



**SIM – SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, S.A.**  
**ANNUAL REPORT 2015**

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## CHAIRMAN'S STATEMENT

The Mozambican economy continued to show signs of deceleration over the course of 2015 with an expected GDP growth of 6.5%, below the initial projections of 7.5%.

Mozambique suffered an external shock, as a result of plunging commodity prices in the international market, which are expected to persist in 2016, as well as a slowdown in direct foreign investment and a fall in external assistance

As a result of the previously mentioned factors and the strengthening of the US dollar in the international market, there was a sharp depreciation of the Metical, which forced the Central Bank to adjust its monetary policy.

In spite of the adverse environment of the national economy over the course of 2015, which had an impact on the economy of companies, Seguradora Internacional de Moçambique managed to maintain notable growth rates. Processed net revenue grew about 8.7% in 2015, above GDP growth expectations and 4.3% above what was budgeted, with net income having increased by 14.6%. The other economic and financial indicators followed the same growth trend.

These growth levels were only possible because the Insurer continues to merit the trust of its customers and business partners, supported by a strict commitment to the quality of the service levels provided, robustness of its equity and solvency margin, as well as a high level of liquidity.

The AA- rating, the highest to have been awarded to an insurer in Mozambique and which was recently renewed by Global Credit Rating, the largest rating institution in Africa, confirms the solidity of Seguradora Internacional de Moçambique as the reference insurer at a national level.

Unlike the previous year, the major projects, particularly in the Oil & Gas area, did not contribute significantly to the growth of our insurance portfolio. We expect 2016 to be a year of recovery in this area, with investment decisions being taken over the course of the year.

The bancassurance channel exceeded expectations, having continued to contribute significantly to the growth of the Insurer, with a notable increase in Insurance sales, namely Credit and Motor, as a result of the strengthening of sales activity through the commercial networks of BIM – Banco Internacional de Moçambique.

The national insurance market continues to grow and to gain a foothold in the national economy, where competitiveness is increasingly effective and constitutes a driving factor par excellence, leading insurers to imprint a proactive attitude, seeking to increasingly better serve their customers, launching innovative products or products more in line with the needs of the customer and at more attractive tariffs.

The challenges of the insurance sector in Mozambique also include the involvement of insurers and the supervisory authority in the financial education of citizens regarding the need and importance of insurance and the conscious use of insurance products, thus expanding the insurable base and guaranteeing the sustainability of the sector.

The economic growth of Mozambique continues robust and the prospects for economic and social development remain positive, in view of the massive investments planned for the mineral and energy resources sector.

I am confident that the next few years will be characterised by the resumption of large investment projects. As a strategic partner of the companies and institutions that invest in Mozambique, Seguradora Internacional de Moçambique guarantees the best insurance solutions in all areas.

It is to this end that we are currently developing projects that will be implemented over the course of 2016, focusing on the improvement of information systems, the continuous training of our staff, and the restructuring or introduction of products, in order to optimise processes and more effectively respond to the increasingly demanding expectations of our customers.

All the achievements that SIM has accomplished year after year were possible due to the professionalism and dedication of its employees, and I thus wish to extend to them the due recognition and consideration. I am certain that we will continue to count on the same dedication and professionalism in meeting the challenges that lie ahead.

I would also like to take this opportunity to express my gratitude and appreciation to all the Shareholders, the Board of the General Meeting and the Board of Auditors for all their collaboration and competence in the monitoring of SIM's management.

To the government entities and the supervisory body, I wish to express my gratitude for their usual cooperation.

To the customers, which are the reason for our existence, I thank you for the privilege of your trust and I reiterate our commitment and dedication to meeting your expectations regarding customer-SIM relations.

**Chairman of the Board of Directors**



## KEY INDICATORS

Key Indicators	Million Meticaís		
	2015	2014	Change % 15/14
<b>Income Statement</b>			
Direct written premiums	1,803	1,753	2.8%
Non-Life	1,431	1,384	3.3%
Life	372	368	1.0%
Technical margin	1,011	844	19.8%
Net income	532	464	14.6%
<b>Balance sheet</b>			
Shareholders' equity	2,038	1,787	14.0%
Total assets	6,884	6,147	12.0%
Investments	6,222	5,600	11.1%
<b>Efficiency Ratios</b>			
Ratio of Non-Life claims, net of reinsurance	26.2%	30.4%	-4.2pp
Ratio of Non-Life costs, net of reinsurance	29.1%	26.9%	2.1pp
Combined ratio of Non-Life, net of reinsurance	55.3%	57.3%	-2.1pp
Life Net Operating Costs/Average of Life investments	0.4%	0.4%	0.0pp
<b>Profitability</b>			
Technical Margin / Premium revenue	56.1%	48.1%	7.9pp
Non-Life	61.1%	53.3%	7.8pp
Life	36.8%	28.7%	8.1pp
Return on average equity - ROE	26.1%	26.0%	0.1pp
<b>Solvency</b>			
Solvency ratio	455.2%	412.8%	42.4pp
Equity / Total Assets	29.6%	29.1%	0.5pp
Coverage of the technical provisions	144.2%	141.7%	2.5pp
<b>Other Indicators</b>			
Market share	n.d.	21.0%	-
Number of Employees	154	146	5.5%

## SHAREHOLDER STRUCTURE

			Meticaís
Shareholders	No. of Shares	% of share capital	Paid-up Share Capital
BIM - Banco Internacional de Moçambique, S.A.	1,326,232	89.9140%	132,623,200
PT Participações, SGPS, S.A.	86,068	5.8351%	8,606,800
FDC - Fundação para o Desenvolvimento da Comunidade	30,716	2.0824%	3,071,600
TDM - Telecomunicações de Moçambique, S.A.	30,716	2.0824%	3,071,600
Remaining Shareholders	1,268	0.0860%	126,800
<b>Total</b>	<b>1,475,000</b>	<b>100.0000%</b>	<b>147,500,000</b>

## GOVERNING BODIES

### Board of the General Meeting

<b>Chairman</b>	Narciso Matos
<b>Deputy-Chairman</b>	Teotónio Jaime dos Anjos Comiche
<b>Secretary</b>	Horácio de Barros Chimene

### Board of Directors

<b>Chairman</b>	Mário Fernandes da Graça Machungo
<b>Deputy-Chairman</b>	José Reino da Costa
<b>Director</b>	Rui Manuel Teles Raposo Pinho de Oliveira
<b>Director</b>	Rui Jorge Lourenço Fernandes
<b>Director</b>	João Manuel Rodrigues T. da Cunha Martins
<b>Director</b>	Manuel Frederico Lupi Belo
<b>Director</b>	Curratilaine Issufo Abdul Remane

### Board of Auditors

<b>Chairman</b>	Esperança Alfredo Samuel Machavela
<b>Member</b>	Daniel Filipe Gabriel Tembe
<b>Member</b>	Eulália Mário Madime
<b>Alternate Member</b>	Maria Iolanda Wane

## **REPORT OF THE BOARD OF DIRECTORS**

With the completion of the financial year of 2015, the Board of Directors of Seguradora Internacional de Moçambique, S.A. has the pleasure to present the Shareholders with the Annual Report for the year ended on 31 December 2015, which was audited by KPMG Auditores e Consultores, SA.



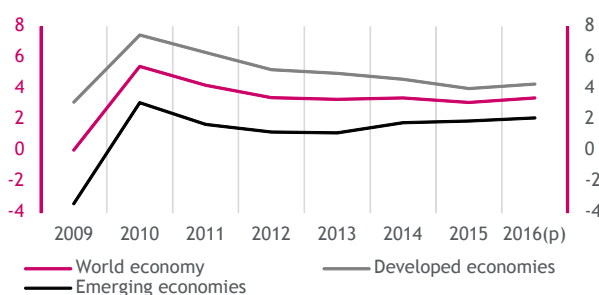
## ECONOMIC ENVIRONMENT

### World Economy

According to the projections of the International Monetary Fund (IMF), the pace of expansion of global activity in 2015 is expected to have fallen to its lowest level since 2009, in a context in which the greater dynamism of developed economies was insufficient to make up for the loss of vigour in emerging markets. The sharp fall in commodity prices, in addition to having widened the rift between the two groups of economies, intensified global deflationary pressures, creating an environment of greater financial vulnerability, as well as the need to maintain globally accommodating monetary conditions.

The improvement of monetary conditions as a result of the more expansionary stance of the European Central Bank (ECB), the effective depreciation of the euro, the fall in the cost of energy and the greater neutrality of the fiscal policies of the "periphery" countries gave a boost to the recovery process of the Euro Zone economy. In fact, after 0.9% growth in 2014, the European Commission (EC) estimates that GDP grew by 1.6% and that in 2016 the pace of

Annual growth rate of real GDP  
in %



Source: FMI WEO (January 2016)

expansion will increase to 1.8%. However, the weakness of emerging economies, the worsening of geopolitical tensions and the risks inherent to the need to continue the structural reforms underway in various Member States might condition the pace of the recovery in the Euro Area.

In the US, the sustainable increase in employment and real disposable income, combined with the low level of interest rates, spurred consumption and residential investment. However, the recession associated to the collapse in the price of oil that devastated the North American energy sector and the appreciation of the dollar had an adverse effect on business investment and exports, resulting in a GDP growth rate similar to that observed in 2014, of about 2.4%.

The Chinese economy continued to show signs of lacklustre growth over the course of 2015, particularly in the demand components that formed the basis of its growth model, namely exports and investment.

In 2016, the global economy faces complex and varied risks. The negative spiral that has come between the raw materials production sector and the economic environment of emerging economies threatens to continue to restrict the recovery of global demand and cause a correction in international financial markets. In addition, the envisaged increase of the key interest rates by the Federal Reserve and the subsequent worsening of the high debt servicing costs of the US business sector carry a risk of contraction of investment and consumption. Finally, the prevalence of several areas of geopolitical tension and the security issues in Europe constitute obstacles whose effects are difficult to quantify, but which are nonetheless potentially adverse to the consolidation of the economic recovery of the Euro Area.

## Economy of Mozambique

After five consecutive years of growth rates above 7%, the Mozambican economy is expected to have slowed in 2015, with the IMF projecting an expansion of 6.3%. This deceleration in economic growth came about due to a decline in commodity prices, particularly gas, coal and aluminium, which led to a fall in the country's export revenues and a slowdown in direct foreign investment, resulting in turn in a worsening of the current account and, as a consequence, in the devaluation of the Metical. Exchange rate instability, particularly pronounced in November, led the Mozambican government to request an emergency loan from the IMF and to adopt a more restrictive monetary and fiscal policy with a view to restoring economic stability.

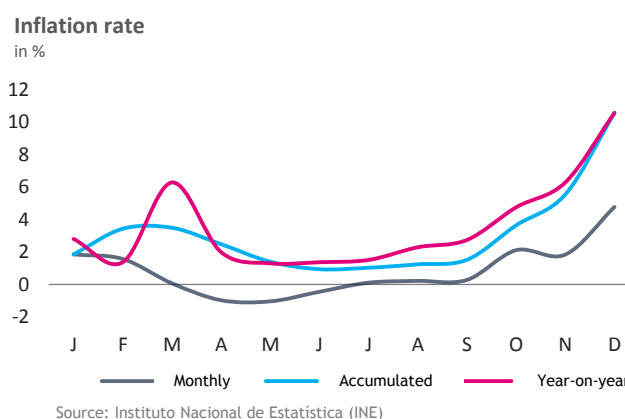
Against this background, concerns with the sustainability of the public debt increased, which led to the downgrading of the credit ratings assigned by international agencies.

For 2016, in spite of the challenging international climate, the IMF forecasts a slight acceleration of the Mozambican economy, underpinned by expected productivity gains in agriculture and by the expansion of coal production, following the inauguration of new transport channels, namely by rail.

## Inflation

Following the increase in the inflation level at the end of 2014, which accelerated during the first quarter of 2015 as a result of the floods in the centre and north of the country, there was a deceleration in the second quarter of the previous year. Thus, in June 2015, year-on-year inflation remained controlled at 1.36%, mainly due to the maintenance of the tariff prices that influence the behaviour of the basket that composes the consumer price index.

Notwithstanding, the significant weight of imports of goods in the country resulted in an upward inflationary trend in the second half of the year, as a result of the effect of the devaluation of the Metical against major currencies. In fact, the figures published by the National Institute of Statistics for December 2015 show a generalised upward trend in prices in the last quarter of the year, with the month of December having recorded the most significant increase of the year, corresponding to about 4.76% relative to November.

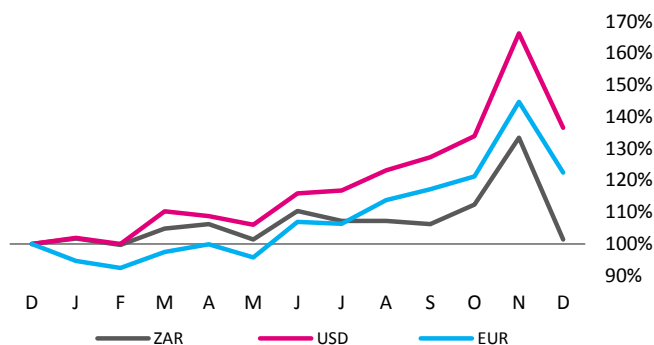


Over the full year of 2015, Mozambique recorded an increase in prices of around 10.55%, strongly influenced by the devaluation of the Metical, which countered the one-digit inflation control trend of recent years.

## Evolution of the Main Currencies

The year of 2015 confirmed the trend of the last quarter of the previous year characterised by a strong instability of the Metical relative to the major international currencies, resulting from the sharp and continuous devaluation of the Mozambican currency relative to the US dollar throughout most of the year, which was only tempered in December due to the package of measures adopted by Banco de Moçambique with the aim of restoring stability. According to Banco de Moçambique, the

**Evolution of the main currencies**  
versus MZN, base 100



Reference interest rates of Banco de Moçambique at the end of 2015  
USD/MZN 45.90, EUR/MZN 50.04 e ZAR/MZN 2.94.

high volatility of the exchange rate that characterised the year of 2015, “reflects the effect of the exogenous shocks that have been affecting the Mozambican economy since the end of 2014, namely the continuous strengthening of the US dollar in the international market, the fall of the international prices of the main goods that Mozambique exports, as well as the reduction of foreign direct investment and external assistance flows, which have been increasing Mozambique's balance of payments deficit”.

## OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE

Based on the information disclosed by the Insurance Supervision Institute of Mozambique relative to 2014 (latest available data), the insurance market in Mozambique shows signs of positive developments in line with the growth of the national economy. In 2014, the volume of direct insurance premiums reached 8,514.1 million Meticaïs, representing a growth of 20.4% in relation to 2013.

The analysis by segments shows a higher increase of Life branches with an effective growth of 31%, whilst Real branches only grew by 19%.

