial liabilities, and the extent to which the Microbank's assets are encumbered and so not available as potential collateral for obtaining funding.
- Stress testing of the Microbank's liquidity position against various exposures and country-specific events.

Market Risk

Involves many factors which include interest rate risk and currency risk:

- ***Interest rate risk:***

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

Financial instruments with cash flow interest rate risk comprise loans and advances to customers. The interest rate applied in loans and advances to customers are based on a fixed interest rate.

- ***Currency risk:***

The Microbank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The exchange rates against the Metical used for the translation of balances denominated in foreign currency specifically the USD have been constant ranging between 63-65 and thus the Microbank was not affected by foreign currency fluctuations during the year.

- ***Operational Risk:***

Operational risk is the risk of loss arising from systems failure, human error, fraud, or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or lead to financial loss.

The Microbank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks the Microbank is able to manage the risks. Controls include effective segregation of duties, access authorisation and reconciliation procedures, staff education and insurance where this is applicable.

G. GOVERNANCE

The board of directors continued to play a pivotal role in corporate governance, ensuring that the organization is managed in alignment with its goals and the interests of its stakeholders.

The Microbank's board of directors have been responsible for strategic oversight, financial oversight, risk management and leadership in the current year. Management was guided by the board of directors in decision making that promotes integrity and transparency.

During the current year, the Board Committees met consistently throughout the year, discharging their governance responsibilities effectively.

Throughout the year, the Committees implemented and approved several policies and procedures to guide the microbank's operations and strengthen its governance framework. In addition, they exercised oversight over the microbank's activities and operational performance through the meetings held, during which key decisions were taken and best practices adopted to support the institution's strategic objectives and sustainable growth.

Board of Directors Composition

The directors of the Microbank at the date of the approval of the financial statements are as follows:

MEMBER NAME	MEMBER TITLE	PRIMARY RESPONSIBILITIES
Blessing Nyakubaya	Founder and Chief Executive Officer	Vision, Strategy and Leadership
Sharon Bwanya	Independent Non-Executive Chairperson	Governance
Mara Mangane	Independent non-executive director	Innovation and Strategic Operations
Luis Cumbane	Independent non-executive director	Taxation, Risk and Financial Affairs
Dario Liasse	Independent non-executive director	Compliance & Regulatory Affairs

Auditors

The auditors of Servcred Microbanco, S.A are KPMG Auditores e Consultores, S.A.

Fiscal Council

The Microbank's supervisory board is Nexia Sociedade de Auditores e Contabilistas Certificados, Limitada.

H. EVENTS AFTER REPORTING PERIOD

The directors determine that events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The guidance of determining the events after reporting period is as per IFRS Accounting standards. After the year-end, specifically on 18 March 2026, the MicroBank issued corporate bonds amounting to MZN 375 million, comprising 3,750,000 registered bonds with a nominal value of MZN 100 per bond. The bonds were issued at a fixed annual interest rate of 17.50%, with a maturity period of 5 years and semi-annual coupon payments. This event was considered a non-adjusting subsequent event.

I. GOING CONCERN

The Board of Directors has performed an assessment of the Company's ability to continue as a going concern in the preparation of these financial statements.

In performing this assessment, the Board considered various conditions and events that may affect the Company's operations and financial position. Based on this assessment, the Directors have concluded that the Company will continue as a going concern and that its operations are expected to continue for the foreseeable future, with no material uncertainty identified that may cast significant doubt on the entity's ability to continue as a going concern.

For the detailed going concern assessment performed, reference should be made to Note 26 to the financial statements.

J. STRATEGIC PLANS

The company has a five-year strategy plan approved by the board of directors on 24 November 2024. The directors shall have overall responsibility to ensure that the objectives are achieved. The strategic plan includes four objectives which are:

- Continuation with the accelerated expansion of business activities.
- Participate more regularly in the alternative capital markets to gain visibility, credence and investor confidence.
- Build on established momentum to anchor sustained profitability, support adequacy of regulatory ratios and fund future organic growth.
- Achieve a 5% market share of all consumer credit granted to civil servants by 2030.

The Board of Directors is confident that the objectives outlined above provide a clear vision for Servcred over the next five years. We are committed to ensuring that Servcred's operations will add value to our shareholders and stakeholders.

K. ACKNOWLEDGEMENTS

We would like to express our gratitude to our shareholders for their continued support and trust. We also extend our appreciation to our employees for their hard work and dedication, and to our customers, partners and other stakeholders for their continued collaboration.

L. APPLICATION OF RESULTS

The Directors have proposed that the net results for the year ended 31 December 2025 be transferred to Servcred's retained earnings account.

M. CONCLUSION

In conclusion, we are proud of the progress we have made over the past year and excited about the opportunities that lie ahead. We remain committed to driving sustainable growth and creating long-term value for our shareholders and stakeholders.

The financial statements attached to this report, which have been prepared on the going concern basis, were analysed by the Board of Directors, and recommended for approval by the General Assembly held on 30 April 2026.

Signed by the members of the Board of Directors of Servcred Microbanco, SA.

Sharon Bwanya

(Chairperson of the Board of Directors)

Blessing Nyakubaya

(Chief Executive Officer)

Mara Matias Mangane

(Non-Executive Director)

Luis Gamo Cumbana

(Non-Executive Director)

Dário Magide Mendes Liasse

(Non-Executive Director)

KPMG Auditores e Consultores, SA
Edifício KPMG
Rua 1.233, Nº 72 C
Maputo, Moçambique

Telefone: +258 (21) 355 200
Telefax: +258 (21) 313 358
Caixa Postal, 2451
Email: mz-fminformation@kpmg.com
web: www.kpmg.co/mz

Independent Auditors' Report

To the shareholders of Servcred Microbanco, S.A.

Opinion

We have audited the financial statements of Servcred Microbanco, S.A. (the "Microbank"), which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes comprising material accounting policies and other explanatory information, as set out on pages 18 to 79.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Servcred Microbanco, S.A. as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) .

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Microbank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Mozambique. We have also 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 opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Expected credit losses on loans and advances to customers

Refer to note 4, use of judgements and estimates, note 6A, credit risk, note 13, loans and advances to customers and note 23.2, credit risk to the financial statements</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Loans and advances to customers represent the Microbank's core business and account for approximately 60% of total assets, making the estimation of Expected Credit Losses (ECL) a matter of significance to the financial statements. The determination of ECL involves a high degree of management judgement, complexity, and estimation uncertainty, and has a material impact on the profitability, equity, and the credit risk profile of the Microbank.

The estimation of ECL is inherently complex as it requires the application of multiple interrelated assumptions and methodologies. In particular, significant judgement is applied by management in the following areas:
Selection, approval and testing of models used to measure ECL;
Application of key model inputs relating to Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD);
Assessment of significant increase in credit risk (SICR) and the transfers between stages;
Incorporation of forward-looking information (FLI). The ECL model incorporates macroeconomic factors and forward-looking information such as Gross Domestic Product (GDP), which is embedded in the credit risk assessment.
Given the materiality of the loans and advances to customers balance, the complexity of the ECL framework, the extent of judgement applied in key assumptions, the expected credit losses on loans and advances to customers was considered to be a key audit matter.</td><td>Our procedures included the following:
We obtained an in-depth understanding of the Microbank's credit risk management framework and tested the design, implementation, and operating effectiveness of key controls over approval and granting of credit facilities, ongoing credit monitoring and exposure management.
We considered the appropriateness of the ECL models selected, tested and approved by management by assessing whether they are consistent with the requirements of IFRS 9, Financial instruments (IFRS 9) and appropriate for the Microbank's portfolio.
We assessed the qualitative factors to determine the appropriateness of SICR by considering the borrower's repayments behaviour, historical loan restructuring, early warning signals of default, and adverse information relating to the borrower, and whether these factors are consistently applied. We assessed the quantitative factor of days past due used in the staging assessment by checking the repayment history and the last repayment date.
We evaluated whether the staging criteria for transfers between stages are aligned with IFRS 9 requirements by assessing the use of days past due thresholds.
We evaluated the incorporation of macroeconomic factors and FLI into the ECL model by assessing the reasonableness of the macroeconomic assumptions such as GDP by comparing these assumptions to independent external data sources.
We assessed the key inputs used in the ECL model, including PD, LGD, and EAD, by evaluating the methodologies and assumptions applied against the requirements of IFRS 9.
We tested the completeness and accuracy of underlying data through the reconciliation of the loan book to the accounting records, reperforming selected model calculations and validating the mathematical accuracy of the</td></tr>
</table>

Expected credit losses on loans and advances to customers Refer to note 4, use of judgements and estimates, note 6A, credit risk, note 13, loans and advances to customers and note 23.2, credit risk to the financial statements	
Key audit matter	**How the matter was addressed in our audit**
	models. • We assessed whether the disclosures relating to ECL in the financial statements are appropriate, complete, and in compliance with IFRS 9, including the description of key assumptions, estimation uncertainty, and credit risk exposures.

Other information

The directors are responsible for the other information. The other information comprises the General Information, Directors' Responsibility Statement and the Directors' Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) , and for such internal control as the directors determine 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, the directors are responsible for assessing the Microbank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Microbank or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

KPMG

- Identify and assess the risks of material misstatement of the 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 Microbank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Microbank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Microbank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

KPMG, A registered Audit firm, 04/SCA/OCAM/2014

Represented by:

Abel Jone Guaiaguaia, OCAM nº 04/CA/OCAM/2012
Partner
30 April 2026
Maputo

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2025

	Note	**2025 MT**	2024 MT
Interest income calculated using the effective interest method	*8*	**134 656 973**	26 837 080
Interest expense	*8*	**(95 326 122)**	(4 592 926)
Net interest income		**39 330 851**	22 244 154
Fee and commission income	*9*	**652 124**	490 998
Fee and commission expense	*9*	**(37 062 758)**	(1 811 911)
Total income		**2 920 217**	20 923 241
Impairment losses on loans and advances	*13*	**(6 818 181)**	(438 125)
Net operating (loss)/income		**(3 897 964)**	20 485 116
Other operating expenses		**(18 989)**	(3 503)
General and administrative expenses	*10*	**(68 171 448)**	(26 138 649)
Loss before tax		**(72 088 401)**	(5 657 036)
Tax income	*11.3*	**15 623 097**	97 471
Loss for the year		**(56 465 304)**	(5 559 565)
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive loss for the year		**(56 465 304)**	(5 559 565)

Certified Accountant

Chief Executive Officer

Statement of financial position

as at 31 December 2025

	Note	**2025**	2024 Restated	1 January 2024 Restated
		MT	MT	MT
Assets				
Cash and cash equivalents	*12*	**123 031 283**	1 524 537	1 426 414
Loans and advances to customers[1]	*13*	**671 260 297**	62 347 321	14 298 857
Other advances	*13.1*	**819 000**	639 000	4 592 806
Other assets[1]	*14*	**1 238 512**	1 230 260	1 595 064
Property and equipment	*15*	**9 303 775**	8 219 227	10 471 258
Intangible assets	*16*	**2 718 869**	3 102 213	3 499 662
Deferred tax asset	*11.3*	**17 234 562**	1 611 465	1 513 994
Total assets[1]		**825 606 298**	78 674 024	37 398 055
Equity and Liabilities				
Equity				
Share capital	*17*	**34 432 000**	10 000 000	10 000 000
Supplementary capital	*17*	**34 842 000**	23 700 000	500 000
Legal reserve		**737 321**	737 321	737 321
Retained earnings		**(56 080 796)**	384 508	5 944 073
Total equity		**13 930 525**	34 821 829	17 181 394
Liabilities				
Other liabilities	*18*	**8 179 735**	6 239 613	13 898 407
Current tax payable	*11.1*	**488 688**	518 688	1 576 047
Debt securities in issue[1]	*19*	**797 849 350**	17 213 893	-
Shareholder loans	*20*	**5 158 000**	19 880 000	4 742 207
Total liabilities[1]		**811 675 773**	43 852 194	20 216 661
Total equity and liabilities[1]		**825 606 298**	78 674 023	37 398 055

[1] Restated, refer to the note 25 for details related to the restatement.