In 2014, a total of 16 insurers, 5 pension fund managers and 1 reinsurer operated in the market. The insurance activity in Mozambique also included 58 brokers and 332 insurance agents and promoters, thus confirming the growing competitiveness and dynamism of the national economy and of the insurance market in particular.

Regarding market share by segment and, in terms of processed revenue, the Non-Life Branch stands out with 86% of the insurance portfolio, which corresponds to a volume of 7,281.1 million Meticaïs. The Life Branch, on the other hand, represents only 14%, corresponding to a volume of 1,233.1 million Meticaïs. Seguradora Internacional de Moçambique holds a total market share of approximately 19% in the Non-Life business and a share of approximately 30% in the Life business.

Million Meticaïs			
Direct Insurance Premiums - Mozambique	2014	2013	Change % 14/13
Life	1,233	942	31.0%
Non-Life	7,281	6,131	19.0%
<b>Total</b>	<b>8,514</b>	<b>7,073</b>	<b>20.4%</b>

Source: ISSM, December 2014

In 2014, the Motor, Fire and Personal accident branches dominated the Non-Life segment portfolio, with 34%, 31% and 14%, respectively.

The weight of the motor branch is associated to the increase in the number of insured vehicles due to the mandatory nature of civil liability insurance, even though a large part of the country's car fleet is not insured.

Indicators	2014	2013
% Insurance Premiums in GDP	1.55%	1.52%
Premiums per Capita (MZN)	340	289

Source: ISSM, December 2014

The premium per capita grew from the previous 289.9 Meticaïs to 340.0 Meticaïs, for an estimated population of 25.0 million inhabitants, given that the insurance penetration rate registered a slight increase of 0.03% to 1.55%.

In 2014, the insurance market presented a claims rate of 41.4% of the acquired premiums net of reinsurance, which represents an increase when compared to the 36.2% rate recorded in 2013.

In 2014, the net income of the insurance sector came to 887.3 million Meticaís against the previous 738.7 million Meticaís recorded in 2013, representing a growth of approximately 20.1%.

The return on overall equity (ROE) of the insurance sector stood at 15.8% and Seguradora Internacional de Moçambique achieved a return on equity of 26.0%.

At the end of the financial year of 2014, the Mozambican insurance market reported total investments of 14,291.8 million Meticaís, corresponding to a growth rate of 23.9% relative to the previous year.

In 2014, buildings continue to represent, in the overall portfolio, the most important investment assets of insurers, with a weight of approximately 39.0%.

As at 31 December 2014, Insurers had constituted 8,921.4 million Meticaís of technical provisions net of reinsurance. Of those, 5,612.0 million Meticaís correspond to the Non-Life segment and 3,309.4 million Meticaís correspond to the Life segment.

## KEY EVENTS 2015

In 2015, the premium income of Seguradora Internacional de Moçambique came to 1,802.7 million Meticaís, which represents an increase of 2.8% relative to 1,753.0 million Meticaís recorded in the same period of 2014.

The Motor Vehicle branch, with an increase of about 13.3%, positively influenced by the launch of the Mais Auto and Iauto products; the Health branch, which grew 12.3%, where the PPP product stood out with an increase in sales through the bank channel; the Workman's Compensation branch, which grew about 14.2%, and the Various branch, due to the impact of premiums arising from investments in major engineering and structuring works for the country, contributed to the positive performance of processed revenue. This positive performance thus evened out the effect of the loss of business in the Fire branch, which was well below expectations, due to the deceleration of investment in the gas projects in the Rovuma Basin.

In the analysis by segment, Non-life stands out, having increased by 3.3%, as a result of the solid performance of the Real branches previously mentioned. In the Life segment, in spite of modest overall growth, it is important to note the positive performance of the Life Risk branch and, in particular, of the CNV product, which grew 45.0% as a result of the stimulation of credit granted by BIM, having exceeded the best expectations.

The net income of Seguradora Internacional de Moçambique came to 531.9 million Meticaís, a growth of 14.6% year-on-year, primarily justified by the reduction in the Non-Life net claims ratio by 7.3% and the growth in revenues in this segment, focused on a mix of products with a good technical margin and, in addition, the improved remuneration of assets.

During 2015, Seguradora Internacional de Moçambique continued its commercial expansion strategy to cover the main development hubs of the country, by opening a new Branch in Pemba.

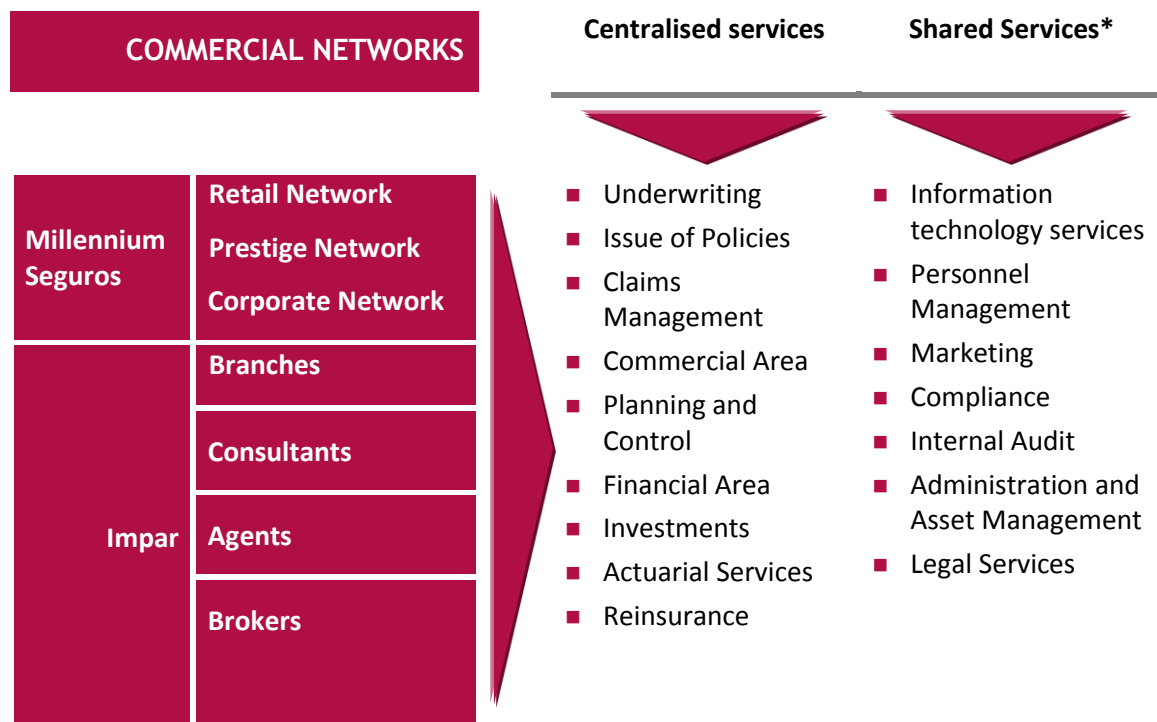
In the Motor branch, we launched and promoted, through the various means of communication, redesigned products more in line with the needs of the Customer, namely the Mais Auto and the Iauto.

With a view to promoting the image of the Insurer, a social event was held with the Brokers operating in the market, which had a significant impact on those we consider as strategic partners in the business.

Within the context of our Social Responsibility policy, in 2015 we reinforced our commitment to Mozambican society by supporting, creating and developing continuous and sustainable projects that have an impact on the improvement of the social environment. Furthermore, and once again, we supported and actively participated in the Road Safety Campaign in partnership with the Police of the Republic of Mozambique (PRM), and continued to reinforce the partnership with Millennium bim, by supporting the Mini basketball tournament, thus contributing to the promotion of the practice of sport and a proper physical and intellectual development of our children and youth. Also in partnership with Millennium bim, we were present at the Azgo Festival and in the 10th edition of the Millennium bim Race.

Confirming the solidity of SIM, as measured by the strength of its equity and solvency margin, as well as the high level of liquidity, Seguradora Internacional de Moçambique was, for the second consecutive year, distinguished by the attribution of an AA- rating, the highest to have been awarded to an insurer in Mozambique, by the largest rating agency, Global Credit Rating (GCR).

## ORGANISATIONAL STRUCTURE

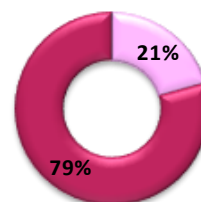


## ANALYSIS OF THE ACTIVITY

### Gross Premiums Issued

Direct insurance production reached 1,802.7 million Meticaís in 2015, which corresponds to a positive variation of 2.8% in relation to the previous year.

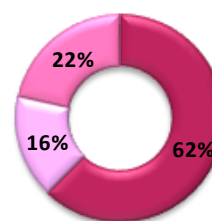
Gross Premiums Issued	Thousand Meticaís		
	2015	2014	% Change 15/14
Life	372,189	368,490	1.0%
Non-Life	1,430,516	1,384,472	3.3%
<b>Total</b>	<b>1,802,705</b>	<b>1,752,962</b>	<b>2.8%</b>



■ Life ■ Non-Life

Regarding the Life Business, in 2015 we recorded a slight increase in premiums of 1.0%, driven by the sound performance of the Life Risk branch, with emphasis on the CNV product which grew 45.0% year-on-year.

Gross Premiums Issued	Life	Thousand Meticaís		
		2015	2014	% Change 15/14
Life Risk		231,539	189,108	22.4%
Life Capitalisation		60,562	102,195	-40.7%
Life Annuities		80,089	77,187	3.8%
<b>Total</b>		<b>372,189</b>	<b>368,490</b>	<b>1.0%</b>



■ Risk ■ Cap ■ Rents

In the Non-Life Business, the volume of direct insurance premiums in 2015 reached 1,430.5 million Meticaís, which represents an increase of 3.3% in comparison to the processed revenue of the previous year.

In spite of the relevant growth in the Workman's Compensation, Motor, Sea and Works and Assembly branches, in contrast in the Fire branch we registered a reduction in revenue as a result of the contraction in business associated with the megaprojects.

The Motor branch continues to contribute the most, with a growth of approximately 13.3%, representing 36.7% of the processed revenue of the Real branches, confirming the importance of this business branch in the insurance portfolio of the Insurer.

The Various insurance line, with a growth of 138.1%, is the branch that registered the best performance, mainly as a result of the entry of new businesses in Works and Assembly.

The substantial growth of the Marine branch, corresponding to a year-on year increase of 58.4%, is justified by the entry of new businesses and the effect of the variation in foreign exchange.



Thousand Meticaís

Gross Premiums Issued Non-Life	2015	2014	% Change 15/14
Workman's Compensation	127,601	111,760	14.2%
Personal Accidents and Sickness	326,702	292,116	11.8%
Fire and Natural Phenomena	183,756	376,753	-51.2%
Motor	524,413	462,825	13.3%
Marine	10,892	6,878	58.4%
Aviation	3,010	2,329	29.2%
Transportation	32,970	27,601	19.4%
General Civil Liability	17,068	18,479	-7.6%
Miscellaneous	204,106	85,729	138.1%
<b>Total</b>	<b>1,430,516</b>	<b>1,384,472</b>	<b>3.3%</b>

### Sales Channels

We recorded, with particular satisfaction, a substantial increase in processed revenue largely due to the sales channels, with particular emphasis on Agents and Consultants which grew approximately 29.7%, the Bank Channel which grew 23.3% and the Insurer's Branches which increased by 10.3%. In terms of volume of premiums, the Bank Channel represented the most significant contribution, as a result of the strengthening of sales activity in the Commercial Networks of the Bank, combined with a successful promotional and marketing campaign.

With regards to the products that contributed to this success, we highlight the Motor Branch, where the restructuring of the product enabled it to become more competitive and, in addition, Life Risk and PPP as a result of the significant increase in CNV credit.

For 2016, we plan to strengthen the sale dynamics of the bank channel with the introduction of new or restructured products, seeking to cover most of the Bank's customers, by covering risks of high relevance for the common citizen, and with reasonably accessible premiums.

### Claims Ratio

The claims ratio in 2015 (costs related to claims/gross premiums issued) came to 20.1%, which represents a decrease of 2.0 p.p. in relation to the previous year. This sound performance is primarily explained by the favourable evolution of the loss ratio in the Fire, Occupational Accident, Transport, Marine, Aviation and Health branches.

Non-Life Claims Rate	2015	2014	% Change 15/14
Workman's Compensation	14.0%	22.3%	-8.3 pp
Personal Accidents and Sickness	15.9%	25.9%	-10.0 pp
Fire and Natural Phenomena	6.3%	4.9%	1.4 pp
Motor	32.1%	36.1%	-4.0 pp
Marine	-15.5%	2.6%	-18.1 pp
Aviation	4.2%	1.5%	2.6 pp
Transportation	12.7%	38.7%	-26.0 pp
General Civil Liability	38.4%	-14.7%	53.1 pp
Miscellaneous	14.2%	14.0%	0.3 pp
<b>Total</b>	<b>20.1%</b>	<b>22.1%</b>	<b>-2.0 pp</b>

## Administrative Costs

Administrative costs grew 19.1%, standing at 265.5 million Meticaís, which corresponds to 14.7% of the gross premiums issued.

This increase was in part due to the growth of the company with the opening of the new branch in Pemba, the exchange rate effect on various costs invoiced by foreign entities and, lastly, the focus on the marketing and advertising campaigns, aimed at leveraging sales.

Administrative Costs	Thousand Meticaís		
	2015	2014	% Change 15/14
Staff costs	168,558	148,414	13.6%
External supplies and services	88,857	70,154	26.7%
Other administrative costs	8,066	4,286	88.2%
<b>Total</b>	<b>265,481</b>	<b>222,854</b>	<b>19.1%</b>

## Technical Analysis

In 2015, due to the combination of the favourable evolution of the net loss ratio and the return on investments, technical earnings grew 19.8%, standing at 1,010.7 million Meticaís, which corresponds to 56.1% of the gross premiums issued.

The combined ratio came to 55.3%, a reduction of 2.1 percentage points relative to the previous year, resulting from the reduction of the ratio of claims net of reinsurance by 4.2 p.p., reflecting the decrease in the claims ratio.

## Net Income

Net Income as at 31 December 2015 came to 531.9 million Meticaís, representing a growth of 14.6% year-on-year. The reduction in the net loss ratio and the growth in revenues generated by products with a high technical profitability contributed to this performance.

## Solvency Margin

As at 31 December 2015, Seguradora Internacional de Moçambique presented a solvency ratio of 455.2%, vastly superior to the minimum limit required by the supervisory body and indicative of the financial solidity of SIM, thus reflecting a solid capital structure suited to the liabilities assumed.

The solvency ratio presented was calculated in accordance with the criteria defined by the Insurance Supervision Institute of Mozambique (ISSM).

## REINSURANCE

### Natural Catastrophes in 2015

The losses from natural catastrophes recorded in 2015 fell relative to the previous year. Hurricane activity related to the natural climactic phenomenon *El Niño*, decreased in the North Atlantic, while at the same time it led to floods and heat waves in many developing and emerging countries.

According to the publication of Munich Re, the most deadly and expensive catastrophe in terms of overall losses in 2015 was the Nepal earthquake in April, where about 9 thousand people lost their lives and total losses came to approximately 4,800 million dollars.

Since 2009, this was the year in which the lowest insured losses were recorded. Total losses came to approximately 90,000 million dollars, whereas insured losses came to only 27,000 million dollars.

As already mentioned, the most devastating natural catastrophe of the year was the earthquake in Nepal, which occurred on 25 April to the northeast of the capital Kathmandu, having reached a magnitude of 7.8 on the Richter scale.

Nepal and the neighbouring states of India, China and Bangladesh are highly exposed to earthquakes, since they are located where the continental plates of India and Eurasia meet.

As is often the case in developing countries, only a small fraction of the 4,800 million dollars that correspond to the total losses caused by the earthquake were insured (210 million dollars).

Likewise in Nepal, the proportion of insured losses, in relation to catastrophes in emerging and developing countries, remains very low. According to Munich Re, Insurers and Reinsurers are exploring new ways of reducing this difference in insurance coverage, to thus help States, companies and citizens become more protected from material losses after a catastrophe.

About 94% of relevant losses that resulted from natural catastrophes in 2015 were weather-related events. Particularly evident was the influence of the ENSO (*El Niño*/South Oscillation) climatic oscillation, in the Pacific, which influenced extreme weather events in many parts of the world.

The phenomenon *El Niño*, as already mentioned, had a significant effect on droughts and heat waves, particularly in South America, Africa and Southeast Asia. Overall losses worldwide, as a result of these events, came to 12,000 million dollars in 2015, of which only 880 million were insured.

The most expensive natural catastrophe for the insurance industry in 2015 was the series of winter storms which hit, in February, the northeast of the United States and Canada, where insured losses reached 2,100 million dollars, whilst total losses came to 2,800 million dollars.

## Mozambique

Mozambique is the third country most beset by natural calamities on the African continent, a situation that affects 80% of the poor population that lives in rural areas.



According to the United Nations Population Fund report, in Mozambique natural catastrophes threaten the sustainability of economic development and social well-being.

The floods that affected the centre and north of Mozambique at the start of 2015 resulted in the loss of 72 thousand hectares of agricultural area, contributing towards a downward revision of the growth forecasts for the economy.

According to official information, the two flood periods that marked 2015 affected 400 thousand people in the entire country, having conditioned the income of approximately 85 thousand households.

## Reinsurance Underwriting Policy

During 2015, Seguradora Internacional de Moçambique, S.A. maintained its partnership in reinsurance contracting with Reinsurance Solutions, a prestigious international broker with broad experience in the insurance and reinsurance business.

With a view to the sustainable and secure diversification of the range of prestigious reinsurers that comprise our already strong panel of reinsurers, in 2015 we included SCOR Africa Limited, a reinsurance company with extensive experience and with an A+ rating attributed by S&P, being thus an important partner for the major challenges regarding the development of the country and our growth.

The following table shows the panel of reinsurers of Seguradora Internacional de Moçambique:

Company	Rating
Swiss Reinsurance Company Ltd (leader)	A-
Munich Reinsurance Company of Africa Ltd.	A+
Munich Mauritius Reinsurance Co. Ltd.	A-
Africa Reinsurance Corporation	A-
Trust Re	A-
Hannover Reinsurance Company	A-
IRB - Brazil Resseguros S.A.	A-
SCOR Africa Limited	A+
ZEP-RE (PTA Reinsurance Company)	B+

## ASSET MANAGEMENT

As at 31 December 2015, the investment portfolio of Seguradora Internacional de Moçambique reached 6,222 million Meticaís, having grown by 11.1% in relation to the previous year. A performance which we considered exceptional given the difficult economic climate that Mozambique went through and that affected the economy of companies and, consequently, the insurance premium collection activity.

About 1/3 of the investment portfolio comprises assets available for sale, with emphasis on long term public debt instruments which represent about 83.6%, and which grew 34.9% year-on-year, corresponding to a greater stability of the portfolio, a good risk mitigation strategy and an attractive remuneration.

The asset diversification strategy within the established rules of prudential dispersion and the search for a better remuneration of those assets, allowed us to achieve a higher average portfolio rate of return than that of the previous year.

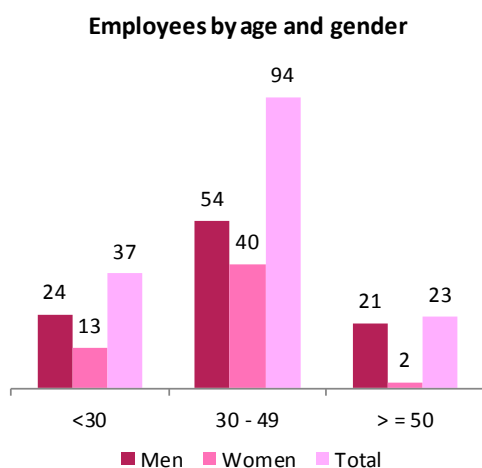
Investment Portfolio	Thousand Meticaís			
	2015	%	2014	%
<b>Available for sale</b>	<b>2,500,340</b>	<b>100.0%</b>	<b>1,951,412</b>	<b>100.0%</b>
Long term public debt	2,089,908	83.6%	1,549,178	79.9%
Fixed Income	175,000	7.0%	175,000	9.7%
Equities	235,432	9.4%	227,234	11.6%
<b>Other</b>	<b>3,721,371</b>	<b>100%</b>	<b>3,649,432</b>	<b>100.0%</b>
Land and Buildings	1,505,885	40.5%	1,507,455	41.3%
Term Deposits	2,215,486	59.5%	2,141,978	58.7%
<b>Total</b>	<b>6,221,711</b>	<b>-</b>	<b>5,600,844</b>	
Deposits and Cash	31,133	-	93,693	

## EMPLOYEES

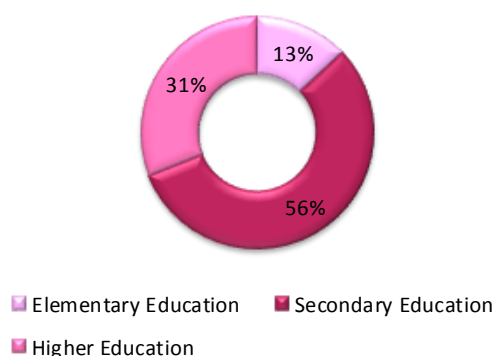
From a perspective of constant supervision of employees, with a view to optimising their qualifications and personal and professional development and enhancement, and maintaining a continued focus on the rigour of the work process, Seguradora Internacional de Moçambique continued in 2015 to implement skills development programmes, with emphasis on basic and specialised technical training.

In addition, and based on the growth of the company and the growing demands of the insurance sector, focused on competitiveness, innovation and dynamism, which require an adequate organisational structure and staff with levels of qualification and profiles suited to the functions, Seguradora Internacional de Moçambique reinforced its staff in 2015 with 8 employees, of which 4 were allocated to the new Pemba branch.

Seguradora Internacional de Moçambique thus completed the financial year of 2015 with 154 Employees, with an average age of 37.9 years old and an average seniority of 9.4 years, 64.3% of whom are men and 35.7% are women. All the Employees are full-time workers; hence there are no situations of permanent employees working part-time.



**Employees by academic qualifications**



## PROPOSED APPLICATION OF NET INCOME

The net income after tax of Seguradora Internacional de Moçambique, for the financial year ended on 31 December 2015, stood at 531,869,207.76 Meticaís.

Under the terms of number 1) of article 36 of Decree-Law 1/2010 which regulates insurance activity, the Board of Directors of Seguradora Internacional de Moçambique proposes that the net income for 2015 should be applied as follows:

		Meticaís
	%	Value
Dividends	60.0%	319,121,524.66
Free reserves	40.0%	212,747,683.10
<b>Total</b>	<b>100.0%</b>	<b>531,869,207.76</b>

As at 31 December 2015, the Legal Reserve of Seguradora Internacional de Moçambique is equivalent to the value of the Company's Share Capital, thus complying with the terms of number 1 of article 36, subparagraph b) of Decree-Law 1/2010 of 31 December.



## FINANCIAL STATEMENTS FOR 2015

## Profit and Loss Account

Seguradora Internacional de Moçambique, S.A.  
Income Statement as at 31 December 2015

MZN

Profit and loss account	Notes	December 2015			December 2014	
		Life branch technical account	Non-Life branches technical account	Non-technical account	Total	Total
<b>Acquired premiums, net of reinsurance</b>	<b>2 g); 5</b>	<b>348,852,847</b>	<b>983,123,377</b>	<b>-</b>	<b>1,331,976,224</b>	<b>1,265,391,825</b>
Gross premiums issued		372,189,468	1,430,515,900	-	1,802,705,368	1,752,962,375
Assigned reinsurance premiums		(23,336,621)	(336,255,295)	-	(359,591,916)	(425,445,115)
Provision for non-acquired premiums (variation)		-	(178,114,022)	-	(178,114,022)	(57,770,298)
Provision for non-acquired premiums, portion of the reinsurers (variation)		-	66,976,794	-	66,976,794	(4,355,137)
Fees on insurance contracts and operations considered for accounting purposes as investment contracts or as service provision contracts		-	-	-	-	-
<b>Cost of claims, net of reinsurance</b>	<b>6</b>	<b>(200,822,336)</b>	<b>(284,382,597)</b>	<b>-</b>	<b>(485,204,933)</b>	<b>(468,026,604)</b>
Values paid		(187,637,208)	(278,552,238)	-	(466,189,446)	(423,916,939)
Gross values		(188,415,154)	(304,847,552)	-	(493,262,706)	(475,145,785)
Portion of the reinsurers		777,946	26,295,314	-	27,073,260	51,228,846
Provision for claims (variation)		(13,185,128)	(5,830,359)	-	(19,015,487)	(44,109,665)
Gross value		(12,389,915)	964,440	-	(11,425,475)	(22,443,916)
Portion of the reinsurers		(795,213)	(6,794,799)	-	(7,590,012)	(21,665,749)
Other technical provisions, net of reinsurance	<b>7</b>	-	(1,027,122)	-	(1,027,122)	(962,207)
<b>Life branch mathematical provisions, net of reinsurance</b>	<b>8</b>	<b>(92,808,744)</b>	<b>-</b>	<b>-</b>	<b>(92,808,744)</b>	<b>(152,024,023)</b>
Gross value		(92,614,502)	-	-	(92,614,502)	(151,984,703)
Portion of the reinsurers		(194,242)	-	-	(194,242)	(39,320)
Profit sharing, net of reinsurance		(130,326,951)	(32,736,341)	-	(163,063,292)	(191,420,742)
<b>Net operating costs</b>	<b>2 g); 10</b>	<b>(60,941,775)</b>	<b>(225,339,461)</b>	<b>-</b>	<b>(286,281,236)</b>	<b>(263,414,233)</b>
Acquisition cost		(41,667,720)	(137,320,420)	-	(178,988,140)	(160,195,704)
Deferred acquisition costs (variation)		-	14,511,008	-	14,511,008	2,310,563
Administrative costs		(38,539,441)	(155,334,327)	-	(193,873,768)	(164,293,621)
Fees and sharing of reinsurance profit		19,265,386	52,804,278	-	72,069,664	58,764,529
<b>Income</b>	<b>2 c); 11</b>	<b>215,049,592</b>	<b>208,945,189</b>	<b>10,442,848</b>	<b>434,437,629</b>	<b>377,462,373</b>
Interest income from financial assets not stated at fair value through profit and loss		130,544,101	205,019,048	10,442,848	346,005,997	295,107,428
Interest income from financial liabilities not stated at fair value through profit and loss		-	-	-	-	-
Other income		84,505,491	3,926,141	-	88,431,632	82,354,945
<b>Financial costs</b>	<b>12</b>	<b>(249,197)</b>	<b>(15,997,896)</b>	<b>-</b>	<b>(16,247,093)</b>	<b>(10,955,451)</b>
Interest from assets not stated at fair value through profit and loss		-	-	-	-	-
Interest from financial liabilities not stated at fair value through profit and loss		-	-	-	-	-
Other financial costs		(249,197)	(15,997,896)	-	(16,247,093)	(10,955,451)
<b>Net gains of financial assets and liabilities not stated at fair value through gains and losses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
of assets available for sale		-	-	-	-	-
of loans and accounts receivable		-	-	-	-	-
of investments held to maturity		-	-	-	-	-
of financial liabilities stated at amortised cost		-	-	-	-	-
of others		-	-	-	-	-
<b>Net gains of financial assets and liabilities stated at fair value through profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net gains of financial assets and liabilities held for trading		-	-	-	-	-
Net gains of financial assets and liabilities stated initially at fair value through profit or loss		-	-	-	-	-
Currency conversion differences	<b>13</b>	1,481,148	33,857,675	(15,780,929)	19,557,894	8,267,403
<b>Net gains on the sale of assets which are not classified as non-current assets held for sale and discontinued operating units</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,346,522</b>
Impairment losses (net of reversal)		-	-	-	-	-
of assets available for sale		-	-	-	-	-
of loans and accounts receivable stated at amortised cost		-	-	-	-	-
of investments held to maturity		-	-	-	-	-
of others		-	-	-	-	-
Other technical income/costs, net of reinsurance		35,777	-	-	35,777	-
Other provisions (variation)	<b>15</b>	(1,042,235)	(16,704,209)	-	(17,746,444)	2,683,416
Other income/costs		-	-	2,827,917	2,827,917	8,894,504
Negative goodwill immediately recognised in profit or loss		-	-	-	-	-
Gains and losses on associated companies and jointly controlled entities recorded under the equity method		-	-	-	-	-
Gains and losses on non-current assets (or groups for sale) classified as held for sale		-	-	-	-	-
<b>Net (loss) / income before income tax</b>		<b>79,228,126</b>	<b>649,738,615</b>	<b>(2,510,165)</b>	<b>726,456,576</b>	<b>629,379,124</b>
Income tax for the year - current taxes	<b>2 i); 26</b>	(21,221,905)	(174,037,831)	672,368	(194,587,368)	(165,376,642)
Income tax for the year - deferred taxes	<b>2 i); 26</b>	-	-	-	-	-
<b>Net income for the year</b>	<b>30</b>	<b>58,006,221</b>	<b>475,700,784</b>	<b>(1,837,797)</b>	<b>531,869,208</b>	<b>464,002,482</b>

To be read with the accompanying notes to the financial statements.