Certified Accountant

Chief Executive Officer

Statement of changes in equity

For the year ended 31 December 2025

	Share capital MT	Supplementary capital MT	Legal reserve MT	Retained earnings MT	Total MT
Balance at 31 December 2023	**10 000 000**	**500 000**	**737 321**	**5 944 073**	**17 181 394**
Issuance of share capital	-	23 200 000	-	-	23 200 000
Total comprehensive loss for the year	-	-	-	(5 559 565)	(5 559 565)
Balance at 31 December 2024	**10 000 000**	**23 700 000**	**737 321**	**384 508**	**34 821 829**
Issuance of supplementary capital	-	34 842 000	-	-	34 842 000
Issuance of share capital	24 432 000	(23 700 000)	-	-	732 000
Total comprehensive loss for the year	-	-	-	(56 465 304)	(56 465 304)
Balance at 31 December 2025	**34 432 000**	**34 842 000**	**737 321**	**(56 080 796)**	**13 930 525**

Certified Accountant

Chief Executive Officer

SERVCRED MICROBANCO S.A.
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of cash flows
for the year ended 31 December 2025

	Notes	2025	2024 Restated
		MT	MT
Cash flows from operating activities			
Loss before tax		**(72 088 401)**	(5 657 036)
Adjustments for:			
Impairment losses on loans and advances	*6*	**6 818 181**	438 125
Depreciation and amortisation	*10*	**4 652 498**	4 015 920
Interest income	*8*	**(134 656 973)**	(26 837 080)
Interest expense	*8*	**95 326 122**	4 592 926
Transaction costs on debt securities issued[1]		**25 071 288**	1 811 911
		(74 877 285)	(21 635 234)[1]
Changes in working capital:			
Changes in loans and advances to customers and other advances [1]		**(609 132 415)**	(44 713 316)
Change in other assets[1]		**(8 252)**	(364 804)
Change in other liabilities		**3 521 870**	(6 287 004)
Cash flows used in operations [1]		**(680 496 082)**	(73 000 358)
Interest received		**127 878 231**	27 747 220
Interest paid		**(30 465 000)**	(2 902 250)
Interest on lease liability	*21*	**(570 094)**	(780 051)
Income tax paid	*11.1*	**(30 000)**	(1 057 359)
Net cash used in operating activities		**(583 682 945)**	(49 992 798)
Cash flows used in investing activities			
Acquisition of property and equipment	*15*	**(5 353 703)**	(1 341 277)
Acquisition of intangible assets	*16*	**-**	(25 163)
Net cash used in investing activities		**(5 353 703)**	(1 366 440)
Cash flows from financing activities			
Debt securities issued	*19*	**847 000 000**	23 500 000
Supplementary capital issued	*17*	**-**	23 200 000
Increase in share capital	*17*	**482 000**	-
Shareholder loans received	*20*	**20 370 000**	15 137 793
Payment of lease liability	*21*	**(1 581 747)**	(1 371 789)
Transaction costs paid on debt securities issued[1]		**(155 726 859)**	(9 008 643)
Net cash generated from financing activities[1]		**710 543 394**	51 457 361
Net increase in cash and cash equivalents		**121 506 746**	98 123
Cash and cash equivalents at the beginning of the year		**1 524 537**	1 426 414
Cash and cash equivalents at 31 December	*12*	**123 031 283**	1 524 537

[1] Restated, refer to the note 25 for details related to the restatement.

The comparative disclosure of interest on lease liabilities and payments of lease liabilities has been corrected to reflect the appropriate presentation in accordance with the applicable accounting standards. In the prior year, interest paid on lease liabilities was incorrectly presented together with principal lease repayments under financing activities, whereas it should have been presented together with other interest paid under operating activities.

Certified Accountant

Chief Executive Officer

1. REPORTING ENTITY

Servcred MicroBanco, S.A ("the Microbank"), is a microbank, specialised in micro-banking to individuals, incorporated in Mozambique since July 2019. It was changed in January 2023 to incorporate more shareholders. In September 2023 the Entity got a license to start operating as a Microbank and in November 2023 the Entity commenced its operations under the new license. Its main activity is the provision of sustainable micro credit to government employees.

The address of its registered office is as follows: Av. Samora Machel, Nr 231, Radio Mozambique Building - R/C, City of Lichinga – Mozambique.

2. BASIS OF ACCOUNTING

The financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). They were authorized for issue by the Microbank's Board of Directors on 23 April 2026.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. Please refer to note 26 for the going concern assessment performed by management.

Details of the Microbank's material accounting policies are included in Note 24.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Meticais (MT), which is the MicroBank's functional currency. All amounts have been rounded to the nearest Metical, unless otherwise indicated.

4. USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on continuous basis. Revisions to estimates are recognised prospectively.

A. Judgements Assumptions and estimation uncertainties

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

- **Expected credit losses of financial instruments:** establishing the criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL. Note 6A(iii).

5. STANDARDS ISSUED BUT NOT YET ADOPTED

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2026 and earlier application is permitted. However, the Microbank has not early adopted the following new or amended accounting standards in preparing these financial statements:

5.1. IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Microbank is still in the process of assessing the impact of the IFRS 18, particularly with respect to the structure of the Microbank's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Microbank is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

5.2. Other accounting standards

The following new and amended accounting standards are not expected to have a material impact on the Microbank's financial statements:

- **Classification and Measurement of Financial Instruments - Amendments to the IFRS 9 and IFRS 7:** The amendments clarify: i) that a financial liability is derecognised on the settlement date. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met; ii) how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, iii) the treatment of non-recourse assets and contractually linked instruments and additional disclosure requirements for financial assets and liabilities with contractual terms that reference a contingent event. Effective from annual periods commencing on or after 1 January 2026

- **Contracts referencing nature-dependent electricity - Amendments to IFRS 9 and IFRS 7:** The amendments include: recognition and derecognition, including accounting for settlement of financial liabilities using an electronic payment system, and assessing contractual cash flow characteristics of financial assets, including those with . Effective from annual periods commencing on or after 1 January 2026.

6. FINANCIAL RISK REVIEW

This note presents information about the MicroBank's exposure to financial risks. For information on the MicroBank's financial risk management framework, see Note 23.

A. Credit Risk

For the definition of credit risk and information on how credit risk is mitigated by the MicroBank, see Note 23.2.

6. FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

i. Credit quality analysis

12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which 12-month ECL are recognised are referred to as Stage 1 financial instruments. Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired.

Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL are recognised but that are not credit-impaired are referred to as Stage 2 financial instruments. Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as Stage 3 financial instruments.

The following tables set out information about the credit quality of financial assets measured at amortised cost without taking into account collateral or other credit enhancements. The amounts presented in the table represent gross carrying amounts and do not include deferred agent commissions, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination.

31 December 2025	**Sta**	**Sta**	**Sta**	**T**
Loans and advances to customers	576 860	4 331	6 735	587 927
Other advances	819			819
Cash and cash equivalents	123 031			123 031
Loss allowance	(1 178 5	(283 2	(6 735 0	(8 196 8
Carrying amount	**699 531**	**4 048**		**703 580**

31 December 2024	**Sta**	**Sta**	**Sta**	**T**
Loans and advances to customer	55 666	2 108	2 910	60 685
Other advances	639			639
Cash and cash equivalents	1 524			1 524
Loss allowance	(1 896 0	(261 1	(2 910 1	(5 067 3
Carrying amount	55 934	1 847		57 781

The prior year disclosure has been updated to include the amounts exposed to credit risk in the credit quality analysis, ensuring consistency with the current year presentation of the note.
The loss allowance recognised during the year reflects changes in credit risk exposures, movements between impairment stages, new loan originations, repayments and derecognitions, as well as updates to forward-looking GDP assumptions incorporated into the ECL model.

6. FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

i. Credit quality analysis

The gross carrying amount of loans and advances to customers increased from MT 60.7 million as at 31 December 2024 to MT 587.9 million as at 31 December 2025, primarily driven by growth in Microbank's lending activities and new loan disbursements during the year.

This increase resulted in a corresponding increase in Stage 1 exposures from MT 55.7 million to MT 576.9 million, reflecting the recognition of newly originated performing loans with low credit risk at initial recognition.

Stage 2 exposures increased from MT 2.1 million to MT 4.3 million due to accounts that experienced a significant increase in credit risk since initial recognition, mainly arising from repayment delays, weakening borrower cash flows and reduced repayment capacity of borrowers. These exposures remain not credit-impaired but require recognition of lifetime ECL.

Stage 3 exposures increased from MT 2.9 million to MT 6.7 million, reflecting deterioration in the credit quality of certain borrowers and migration of facilities from Stage 2 to Stage 3 following objective evidence of impairment, including prolonged default indicators and reduced recoverability expectations.

The total loss allowance increased from MT 5.1 million in 2024 to MT 8.2 million in 2025. This increase was mainly driven by the growth in the overall loan portfolio, increased Stage 2 and Stage 3 exposures, and the effect of revised forward-looking GDP forecasts used in the ECL model.

During the reporting period, Management revised its economic forecasts used as inputs into ECL measurement based on updated expectations of Mozambique's GDP growth. Lower expected GDP growth increased the downside risk considered in the impairment assessment and resulted in higher Probability of Default (PD) estimates for more vulnerable segments of the portfolio.

As disclosed in the forward-looking information note, GDP growth is the only macroeconomic driver used by Microbank in assessing expected credit losses. Management also revised scenario weightings and placed greater emphasis on the downside scenario during the year, resulting in a more conservative estimate of credit losses. No post-model macroeconomic overlays were applied, as Management concluded that the updated GDP forecasts and scenario weighting adjustments adequately captured the prevailing credit risk environment.

The loss allowance is reviewed at each reporting date to ensure that it remains appropriate and reflects current portfolio performance, borrower behaviour and expected future economic conditions.

The following table sets out information about the overdue status of loans and advances to customers in Stages 1, 2 and 3. The amounts presented in the table represent gross carrying amounts and do not include deferred agent commissions, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination.

6. FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

i. *Credit quality analysis (continued)*

31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MT	**MT**	**MT**	**MT**
Current	574 617 017	-	-	574 617 017
Overdue < 30 days	2 243 187	-	-	2 243 187
Overdue > 30 days<90 days	-	4 331 822	-	4 331 822
Overdue 90+ days	-	-	6 735 057	6 735 057
Gross Carrying amount	**576 860 204**	**4 331 822**	**6 735 057**	**587 927 083**

31 December 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MT	**MT**	**MT**	**MT**
Current	54 174 578	-	-	54 174 578
Overdue < 30 days	1 492 046	-	-	1 492 046
Overdue > 30 days<90 days	-	2 108 753	-	2 108 753
Overdue 90+ days	-	-	2 910 179	2 910 179
Carrying amount	**55 666 624**	**2 108 753**	**2 910 179**	**60 685 556**

Credit risk quality and internal credit risk ratings

Microbank monitors the credit quality of financial assets measured at amortised cost using an internal credit risk grading system based primarily on days past due, which is considered the most appropriate indicator of credit deterioration for Microbank's loan portfolio. The portfolio mainly comprises loans and advances to public employees, and repayment performance is closely monitored through delinquency status.

The table above presents the gross carrying amounts of financial assets exposed to credit risk, disaggregated by internal credit risk grades and IFRS 9 impairment stages.

Microbank applies the following internal credit risk grades:

- Grade 1: Not past due
- Grade 2: 1–30 days past due
- Grade 3: 31–60 days past due
- Grade 4: 61–90 days past due
- Grade 5: 91–180 days past due
- Grade 6: 181–360 days past due
- Grade 7: More than 360 days past due.

For disclosure purposes, these grades are grouped as follows:

- Grades 1–3 (Strong/Satisfactory): Performing exposures with low to moderate credit risk
- Grade 4 (Higher risk): Exposures showing significant increase in credit risk
- Grades 5–7 (Credit-impaired): Exposures with objective evidence of impairment and higher probability of default.