## Comprehensive Income Statement

**Seguradora Internacional de Moçambique, S.A.**  
**Statement of Comprehensive Income as at 31 December 2015**

MZN

Statement of comprehensive income	Notes	December 2015				December 2014			
		Technical Life	Technical Non-Life	Non-Technical	Total	Technical Life	Technical Non-Life	Non-Technical	Total
Net income for the year	30	58,006,221	475,700,784	(1,837,797)	531,869,208	43,352,618	402,920,542	17,729,322	464,002,482
Other comprehensive income		(3,372,000)	836,507	-	(2,535,493)	(5,332,000)	(5,875)	-	(5,337,875)
Financial assets available for sale	19, 30	-	1,230,157	-	1,230,157	-	(8,640)	-	(8,640)
Actuarial deviations	28	(3,372,000)	-	-	(3,372,000)	(5,332,000)	-	-	(5,332,000)
Taxes	19, 30	-	(393,650)	-	(393,650)	-	2,765	-	2,765
<b>Total comprehensive income net of taxes</b>		<b>54,634,221</b>	<b>476,537,291</b>	<b>(1,837,797)</b>	<b>529,333,715</b>	<b>38,020,618</b>	<b>402,914,667</b>	<b>17,729,322</b>	<b>458,664,607</b>

*To be read with the accompanying notes to the financial statements.*

## Balance Sheet

### Seguradora Internacional de Moçambique, S.A. Balance Sheet as at 31 December 2015

					MZN
December 2015					December 2014
ASSETS	Notes	Gross Assets	Amortisations and Provisions	Net Assets	Net Assets
<b>Cash and cash equivalents and demand deposits</b>	2 a); 17	1,891,547,189		<b>1,891,547,189</b>	1,975,069,815
Investments in affiliates, associates and joint ventures	2 b); 18	211,350,850		<b>211,350,850</b>	211,350,850
Financial assets held for trading		-		-	-
Financial assets classified at initial recognition at fair value through profit or loss		-		-	-
Assets available for sale	2 c); 19	2,288,989,258		<b>2,288,989,258</b>	1,740,060,914
<b>Loans and accounts receivable</b>	2 c); 20	355,072,479		<b>355,072,479</b>	260,601,286
Deposits with ceding undertakings		-		-	-
Other deposits		355,072,456		<b>355,072,456</b>	260,601,248
Loans granted		-		-	-
Accounts receivable		-		-	-
Other		23		<b>23</b>	38
Investments held to maturity		-		-	-
<b>Buildings</b>	2 e); 21	1,507,454,762	1,570,143	<b>1,505,884,619</b>	1,506,701,605
Buildings for own use		41,571,957	1,570,143	<b>40,001,814</b>	40,818,800
Income-generating buildings		1,465,882,805		<b>1,465,882,805</b>	1,465,882,805
Other tangible assets	2 f); 22	96,026,501	56,927,327	<b>39,099,174</b>	26,095,606
Inventories	22	1,544,562		<b>1,544,562</b>	1,581,796
Goodwill		-		-	-
Other intangible assets	2 g); 23	73,688,690	46,030,590	<b>27,658,100</b>	31,021,251
<b>Reinsurance technical provision</b>	2 h); 24	175,130,350		<b>175,130,350</b>	87,080,064
Provision for non-acquired premiums		135,501,889		<b>135,501,889</b>	44,357,386
Life branch mathematical provision		292,703		<b>292,703</b>	137,001
Provision for claims		39,335,758		<b>39,335,758</b>	42,585,677
Provision for profit sharing		-		-	-
Other technical provisions		-		-	-
Assets due to post-employment benefits and other long-term benefits		-		-	-
<b>Other receivables due to insurance and other operations</b>	25	383,722,620	44,058,373	<b>339,664,247</b>	259,094,353
Accounts receivable due to direct insurance operations		351,094,789	44,058,373	<b>307,036,416</b>	224,706,340
Accounts receivable due to reinsurance operations		5,617,323		<b>5,617,323</b>	10,054,319
Accounts receivable due to other operations		27,010,508		<b>27,010,508</b>	24,333,694
<b>Tax assets</b>	2 i); 26	2,506,836		<b>2,506,836</b>	2,506,836
Current tax assets		-		-	-
Deferred tax assets		2,506,836		<b>2,506,836</b>	2,506,836
<b>Accruals and deferrals</b>	27	46,003,443		<b>46,003,443</b>	46,216,805
Interest receivable		44,266,733		<b>44,266,733</b>	44,752,888
Other accruals and deferrals		1,736,710		<b>1,736,710</b>	1,463,917
Other on-balance sheet items		-		-	-
Non-current assets held for sale and discontinued operating units		-		-	-
<b>Total Assets</b>		<b>7,033,037,540</b>	<b>148,586,433</b>	<b>6,884,451,107</b>	<b>6,147,381,182</b>

*To be read with the accompanying notes to the financial statements.*

**Seguradora Internacional de Moçambique, S.A.**  
**Balance Sheet as at 31 December 2015**

MZN

Liabilities and Equity	Notes	December 2015	December 2014
<b>LIABILITIES</b>			
<b>Technical provisions</b>	2 h); 24	<b>4,488,769,596</b>	4,038,844,042
Provision for non-acquired premiums		<b>751,794,475</b>	557,972,888
Life branch mathematical provision		<b>2,429,504,517</b>	2,265,898,651
Provision for claims		<b>455,654,585</b>	436,912,923
Of the life branch		<b>60,035,434</b>	47,354,268
Of the workman's compensation and occupational diseases branch		<b>78,593,962</b>	73,543,941
Of other branches		<b>317,025,188</b>	316,014,714
Provision for profit sharing		<b>849,055,122</b>	776,325,806
Provision for claim rate deviations		<b>2,760,896</b>	1,733,774
Provision for risks underway		-	-
Other technical provisions		-	-
Financial liabilities of the insurance contracts and operations component considered for accounting purposes as investment contracts		-	-
<b>Other financial liabilities</b>		-	-
Subordinated liabilities		-	-
Deposits received from reinsurers		-	-
Other		-	-
<b>Liabilities due to post-employment benefits and other long-term benefits</b>	2 j); 28	<b>9,413,931</b>	7,583,525
<b>Other payables due to insurance operations and other operations</b>	29	<b>239,212,373</b>	244,564,152
Accounts payable due to direct insurance operations		<b>88,642,971</b>	54,986,164
Accounts payable due to other reinsurance operations		<b>135,046,639</b>	154,256,012
Accounts payable due to other operations		<b>15,522,763</b>	35,321,975
<b>Tax liabilities</b>	2 l); 26	<b>53,372,057</b>	28,395,771
Current income tax liabilities		<b>34,165,450</b>	9,582,814
Deferred income tax liabilities		<b>19,206,607</b>	18,812,957
<b>Accruals and deferrals</b>	27	<b>56,164,677</b>	41,407,445
Other provisions	2 m)	-	-
Other liabilities		-	-
Liabilities of a group for sale classified as held for sale		-	-
<b>TOTAL LIABILITIES</b>		<b>4,846,932,634</b>	<b>4,360,794,935</b>
<b>EQUITY</b>			
Share capital	2 n); 30	<b>147,500,000</b>	147,500,000
(treasury shares)		-	-
Other equity instruments		-	-
Revaluation reserves		<b>5,070,591</b>	3,840,434
Due to fair value readjustment of financial assets	30	<b>5,070,591</b>	3,840,434
Due to revaluations of buildings for own use		-	-
Due to revaluation of intangible assets		-	-
Due to revaluation of other tangible assets		-	-
Of exchange rate differences		-	-
<b>Deferred tax reserve</b>	30	<b>(1,622,589)</b>	(1,228,939)
<b>Other reserves</b>	30	<b>1,342,812,143</b>	1,160,583,150
Retained earnings	30	<b>11,889,120</b>	11,889,120
Net income for the year	30	<b>531,869,208</b>	464,002,482
<b>TOTAL EQUITY</b>		<b>2,037,518,473</b>	<b>1,786,586,247</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,884,451,107</b>	<b>6,147,381,182</b>

*To be read with the accompanying notes to the financial statements.*



## Statement of Changes in Equity

### Seguradora Internacional de Moçambique, S.A. Statement of Changes in Equity as at 31 December 2015

MZN

Statement of changes in equity	Notes	Share capital	Revaluation reserves due to fair value readjustment of financial assets	Deferred tax reserve	Other reserves			Retained earnings	Net income for the year	TOTAL
					Legal reserve	Share premium	Other			
<b>Balance sheet as at 31 December 2013</b>		<b>147,500,000</b>	<b>3,849,074</b>	<b>(1,231,704)</b>	<b>147,500,000</b>	<b>8,258,661</b>	<b>850,464,680</b>	<b>11,889,120</b>	<b>399,229,524</b>	<b>1,567,459,355</b>
Correction of errors (IAS 8)		-	-	-	-	-	-	-	-	-
Changes to accounting policies (IAS 8)		-	-	-	-	-	-	-	-	-
<b>Changed opening balance sheet</b>		<b>147,500,000</b>	<b>3,849,074</b>	<b>(1,231,704)</b>	<b>147,500,000</b>	<b>8,258,661</b>	<b>850,464,680</b>	<b>11,889,120</b>	<b>399,229,524</b>	<b>1,567,459,355</b>
Increase in reserves due to appropriation of profits	31	-	-	-	-	-	159,691,810	-	(159,691,810)	-
<b>Net income for the period</b>		-	-	-	-	-	-	-	<b>464,002,482</b>	<b>464,002,482</b>
<b>Other comprehensive income for the period(3)</b>		-	(8,640)	2,765	-	-	(5,332,000)	-	-	(5,337,875)
Net gains due to adjustments in the fair value of financial assets available for sale	20, 31	-	(8,640)	2,765	-	-	-	-	-	(5,875)
Other gains/losses recognised directly in equity		-	-	-	-	-	(5,332,000)	-	-	(5,332,000)
<b>Total comprehensive income for the period</b>	<b>(4) = (2) + (3)</b>	-	(8,640)	2,765	-	-	(5,332,000)	-	<b>464,002,482</b>	<b>458,664,607</b>
<b>Transactions with equity holders</b>	<b>(5)</b>	-	-	-	-	-	-	-	<b>(239,537,714)</b>	<b>(239,537,714)</b>
Distribution of reserves		-	-	-	-	-	-	-	-	-
Distribution of profits/losses	30	-	-	-	-	-	-	-	(239,537,714)	(239,537,714)
<b>Transfers between equity items not included in other lines</b>	<b>(6)</b>	-	(8,640)	2,765	-	-	154,359,810	-	64,772,958	219,126,893
<b>Total changes in equity(1) + (4) + (5) + (6)</b>		-	(8,640)	2,765	-	-	154,359,810	-	64,772,958	219,126,893
<b>Balance sheet as at 31 December 2014</b>		<b>147,500,000</b>	<b>3,840,434</b>	<b>(1,228,939)</b>	<b>147,500,000</b>	<b>8,258,661</b>	<b>1,004,824,490</b>	<b>11,889,120</b>	<b>464,002,482</b>	<b>1,786,586,248</b>
Correction of errors (IAS 8)		-	-	-	-	-	-	-	-	-
Changes to accounting policies (IAS 8)		-	-	-	-	-	-	-	-	-
<b>Changed opening balance sheet</b>		<b>147,500,000</b>	<b>3,840,434</b>	<b>(1,228,939)</b>	<b>147,500,000</b>	<b>8,258,661</b>	<b>1,004,824,490</b>	<b>11,889,120</b>	<b>464,002,482</b>	<b>1,786,586,248</b>
Increase in reserves due to appropriation of profits	30	-	-	-	-	-	185,600,992	-	(185,600,992)	-
<b>Net income for the period</b>		-	-	-	-	-	-	-	<b>531,869,208</b>	<b>531,869,208</b>
<b>Other comprehensive income for the period(3)</b>		-	1,230,157	(393,650)	-	-	(3,372,000)	-	-	(2,535,493)
Net gains due to adjustments in the fair value of financial assets available for sale	19, 30	-	1,230,157	(393,650)	-	-	-	-	-	836,507
Other gains/losses recognised directly in equity		-	-	-	-	-	(3,372,000)	-	-	(3,372,000)
<b>Total comprehensive income for the period</b>	<b>(4) = (2) + (3)</b>	-	1,230,157	(393,650)	-	-	(3,372,000)	-	<b>531,869,208</b>	<b>529,333,715</b>
<b>Transactions with equity holders</b>	<b>(5)</b>	-	-	-	-	-	-	-	<b>(278,401,490)</b>	<b>(278,401,490)</b>
Distribution of reserves		-	-	-	-	-	-	-	-	-
Distribution of profits/losses	30	-	-	-	-	-	-	-	(278,401,490)	(278,401,490)
<b>Transfers between equity items not included in other lines</b>	<b>(6)</b>	-	-	-	-	-	-	-	-	-
<b>Total changes in equity(1) + (4) + (5) + (6)</b>		-	1,230,157	(393,650)	-	-	182,228,992	-	67,866,726	250,932,225
<b>Balance sheet as at 31 December 2015</b>		<b>147,500,000</b>	<b>5,070,591</b>	<b>(1,622,589)</b>	<b>147,500,000</b>	<b>8,258,661</b>	<b>1,187,053,482</b>	<b>11,889,120</b>	<b>531,869,208</b>	<b>2,037,518,473</b>

*To be read with the accompanying notes to the financial statements.*

## Cash Flow Statement

### Seguradora Internacional de Moçambique, S.A. Cash Flow Statement as at 31 December 2015

	MZN	
<b>Cash Flow Statement</b>	<b>December 2015</b>	<b>December 2014</b>
<b>Cash flows arising from operating activities</b>		
Net income for the year	531,869,208	464,002,482
Amortisations	16,257,279	15,467,145
Variation of the provision for claims		
for direct insurance and accepted reinsurance	18,741,662	24,810,421
for assigned reinsurance	3,249,919	23,946,336
Variation in other technical provisions	-	-
for direct insurance and accepted reinsurance	431,183,892	319,926,787
for assigned reinsurance	(91,300,206)	365,495
Variation of the provision for receipts for collection	17,746,444	(2,683,416)
Variation of the provision for other risks and costs	-	(56,442)
(Increase)/decrease of debtors		
arising out of direct insurance and accepted reinsurance operations	(100,076,520)	(93,958,990)
arising out of reinsurance operations	4,436,997	(9,495,664)
arising out of other operations	(2,676,814)	1,461,640
(Increase)/decrease of creditors		
Creditors arising out of direct insurance and accepted reinsurance operations	33,656,807	9,284,368
Creditors arising out of assigned reinsurance operations	(19,209,373)	52,971,259
State and other public entities	24,976,286	(34,385,266)
Miscellaneous creditors	(19,799,212)	(8,388,671)
Variations in other asset accounts	213,362	(2,228,487)
Variations in other liabilities accounts	16,587,638	(4,553,897)
Interest and similar income	(536,378,846)	(393,133,560)
Effect of exchange rate differences	4,521,103	(2,944,992)
Unrealised gains from investment properties	-	(52,346,522)
<b>Total</b>	<b>333,999,626</b>	<b>308,060,026</b>
<b>Cash flows arising from investing activities</b>		
Acquisition of investments (including establishment of term deposits)	(3,155,167,699)	(5,778,545,736)
Reimbursement/disposal of investments (including paying out of term deposits)	2,509,962,286	5,560,430,935
Acquisition of tangible and intangible assets	(25,773,093)	(27,888,029)
Interest and similar income	536,378,846	393,133,560
<b>Total</b>	<b>(134,599,660)</b>	<b>147,130,730</b>
<b>Cash flows arising from financing activities</b>		
Dividends distributed	(278,401,489)	(239,537,714)
Share capital increase	-	-
<b>Total</b>	<b>(278,401,489)</b>	<b>(239,537,714)</b>
Net changes in cash and cash equivalents	(79,001,523)	215,653,042
Effect of exchange rate differences	(4,521,103)	2,944,992
Cash and cash equivalents at the beginning of the period	1,975,069,815	1,756,471,781
Cash and cash equivalents at the end of the period	<b>1,891,547,189</b>	<b>1,975,069,815</b>