Credit risk grades are determined using a delinquency-based approach, where days past due is the primary input used to assess whether there has been a significant increase in credit risk (SICR) or whether an exposure is credit-impaired. No external credit ratings are used for this portfolio due to the nature of the customer base.

The relationship between credit grades and IFRS 9 stages is generally as follows:

- **Stage 1:** Performing assets, typically Grade 1 and Grade 2
- **Stage 2:** Assets with significant increase in credit risk, generally Grade 3 and Grade 4
- **Stage 3:** Credit-impaired assets, generally Grade 5 to Grade 7

Management also applies qualitative considerations where necessary, particularly for identifying default events and assessing recoverability.

The following are the qualitative characteristics of each grade:

- Grades 1–2: These exposures are current or only slightly overdue and demonstrate strong repayment behaviour with low expected credit losses.
- Grades 3–4: These exposures show early signs of repayment difficulty and are subject to increased monitoring due to elevated credit risk.
- Grades 5–7: These exposures are significantly overdue and are considered credit-impaired, reflecting a higher likelihood of default and loss.

This disclosure enables users of the financial statements to assess how credit risk is distributed across the portfolio and understand the concentration of exposures by credit quality.

The following tables set out information about the credit quality of financial assets measured at amortised cost, without taking into account collateral or other credit enhancement. Unless specifically indicated, the amounts in the tables represent gross carrying amounts and do not include deferred agent commissions, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination..

31 December 2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MT	**MT**	**MT**	**MT**
Grades 1-2: Strong	576 860 204	-	-	576 860 204
Grade 3: Satisfactory	-	2 315 281	-	2 315 281
Grade 4: Higher risk	-	2 016 541	-	2 016 541
Grades 5-7: Credit-impaired	-	-	6 735 057	6 735 057
Gross Carrying amount	576 860 204	4 331 822	6 735 057	587 927 083
Loss allowance	(1 178 546)	(283 224)	(6 735 057)	(8 196 827)
Carrying amount	575 681 658	4 048 598	-	579 730 256

31 December 2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	MT	**MT**	**MT**	**MT**
Grades 1-2: Strong	55 666 624	-	-	55 666 624
Grade 3: Satisfactory	-	1 783 119	-	1 783 119
Grade 4: Higher risk	-	325 634	-	325 634
Grades 5-7: Credit-impaired	-	-	2 910 179	2 910 179
Gross Carrying amount	55 666 624	2 108 753	2 910 179	60 685 556
Loss allowance	(1 896 052)	(261 151)	(2 910 179)	(5 067 383)
Carrying amount	53 770 572	1 847 602	-	55 618 173

The disclosure of gross carrying amounts by internal credit risk grade has been enhanced in the current year to comply with the requirements of IFRS 7.35M. This information was not separately disclosed in the prior year financial statements. Management has assessed the prior year omission and concluded that it represents the correction of an immaterial disclosure omission rather than a change in accounting policy. Accordingly, comparative information has not been restated; however, the current year financial statements include expanded disclosures to improve compliance and transparency regarding credit risk reporting.

ii. Collateral held

The MicroBank does not hold collateral. However, the loan repayments are deducted at source (payroll deductions). The Microbank also holds insurance over the loans, which it can claim in the event of default, provided that the loans meet the eligibility criteria for the insurance to repay the loan.

iii. Amounts arising from ECL

The following table shows the reconciliation of the opening balances with the closing expected loss allowance by class. The basis for determining transfers due to changes in credit risk is defined in accounting policy on Note 24 b) iii.

2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 01 Jan 2025	**1 896 052**	**261 151**	**2 910 180**	**5 067 383**
Transfer to stage 1	362 208	(73 057)	(289 151)	-
Transfer to stage 2	(575 425)	744 591	(169 166)	-
Transfer to stage 3	(8 642 369)	(486 081)	9 128 450	-
Net remeasurement of loss allowance	(1 261 284)	(77 733)	(160 758)	(1 499 775)
New financial assets originated	11 041 365	-	-	11 041 365
Financial assets that have been derecognized	(1 642 001)	(85 647)	(1 234 252)	(2 961 900)
Write offs	-	-	(3 450 246)	(3 450 246)
Balance at 31 Dec 2025	**1 178 546**	**283 224**	**6 735 057**	**8 196 827**

2024	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance at 01 Jan 2024	1 389 281	790 488	3 033 531	5 213 300
Transfer to stage 1	-	-	-	-
Transfer to stage 2	506 771	(529 337)	460 691	438 125
Transfer to stage 3	-	-	-	-
Write offs	-	-	(584 042)	(584 042)
Balance at 31 Dec 2024	1 896 052	261 151	2 910 179	5 067 383

The movement in the expected credit loss (ECL) allowance during the year amounted to 6 579 690. Included in the charge recognised in profit or loss is an additional amount of 238 491 arising from an adjustment recorded during the year-end reconciliation of the loan portfolio to correct the loan book balances. This adjustment was recognised to align the underlying loan records with the accounting balances and does not relate to changes in the current year credit risk profile of borrowers.

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is MZN 3 450 246 (2024: MZN 584 042).

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Microbank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Microbank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Microbank uses the following criteria for determining whether there has been a significant increase in credit risk:

- qualitative indicators; and
- a backstop of 30 days past due.

Determining whether credit risk has increased significantly

The Microbank assesses whether credit risk has increased significantly since initial recognition at each reporting date. Determining whether an increase in credit risk is significant depends on the characteristics of the financial instrument and the borrower. What is considered significant differs for different types of lending.

The credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Microbank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as loans on a watch list. Such qualitative factors are based on expert judgment and relevant historical experiences.

As a backstop, the Microbank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The quantitative assessment of significant increase in credit risk ("SICR") is primarily based on the relative and absolute movement in the lifetime probability of default ("PD") over the expected remaining life of the financial instrument.

For this purpose, the Bank compares:

- the current estimate of lifetime PD at the reporting date; and
- the estimate of lifetime PD at initial recognition, recalibrated for the same remaining maturity profile.

The Microbank applies a relative deterioration test, whereby a financial asset is considered to have experienced a significant increase in credit risk when the ratio of current lifetime PD to the lifetime PD at origination exceeds 1.5 times.

In order to avoid undue sensitivity to exposures with low initial credit risk, this assessment is complemented by an absolute threshold, such that SICR is only identified when the increase in lifetime PD since initial recognition exceeds 1 percentage point.

The combined application of relative and absolute measures ensures that both proportional and economically meaningful increases in credit risk are captured.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, hen the loss allowance on an instrument return to being measured as 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Microbank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently.

When the contractual terms of a loan have been modified, Microbank assesses whether the credit risk has improved sufficiently for the exposure to return to Stage 1 and for 12-month ECL to be recognised. Evidence that the criteria for recognising lifetime ECL are no longer met includes a sustained history of timely payment performance against the modified contractual terms, typically over an appropriate observation period, and the absence of other indicators of significant increase in credit risk.

Modified exposures that have returned to Stage 1 continue to be closely monitored on an ongoing basis to assess whether 12-month ECL remains appropriate. This monitoring includes reviewing repayment performance, days past due status, updated forward-looking information, changes in the borrower's financial condition, covenant compliance where applicable, and any other qualitative indicators of credit deterioration. Where there is evidence of a subsequent significant increase in credit risk, the exposure is transferred back to Stage 2 and lifetime ECL is recognised. If the asset becomes credit-impaired, it is transferred to Stage 3.

The Microbank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2 and /or Stage 3).

Definition of default

The Microbank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Microbank in full, without recourse by the Microbank to recovery actions;
- the borrower is more than 90 days past due on any material credit obligation to the Microbank; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Microbank considers indicators that are:

- qualitative: e.g. breaches of covenant; and

6. FINANCIAL RISK REVIEW (continued)

A. Credit Risk (continued)

iii. Amounts arising from ECL (continued)

- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Microbank.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

The Microbank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

A comprehensive review is performed at least annually on the design of the scenarios obtained from external sources.

Incorporation of forward-looking information

Microbank incorporates forward-looking information into both the assessment of whether the credit risk of a financial instrument has increased significantly since its initial recognition and the measurement of Expected Credit Losses (ECL), in accordance with IFRS 9. This ensures that impairment estimates reflect not only historical and current conditions, but also reasonable and supportable forecasts of future economic conditions that may affect the collectability of financial assets.

Management has determined that Mozambique's Gross Domestic Product (GDP) growth is the most relevant macroeconomic indicator for assessing the future credit risk of the loan portfolio, as it directly influences borrowers' repayment capacity, business performance, liquidity levels and overall economic stability. Changes in GDP growth are therefore considered a significant driver of Probability of Default (PD) movements across the portfolio.

Microbank formulates three economic scenarios for purposes of measuring ECL: a base case, which represents the central scenario, and two less likely scenarios, being an upside scenario and a downside scenario. The central scenario is aligned with information used by Microbank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies, monetary authorities, and other reliable market sources.

To support the forward-looking assessment, historical GDP growth rates covering a ten-year period from 2015 to 2024 were analysed to evaluate the volatility and cyclicality of the domestic economic environment. Based on this historical analysis, the standard deviation of GDP growth was calculated at 2.21%, which was used as the statistical basis for determining the range of economic variation and scenario construction.

Forward-looking macroeconomic forecasts for the subsequent three-year period from 2026 to 2028 were obtained from reliable external sources and used as the baseline economic outlook under the central scenario. The forecast GDP growth rates applied were 3.5% for 2026, 4.3% for 2027 and 4.0% for 2028.

Using the calculated standard deviation of 2.21%, Management developed two additional macroeconomic scenarios to assess the sensitivity of credit risk to changes in economic conditions. The upside scenario was determined by increasing the base GDP forecast by 2.21% for each forecast year, representing stronger economic growth, improved borrower resilience and lower expected default risk. The downside scenario was

6. FINANCIAL RISK REVIEW (continued)

A. Credit Risk (continued)

iii. Amounts arising from ECL (continued)

determined by decreasing the base GDP forecast by 2.21% for each forecast year, representing economic stress, weaker repayment capacity and heightened default risk.

The economic scenarios used as at 31 December 2025 included the following key indicators for Mozambique for the years ending 31 December 2026 to 2028:

2026	2027	2028
Base	**Base**	**Base**
3.5	4.3	4
Optimistic	**Optimistic**	**Optimistic**
5.7	6.5	6.2
Deceleration	**Deceleration**	**Deceleration**
1.29	2.09	1.8

This methodology resulted in a symmetrical movement of +2.21% and –2.21% around the central scenario, providing a structured and supportable range of economic outcomes for impairment modelling.

Microbank has identified GDP growth as the key driver of credit risk and credit losses for its loan portfolio and, using an analysis of historical data, has estimated the relationship between macroeconomic movements and credit deterioration. The impact of each macroeconomic scenario is translated into ECL through adjustments to PD, based on Management's assessment of the relationship between GDP fluctuations and default risk.

The following PD sensitivity assumptions were applied:

- for Stage 1 exposures, a 5% change in PD for each 1 percentage point change in GDP; and
- for Stage 2 exposures, a 10% change in PD for each 1 percentage point change in GDP, reflecting the higher sensitivity of underperforming assets to macroeconomic deterioration.

Accordingly, under the upside scenario, PDs are reduced to reflect lower expected default risk, while under the downside scenario, PDs are increased to reflect heightened credit risk arising from weaker economic conditions.

The scenario probability weightings applied in measuring ECL are reviewed periodically by Management and calibrated through stress testing of more extreme economic shocks to ensure that the representative scenarios appropriately capture the range of possible economic outcomes. A comprehensive review is performed at least annually on the design of the scenarios and the assumptions applied.

During the reporting period, Microbank revised its economic forecasts used as inputs into ECL measurement due to higher-than-expected inflation, elevated interest rates and increased uncertainty arising from geopolitical tensions and domestic market pressures. As a result, greater emphasis was placed on the downside scenario to reflect the increased credit risk associated with weaker economic conditions and reduced borrower repayment capacity.

6. FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

iii. Amounts arising from expected credit losses (continued)

No additional post-model macroeconomic overlays were applied as at the reporting date, as Management concluded that the forward-looking assumptions incorporated into the ECL model, including the revised GDP forecasts and scenario weighting adjustments, adequately captured the current and expected economic risks affecting the loan portfolio.

There were no changes in the core ECL estimation methodology during the reporting period. However, significant assumptions relating to macroeconomic forecasts, scenario weighting and downside risk calibration were updated to ensure that the impairment model remained relevant, reasonable and supportable under prevailing economic conditions.

Considering the prudential nature of impairment recognition, Management adopted the downside scenario adjusted PDs for purposes of measuring ECL at the reporting date. This approach reflects a conservative estimate of potential credit losses and ensures that the impairment provision appropriately captures downside risks inherent in the current and expected economic environment.

The incorporation of forward-looking information is reviewed at each reporting date to ensure that assumptions remain relevant, reasonable and supportable, and that the ECL model continues to reflect prevailing economic expectations and portfolio risk characteristics.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 24(b)(v).

The Microbank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Microbank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

The key inputs into the measurement of ECL (modified and non-modified financial assets) considers the following variables:

- probability of default (PD);
- loss given default (LGD); and
- Exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and Exposure at default (EAD). Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

6. FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

iii. Amounts arising from expected credit losses (continued)

LGD is the magnitude of the likely loss if there is a default. The Microbank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, maturity of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset

EAD represents the expected exposure in the event of a default. The Microbank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Microbank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Microbank considers a longer period. The maximum contractual period extends to the date at which the Microbank has the right to require repayment of an advance.

iv. Concentrations of risk

The Microbank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances to customers is shown below. The amounts presented in the table represent gross carrying amounts and do not include deferred agent commissions, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination.

	2025 MT	2024 MT
Gross Carrying amount	**587 927 083**	60 685 556

	2025 MT	2024 MT
Concentration by type of client		
Loans and advances to government employees	**587 927 083**	60 685 556
	587 927 083	60 685 556
Concentration by location (a)		
North of Mozambique	**222 903 528**	23 252 649
Centre of Mozambique	**298 476 727**	20 894 685
South of Mozambique	**66 546 828**	16 538 222S
	587 927 083	60 685 556

(a) The comparative information has been updated to include disaggregation by location for consistency with the current year presentation and to enhance the usefulness of the financial statements.

FINANCIAL RISK REVIEW (CONTINUED)

A. Credit Risk (continued)

iv. Concentrations of risk (continued)

Concentration by location for loans and advances is based on the customer's region of domicile. Concentration type of client is primarily concentrated in public sector employees, who represent the Company's main client base, with repayments mainly collected through payroll deductions.

As at 31 December 2025, the Bank's loan portfolio remained significantly concentrated in loans and advances to government employees, which represents the principal customer segment of the Bank's lending activities. Geographically, credit exposure is concentrated within Mozambique, with the highest exposure in the Centre of Mozambique, followed by the North and South regions.

Management monitors these concentrations on an ongoing basis to ensure that credit risk remains within acceptable limits and that no significant undue exposure arises from concentration in a single sector or geographical region.

B. Liquidity Risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Microbank, see Note 23.3.

i. Exposure to liquidity risk

The key measure used by the Microbank for managing liquidity risk is the ratio of net liquid assets to funding from third parties. For this purpose, 'net liquid assets' includes cash and cash equivalents. The Microbank is currently funded by borrowings which do not pose any significant liquidity risk.

ii. Maturity analysis for financial assets and liabilities

The following tables set out the remaining contractual maturities of the Microbank's financial assets and liabilities. The maturity analysis has been done based on undiscounted cash flows. The amounts presented in the table below do not include deferred agent commissions as well as deferred corporate bond issuance costs, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination and costs directly attributable to the issuance of corporate bonds, respectively.

2025	**Carrying amount**	**Gross Carrying Amount**	**1-12 months**	**1 to 3 years**	**3 years or more**
Financial assets					
Loans and advances to customers	579 730 256	587 927 083	3 967 232	105 849 021	478 110 830
Cash and cash equivalents	123 031 283	123 031 283	123 031 283	-	-
Other assets *	495 610	495 610	495 610	-	-
	703 257 149	**711 453 976**	**127 494 125**	**105 849 021**	**478 110 830**

6. FINANCIAL RISK REVIEW (CONTINUED)

ii. Maturity analysis for financial assets and liabilities (continued)

2025	Carrying amount	Gross Carrying Amount	1-12 months	1 to 3 years	3 years or more
Financial liabilities					
Debt securities in issue	935 701 653)	(1 545 381 250)	(184 660 000)	520 721 250)	840 000 000)
Other liabilities*	(8 179 735)	(8 179 735)	(8 179 735)	-	-
Shareholder loans	(5 158 000)	(9 243 136)	(1 021 284)	(2 042 568)	(6 179 284)
	949 039 388)	**(1 562 804 121)**	**(193 861 019)**	**522 763 818)**	**846 179 284)**

2024	Carrying amount	Gross carrying amount	1-12 months	1 to 3 years	3 years or more
Financial assets					
Loans and advances to customer	55 618 173	60 685 556	3 049 348	9 197 372	48 438 836
Cash and cash equivalents	1 524 537	1 524 537	1 524 537	-	-
Other assets *	934 557	934 557	934 557	-	-
	58 077 267	**63 144 650**	**5 508 442**	**9 197 372**	**48 438 836**
Financial liabilities					
Debt securities in issue	(24 410 625)	(51 543 035)	(6 029 424)	(12 058 849)	(33 454 762)
Other liabilities*	(6 239 613)	(6 239 613)	(6 239 613)	-	-
Shareholder loans	(19 880 000)	(19 880 000)	-	-	(19 880 000)
	(50 530 238)	**(77 662 648)**	**(12 269 037)**	**(12 058 849)**	**(53 334 762)**

* Other liabilities include payables to suppliers, consultants, employees, and lease liability. The short-term liquidity mismatch is alleviated by the fact that the shareholder loans and the other borrowings have flexible payment terms. Other assets include a refundable regulatory deposit placed with the Central Bank in connection with the licensing of the Microbank. The deposit does not meet the definition of cash and cash equivalents, as it is restricted in nature and is not available for use in the Microbank's day-to-day operations.

The prior year disclosure has been updated to reflect the undiscounted cash flows of debt securities in issue for consistency with the current year presentation. Shareholder loans in the prior year were interest-free and therefore did not give rise to additional undiscounted contractual cash flows beyond the principal amount outstanding.

A significant portion of Microbank's contractual cash outflows is concentrated within the 1 to 3 years and over 3 years maturity buckets, primarily relating to debt securities in issue and shareholder loans raised to support the Bank's lending operations and strategic funding requirements.

The balances included in the 1 to 3 years maturity bucket mainly relate to coupon payments and the repayment of debt securities maturing during this period, while the over 3 years bucket primarily comprises longer-term bond obligations and shareholder funding with bullet principal repayments at maturity.

Although these maturity buckets appear significant due to the aggregation of contractual principal and future interest cash flows on an undiscounted basis, management does not consider this to create immediate liquidity pressure. The repayment profile of these obligations is aligned with the expected cash inflows generated from the underlying loan portfolio and the Bank's forecast operational cash generation.

Based on approved financial projections and budget assumptions, management expects that by September 2027, Microbank will generate sufficient operating cash flows to adequately fund its operations, meet its contractual obligations as they fall due, and support the repayment of outstanding debt securities and shareholder loans without creating undue liquidity stress.

Liquidity risk is continuously monitored through cash flow forecasting, maturity gap analysis, and treasury management processes to ensure that sufficient funding capacity is maintained and that refinancing and repayment obligations are met within acceptable risk parameters.

C. Market Risk

For the definition of market risk and information on how the Microbank manages the market risks, see Note 23.4.

i. Exposure to interest rate risk

The following is a summary of the Microbank 's interest rate gap position on non-trading portfolios. The interest rate repricing gap table analyses the full-term structure of interest rate mismatches within the Microbank 's balance sheet based on the maturity date as all loans have fixed rates. The amounts presented in the table below do not include deferred agent commissions as well as deferred corporate bond issuance costs, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination and costs directly attributable to the issuance of corporate bonds, respectively.

2025	**Gross Carrying amount**	**1-12 months**	**1 to 3 years**	**3 years or more**
Financial assets				
Loans and advances to customers	587 927 083	3 967 232	105 849 021	478 110 830
	587 927 083	**3 967 232**	**105 849 021**	**478 110 830**
Financial liabilities				
Debt securities in issue	(935 701 653)	(18 211 250)	(259 823 736)	(657 666 667)
Shareholder loans	(5 158 000)	-	-	(5 158 000)
Lease liability	(2 092 734)	(1 193 229)	(899 505)	-
	(942 952 387)	**(19 404 479)**	**(260 723 241)**	**(662 824 667)**

6. FINANCIAL RISK REVIEW (CONTINUED)

C. Market Risk (Continued)

i. Exposure to interest rate risk (continued)

2024	Gross Carrying amount	1-12 months	1 to 3 years	3 years or more
Financial assets				
Loans and advances to customer	60 685 556	3 049 348	9 197 372	48 438 836
	60 685 556	3 049 348	9 197 372	48 438 836
Financial liabilities				
Debt securities in issue	(24 410 625)	-	-	(24 410 625)
Share holder loans	(19 880 000)	-	-	(19 880 000)
Lease liability	(3 674 482)	(1 118 295)	(2 236 590)	(319 597)
	(47 965 107)	(1 118 295)	(2 236 590)	(44 610 222)

Interest rate sensitivity analysis

The table below illustrates the impact of a possible 200 basis points interest rate movement for the Microbank:

	2025	
	Pre-tax impact on profit before tax	**Post-tax impact on equity**
Change in net interest income (+200 basis points)	6 694 426	4 552 210
Change in net interest income (-200 basis points)	(6 694 426)	(4 552 210)
	2024	
	Pre-tax impact on profit before tax	**Post-tax impact on equity**
Change in net interest income (+200 basis points)	254 409	172 998
Change in net interest income (-200 basis points)	(254 409)	(172 998)

The table above illustrates the impact on profit before tax and equity of a reasonably possible change of 200 basis points in market interest rates applicable at the reporting date, with all other variables held constant.

The sensitivity analysis has been prepared based on the exposure to variable interest rate financial assets and liabilities existing at the reporting date and assumes that the change in interest rates had occurred at the beginning of the reporting period and had been applied consistently throughout the year.

6. FINANCIAL RISK REVIEW (CONTINUED)

A positive 200 basis points movement represents an increase in interest rates, while a negative 200 basis points movement represents a decrease in interest rates. The impact is mainly driven by changes in interest income and interest expense arising from variable-rate loans, borrowings, and other interest-bearing financial instruments.

The post-tax impact on equity is calculated using the applicable corporate income tax rate of 32%.

There have been no changes in the methods and assumptions used in preparing the interest rate sensitivity analysis compared to the previous financial year.

ii. Exposure to currency risks

As at the reporting date, there were no material foreign currency exposures.

D. Capital management

i. Regulatory capital

The primary objectives of the Microbank's capital management are to ensure that:

- the Microbank comply with the externally imposed capital requirements set by the Central Bank of Mozambique;
- the Microbank maintains healthy capital ratios in order to support its business; and
- the Microbank has ability to continue as a going concern so that it can continue to provide returns and maximize shareholder's value.

The minimum regulatory capital for Microbanks is MZN 5 000 000, and the minimum capital adequacy ratio is 8%. The Microbank is compliant with the minimum regulatory capital requirement, as its share capital amounts to MZN 34 432 000. However, the Microbank is not compliant with the minimum capital adequacy ratio requirement, as described in Note 26.

	31 December 2025		31 December 2024	
	Value	**%**	Value	%
Capital	**29 742 592**	**100%**	9 647 403	100%
Tier one core capital	**27 225 540**	**91.54%**	12 508 248	129.65%
Base (Tier 1)	**24 577 358**	**82.63%**	9 646 705	99.00%
Supplementary	**5 165 234**	**17.37%**	5 165 234	0.01%
Credit risk	**599 016 064**		70 137 455	
On balance sheet	**599 016 064**		70 137 455	
Operational risk	**1 816 922**		1 816 922	
Total risk	**600 832 986**		71 954 377	
Solvency ratio				
Tier 1 core capital		**4.53%**		17.38%
Tier 1 capital		**4.09%**		13.41%
Minimum required ratio		**8%**		8%

7. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Microbank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.
Management assessed that all financial instruments carrying amounts approximate their fair values. The amounts presented in the table below do not include deferred agent commissions as well as deferred corporate bond issuance costs, as these are transaction costs deferred as part of the effective interest rate calculation, being commissions paid to agents in connection with loan origination and costs directly attributable to the issuance of corporate bonds, respectively.

2025	**Level 1**	**Level 2**	**Level 3**	**Total carrying amount**
Assets				
Loans and advances to customers	-	-	579 730 256	579 730 256
Other assets	-	-	495 610	495 610
Cash and cash equivalents	-	123 031 283	-	123 031 283
	-	**123 031 283**	**580 225 866**	**703 257 149**
Liabilities				
Debt securities in issue	-	-	(935 701 653)	(935 701 653)
Shareholder loans	-	-	(5 158 000)	(5 158 000)
Other liabilities	-	(2 092 734)	(6 087 001)	(8 179 735)
	-	**(2 092 734)**	**(947 465 341)**	**(949 558 076)**

Loans and advances to customers and other advances are classified within Level 3 of the fair value hierarchy. Their fair values are determined by using discounted cash flow techniques, applying current market interest rates for similar lending arrangements, adjusted for expected credit losses and borrower-specific credit risk. For variable-rate loans that reprice frequently to market rates, management considers that the carrying amount approximates fair value, as there has been no significant change in credit risk or market spreads since initial recognition.

Debt securities in issue and shareholder loans are classified within Level 3. Their fair values are estimated using discounted cash flow models based on expected future contractual cash flows discounted using current market rates applicable to similar financial instruments. Where these liabilities bear floating interest rates, have short remaining maturities, or were issued at market terms with no significant changes in market conditions since initial recognition, management considers that the carrying amount approximates fair value.

7. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial instruments not measured at fair value (continued)

Cash and cash equivalents are classified within Level 2 and their carrying amounts approximate fair value due to their short-term maturities, high liquidity, and the insignificant risk of changes in value.

Other assets and other liabilities primarily consist of short-term balances which are expected to be realised or settled within a short period. Accordingly, their carrying amounts are considered to be a reasonable approximation of fair value due to the limited exposure to credit risk and interest rate fluctuations.

Where financial liabilities are repayable on demand or have short contractual maturities, the carrying amount is considered to approximate fair value.

There have been no changes in the valuation techniques, significant assumptions, or fair value hierarchy classifications used during the current year compared to the prior year.

2024	**Level 1**	**Level 2**	**Level 3**	**Total carrying amount**
Assets				
Loans and advances to customers	-	-	55 618 173	55 618 173
Other assets	-	-	934 557	934 557
Cash and cash equivalents	-	1 524 537	-	1 524 537
	-	**1 524 537**	**56 552 730**	**58 077 267**
Debts securities in issue	-	-	(24 410 625)	(24 410 625)
Share holder loans	-	-	(19 880 000s)	(19 880 000)
Current tax payable	-	-	(518 688)	(518 688)
Other liabilities	-	(3 674 482)	(2 618 875)	(6 293 357)
	-	**(3 674 482)**	**(47 428 188)**	**(51 102 670)**

8. Net interest income

	2025 MT	2024 MT
Interest income from loans and advances to customers	**134 656 973**	26 837 080
Interest income calculated using the effective interest method	**134 656 973**	26 837 080
Interest expense		
Debt securities issued	**(94 756 028)**	(3 812 875)
Interest expense on lease liabilities (Note 21)	**(570 094)**	(780 051)
Total interest expense	**(95 326 122)**	(4 592 926)
Net interest income	**39 330 851**	22 244 154

The amounts reported above include interest income and expense, calculated under the effective interest method.

9. Net fee and commission income

	2025 MT	2024 MT
Fees and commission income (i)	**652 124**	490 998
Fee and commission expense (ii)	**(37 062 758)**	(1 811 911)
Net fee and commission expense	**(36 410 634)**	(1 320 913)

(i) Fees and commission income

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major commission types:

Collection fees	**224 700**	404 260
Early settlement fees	**61 786**	86 738
Credit insurance intermediation commissions	**365 638**	-
Total fees and commissions income from contracts with customers	**652 124**	490 998

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Microbank recognises revenue when it transfers control over a service to a customer.

These transaction-based fees are charged to the customer's account when the service is rendered.

(ii) Fee and commission expense

Loan agents commission	**11 230 590**	1 015 833
Guaranties and others	**25 832 168**	796 078
	37 062 758	1 811 911

Fees and commission expense include deferred commission amortisation, which represents the systematic recognition in profit or loss of incremental costs previously incurred and capitalised as part of the effective interest rate calculation. These costs are initially recognised as an asset and subsequently amortised to profit or loss over the period to which they relate using the effective interest rate method. Such costs include fees paid to sales agents in connection with loan origination, as well as costs incurred in relation to the raising of corporate bonds. Amortisation of commissions relating to loan origination is recognised in proportion to the related interest income recognised from the respective loans, while amortisation of costs associated with corporate bond raising is recognised in proportion to the interest expense recognised on the respective corporate bonds using the effective interest rate method.

9.1. Net fee and commission income

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. Microbank recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies under IFRS 15
Collection fees	Microbank charges collection fees to its customers in relation to loans deducted at source through CEDSIF (the government paying agent). The collection fee is deducted together with the loan instalment at the time the instalment is collected by CEDSIF and subsequently allocated to Microbank. Payment is therefore received simultaneously with the collection of the loan instalment.	Revenue related to transaction is recognised at point in time when the transaction takes place.
Early settlement fees	Microbank charges penalty fees to customers for the early settlement of loans. These fees are charged when a customer elects to settle a loan before its contractual maturity date. Payment is due immediately upon settlement of the loan.	Revenue related to transaction is recognised at point in time when the transaction takes place.
Credit insurance intermediation commissions	Microbank acts as an intermediary between customers and the insurance company by facilitating credit insurance coverage linked to loans granted to customers. Microbank earns commissions from the insurance company for each loan where insurance coverage is successfully arranged. Payment is received based on the successful placement of the insurance policy.	Revenue related to transaction is recognised at point in time when the transaction takes place.

10. General and administrative expenses

	2025 MT	2024 MT
Depreciation and amortisation	**4 652 498**	4 015 920
Staff costs	**23 823 920**	6 118 418
Office expenses	**9 509 130**	4 674 630
Legal and professional fees	**13 080 021**	9 465 331
Marketing fees	**3 237 331**	298 039
Other expenses	**11 610 932**	1 566 311
Credit insurance costs	**2 257 616**	-
	68 171 448	26 138 649

Included within legal and professional fees are audit fees amounting to MZN 2 222 581 (2024: MZN 2 544 964), relating to the statutory audit of the annual financial statements performed by the independent external auditors, together with fees relating to the services of the Fiscal Council.

11. Taxation

	2025 MT	2024 MT
Tax expense based on loss for the year		
- Current tax expense	-	-
- Deferred tax income	**15 623 097**	97 471
	15 623 097	97 471

11.1. Reconciliation of tax payable

	2025 MT	2024 MT
Balance at 01 January	**518 688**	1 576 047
Additional CIT	-	984 571
Tax paid	**(30 000)**	(2 041 930)
Current tax payable	**488 688**	518 688

11.2. Reconciliation of effective tax rate

	2025	2024
Loss before tax	**(72 088 401)**	(5 657 036)

Tax expense at 32%	**(32%)**	**(23 068 288)**	(32%)	(1 810 252)
Depreciation not accepted	**(1%)**	**847 817**	(4%)	219 960
Non-deductible provisions	**0%**	**347 131**	(1%)	43 194
Advertising expenses beyond legal limits	**(6%)**	**4 454 493**	0%	8 312
Costs associated with issuing corporate bonds	**(24%)**	**17 566 533**	0%	-
Fines and compensatory interest	**0%**	**18 994**	0%	1 121
80% of representation expenses	**0%**	**4 926**	0%	6 358
Fuel consumed in excess	**0%**	**500**	0%	960
50% of the costs incurred with light passenger vehicles	**0%**	**1 150**	0%	-
Depreciation of right-of-use assets	**0%**	**201 584**	(1%)	66 774
50% of daily allowances and kilometres	**0%**	**114 560**	0%	-
Taxes and other charges levied on third parties	**0%**	**146 512**		-
Other deductions/(costs)	**(1%)**	**(635 912)**	(26%)	1 463 573
Total income tax expense	**0%**	**-**	0%	-

The effective tax rate differs from the statutory corporate income tax rate of 32% primarily due to certain expenses that are not fully deductible for tax purposes under applicable tax legislation. The most significant reconciling item relates to costs associated with the issuance of corporate bonds, of which only one-third is deductible for corporate income tax purposes, resulting in a significant permanent tax difference and an increase in the effective tax rate.

Other reconciling items include advertising expenses exceeding the deductible legal threshold, depreciation and provisions not accepted for tax purposes, and certain administrative expenses subject to partial deductibility limitations, such as representation expenses, vehicle-related costs, daily allowances and vehicle-related expenses.

The Mozambican Tax Authority does not confirm the provision or settlement of the tax. These assessments remain open for a period of 5 years, during which the tax authorities can assess or examine them. The administrators are of the opinion that no significant adjustment of these assessments by the tax authorities will result.

The prior year note has been revised to improve the presentation of the total effective tax rate, as in the previous year it was primarily prepared to reflect the tax loss incurred during the financial year.

11.3. Movement in deferred tax assets

2025

	Opening Balance	Recognition/derecognit ion) in profit or loss	Deferred tax asset
Tax losses	1 463 572	15 475 617	16 939 189
IFRS 16 – Leases	147 893	147 480	295 373
Total	**1 611 465**	**15 623 097**	**17 234 562**

2024

	Opening Balance	Recognition/derecognit ion) in profit or loss	Deferred tax asset
Loan Loss Allowance	1 534 961	(1 534 961)	-
Tax losses	-	1 463 572	1 463 572
IFRS 16 – Leases	(20 967)	168 860	147 893
Total	**1 513 994**	**97 471**	**1 611 465**

12. Cash and cash equivalents

	2025 MT	2024 MT
Balances with other banks	**123 031 283**	1 524 537
	123 031 283	1 524 537

The MicroBank held cash at bank of MT 123 031 283 as at 31 December 2025 (2024: MT 1 524 537). The cash and cash equivalents are held with financial institution counterparties that have regional presence in Africa and good credit ratings. Cash and cash equivalents are considered to fall within the "Strong" credit quality category due to the low probability of default associated with the counterparties. These balances are typically maintained with the Bank of Mozambique and established commercial banks with sound liquidity positions and strong regulatory oversight. Accordingly, these exposures are classified as Grade 1 (Strong-Performing exposures with low credit risk and no past due status).

Although IFRS 9 requires expected credit losses to be assessed for cash and cash equivalents measured at amortised cost, the resulting ECL for these balances is considered immaterial and therefore no material loss allowance has been recognised. This is because:

- the balances are held with highly rated and regulated financial institutions;
- the probability of default is assessed as very low;
- there is no history of default or significant credit deterioration for these counterparties; and
- the exposures are generally short-term in nature, reducing the overall loss exposure.

Based on management's assessment, the 12-month expected credit losses associated with these balances are insignificant and do not have a material impact on the financial statements.