*To be read with the accompanying notes to the financial statements.*

## Notes to the Financial Statements

### Notes

- 1 General information
- 2 Basis of presentation of the financial statements
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- 16 Imputable costs by nature
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- 19 Financial assets available for sale
- 20 Loans and accounts receivable
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- 22 Other tangible assets
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- 24 Technical provisions, net of assigned reinsurance
- 25 Other receivables due to insurance and other operations
- 26 Current taxes and deferred taxes
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- 28 Benefits granted to employees
- 29 Other payables due to insurance and other operations
- 30 Share capital, reserves, other reserves, retained earnings and net income for the year
- 31 Transactions between related parties
- 32 Business risk management
- 33 Coverage of the corrected solvency margin
- 34 Contingent assets and liabilities

## **Note 1 - General Information**

Seguradora Internacional de Moçambique, S.A. is an insurance company which was incorporated in Mozambique on 3 September 1992, having started its activity in that same year. The corporate object of Seguradora Internacional de Moçambique, S.A. is the exercise of Life and Non-Life insurance activity.

The Group's restructuring process in Mozambique, during 2001, included a merger by incorporation of Seguradora Internacional de Moçambique, S.A.R.L. (incorporated company) in Impar - Companhia de Seguros de Moçambique, S.A.R.L. (incorporating company), drawn up in a deed on 27 November 2001, with the incorporated company having been made extinct. The merger was carried out by incorporation, through the transfer of the total assets of the incorporated company to Impar - Companhia de Seguros de Moçambique, S.A.R.L.

On that same date, the Company changed its corporate name of Impar - Companhia de Seguros de Moçambique, S.A.R.L. to Seguradora Internacional de Moçambique, S.A.R.L.

Seguradora Internacional de Moçambique, S.A.R.L. (hereinafter referred to as SIM or Insurer) is registered in Mozambique, with its head office at Rua dos Desportistas nº 873-879, 5ªA.

## **Note 2 - Basis of presentation of the financial statements and main accounting policies adopted**

### **• Basis of presentation**

Under the adoption of the "Plan of accounts for entities qualified to exercise Insurance activity", approved by Ministerial Diploma number 220/2010, of 17 December, of the Ministry of Finance, with entry into force on 1 January 2011, Seguradora Internacional de Moçambique, S.A. adopted the International Financial Reporting Standards (IFRS) in force for the preparation of these financial statements.

The IFRS include the accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and their respective former bodies.

The financial statements are expressed in Meticaís, which is the functional currency of the Insurer, and are prepared in accordance with the historical cost principle, with the exception of the assets and liabilities recorded at fair value, namely financial assets and income-generating properties.

The preparation of the financial statements requires that the Insurer make judgements and estimates and use assumptions that affect the application of the accounting policies and the values of income, costs, assets and liabilities. Changes to these assumptions or their difference in relation to reality might have an impact on the actual estimates and judgements. The areas involving a higher degree of judgment or complexity or where significant assumptions and estimates are used in the preparation of the financial statements are analysed in Note 3.

### **• Main accounting policies adopted**

The main accounting policies used in the preparation of the financial statements are described below and were applied consistently for the periods presented in the financial statements.



## **a) Cash and cash equivalents**

For the purposes of the cash flow statement, the heading cash and cash equivalents covers the values recorded in the balance sheet with less than three months' maturity counted as of the balance sheet date, promptly convertible into cash and with low risk of alteration of value, which includes cash and disposable assets in credit institutions.

## **b) Financial assets and liabilities**

### **(i) Recognition**

The Insurer initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date they are originated. All other financial instruments (including regular purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Insurer becomes part of the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

### **(ii) Classification**

#### **Financial Assets**

The Insurer classifies its financial assets according to the following categories:

- Loans and accounts receivable;
- Held to maturity;
- Available for sale; and
- At fair value through profit or loss, and in this category:
  - held for trading; or
  - designated at fair value through profit or loss.

#### **Financial liabilities**

The Insurer classifies its financial liabilities that are not financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

### **(iii) Derecognition**

#### **Financial assets**

The Insurer derecognises a financial asset when the contractual rights to the asset's cash flow expire, or transfers the rights to receive the contractual cash flow in a transaction in which substantially all risks and benefits of the financial asset ownership are transferred or when the Insurer neither transfers nor retains substantially all risks and benefits of ownership and does not retain control of the financial asset.

On the derecognition of a financial asset, the difference between the book value of the asset (or the book value allocated to the part of the derecognised asset) and the sum of:

- (i) the consideration received (including any new asset obtained minus any new liability assumed) and
- (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition and are created or retained by the Insurer, are recognised as a separate asset or liability.

The Insurer operates in transferring the assets recognised in the financial position statement, but retains all or substantially all risks and benefits of the transferred assets or a part of them. In such

cases, the transferred assets are not derecognised. Examples of such transactions are securities borrowing and lending business and repurchase transactions.

When assets are sold to third parties, with a simultaneous swap rate of return on the transferred assets, the transaction will be accounted for as a financing transaction, warranted as a sale and repurchase transaction, because the Insurer retains all or substantially all risks and benefits for the ownership of such assets.

In transactions where the Insurer does not retain or transfer substantially all risks and benefits of ownership of the financial asset and it retains control over the asset, the Insurer continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Insurer continues to have the obligation to manage the transferred financial asset in exchange for fees. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the maintenance agreement if the maintenance fee is more than adequate (asset) or is less than adequate (liability) for performing the maintenance.

#### **Financial liabilities**

The Insurer derecognises a financial liability when its contractual obligations are met, cancelled or when they expire.

#### **(iv) Offset**

Financial assets and liabilities are offset, and the net amount presented in the financial position statement when, and only when, the Insurer has the legal right to offset the amounts and intends either to settle 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 by IFRS, or for gains and losses arising from a group of similar transactions as in the Insurer's commercial activity.

#### **(v) Measurement of amortised cost**

The "amortised cost" of a financial asset or liability is the value at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the recognised initial amount and the maturity amount, minus any impairment loss.

#### **(vi) Measurement of fair value**

"Fair value" is the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the time of initial measurement or, in its absence, in the most advantageous active market to which the Insurer has access on that date. The fair value of a liability reflects its default risk.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered active when the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

The best evidence of 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 Insurer 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 that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to take into account the difference between the fair value on initial recognition and the transaction price. Later, this difference is recognised in profit or loss on an appropriate basis over the instrument's life, but at the latest when the valuation is fully supported by observable market data or when the transaction is concluded.

If an asset or liability measured at fair value has a purchase price and a selling price, then the Insurer measures assets and long positions at an offer price, and liabilities and short positions at a selling price.

The portfolios of financial assets and liabilities that are exposed to market risk and credit risk, which are managed by the Insurer on the basis of the net exposure to markets or the credit risk is measured based on the price that would be received to sell a long net position (or paid to transfer a short net position) for a particular risk exposure. These portfolio-level adjustments are allocated to the individual assets and liabilities based on risk adjustment for each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which payment of the amount could be required.

The Insurer recognises transfers between levels of fair value hierarchy as of the end of the reporting period in which the change occurs.

## **(vii) Impairment**

### **Impairment of securities:**

The Insurer regularly assesses, for each portfolio of securities, whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment.

For financial assets showing signs of impairment, the respective recoverable value is determined, with the impairment losses being recognised in the profit and loss account.

A financial asset, or group of financial assets, is impaired whenever there is objective evidence of impairment arising from one or more events that occur after their initial recognition, such as: (i) for listed equity instruments, a devaluation that is continued or of significant value in its stock market price, and (ii) for debt securities, when this event (or events) have an impact on the estimated value of the future cash flows of the financial asset, or group of financial assets, which may be reasonably estimated.

The Insurer considers that a financial asset, or group of financial assets, is impaired whenever, after its initial recognition, there is objective evidence that:

#### **(i) for listed variable yield securities:**

1) Its fair value is below the acquisition cost for 12 months consecutively (long-lasting devaluation);

Or

2) There is a significant devaluation of 25% or more relative to its acquisition cost on the closing date of the accounts;

3) Impairment loss should be recognised for all the securities which were the object of impairment loss previously, whenever there is a decline in relation to their book value, since the last impairment loss date;

4) Furthermore, a qualitative analytical list is prepared based on other impairment indicators, for the purpose of identifying decreases of value that have not been detected through the application of the impairment limits referred to in 1) and 2).

(ii) for fixed yield and non-listed securities:

1) Existence of an event (or events) which has impact on the estimated value of the future cash flows of the financial asset, or group of financial assets, which may be reasonably estimated.

When there is evidence of impairment in financial assets available for sale, the accumulated potential loss in reserves, corresponding to the difference between the acquisition cost and the present fair value, minus any impairment loss in the asset previously recognised through profit or loss, is transferred to retained earnings. If, in a subsequent period, the value of the impairment loss decreases, the previously recognised impairment loss is reversed against profit or loss for the year until the full value of the acquisition cost if the increase is objectively related to an event which has occurred after the recognition of the impairment loss.

Regarding investments held to maturity, the impairment losses correspond to the difference between the book value of the asset and present value of estimated future cash flows (considering the recovery period) discounted at the original effective interest rate of the financial asset. These assets are presented in the balance sheet, net of impairment. In the case of an asset with a variable interest rate, the interest rate to be used to determine the respective impairment loss is the present effective interest rate, determined based on the rules of each contract. In relation to investments held to maturity, if in a subsequent period the value of the impairment loss decreases, and this decrease may be objectively related to an event which occurred after the recognition of the impairment, this value is reversed against profit or loss.

**Adjustments of receipts of premiums for collection and credit related to bad debt:**

The objective of the adjustments of receipts of premiums for collection is to reduce the value of the premiums for collection to their estimated realisation value. The calculation of these adjustments are based on the values of premiums due for collection for over 30 days, to which a margin is applied, calculated for each product, in the case of Life and for each branch in the case of Non-Life. This adjustment is presented in the balance sheet as a deduction to receivables due to direct insurance operations.

This adjustment aims to recognise the impact of potential non-collection of issued premium receipts through profit or loss.

Adjustments of credit related to bad debt aim to reduce the value of the balances receivable arising from direct insurance, reinsurance and other operations to their probable realisation value, and are calculated according to the age of these balances and based on economic analysis.

### **c) Recognition of interest and dividends**

Revenue relative to interest of financial instruments is recognised under the heading of interest and similar income using the effective rate method.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, estimates are made of the future cash flows considering all contractual terms of the financial instrument, but not considering, however, any possible future credit losses. The calculation includes any fees that are an integral part of the effective interest rate, transaction costs and all premiums and discounts directly related to the transaction.

In the case of financial assets or groups of similar financial assets for which impairment losses have been recognised, the interest recognised through profit or loss is determined based on the interest rate used to measure the impairment loss.

Income from equity instruments (dividends) is recognised when the right to receive this income is established.

### **d) Investment properties**

- *Investment properties*

The Insurer defines income-generating properties as properties whose recoverability is achieved through rents rather than through their continued use, using the measurement criteria of IAS 40.

Investment properties are recognised initially at acquisition cost, including any directly related transaction costs, and subsequently at their fair value. Fair value variations determined on each reporting date are recognised through profit or loss. Investment properties are not subject to depreciation.

Related subsequent expenditure is capitalised when it is probable that the Insurer will obtain future economic benefits in excess of the initially estimated performance level.

The fair value of income-generating properties is based on a valuation made by an independent valuator. Independent valuers have recognised and relevant professional qualification to issue the valuation reports.

The current situation of the properties considers their age, state of conservation and any maintenance/remodelling works which may have been done (even if carried out by lessees).

The fair value of the investment properties is considered the most probable value that they would have in a free market transaction, between two prudent entities, assuming a reasonable period of market exposure. The market comparison criteria is used to determine the fair value, where the property is compared to others that are similar and have been involved in a sufficiently recent transaction to consider that the values achieved are valid in market terms.

Also see Note 21.

### e) Tangible assets

These assets are recognised at their respective historical acquisition cost subject to depreciation and impairment tests. Their depreciation was calculated through the application of the straight-line method, based on the following estimated useful life of the assets:

	<b>Years of Useful Life</b>
Office equipment	6 to 10
Machines, appliances and tools	6 to 8
Computer equipment	6
Interior facilities	8
Transport material	4
Other equipment	3 to 10

For the initial recognition of the tangible assets, any costs required for the correct operation of a given asset are capitalised, pursuant to the provisions in IAS 16. The Insurer establishes a useful life that is capable of reflecting the estimated time over which economic benefits will be obtained, depreciating the asset over that period. The useful life of each asset is reviewed on each reporting date.

Subsequent costs related to tangible assets are capitalised under assets only if it is probable that these costs will result in future economic benefits for the Insurer. All expenses related to maintenance and repair are recognised as a cost.

### f) Intangible assets

The costs incurred with the acquisition of computer applications are capitalised as intangible assets, as well as any additional expenses that may be required for their implementation.

Costs directly related to the development of computer applications, which are expected to generate future economic benefits beyond one financial year, are recognised and recorded as intangible assets.

Intangible assets are recognised at their respective historical acquisition cost subject to amortisation and impairment tests. Their amortisation is calculated through the application of the straight-line method, based on the following annual rates, which reflect, in a reasonable manner, the estimated useful life of the intangible assets:

	<b>Internally generated intangible assets</b>	<b>Finite useful life?</b>	<b>Useful Life</b>
Software	N	Y	6 years

Costs related to the maintenance of computer programmes are recognised as costs of the financial year when they are incurred.