13. Loans and advances to customers

	2025	2024
		Restated
	MT	MT
Gross loans and advances to customers	**587 927 083**	60 685 556
Impairment allowance	**(8 196 827)**	(5 067 383)
Carrying amount	**579 730 256**	55 618 173
Deferred agent commissions[1] (a)	**91 530 041**	6 729 148
Total loans and advances to customers	**671 260 297**	62 347 321
Gross loans and advances to customers maturity analysis		
Up to 1 year	**3 967 232**	3 049 348
Over 1 year to 3 years	**105 849 021**	9 197 372
Over 3 years to 5 years	**390 243 511**	48 299 596
Over 5 years	**87 867 319**	139 240
	587 927 083	60 685 556

[1] Restated, refer to the note 25 for details related to the restatement.

(a) Deferred commissions represent incremental costs incurred and paid in connection with the origination of loans that have not yet been recognized in the statement of profit or loss. These costs are initially recognized as an asset and subsequently amortized to profit or loss using the effective interest rate method. The amortization is recognized as part of commission expense in proportion to the interest income recognized from the related financial assets. These commissions mainly relate to fees paid to sales agents for loan origination.

	2025	2024
	MT	MT
13.1 Other advances		
Other advances to related parties *(Note 22)*	**180 000**	-
Other advances (i)	**639 000**	639 000
	819 000	639 000

(i) Other advances:

Rent deposits - Lichinga headquarters & Gloria Mall	**639 000**	639 000
	639 000	639 000

	2025	2024
		Restated
	MT	MT
14. Other assets[1]		
Prepaid expenses	**742 902**	-
Others	**495 610**	1 230 260
	1 238 512	1 230 260

[1] Restated, refer to the note 25 for details related to the restatement.

15. Property and equipment	**Computer equipment** MT	**Furniture and fittings** MT	**Office Equipment** MT	**Leasehold improvements** MT	**Vehicles** MT	**Right-of-use assets** MT	**Assets under construction** MT	**Total** MT
Cost								
Balance 01 January 2024	509 909	1 513 686	1 162 660	1 857 151	599 097	5 751 332	1 728 695	13 122 530
Additions	259 904	369 845	352 547	358 981	-	-	-	1 341 277
Transferences	-	-	-	1 728 695	-	-	(1 728 625)	-
Balance 31 December 2024	**769 813**	**1 883 531**	**1 515 207**	**3 944 827**	**599 097**	**5 751 332**	**-**	**14 463 807**
Balance 01 January 2025	769 813	1 883 531	1 515 207	3 944 827	599 097	5 751 332	-	14 463 807
Additions	3 651 345	568 135	171 368	487 055	400 000	-	75,800	5 353 703
Reallocations*	148 591	-	30 499	(180 921)	-	-	-	(1 831)
Balance 31 December 2025	**4 569 749**	**2 451 666**	**1 717 074**	**4 250 961**	**999 097**	**5 751 332**	**75 800**	**19 815 679**
Accumulated depreciation								
Balance on 01 January 2024	(368 444)	(346 031)	(219 925)	(458 769)	(299 548)	(958 555)	-	(2 651 272)
Depreciation for the year	(184 303)	(570 816)	(425 682)	(682 276)	(149 774)	(1 580 457)	-	(3 593 308)
Reallocations								
Balance 31 December 2024	**(552 747)**	**(916 847)**	**(645 607)**	**(1 141 045)**	**(449 322)**	**(2 539 012)**	**-**	**(6 244 580)**
Balance 01 January 2025	(552 747)	(916 847)	(645 607)	(1 141 045)	(449 322)	(2 539 012)	-	(6 244 580)
Depreciation for the year	(603 671)	(666 945)	(519 614)	(794 567)	(103 901)	(1 580 457)	-	(4 269 155)
Reallocations and adjustments*	(27 731)	(13 453)	(719)	118 622	(74 888)	-	-	1 831
Balance 31 December 2025	**(1 184 149)**	**(1 597 245)**	**(1 165 940)**	**(1 816 990)**	**(628 111)**	**(4 119 469)**	**-**	**(10 511 904)**
Carrying amount								
As at 01 January 2024	141 465	1 167 655	942 735	1 398 382	299 549	4 792 777	1 728 695	10 471 258
As at 31 December 2024	217 066	966 684	869 600	2 803 782	149 775	3 212 320	-	8 219 227
As at 31 December 2025	**3 385 600**	**854 421**	**551 134**	**2 433 971**	**370 986**	**1 631 863**	**75 800**	**9 303 775**

*

16. Intangible assets	Trademarks and Patents	Software	Pre-Incorporation costs	Total
	MT	MT	MT	MT
Cost				
Balance on 01 January 2024	18 338	448 648	3 295 352	3 762 338
Additions	25 163	-	-	25 163
Balance as of 31 December 2024	**43 500**	**448 648**	**3 295 352**	**3 787 500**
Balance on 01 January 2025	43 500	448 648	3 295 352	3 787 500
Balance as at 31 December 2025	**43 500**	**448 648**	**3 295 352**	**3 787 500**
Accumulated amortization				
Balance on 01 January 2024	(7 545)	(255 131)	-	(262 676)
Amortizations for the year	(3 344)	(89 730)	(329 538)	(422 612)
Balance as of 31 December 2024	**(10 889)**	**(344 861)**	**(329 538)**	**(685 288)**
Balance as of 01 January 2025	(10 889)	(344 861)	(329 538)	(685 288)
Amortizations for the year	(4 350)	(49 459)	(329 534)	(383 343)
Balance as at 31 December 2025	(15 239)	(394 320)	(659 072)	(1 068 631)
Carrying amount:				
As at 01 January 2024	10 793	193 517	3 295 352	3 499 662
As at 31 December 2024	32 611	103 787	3 295 352	3 102 213
As at 31 December 2025	**28 261**	**54 328**	**2 636 280**	**2 718 869**

17. Share capital

Authorised and issued share capital

	%	2025 MT	%	2024 MT
Frederico Muianga	**1.5%**	**516 000**	**1.5%**	150 000
Sergio Matsinhe	**1.5%**	**516 000**	**1.5%**	150 000
Blessing Nyakubaya	**97%**	**33 400 000**	**97%**	9 700 000
	100%	**34 432 000**	**100%**	10 000 000

During the year, the Company's share capital increased by MZN 24 432 000, comprising:

- MZN 23 700 000 arising from the conversion of supplementary capital previously contributed by the majority shareholder, Blessing Nyakubaya, and MZN 250 000 from Frederico Muianga into share capital. At the end of 2024, this conversion remained subject to approval by the Central Bank, which was obtained on 17 April 2025. The remaining balance (MZN 482 000) increased from additional capital contributions made by the minority shareholders, Sergio Matsinhe and Frederico Muianga which was also likewise approved by the Central Bank on 17 April 2025.

	2025	2024
Supplementary capital - Blessing Nyakubaya	**34 842 000**	23 700 000

Supplementary capital represents the increase in share capital, which is subject to prior approval by the Central Bank. As at the reporting date, such approval has not yet been obtained.

The balance disclosed in the prior year was converted into share capital following approval by the Central Bank on 17 April 2025.

In addition, the comparative disclosure for 2024 has been updated to reflect the correct allocation of MZN 500,000, which relates to a capital contribution made by Blessing Nyakubaya and had previously been presented under Frederico Muianga, .

During the year, on 8 December 2025, the shareholders approved a further capital contribution of MZN 34 842 000 by Blessing Nyakubaya. As approval from the Central Bank had not yet been obtained as at year-end, this amount continues to be classified as supplementary capital.

	2025	2024
	69 274 000	37 000 000

18. Other liabilities

	2025 MT	2024 MT
Trade payables	**1 598 054**	544 831
State payables	**2 070 625**	706 242
Leave pay provision	**601 392**	371 880
Lease liabilities (*Note 21)*	**2 092 734**	3 674 482
Other	**1 816 930**	942 178
	8 179 735	6 239 613

19. Debt securities in issue

	2025 MT	2024 Restated MT
At amortized cost	**935 701 653**	24 410 625
Deferred corporate bonds raise costs[1] (a)	**(137 852 303)**	(7 196 732)
	797 849 350	17 213 893

[1] Restated, refer to the note 25 for details related to the restatement.

a) Deferred corporate bond raising costs represent incremental costs incurred and paid in connection with the issuance of corporate bonds that have not yet been recognized in the statement of profit or loss. These costs are initially recognized as an asset and subsequently amortized to profit or loss using the effective interest rate method. The amortization is recognized as part of finance costs in proportion to the interest expense recognized on the related corporate bonds.

Corporate bonds at amortized cost rate reconciliation

Floating rate	**917 490 403**	21 508 375
Fixed rate	**18 211 250**	2 902 250
	935 701 653	24 410 625

The Microbank issued the following debt securities:

Description	Nr of Bonds	Nominal Value	Issuance amount	Interest rate	Issuance Date	Maturity date
Servcred Bonds 2024 – Series 1	235 000	100	23 500 000	PLRSF+2%	29-Apr-2024	2- Apr-2028
Servcred Commercial Paper 2025 – Series 1	170 000	100	17 000 000	22.5%	7-Mar-2025	7-Mar-2026
Servcred Bonds 2025 – Series 1	2 000 000	100	200 000 000	PLRSF+2%	12-May-2025	12-May-2027
Servcred Bonds 2025 – Series 2	300 000	100	30 000 000	PLRSF+2%	16-May-2025	16-May-2027
Servcred Bonds 2025 – Series 3	6 000 000	100	600 000 000	PLRSF+2%	8-Jul-2025	8-Jul-2030
			870 500 000			

Below is the roll-forward of the debts securities in issue:

Description	Opening balance	Debt securities issued during the year	Interest expense	Payment of interest	Closing balance
Servcred Bonds 2024 – Series 1	24 410 625	-	4 890 611	(5 052 500)	24 248 736
Servcred Commercial Paper 2025 – Series 1	-	17 000 000	3 123 750	(1 912 500)	18 211 250
Servcred Bonds 2025 – Series 1	-	200 000 000	25 400 000	(20 500 000)	204 900 000
Servcred Bonds 2025 – Series 2	-	30 000 000	3 675 000	(3 000 000)	30 675 000
Servcred Bonds 2025 – Series 3	-	600 000 000	57 666 667	0	657 666 667
	24 410 625	**847 000 000**	**94 756 028**	**(30 465 000)**	**935 701 653**

19. Debt securities in issue (continued)

Below is the reconciliation of the nominal amount and accrued interest of the debts securities in issue:

Description	2025			2024		
	Nominal amount	**Accrued interest**	**Carrying amount**	Nominal amount	Accrued interest	Carrying amount
Servcred Bonds 2024 – Series 1	**23 500 000**	**748 736**	**24 248 736**	23 500 000	910 625	24 410 625
Servcred Commercial Paper 2025 – Series 1	**17 000 000**	**1 211 250**	**18 211 250**	-	-	-
Servcred Bonds 2025 – Series 1	**200 000 000**	**4 900 000**	**204 900 000**	-	-	-
Servcred Bonds 2025 – Series 2	**30 000 000**	**675 000**	**30 675 000**	-	-	-
Servcred Bonds 2025 – Series 3	**600 000 000**	**57 666 667**	**657 666 667**	-	-	-
	870 500 000	**65 201 653**	**935 701 653**	23 500 000	910 625	24 410 625

The Microbank did not record any principal or interest defaults or other defaults in relation to these debt securities during the year ended 31 December 2025.

20. Shareholder loans

	2025 MT	2024 MT
Blessing Nyakubaya (i)	**5 158 000**	19 630 000
Frederico Muianga	**-**	250 000
	5 158 000	19 880 000

(i) This is a subordinated loan agreement entered into on 22 January 2025. The principal and interest instalments of the loan shall be payable semi-annually in arrears over the term of the loan, on 30 June and 31 December of each year. The loan bears interest at the Prime Lending Rate of the Mozambican financial Sector plus a spread of 4% per annum. The loan shall not be repaid within the first five (5) years, unless the Borrower elects to do so at its sole initiative and subject to the corresponding approval by the Bank of Mozambique.