## **g) Insurance contracts**

The Insurer issues contracts that include insurance risk, financial risk or a combination of both insurance and financial risk. A contract, under which the Company accepts significant insurance risk from another party, agreeing to compensate the insured party in the case of a specific uncertain future event which might adversely affect the insured party, is classified as an insurance contract.

A contract issued by the Insurer whose risk is essentially financial and where the assumed insured risk is not significant, but where there is a discretionary profit sharing attributed to the insured parties, is considered an investment contract and is recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Insurer which transfers only financial risk, without discretionary profit sharing, is classified as a financial instrument.

Insurance contracts and investment contracts with profit sharing features are recognised and measured as follows:

### **(i) Premiums**

Gross premiums issued are recorded as income for the financial year to which they refer, regardless of the time of their payment or receipt.

Reinsurance premiums assigned are recorded as costs for the financial year to which they refer, in the same way as gross premiums issued.

### **(ii) Acquisition cost**

Acquisition costs essentially correspond to the remuneration contractually attributed to mediators for the achievement of insurance and investment contracts.

Contracted fees are recorded as costs at the time of the issue of the respective premiums or renewal of the respective policies.

### **(iii) Provision for non-acquired premiums**

The provision for non-acquired premiums is based on the evaluation of the premiums issued before the end of the year, but whose validity continues after this date. This provision is determined through the application of the pro-rata temporis method to each contract in force. This method is applied to the gross premiums issued minus the respective acquisition costs.

### **(iv) Mathematical provision of the Life Branch**

The objective of the mathematical provisions for the Life Branch is to record the present value of the Insurer's future liabilities relative to the policies issued, and they are calculated based on recognised actuarial methods.

The mathematical provisions constituted for all the contracts marketed by the Insurer correspond to the estimated actuarial value of the commitment made to the beneficiaries, including already distributed profit sharing and after deduction of the actuarial value of future premiums.

The mathematical provisions were calculated individually for each contract in force and following a prospective actuarial method.

#### **(v) Provision for claims**

The provision for claims corresponds to the expected value of costs related to claims that have not yet been settled or have already been settled but have not yet been paid by the end of the year.

This provision was determined as follows:

- based on the analysis of the outstanding claims at the end of the year and consequent estimated liability existing on that date; and
- through the provision, based on statistical data, of values of costs related to claims for the year, in order to meet liabilities related to claims declared after the closing of the year (IBNR).

The mathematical reserve of the work accidents branch is calculated for pensions that have already been homologated by the Labour Court and for estimates arising from proceedings whose injured parties are in a situation of "clinical cure".

#### **(vi) Provision for profit sharing**

##### *· Provision for profit sharing to be attributed (shadow accounting):*

Pursuant to IFRS 4, unrealised gains and losses on the assets covering liabilities arising from insurance and investment contracts with discretionary profit sharing is attributed to policyholders, in proportion to their estimated share, based on the expectation that they will receive these unrealised gains and losses when they are realised, through the recognition of a liability.

The estimated amounts to be attributed to insurance policyholders under the form of profit sharing, for each modality or group of modalities, is calculated based on a suitable plan applied consistently, taking into account the profit sharing plan, the maturity of the commitments, the allocated assets as well as other specific variables of the modality or modalities in question.

##### *· Provision for attributed profit sharing:*

Corresponds to the amounts attributed to insurance policyholders or to the beneficiaries of the contracts, as profit sharing, and when it has not yet been distributed, namely through inclusion in the mathematical provision of the contracts.

#### **(vii) Provision for claim rate deviations**

The provision for claim rate deviations should be constituted for credit insurance, fidelity insurance, the harvest branch and for seismic phenomena risk, and should be calculated in conformity with the criteria established by the Insurance Supervision Institute of Moçambique (ISSM).

#### **(viii) Provision for risks underway**



The provision for risks underway corresponds to the estimated amount required to meet probable indemnities and costs payable after the end of the year and which exceed the value of the non-acquired premiums, premiums payable relative to contracts in force and premiums which will be renewed in January of the following year, in conformity with the criteria established by the ISSM.

#### **(ix) Reinsurance technical provision**

The assigned reinsurance technical provisions are determined through the application of the criteria described above for direct insurance, taking into account the percentage assignment, as well as other clauses in the treaties in force.

#### **h) Benefits granted to employees**

- *Supplementary retirement pension (post-employment benefits)*

SIM attributes its employees a supplementary retirement pension for which it maintains insurance, managed in-house by the actual Insurer, which covers the respective liabilities.

Regarding these supplementary retirement pensions, the Insurer has created an internal fund to cover the respective liabilities (mathematical provisions). The fund's assets are composed of State bonds and demand deposits.

The actuarial valuation of the liability is made through the projected unit credit method, based on the actuarial and financial assumptions disclosed in Note 28 - Benefits granted to employees.

The actuarial valuation of the liability is made through the projected unit credit method, based on the actuarial and financial assumptions disclosed in Note 28 - Benefits granted to employees.

- *Seniority bonus (other long term benefits)*

The seniority bonus is attributed to the Insurer's employees according to the years of service provided to the Insurer, whereby they are paid 1, 2 and 3 salaries upon reaching 15, 20 and 30 years of service, respectively. The present value of the seniority bonuses is accrued at the end of each year.

- *Performance bonus (short term benefits)*

The performance bonus attributed to the Insurer's employees, accrued for each month, is calculated according to a performance assessment, which is based on organisational, quantitative and qualitative criteria.

#### **i) Income tax**

Seguradora Internacional de Moçambique, S.A. is subject to the tax system stipulated in the Income Tax Code, whereby the profit imputable to each year is subject to Corporate Income Tax (IRPC - rate currently in force: 32%).

Income tax includes current and deferred tax. Income tax is recognised through profit or loss, except when related to items that are not recognised directly under equity, in which case it is also stated against equity. Deferred taxes recognised in equity arising from the revaluation of investments available for sale are subsequently recognised through profit or loss at the time when the gains or losses which led to them are recognised.

Current taxes are those which are expected to be paid based on the tax base calculated in accordance with the tax rules in force and using the tax rate that has been approved or is substantially approved at the end of the reporting period.

Deferred taxes are calculated considering the existing difference between the book value of the assets and liabilities and their tax base, using tax rates that have been approved or are substantially approved on the reporting date and which are expected to be applied when these differences are reversed.

Deferred tax liabilities are recognised for all taxable tax adjustments.

Deferred tax assets are recognised for all deductible tax adjustments, only to the extent it is expected that there will be taxable profit in the future, capable of absorbing these adjustments.

#### **j) Provisions**

Provisions are recognised when (i) the Insurer has a present obligation, legal or constructive; (ii) it is probable that its payment will be required; and (iii) a reliable estimate can be made of its value.

#### **l) Equity**

Shares are classified as equity when there is no liability to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are presented under equity as deductions to income, net of tax.

#### **m) Leases**

The Insurer classifies lease operations as financial leases or operating leases according to their substance and not to their legal form, pursuant to the criteria defined in IAS 17 - Leases. Operations where the risks and benefits inherent to the ownership of an asset are substantially transferred to the lessee are classified as financial leases. All other lease operations are classified as operating leases.

##### *Operating leases*

Payments made under operating lease contracts are recorded as costs for the periods to which they refer.

##### *Financial leases:*

Financial lease contracts are recognised on their starting date, in the assets and liabilities, at the fair value of the leased asset or, if less, the present value of the minimum payments. Lease instalments are composed of (i) the financial cost which is debited through profit or loss, and (ii) the financial amortisation of the outstanding capital which is deducted from the liabilities. The financial costs are recognised as costs over the lease period, so as to produce a constant periodic interest rate on the outstanding liability balance for each period.

#### **n) Non-current assets held for sale**

Non-current assets are classified as held for sale when their book value was recovered mainly through a sales transaction (including those acquired exclusively for the purpose of their sale) and the sale is highly probable.

Immediately before the initial classification of the asset as held for sale, the non-current assets are measured pursuant to the applicable IFRS.

Subsequently, these assets for disposal are measured at the lowest value between their book value and their fair value minus the costs of their sale.

#### **o) Segmental reporting**

A business segment is a group of assets and operations which are subject to specific risks and benefits which are different from those of other business segments.

A geographic segment is a group of assets and operations which are located in a specific economic environment, which is subject to risks and benefits which are different from those of other segments operating in other economic environments.

#### **p) Foreign currency transactions**

Transactions in foreign currency are converted at the exchange rate in force on the transaction date. Monetary assets and liabilities denominated in foreign currency are converted at the exchange rate in force on the reporting date.

The exchange rate gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for the effective interest rate and payments during the year and the amortised cost in foreign currency converted at the rate in force at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the respective functional currency at the foreign exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are converted at the exchange rate in force at the date of the transaction.

Foreign exchange differences arising from conversion are recognised in profit or loss.

### **Note 3 - Main accounting estimates and judgements of relevance used in the preparation of the financial statements**

The IAS/IFRS establish a series of accounting procedures and require that the Board of Director make judgements and determine the necessary estimates in order to decide upon the most suitable accounting procedure. The main accounting estimates and judgements used in the application of the accounting principles by the Insurer are disclosed below, in order to allow for a better understanding of how their application affects the reported results of the Insurer. A more detailed description of the main accounting policies used by the Insurer is presented in Note 2.

It should be taken into account that, in some situations, there may be alternatives to the accounting policy procedures adopted by the Insurer, which would lead to different results. However, the Insurer believes that the applied judgements and estimates are appropriate and that, therefore, the financial statements present the true and appropriate financial position of the Insurer and its operations in all materially relevant aspects.

The considerations presented below are indicated only to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

**a) Fair value of investment properties**

The fair value of the investment properties is based on valuations made by independent valuers, which is considered the most probable value that they would have in a free market transaction, between two prudent entities, assuming a reasonable period of market exposure.

The market comparison criterion is used to determine the fair value, where the property is compared to others that are similar and have been involved in a sufficiently recent transaction to consider that the values achieved are valid in market terms.

Different methodologies could determine different results.

Also see Note 21.

**b) Technical provisions relative to insurance contracts**

Future liabilities arising from insurance contracts with discretionary profit sharing are recorded under the heading of technical provisions. Technical provisions relative to traditional life products were determined based on various assumptions, namely mortality, longevity and interest rate, applicable to each coverage. The assumptions used were based on the past experience of the Insurer and market. These assumptions may be reviewed if it is decided that the future experience confirms their unsuitability. The technical provisions arising insurance and investment contracts with discretionary profit sharing (capitalisation products) include the (1) mathematical provision, (2) provision for profit sharing, and (3) provision for claims.

For the determination of the technical provisions arising from insurance contracts with profit sharing, the Insurer periodically assesses its liabilities using actuarial methodologies and taking into account the respective reinsurance coverage. The provisions are reviewed periodically by the actuary in charge.

Regarding the technical provisions of the Non-Life branches, the costs related to claims that have occurred and been notified to the Insurer, as well as the cost of those that have not yet been notified but have occurred, constitute estimates whose evolution is monitored and analysed, by the actuary in charge. This analysis enables monitoring the evolution of payments, outstanding reserves, total costs and provides the grounds for alterations in the average cost of opening claims proceedings.

The Insurer calculates the technical provisions based on the technical notes and plans of participation of the products. Any possible alteration of criteria is duly assessed for quantification of its financial impacts.

Also see Note 24.

**c) Fair value of financial instruments**

The fair value is based on listed market prices when available, and in the absence of a market price, it is determined based on the use of prices of recent, similar transactions carried out under market conditions or based on valuation methodologies, using discounted future cash flow techniques which take into account market conditions, the effect of time, the yield curve and volatility factors. These methodologies may require the use of assumptions or judgments in estimating the fair value.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model could result in different financial results from those reported.

#### **d) Supplementary retirement pensions and other benefits granted to employees**

The determination of retirement pension liabilities requires the use of assumptions and estimates, including the use of actuarial projections, estimated returns on investments, and other factors that could impact the costs and liabilities of the pension plan. Changes in these assumptions could affect the determined values.

Also see Note 28.

#### **e) Income taxes**

The determination of income tax requires certain interpretations and estimates. Different interpretations and estimates would result in a different level of income tax, current and deferred, recognised for the year.

According to the tax legislation in force, the Tax Authorities are entitled to review the calculation of the tax base made by the Insurer for a period of five years. Hence, it is possible that there may be corrections to the tax base, as a result of differences in the interpretation of the tax legislation.

Also see Note 26.

### **Note 4 - Segmental reporting and allocation of investments and other assets**

The Insurer considers the business segment as its main segment. The business segment is further divided into the Life Branch and the Non-Life branches, and for each branch, the information is detailed by type of product (in the case of the Life Branch) and by sub-branch (in the case of the Non-Life Branches). In the Life Branch, the presented data is divided between the Annuity, Capitalisation and Life Risk segments. In the Non-Life Branches, the information is detailed by the sub-branch of Occupational Accidents, Personal Accidents and Sickness, Fire and Natural Phenomena, Motor, Miscellaneous and Other Branches (includes the Marine, Aviation, Transport and Civil Liability sub-branches).

Concerning geographic location, all the contracts are signed in Mozambique, hence there is only one segment.