The Lender has declared and acknowledged that no interest shall be due or payable in respect of the 2025 financial year, and that the recognition and any eventual payment of interest shall commence only in the 2026 financial year, on the contractually agreed semi-annual due dates, namely 30 June and 31 December.

20. Shareholder loans (continued)

Below is the movement of shareholder loans during the year:

Description	31-Dec-2024	Additions during the year	Conversion in supplementary capital	Conversion in share capital	31-Dec-2025
Blessing Nyakubaya	19 630 000	20 370 000	(34 842 000)	-	**5 158 000**
Frederico Muianga	250 000	-	-	(250 000)	**-**
	19 880 000	**20 370 000**	**(34 842 000)**	**(250 000)**	**5 158 000**

The conversion of shareholder loans to supplementary capital from Blessing Nyakubaya, amounting to MZN 34 842 000, during the year was effected on 8 December 2025, following shareholder approval of an additional capital contribution of MZN 34,842,000 by Blessing Nyakubaya. As approval from the Central Bank had not yet been obtained as at year-end, this amount was classified as supplementary capital until such approval is granted.

The conversion of shareholder loans to share capital from Frederico Muianga, amounting to MZN 250 000, during the year was effected on 17 April 2025, following approval from the Central Bank.

21. Leases

The Company leases the premises of the head office and branches. Lease contracts have a duration of 3 to 5 years, with the option to renew.

Right-of-use assets are related to leases and are included in property and equipment.

	2025	2024
	MT	MT
Balance on 01 January	**3 212 320**	4 792 777
Depreciation for the year	**(1 580 457)**	(1 580 457)
Balance at 31 December	**1 631 863**	3 212 320

Amount recognized in profit or loss

Interest on lease liability	**570 094**	780 051
Depreciation of right of use assets	**1 580 457**	1 580 457
	2 150 551	2 360 508

The reconciliation of the lease liability is as follows:

Balance on 01 January	**3 674 482**	5 046 272
Payments	**(2 151 842)**	(2 151 841)
Interest on lease liability	**570 094**	780 051
Balance at December 31 (Note 18)	**2 092 734**	3 674 482

The following table sets out the maturity analysis of lease liabilities based on undiscounted contractual cash flows, including future finance charges, as at 31 December 2025:

Lease liabilities	**Less than 1 year**	**1 – 2 years**	**Total**
Lease payments	1 525 920	1 050 000	2 575 920
Finance charges	332 691	150 494	483 185
Total undiscounted lease liabilities	1 858 611	1 200 494	3 059 105

22. Related parties

The following are related party transactions and balances:

	2025	2024
	MT	MT
Loans to shareholders		
Frederico Muianga	**180 000**	-
	180 000	-

Shareholder loans

Blessing Nyakubaya	**5 186 175**	19 630 000
Frederico Muianga	**-**	250 000
	5 186 175	19 880 000

Other liabilities

Blessing Nyakubaya	**28 175**	-
	28 175	-

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. These include directors (executive and non-executive) and senior management. The compensation of key management personnel during the year was as follows:

Shor-term employee benefits	**6 721 199**	1 478 000
	6 721 199	1 478 000

Other than short-term employee benefits, no other expenses were incurred or income was received from related parties through profit or loss during the year.

Entity with common shareholder

During the year, the Microbank incurred operating expenses with Benlor Consulting, an entity under common ownership through the shareholder Blessing Nyakubaya, related to accounting fees, software subscriptions, and office cost recoveries, amounting to MZN 7 742 805 (2024: MZN 1 408 048). At year-end, there were no outstanding balances in the balance sheet relating to Benlor Consulting (2024: Nil).

23. FINANCIAL RISK MANAGEMENT

23.1. Introduction and overview

The Microbank has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risks; and
- Operational risks.

i. Risk management framework

The Directors have overall responsibility for the establishment and oversight of the Microbank's risk management framework.

Sound risk management is integral to the success of the Microbank and plays a crucial role in enabling management to operate more effectively in a changing environment. It has evolved into one of the Microbank's core capabilities and is integral to the evaluation of strategic alternatives and the setting of objectives all within a risk management framework.

The Board of Directors is ultimately responsible for any loss suffered by the Microbank. Risk taking in an appropriate manner is an integral part of business and success relies on optimising the trade-off between risk and reward. The risks arising from financial instruments to which the Microbank is exposed are financial risks which includes credit risk, liquidity risk and market risks.

23.2. Credit risk

Credit risk is the risk that the Microbank may suffer financial loss should any of the Microbank's customers, clients or market counter-parties fail to honour their contractual obligations to the Microbank. The credit risk that the Microbank faces arises mainly from consumer loans and advances and bank balance. The Microbank has policies, procedures and processes dedicated to controlling and monitoring risk from all such activities.

Management of credit risk

The exposure to risk based on the credit profile of the Microbank is monitored and managed through the tracking of overdue exposures. The Microbank monitors concentrations of credit risk that arise by type of customer in relation to the Microbank's loans and advances to customers by carrying a balanced portfolio.

The board of directors created the Credit Committee for the oversight of credit risk. A separate Credit department, reporting to the Committee, is responsible for managing the Microbank's credit risk, including the following:

- **Formulating credit policies** in consultation with departments, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- **Establishing the authorisation structure** for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by the Head of Credit as appropriate.

- **Reviewing and assessing credit risk:** Credit department assesses all credit exposures in excess of designated limits, before facilities are committed to customers. Renewals and reviews of facilities are subject to the same review process.
- **Limiting concentrations of exposure** to counterparties and geographies.
- **Developing and maintaining the Microbank's risk gradings** to categorise exposures according to the degree of risk of default. The current risk grading framework are stated on Note 6A. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Microbank's Risk.
- **Developing and maintaining Microbank's processes for measuring ECL:** This includes processes for:
  - initial approval, regular validation and back-testing of the models used;
  - determining and monitoring significant increase in credit risk; and
  - incorporation of forward-looking information.

- **Reviewing compliance** of the Microbank with agreed exposure limits, including those for selected industries, country risk and product. Regular reports on the credit quality of the portfolio are provided to Credit, which may require appropriate corrective action to be taken. These include reports containing estimates of ECL allowances.

Maximum exposure to credit risk per class of financial asset

For financial assets recognised in the statement of financial position, the exposure to credit risk equals the carrying amount.

23.3. Liquidity risk

Liquidity risk is the risk that the Microbank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which is inherent to the Microbank's operations.

Management of liquidity risk

The Microbank's board of directors sets the Microbank's strategy for managing liquidity risk and oversight of the implementation is administered by the Board of Directors. The Board of Directors approves the Microbank's liquidity policies and procedures created by ALCO. Finance Department manages the Microbank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position.

The Microbank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Microbank's reputation. The key elements of the Microbank's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of shareholder loans and debts securities.
- Carrying a portfolio of highly liquid assets, diversified by maturity.
- Monitoring maturity mismatches, behavioural characteristics of the Microbank's financial assets and financial liabilities, and the extent to which the Microbank's assets are encumbered and so not available as potential collateral for obtaining funding.
- Stress testing of the Microbank's liquidity position against various exposures and country-specific events.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Microbank's-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, natural disasters or other catastrophes).

23.4. Market risk

Market risk is the risk that changes in market variables, principally interest rates, may affect the institution's income or the fair value of its financial instruments. Given the nature of the institution's operations, market risk primarily arises from interest rate risk associated with its non-trading portfolio.

The institution does not maintain a trading portfolio. Its financial assets consist mainly of loans and advances granted to public employees, which are classified within the non-trading portfolio and measured at amortised cost.

Management of market risk

The principal market risk to which the institution is exposed is interest rate risk arising from fluctuations in market interest rates that may affect the future cash flows or economic value of its loan portfolio.

Interest rate risk is monitored through periodic reviews of lending rates, funding costs and maturity profiles of financial assets and liabilities. Management assesses the potential impact of changes in market interest rates on profitability and the institution's overall financial position.

Given that the loan portfolio consists predominantly of loans and advances to public employees, the institution considers its exposure to market risk to be limited and manageable within its normal operating framework.

Exposure to market risk – Non-trading portfolio

The non-trading portfolio comprises loans and advances to public employees. These exposures are subject mainly to interest rate risk.

Management regularly monitors interest rate movements and evaluates whether lending rates remain appropriate in light of market conditions, regulatory requirements and funding costs.

23.4.1. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

23. FINANCIAL RISK MANAGEMENT (continued)

The Microbank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise.

Financial instruments with cash flow interest rate risk comprise loans and advances to customers. The interest rate applied in loans and advances to customers are fixed rates based on pricing list approved by the Board of Directors.

23.4.2. Currency risk

The Microbank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The exchange rates against the Metical used for the translation of balances denominated in foreign currency are as follows:

	31 December 2025	31 December 2024
US Dollar	63.91	63.91

23.5. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Microbank's processes, personnel, technology and infrastructure, as well as from external factors other than credit, market and liquidity risks, including those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Microbank's activities.

The Microbank's objective is to manage operational risk in a manner that balances the avoidance of financial losses and reputational damage with overall cost effectiveness and operational efficiency. In all cases, the Microbank's policies require compliance with all applicable legal and regulatory requirements.

The board of directors has established an Risk and Compliance Committee, which is responsible for the development and implementation of controls designed to address operational risk. This responsibility is supported by the establishment of standards and procedures for the management of operational risk in the following areas:

- appropriate segregation of duties, including the independent authorisation of transactions;
- reconciliation and monitoring of transactions;
- compliance with regulatory and legal requirements;
- documentation of controls and procedures;
- periodic assessment of operational risks and the adequacy of controls and procedures in place to address identified risks;
- reporting of operational losses and implementation of remedial actions;
- development of contingency and business continuity plans;
- staff training and professional development;
- adherence to ethical and business standards;
- management of IT and cyber risks; and
- Risk mitigation measures, including insurance where cost-effective.

Compliance with t hese standards is supported by periodic reviews undertaken by Internal Audit, with the results reported to the board of directors and senior management.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented.

a) **Foreign currency**

Transactions in foreign currency are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the middle closing exchange rate ruling at the reporting date and differences on translation are recognised in profit or loss in the period to which they relate. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign exchange rate ruling at the date of the transaction.

b) Financial assets and financial liabilities:

i. Recognition and initial measurement

The Microbank initially recognises loans and advances to customers on the date on which they are originated. All other financial instruments are recognised on the trade date which is the date on which the Microbank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus for an item not at FVTPL transaction costs that are directly attributable to its acquisition or issue.

ii. Classification of Financial assets

On initial recognition a financial asset is classified as measured at: amortised cost FVOCI (fair value through other comprehensive income) or FVTPL (fair value through profit or loss).
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI (solely payments of principal and interest).

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial assets and financial liabilities (continued)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Business model assessment

The Microbank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue maintaining a particular interest rate profile matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Microbank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation but as part of an overall assessment of how the Microbank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs) as well as profit margin.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)

iii. Classification of Financial assets (continued)

In assessing whether the contractual cash flows are SPPI the Microbank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Microbank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Microbank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Microbank holds a portfolio of long-term fixed-rate loans for which the Microbank has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Microbank has determined that the contractual cash flows of these loans are SPPI because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Microbank changes its business model for managing financial assets.

Financial liabilities

The Microbank classifies its financial liabilities, other than financial guarantees and loan commitments as measured at amortised cost.

iv. Derecognition

Financial assets

The Microbank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Microbank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)

Financial liabilities

The Microbank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

v. Modifications of financial assets and financial liabilities

Financial *assets*
If the terms of a financial asset are modified, then the Microbank evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Microbank plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Microbank first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred, and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.
If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)

Financial liabilities

The Microbank derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred if any and the assumption of liabilities including the new modified financial liability. If the modification of a financial liability is not accounted for as derecognition then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

vi. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when the Microbank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted under IFRS or for gains and losses arising from a Microbank of similar transactions such as in the Microbank's trading activity.

vii. Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence the most advantageous market to which the Microbank has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available the Microbank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Microbank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)

Fair value measurement (continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Microbank determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Microbank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Microbank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments – e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure – are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand discounted from the first date on which the amount could be required to be paid.