## • Segmental reporting

Reporting by business segments - technical earnings, as at 31 December 2015:

MZN

	Life	Non-Life	Total
Acquired Premiums, direct insurance	372,189,468	1,252,401,879	1,624,591,347
Cost of Claims, direct insurance	(200,805,068)	(303,883,112)	(504,688,180)
Other Technical Costs	(222,941,453)	(33,763,463)	(256,704,917)
Technical Margin, direct insurance	(51,557,054)	914,755,304	863,198,250
Assigned Reinsurance Earnings	(4,282,744)	(196,973,709)	(201,256,453)
Net Technical Margin	(55,839,798)	717,781,595	661,941,797
Operating Costs	(80,207,161)	(278,143,739)	(358,350,900)
Operating Earnings	(136,046,959)	439,637,855	303,590,896
Investment Earnings	214,993,811	196,082,880	411,076,691
Other	4,206,703	17,189,243	21,395,946
<b>Technical Earnings</b>	<b>83,153,555</b>	<b>652,909,978</b>	<b>736,063,533</b>

Reporting by Life business segments - technical earnings, as at 31 December 2015:

MZN

	LIFE			
	Rents	Capitalisation	Life Risk	Total
Acquired Premiums, direct insurance	80,088,607	60,561,513	231,539,347	372,189,468
Cost of Claims, direct insurance	(118,508,296)	(52,676,960)	(29,619,812)	(200,805,068)
Other Technical Costs	(55,045,107)	(81,387,791)	(86,508,555)	(222,941,453)
Technical Margin, direct insurance	(93,464,796)	(73,503,238)	115,410,981	(51,557,054)
Assigned Reinsurance Earnings	0	0	(4,282,744)	(4,282,744)
Net Technical Margin	(93,464,796)	(73,503,238)	111,128,236	(55,839,798)
Operating Costs	(10,993,153)	(8,312,818)	(60,901,190)	(80,207,161)
Operating Earnings	(104,457,949)	(81,816,056)	50,227,047	(136,046,959)
Investment Earnings	105,413,877	76,829,526	32,750,409	214,993,811
Other	(488,646)	(421,504)	5,116,853	4,206,703
<b>Technical Earnings</b>	<b>467,281</b>	<b>(5,408,035)</b>	<b>88,094,308</b>	<b>83,153,555</b>

Reporting by Non-Life business segments - technical earnings, as at 31 December 2015:

MZN

	NON-LIFE						
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Acquired Premiums, direct insurance	124,581,823	221,868,216	183,143,580	535,640,663	121,224,661	65,942,935	1,252,401,879
Cost of Claims, direct insurance	(21,281,228)	(55,090,983)	(12,919,241)	(180,181,228)	(28,817,052)	(5,593,380)	(303,883,112)
Other Technical Costs	(869,948)	(31,866,393)	(1,027,122)	0	0	0	(33,763,463)
Technical Margin, direct insurance	102,430,648	134,910,840	169,197,217	355,459,434	92,407,609	60,349,555	914,755,304
Assigned Reinsurance Earnings	(3,087,795)	(7,639,690)	(97,051,396)	(3,763,355)	(52,388,786)	(33,042,686)	(196,973,709)
Net Technical Margin	99,342,853	127,271,150	72,145,820	351,696,079	40,018,823	27,306,869	717,781,595
Operating Costs	(27,337,358)	(56,338,693)	(38,186,635)	(111,777,799)	(30,682,145)	(13,821,109)	(278,143,739)
Operating Earnings	72,005,495	70,932,457	33,959,186	239,918,280	9,336,678	13,485,760	439,637,855
Investment Earnings	13,458,476	72,427,364	10,507,193	69,622,133	26,921,012	3,146,702	196,082,880
Other	(2,062)	11,740,854	(488,081)	1,715,287	5,113,733	(890,488)	17,189,243
<b>Technical Earnings</b>	<b>85,461,909</b>	<b>155,100,674</b>	<b>43,978,298</b>	<b>311,255,700</b>	<b>41,371,423</b>	<b>15,741,975</b>	<b>652,909,978</b>

## Reporting by business segments - technical earnings, as at 31.12.14:

MZN

	Life	Non-Life	Total
Acquired Premiums, direct insurance	368,490,353	1,326,701,724	1,695,192,077
Cost of Claims, direct insurance	(170,148,146)	(327,441,557)	(497,589,703)
Other Technical Costs	(309,575,771)	(34,791,881)	(344,367,652)
Technical Margin, direct insurance	(111,233,564)	964,468,287	853,234,723
Assigned Reinsurance Earnings	(7,678,742)	(333,770,529)	(341,449,271)
Net Technical Margin	(118,912,306)	630,697,757	511,785,452
Operating Costs	(72,395,166)	(249,783,596)	(322,178,762)
Operating Earnings	(191,307,472)	380,914,161	189,606,690
Investment Earnings	196,501,043	166,117,754	362,618,797
Other	65,780,575	5,855,125	71,635,699
<b>Technical Earnings</b>	<b>70,974,146</b>	<b>552,887,040</b>	<b>623,861,186</b>

## Reporting by Life business segments - technical earnings, as at 31.12.14:

MZN

	LIFE			
	Rents	Capitalisation	Life Risk	Total
Acquired Premiums, direct insurance	77,186,524	102,195,384	189,108,445	368,490,353
Cost of Claims, direct insurance	(103,860,582)	(31,036,169)	(35,251,395)	(170,148,146)
Other Technical Costs	(120,664,113)	(131,176,533)	(57,735,125)	(309,575,771)
Technical Margin, direct insurance	(147,338,171)	(60,017,318)	96,121,925	(111,233,564)
Assigned Reinsurance Earnings	-	-	(7,678,742)	(7,678,742)
Net Technical Margin	(147,338,171)	(60,017,318)	88,443,184	(118,912,306)
Operating Costs	(15,846,622)	(24,390,650)	(32,157,894)	(72,395,166)
Operating Earnings	(163,184,794)	(84,407,968)	56,285,289	(191,307,472)
Investment Earnings	106,528,108	62,615,744	27,357,191	196,501,043
Other	53,011,369	514,188	12,255,018	65,780,575
<b>Technical Earnings</b>	<b>(3,645,317)</b>	<b>(21,278,036)</b>	<b>95,897,498</b>	<b>70,974,146</b>

## Reporting by Non-Life business segments - technical earnings, as at 31.12.14:

MZN

	NON-LIFE						
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Acquired Premiums, direct insurance	110,428,431	233,591,024	374,995,586	465,923,420	88,069,321	53,693,943	1,326,701,724
Cost of Claims, direct insurance	(27,987,984)	(78,843,437)	(20,331,580)	(179,987,762)	(12,510,395)	(7,780,398)	(327,441,557)
Other Technical Costs	(881,859)	(32,947,815)	(962,207)	-	-	-	(34,791,881)
Technical Margin, direct insurance	81,558,588	121,799,771	353,701,799	285,935,658	75,558,926	45,913,545	964,468,287
Assigned Reinsurance Earnings	8,334,797	(5,889,548)	(274,042,351)	(3,612,572)	(39,297,495)	(19,263,360)	(333,770,529)
Net Technical Margin	89,893,385	115,910,223	79,659,448	282,323,085	36,261,431	26,650,185	630,697,757
Operating Costs	(21,617,007)	(48,078,656)	(63,332,712)	(90,849,766)	(15,516,673)	(10,388,781)	(249,783,596)
Operating Earnings	68,276,378	67,831,568	16,326,735	191,473,319	20,744,758	16,261,404	380,914,161
Investment Earnings	13,450,861	62,378,967	7,528,507	69,058,663	9,521,519	4,179,237	166,117,754
Other	1,561,181	948,476	(606,442)	3,409,877	158,564	383,468	5,855,125
<b>Technical Earnings</b>	<b>83,288,420</b>	<b>131,159,011</b>	<b>23,248,801</b>	<b>263,941,859</b>	<b>30,424,841</b>	<b>20,824,108</b>	<b>552,887,040</b>

## Reporting by business segments - Balance Sheet, as at 31 December 2015:

MZN

Balance sheet	Life insurance	Non-life branch insurance	Total
Cash and cash equivalents and demand deposits	436,520,242	1,455,026,947	1,891,547,189
Investments in affiliates, associates and joint ventures	0	211,350,850	211,350,850
Assets available for sale	1,373,402,299	915,586,960	2,288,989,258
Loans and accounts receivable	264,503,731	90,568,748	355,072,479
Buildings	1,465,882,805	40,001,814	1,505,884,619
Other tangible & intangible assets & inventories	51,627,466	16,674,370	68,301,836
Reinsurance technical provision	2,824,980	172,305,370	175,130,350
Other receivables & tax assets	258,637,643	83,533,439	342,171,082
Accruals and deferrals	34,772,728	11,230,715	46,003,443
<b>Total assets</b>	<b>3,888,171,894</b>	<b>2,996,279,214</b>	<b>6,884,451,107</b>
Technical provisions	3,303,762,667	1,185,006,929	4,488,769,596
Other financial liabilities	0	0	0
Liabilities due to post-employment benefits and other long term benefits	7,115,730	2,298,201	9,413,931
Other payables & tax liabilities	221,156,467	71,427,964	292,584,431
Accruals and deferrals	42,453,324	13,711,354	56,164,677
Other provisions	0	0	0
<b>Total liabilities</b>	<b>3,574,488,188</b>	<b>1,272,444,448</b>	<b>4,846,932,636</b>

## Reporting by Life business segments - Balance Sheet, as at 31 December 2015:

MZN

Balance sheet	LIFE			
	Rents	Capitalisation	Life Risk	Total
Cash and cash equivalents and demand deposits	218,761,248	169,188,479	48,570,515	436,520,242
Investments in affiliates, associates and joint ventures	0	0	0	0
Assets available for sale	524,063,661	569,011,985	280,326,652	1,373,402,299
Loans and accounts receivable	132,555,517	102,517,546	29,430,669	264,503,731
Buildings	1,044,334,900	369,314,905	52,233,000	1,465,882,805
Other tangible & intangible assets & inventories	25,873,002	20,010,005	5,744,459	51,627,466
Reinsurance technical provision	0	0	2,824,980	2,824,980
Other receivables & tax assets	129,615,739	100,243,941	28,777,964	258,637,643
Accruals and deferrals	17,426,283	13,477,370	3,869,074	34,772,728
<b>Total assets</b>	<b>2,092,630,350</b>	<b>1,343,764,231</b>	<b>451,777,313</b>	<b>3,888,171,894</b>
Technical provisions	1,548,950,469	1,336,119,643	418,692,555	3,303,762,667
Other financial liabilities	0	0	0	0
Liabilities due to post-employment benefits and other long term benefits	3,566,034	2,757,947	791,749	7,115,730
Other payables & tax liabilities	110,832,122	85,716,818	24,607,527	221,156,467
Accruals and deferrals	21,275,399	16,454,250	4,723,675	42,453,324
Other provisions	0	0	0	0
<b>Total liabilities</b>	<b>1,684,624,023</b>	<b>1,441,048,658</b>	<b>448,815,507</b>	<b>3,574,488,188</b>



## Reporting by Non-Life business segments - Balance Sheet, as at 31 December 2015:

MZN

Balance sheet	NON-LIFE						
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Cash and cash equivalents and demand deposits	129,070,050	535,123,431	69,934,661	600,574,769	83,339,852	36,984,184	1,455,026,947
Investments in affiliates, associates and joint ventures	18,748,151	77,729,689	10,158,403	87,236,864	12,105,582	5,372,161	211,350,850
Assets available for sale	81,218,327	336,730,558	44,006,927	377,916,318	52,442,246	23,272,584	915,586,960
Loans and accounts receivable	8,034,018	33,308,977	4,353,112	37,383,023	5,187,523	2,302,096	90,568,748
Buildings	3,548,413	14,711,692	1,922,654	16,511,090	2,291,191	1,016,775	40,001,814
Other tangible & intangible assets & inventories	1,479,122	6,132,427	801,440	6,882,488	955,061	423,833	16,674,370
Reinsurance technical provision	1,038,307	2,976,757	50,713,517	3,853,649	103,358,226	10,364,915	172,305,370
Other receivables & tax assets	7,409,942	30,721,562	4,014,965	34,479,139	4,784,561	2,123,271	83,533,439
Accruals and deferrals	996,235	4,130,383	539,795	4,635,573	643,264	285,465	11,230,715
<b>Total assets</b>	<b>251,542,563</b>	<b>1,041,565,476</b>	<b>186,445,473</b>	<b>1,169,472,913</b>	<b>265,107,506</b>	<b>82,145,282</b>	<b>2,996,279,214</b>
Technical provisions	94,244,015	425,899,672	66,732,854	415,607,887	163,165,074	19,357,428	1,185,006,929
Other financial liabilities	0	0	0	0	0	0	0
Post-employment & other long-term benefit liabilities	203,865	845,222	110,461	948,602	131,635	58,416	2,298,201
Other payables & tax liabilities	6,336,110	26,269,464	3,433,126	29,482,501	4,091,193	1,815,571	71,427,964
Accruals and deferrals	1,216,283	5,042,701	659,025	5,659,478	785,348	348,518	13,711,354
Other provisions	0	0	0	0	0	0	0
<b>Total liabilities</b>	<b>102,000,273</b>	<b>458,057,059</b>	<b>70,935,466</b>	<b>451,698,468</b>	<b>168,173,249</b>	<b>21,579,933</b>	<b>1,272,444,448</b>

## Reporting by business segments - Balance Sheet, as at 31.12.14:

MZN

Balance sheet	Life insurance	Non-life branch insurance	Total
Cash and cash equivalents and demand deposits	1,492,900,563	482,169,252	1,975,069,815
Investments in affiliates, associates and joint ventures	159,754,253	51,596,597	211,350,850
Assets available for sale	1,315,263,845	424,797,069	1,740,060,915
Loans and accounts receivable	196,981,293	63,619,993	260,601,286
Buildings	1,465,882,805	40,818,800	1,506,701,605
Other tangible & intangible assets & inventories	44,368,687	14,329,967	58,698,654
Reinsurance technical provision	2,847,556	84,232,508	87,080,064
Other receivables & tax assets	197,737,093	63,864,097	261,601,190
Accruals and deferrals	34,934,003	11,282,802	46,216,805
<b>Total assets</b>	<b>4,910,670,098</b>	<b>1,236,711,085</b>	<b>6,147,381,183</b>
Technical provisions	3,052,850,334	985,993,708	4,038,844,042
Other financial liabilities	-	-	-
Post-employment & other long-term benefit liabilities	5,732,177	1,851,349	7,583,525
Other payables & tax liabilities	206,322,844	66,637,078	272,959,922
Accruals and deferrals	31,298,741	10,108,704	41,407,445
Other provisions	-	-	-
<b>Total liabilities</b>	<b>3,296,204,096</b>	<b>1,064,590,839</b>	<b>4,360,794,935</b>

## Reporting by Life business segments - Balance Sheet, as at 31.12.14:

MZN

Balance sheet	LIFE			
	Rents	Capitalisation	Life Risk	Total
Cash and cash equivalents and demand deposits	748,164,138	578,625,114	166,111,311	1,492,900,563
Investments in affiliates, associates and joint ventures	80,060,525	61,918,272	17,775,456	159,754,253
Assets available for sale	659,141,851	509,775,876	146,346,118	1,315,263,845
Loans and accounts receivable	98,716,782	76,346,896	21,917,616	196,981,294
Buildings	1,044,334,900	369,314,905	52,233,000	1,465,882,805
Other tangible & intangible assets & inventories	22,235,279	17,196,615	4,936,793	44,368,687
Reinsurance technical provision	-	-	2,847,556	2,847,556
Other receivables & tax assets	99,095,549	76,639,832	22,001,712	197,737,093
Accruals and deferrals	17,507,106	13,539,878	3,887,019	34,934,003
<b>Total assets</b>	<b>2,769,256,130</b>	<b>1,703,357,388</b>	<b>438,056,581</b>	<b>4,910,670,098</b>
Technical provisions	1,529,929,852	1,183,237,462	339,683,020	3,052,850,334
Other financial liabilities	-	-	-	-
Post-employment & other long-term benefit liabilities	2,872,669	2,221,703	637,805	5,732,177
Other payables & tax liabilities	103,398,282	79,967,536	22,957,027	206,322,845
Accruals and deferrals	15,685,301	12,130,907	3,482,533	31,298,741
Other provisions	-	-	-	-
<b>Total liabilities</b>	<b>1,651,886,104</b>	<b>1,277,557,608</b>	<b>366,760,385</b>	<b>3,296,204,096</b>