The Microbank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

viii. Impairment

See also Note 6 A(iii)
The Microbank recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL. Microbank does not hold any financial instruments measured at FVOCI.

- financial assets that are debt instruments;

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)

Impairment (continued)

The Microbank measures loss allowances at an amount equal to lifetime ECL except for the following for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date.

The Microbank considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Microbank does not apply the low credit risk exemption to any other financial instruments. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Financial instruments for which a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'. Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 financial instruments'.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Microbank expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Microbank if the commitment is drawn down and the cash flows that the Microbank expects to receive; and

- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Microbank expects to recover.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)
Impairment (continued)

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date the Microbank assesses whether financial assets carried at amortised are credit-impaired (referred to as 'Stage 3 financial assets'). A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Microbank on terms that the Microbank would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

b) Financial assets and financial liabilities (continued)
Impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

The Microbank does not hold any financial instruments measured at FVOCI.

Write-off

Loans and debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Microbank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI. Financial assets that are written off still be subject to enforcement activities in order to comply with the Microbank's procedures for recovery of amounts due.

c) Interest

i. Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Microbank estimates future cash flows considering all contractual terms of the financial instrument but not ECL. For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

c) Interest (continued)

ii. Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and for financial assets adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

iii. Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins. However, for financial assets that have become credit-impaired subsequent to initial recognition interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired then the calculation of interest income reverts to the gross basis.
For financial assets that were credit-impaired on initial recognition interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis even if the credit risk of the asset improves. For information on when financial assets are credit-impaired.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;

Interest expense presented in the statement of profit or loss and OCI includes financial liabilities measured at amortised cost.

The Microbank has classified cash payments for the principal portion of lease payments as financing activities and cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Microbank. The Accounting Standards require cash flows from interest and dividends received and paid to be disclosed separately. In our view, such disclosure is required in the statement of cash flows, rather than in the notes. In the absence of specific guidance in IFRS Accounting Standards, an entity chooses an accounting policy, to be applied consistently, to classify interest paid as either operating or financing activities. The Microbank has

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

elected to classify cash flows from interest paid, as operating activities. Interest paid includes the interest portion of the lease liabilities.

d) Fees and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Fee and commission income is recognised as the related services are performed. If a loan commitment is not expected to result in the draw-down of a loan, then the related loan commitment fee is recognised on a straight-line basis over the commitment period.

A contract with a customer that results in a recognised financial instrument in the Microbank's financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the Microbank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

e) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows comprise cash balances at bank accounts.

f) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Microbank. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The estimated useful lives of property and equipment for the current and comparative periods are as follows:

	Years
Computer Equipment	3
Furniture & Fittings	3
Office Equipment	3
Motor vehicles	5

For the purpose of determining the depreciable amount for property and equipment the residual value was estimated as nil.

Depreciation methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Intangible assets

Trademarks & Patents

Trademarks & Patents acquired by the Microbank are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are expensed as they are incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over the estimated useful life from the date on which it is available for use. The estimated useful life Trademarks & Patents as well as Pre-incorporation costs for the current and comparative periods is ten years and for software is five years..

Amortisation methods useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Leases

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

Microbank has no lease agreement acting as lessor.

i) Impairment of non-financial assets

The Microbank assesses at each reporting date or more frequently if events or changes in circumstances indicate that the carrying value may be impaired whether there is an indication that a non-financial asset may be impaired. If any such indication exists or when annual impairment testing for an asset is required, the Microbank makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount nor exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount in which case the reversal is treated as a revaluation increase.

j) Income tax

i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full then future taxable profits adjusted for reversals of existing temporary differences are considered based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects at the reporting date to recover or settle the carrying amount of its assets and liabilities.

24. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Deferred tax assets and liabilities are offset only if the following criteria is met:

- the entity has a legally enforceable right to set off current tax liabilities and assets; and the deferred tax liabilities and assets relate to income taxes levied by the same tax authority on either:
- the same taxable entity; or different taxable entities but these entities intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously for each future period in which these differences reverse.

k) Employee benefits

Defined contributed plan

Obligations for contributing to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash return or a reduction in future payment is available.

The defined contribution to National Social Security System is generally funded by payments from employees (3% of gross salary) and the Microbank (4% of gross salary). The Microbank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

l) Share Capital

Incremental costs directly attributable to the issue of ordinary shares net of any tax effects are recognized as a deduction from equity.

m) Loans and advances to customers

The 'loans and advances to customers' caption in the statement of financial position includes loans and advances measured at amortised they are initially measured at fair value plus incremental direct transaction costs and subsequently at their amortised cost using the effective interest method.

25. Restatement of prior years errors

During the year 2025, the Microbank identified an incorrect classification of deferred commission costs paid to agents for loan origination, as well as costs incurred in raising corporate bonds, for the financial years 2024 and 2023. These costs had been classified under Other assets instead of being presented under Loans and advances to customers and Debt securities in issue, respectively.

Management assessed the total amount of these costs and concluded that, in accordance with IFRS 9, such costs should be allocated to the carrying amount of the related financial assets and financial liabilities to which they directly relate, using the effective interest method. Accordingly, the appropriate reclassification was made.

Consequently, as required by IAS 8, the Microbank applied retrospective restatement as follows:

- The statements of financial position for 2024 and 2023 were restated to correct the misclassification;
- The statement of cash flows for 2024 was restated to reflect the effects of the balance sheet reclassification.

The statement of profit or loss was not restated, as these costs were initially recognised in the statement of financial position and did not have an initial impact on profit or loss.

Details of the restatement are presented below:

IMPACT ON THE MICROBANK'S STATEMENT OF FINANCIAL POSITION

	As previously reported	Restatement	Restated
	2024	2024	2024
	MZN	MZN	MZN
Assets			
Loans and advances to customers	55 618 173	6 729 148	62 347 321
Other assets	15 156 140	(13 925 880)	1 230 260
Total assets	85 870 755	(7 196 732)	78 674 024
Liabilities			
Debt securities in issue	24 410 625	(7 196 732)	17 213 893
Total liabilities	51 048 926	(7 196 732)	43 852 194
Total equity and liabilities	85 870 755	(7 196 732)	78 674 023

	As previously reported	Restatement	Restated
	1 January 2024	1 January 2024	1 January 2024
	MT	MT	MT
Assets			
Loans and advances to customers	12 492 299	1 806 558	62 347 321
Other assets	3 401 622	(1 806 558)	1 230 260

IMPACT ON THE MICROBANK'S STATEMENT OF CASHFLOWS

	As previously reported 2024 MT	Restatement 2024 MT	Restated 2024 MT
Cash flows from operating activities			
Transaction costs on debt securities issued	-	1 811 911	1 811 911
Changes in working capital:			
Changes in loans and advances to customers and other advances	(40 520 333)	(4 192 983)	(44 713 316)
Change in other assets	(11 754 518)	11 389 714	(364 804)
Cash flows used in operations	(82 009 000)	9 008 642	(73 000 358)
Net cash used in operating activities	(58 221 389)	8 228 591	(49 992 798)
Cash flows from financing activities			
Transaction costs paid on debt securities issued	-	(9 008 643)	(9 008 643)
Net cash generated from financing activities	59 685 952	(8 228 591)	51 457 361

26. Going concern

During the year 31 December 2025, the Microbank incurred a loss of MZN 56 465 304 (2024: loss of MZN 5 559 565). The Capital Adequacy Ratio (CAR) was below the minimum regulatory requirement of 8%, standing at 4.95% (2024: 13.41%), and the Microbank recorded negative operating cash flows of MZN 583 682 945 (2024: MZN 49 992 798).

The reduction in the ratio, the loss incurred, as well as the negative operating cash flows, resulted essentially from circumstantial and strategic factors that occurred during the 2025 financial year, which are detailed below:

- **Investment strategy and business growth:** While 2024 was focused mainly on returning to the market following the licence upgrade, the 2025 financial year was characterised by a strategic shift in focus towards scaling up volumes and operational capacity to support the sustainable long-term growth of the business. Within this context, the Microbank accessed substantial long-term funding through the issuance of Corporate Bonds and Commercial Paper amounting to MZN 830 million and MZN 17 million, respectively, principally utilised to significantly grow the credit portfolio and create a robust cash-generating asset base. As the cash raised from the bonds was gradually disbursed into client loans, the corresponding Risk-Weighted Assets used in credit risk assessments also increased, which resulted in temporary pressure on the capital adequacy computations and contributed to the reduced ratio at year-end.
- **Financial impact of costs associated with the bonds:** The funding raised was substantial and was obtained largely in two significant issuances transactions of MZN 200 million and MZN 600 million made on 12 may and 08 July 2025, respectively, resulting in significant upfront expenses, mainly related to capital raising fees and interest payable on the Corporate Bonds. These costs started being recognised immediately, whilst the build-up in interest income took time as the Microbank progressively deployed the raised funds over the second half of the year. Such a scenario, which is

common in a greenfield expansion phase, had a temporary but material negative impact on the Statement of Profit or Loss for the financial year, although this effect is expected to reverse as income surpasses costs upon full utilisation of the funding. This temporary negative carry on the income statement throughout much of the second half of the year was a key factor negatively affecting the net financial results for the period.

- **Strengthening of the organisational structure and operational investments:** The year 2025 was also marked by a large-scale recruitment process and significant operational investments aimed at providing a solid foundation for the Institution's medium- and long-term strategic objectives. Although essential for the Bank's future sustainability, these investments increased upfront operational costs in the short term and contributed to the losses recorded during the year, in addition to the negative carry explained above. It is important to note that these initial investments have now largely been completed and, being once-off in nature, future incremental revenues are expected to have a greater positive impact on profitability.
- **Impact on Equity and the Capital Adequacy Ratio:** The increase in Risk-Weighted Assets, combined with the accounting losses incurred during the year, resulted in a deterioration of Regulatory Equity, leading to the adverse Capital Adequacy Ratio reported at year-end.

Recognising the importance of complying with prudential ratios, on 8 December 2025, the Shareholders approved a share capital increase of MZN 34 842 000 with the objective of restoring the Bank's financial soundness and ensuring compliance with regulatory capital requirements. This capital increase process was submitted on 12 December 2025 and is currently pending approval by the Bank of Mozambique, after which it will be transferred to paid-up capital and will immediately qualify for inclusion in the computation of the prudential ratios.

Additionally, the Institution currently has a cost structure that is largely fixed and stabilised, resulting from the investments already made during the 2025 financial year. No significant structural changes or additional material impacts on the cost base are anticipated. Financial margins from all funding raised post year-end are expected to contribute directly towards profitability, as substantially all fixed costs have now been absorbed.

It should also be noted that the Bank reached its break-even point in January 2026, and from that point onwards has been generating profits. Positive results are projected for the 2026 financial year and beyond, which are expected to contribute to the sustained strengthening of own funds (Regulatory Equity) and solvency ratios. In addition, Management has prepared financial projections covering at least 12 months from the reporting date, demonstrating that the Company is expected to maintain sufficient liquidity and meet regulatory capital requirements.

Furthermore, subsequent to year-end, the Microbank successfully raised additional corporate bond funding amounting to MZN 375 million, which demonstrates continued stakeholder confidence in the Institution and further supports its ability to expand operations while maintaining adequate liquidity.

Based on the above assessment, Management concluded that no material uncertainty exists that may cast significant doubt on the Microbank's ability to continue as a going concern. Accordingly, the Microbank has prepared its financial statements on the going concern basis of accounting, which presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

27. Subsequent events

After the year-end, specifically on 18 March 2026, the MicroBank issued corporate bonds amounting to MZN 375 million, comprising 3,750,000 registered bonds with a nominal value of MZN 100 per bond. The bonds were issued at a fixed annual interest rate of 17.50%, with a maturity period of 5 years and semi-annual coupon payments.

This event was considered a non-adjusting subsequent event, as it relates to a transaction that occurred after the reporting date and does not provide evidence of conditions that existed as at 31 December 2025.