## Reporting by Non-Life business segments - Balance Sheet, as at 31 December 2014:

MZN

Balance sheet	NON-LIFE						
	Workman's Compensation	Personal Accidents and Sickness	Fire and Natural Phenomena	Motor	Miscellaneous	Other branches	Total
Cash and cash equivalents and demand deposits	42,771,448	177,330,093	23,175,065	199,019,467	27,617,299	12,255,880	482,169,252
Investments in affiliates, associates & joint ventures	4,576,943	18,975,970	2,479,948	21,296,935	2,955,308	1,311,493	51,596,597
Assets available for sale	37,682,174	156,230,004	20,417,518	175,338,610	24,331,182	10,797,582	424,797,070
Loans and accounts receivable	5,643,494	23,397,882	3,057,842	26,259,694	3,643,974	1,617,106	63,619,992
Buildings	3,620,885	15,012,159	1,961,922	16,848,308	2,337,986	1,037,541	40,818,801
Other tangible & intangible assets & inventories	1,271,158	5,270,213	688,758	5,914,816	820,780	364,242	14,329,967
Reinsurance technical provision	4,193,684	2,107,216	29,559,447	5,459,420	23,053,410	19,859,331	84,232,508
Other receivables & tax assets	5,665,147	23,487,658	3,069,575	26,360,450	3,657,956	1,623,311	63,864,096
Accruals and deferrals	1,000,856	4,149,540	542,299	4,657,073	646,247	286,789	11,282,803
<b>Total assets</b>	<b>106,425,789</b>	<b>425,960,734</b>	<b>84,952,374</b>	<b>481,154,773</b>	<b>89,064,142</b>	<b>49,153,275</b>	<b>1,236,711,085</b>
Technical provisions	87,463,849	362,624,443	47,390,968	406,977,303	56,474,947	25,062,198	985,993,708
Other financial liabilities	-	-	-	-	-	-	-
Post-employment & other long term benefit liabilities	164,226	680,881	88,984	764,160	106,040	47,058	1,851,349
Other payables & tax liabilities	5,911,128	24,507,492	3,202,856	27,505,022	3,816,784	1,693,795	66,637,078
Accruals and deferrals	896,706	3,717,735	485,866	4,172,454	578,998	256,945	10,108,704
Other provisions	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>94,435,909</b>	<b>391,530,551</b>	<b>51,168,674</b>	<b>439,418,939</b>	<b>60,976,769</b>	<b>27,059,996</b>	<b>1,064,590,839</b>

## • Allocation of the investments and other assets

Allocation of the investments and other assets, as at 31.12.15:

MZN

Nature of the investments and other assets	Life insurance without profit sharing	Life insurance with profit sharing	Non-life branch insurance	Not allocated	Total
Cash and cash equivalents and demand deposits	18,598,088	417,922,154	1,426,642,932	28,384,016	1,891,547,189
Investments in affiliates, associates & joint ventures	0	0	0	211,350,850	211,350,850
Assets available for sale	58,514,255	1,314,888,044	791,086,960	124,500,000	2,288,989,258
Loans and accounts receivable	11,269,268	253,234,463	90,568,748	0	355,072,479
Buildings	62,454,417	1,403,428,388	0	40,001,814	1,505,884,619
Other tangible & intangible assets & inventories	0	0	0	68,301,836	68,301,836
Reinsurance technical provision	120,359	2,704,620	172,305,370	0	175,130,350
Other receivables & tax assets	0	0	0	342,171,082	342,171,082
Accruals and deferrals	976,619	21,945,846	18,653,727	4,427,250	46,003,443
<b>Total</b>	<b>151,933,006</b>	<b>3,414,123,515</b>	<b>2,499,257,737</b>	<b>819,136,849</b>	<b>6,884,451,108</b>

Allocation of the investments and other assets, as at 31.12.14:

MZN

Nature of the investments and other assets	Life insurance without profit sharing	Life insurance with profit sharing	Non-life branch insurance	Not allocated	Total
Cash and cash equivalents and demand deposits	8,940,497	200,904,079	1,673,081,359	92,143,880	1,975,069,815
Investments in affiliates, associates & joint ventures	-	-	-	211,350,850	211,350,850
Assets available for sale	48,470,459	1,089,191,468	477,898,988	124,500,000	1,740,060,915
Loans and accounts receivable	8,931,583	200,703,777	50,965,926	-	260,601,286
Buildings	62,454,417	1,403,428,388	-	40,818,800	1,506,701,605
Other tangible & intangible assets & inventories	-	-	-	58,698,654	58,698,654
Reinsurance technical provision	-	-	84,232,508	2,847,556	87,080,064
Other receivables & tax assets	-	-	-	261,601,189	261,601,189
Accruals and deferrals	1,208,790	27,163,014	-	17,845,001	46,216,805
<b>Total</b>	<b>130,005,746</b>	<b>2,921,390,726</b>	<b>2,286,178,781</b>	<b>809,805,930</b>	<b>6,147,381,183</b>

## Note 5 - Acquired premiums, net of reinsurance

The acquired premiums net of reinsurance are analysed as follows:

MZN

	2015	2014
Gross premiums issued of direct insurance and accepted reinsurance	1,802,705,368	1,752,962,375
Assigned reinsurance premiums	(359,591,916)	(425,445,115)
Net reinsurance premiums	1,443,113,452	1,327,517,260
Variation of non-acquired premiums of direct insurance and accepted reinsurance	(178,114,022)	(57,770,298)
Variation of non-acquired premiums of assigned reinsurance	66,976,794	(4,355,137)
Net variation of non-acquired premiums	(111,137,228)	(62,125,435)
<b>Acquired premiums, net of reinsurance</b>	<b>1,331,976,224</b>	<b>1,265,391,826</b>

The breakdown of the headings is analysed as follows:

MZN

	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<b>Gross premiums issued:</b>	<b>1,802,705,368</b>	<b>(359,591,916)</b>	<b>1,443,113,452</b>	<b>1,752,962,375</b>	<b>(425,445,115)</b>	<b>1,327,517,260</b>
<i>Life</i>	372,189,468	(23,336,621)	348,852,847	368,490,353	(23,239,164)	345,251,189
Rents	80,088,607	0	80,088,607	77,186,524	-	77,186,524
Capitalisation	60,561,513	0	60,561,513	102,195,384	-	102,195,384
Life Risk	231,539,347	(23,336,621)	208,202,727	189,108,445	(23,239,164)	165,869,281
<i>Non-Life</i>	1,430,515,900	(336,255,295)	1,094,260,605	1,384,472,022	(402,205,951)	982,266,071
Work accidents	127,601,204	(1,196,893)	126,404,311	111,760,246	(2,467,504)	109,292,742
Personal accidents and sickness	304,937,899	(10,151,583)	294,786,316	273,342,643	(7,824,171)	265,518,472
Fire and Other Damage	183,754,774	(130,341,850)	53,412,924	376,753,125	(318,161,223)	58,591,902
Motor	546,176,996	(8,688,122)	537,488,874	481,598,963	(3,612,572)	477,986,391
Marine	10,891,651	(8,976,393)	1,915,258	6,877,504	(5,142,155)	1,735,349
Aviation	3,010,279	(1,441,468)	1,568,811	2,329,603	(1,140,870)	1,188,733
Transportation	32,969,564	(24,058,921)	8,910,643	27,601,409	(19,665,762)	7,935,647
Civil Liability	17,067,530	(6,658,537)	10,408,993	18,479,107	(8,722,430)	9,756,677
Miscellaneous	204,106,004	(144,741,528)	59,364,476	85,729,422	(35,469,264)	50,260,158
<b>Variation of the provision for non-acquired premiums:</b>	<b>(178,114,022)</b>	<b>66,976,794</b>	<b>(111,137,228)</b>	<b>(57,770,298)</b>	<b>(4,355,137)</b>	<b>(62,125,435)</b>
<i>Life</i>	0	0	0			
<i>Non-Life</i>	(178,114,022)	66,976,794	(111,137,228)	(57,770,298)	(4,355,137)	(62,125,435)
Work accidents	(3,019,380)	0	(3,019,380)	(1,331,815)	-	(1,331,815)
Personal accidents and sickness	(83,069,683)	53,759	(83,015,924)	(39,751,620)	25,613	(39,726,007)
Fire and Other Damage	(611,194)	(3,408,547)	(4,019,741)	(1,757,539)	(689,411)	(2,446,950)
Motor	(10,536,333)	0	(10,536,333)	(15,675,543)	-	(15,675,543)
Marine	148,610	(108,941)	39,669	(994,592)	700,794	(293,798)
Aviation	69,349	(30,905)	38,444	(5,465)	(12,720)	(18,185)
Transportation	(208,264)	(396,593)	(604,857)	103,409	(279,668)	(176,259)
Civil Liability	1,994,217	(2,421,788)	(427,571)	(697,032)	147,955	(549,077)
Miscellaneous	(82,881,343)	73,289,809	(9,591,534)	2,339,899	(4,247,700)	(1,907,801)
<b>Acquired premiums:</b>	<b>1,624,591,347</b>	<b>(292,615,123)</b>	<b>1,331,976,224</b>	<b>1,695,192,077</b>	<b>(429,800,252)</b>	<b>1,265,391,825</b>
<i>Life</i>	372,189,468	(23,336,621)	348,852,847	368,490,353	(23,239,164)	345,251,189
<i>Non-Life</i>	1,252,401,879	(269,278,502)	983,123,377	1,326,701,724	(406,561,088)	920,140,636
Work accidents	124,581,823	(1,196,893)	123,384,930	110,428,431	(2,467,504)	107,960,927
Personal accidents and sickness	221,868,216	(10,097,824)	211,770,392	233,591,023	(7,798,558)	225,792,465
Fire and Other Damage	183,143,580	(133,750,397)	49,393,183	374,995,586	(318,850,634)	56,144,952
Motor	535,640,663	(8,688,122)	526,952,541	465,923,420	(3,612,572)	462,310,848
Marine	11,040,261	(9,085,334)	1,954,927	5,882,912	(4,441,361)	1,441,551
Aviation	3,079,628	(1,472,373)	1,607,255	2,324,138	(1,153,590)	1,170,548
Transportation	32,761,300	(24,455,514)	8,305,785	27,704,818	(19,945,430)	7,759,388
Civil Liability	19,061,747	(9,080,325)	9,981,422	17,782,075	(8,574,475)	9,207,600
Miscellaneous	121,224,661	(71,451,719)	49,772,942	88,069,321	(39,716,964)	48,352,357

## Note 6 - Cost of claims, net of reinsurance

This heading is broken down as follows:

	MZN	
	2015	2014
Claims paid		
Gross values	(465,590,560)	(449,571,456)
Portion of the reinsurers	27,073,260	51,228,846
Variation of the provision for claims		
Gross values	(11,425,475)	(22,443,916)
Portion of the reinsurers	(7,590,012)	(21,665,748)
Total before imputed costs	(457,532,787)	(442,452,275)
Costs of claims (imputed ) - see Note 16	(27,672,146)	(25,574,329)
<b>Cost of claims, net of reinsurance</b>	<b>(485,204,933)</b>	<b>(468,026,604)</b>

For the financial year of 2015, the Costs of Claims and Variations of the Technical Provisions of Life and Non-Life Businesses were broken down as follows:

	MZN					
	2015					
	Claims paid		Variation of the provision for claims		Costs of claims (imputed - see Note 17)	Total
	Gross values	Portion of the reinsurers	Gross values	Portion of the reinsurers		
<b>Life</b>	(185,129,087)	777,946	(12,389,914)	(795,213)	(3,286,067)	(200,822,336)
Rents	(116,738,536)	-	(559,103)	-	(1,210,656)	(118,508,296)
Capitalisation	(52,581,164)	-	250,106	-	(345,902)	(52,676,960)
Life Risk	(15,809,386)	777,946	(12,080,917)	(795,213)	(1,729,509)	(29,637,079)
<b>Non-Life</b>	(280,461,473)	26,295,314	964,440	(6,794,799)	(24,386,079)	(284,382,597)
Work accidents	(13,590,939)	-	(4,231,271)	(1,890,902)	(3,459,018)	(23,172,130)
Personal accidents and sickness	(59,390,527)	81,390	7,931,513	16,996	(3,631,969)	(54,992,596)
Fire and Other Damage	(4,619,169)	3,535,070	(5,705,808)	4,795,388	(2,594,264)	(4,588,784)
Motor	(175,013,845)	-	9,533,444	4,924,767	(14,700,828)	(175,256,462)
Marine	-	-	1,881,106	(1,881,106)	-	(0)
Aviation	-	-	-	-	-	-
Transportation	(7,420,259)	7,522,769	3,588,198	(3,763,213)	-	(72,505)
Civil Liability	(9,653,531)	7,197,061	6,011,107	(6,416,228)	-	(2,861,593)
Miscellaneous	(10,773,203)	7,959,025	(18,043,850)	(2,580,501)	-	(23,438,529)
<b>General Total</b>	<b>(465,590,560)</b>	<b>27,073,260</b>	<b>(11,425,475)</b>	<b>(7,590,012)</b>	<b>(27,672,146)</b>	<b>(485,204,933)</b>

For the financial year of 2014, the Costs of Claims and Variations of the Technical Provisions of Life and Non-Life Businesses were broken down as follows:

MZN

	2014					
	Claims paid		Variation of the provision for claims		Costs of claims (imputed - see Note 17)	Total
	Gross values	Portion of the reinsurers	Gross values	Portion of the reinsurers		
<b>Life</b>	(154,078,010)	4,265,072	(13,125,213)	(81,576)	(2,944,922)	(165,964,649)
Rents	(102,489,992)	-	(50,099)	-	(1,320,490)	(103,860,581)
Capitalisation	(29,930,241)	-	225,322	-	(1,331,250)	(31,036,169)
Life Risk	(21,657,777)	4,265,072	(13,300,436)	(81,576)	(293,182)	(31,067,899)
<b>Non-Life</b>	(295,493,446)	46,963,774	(9,318,703)	(21,584,172)	(22,629,407)	(302,061,954)
Work accidents	(10,063,364)	12,873,486	(14,824,701)	(2,071,185)	(3,099,919)	(17,185,683)
Personal accidents and sickness	(70,953,976)	28,166	(4,634,547)	4,855	(3,254,915)	(78,810,417)
Fire and Other Damage	(25,653,372)	15,211,512	7,646,731	544,366	(2,324,939)	(4,575,702)
Motor	(159,478,500)	-	(6,559,628)	-	(13,949,634)	(179,987,762)
Marine	-	-	-	-	-	-
Aviation	-	-	-	-	-	-
Transportation	(9,812,645)	9,351,622	(806,139)	859,929	-	(407,233)
Civil Liability	(1,035,689)	288,540	3,874,075	(2,663,001)	-	463,925
Miscellaneous	(18,495,900)	9,210,448	5,985,506	(18,259,136)	-	(21,559,082)
<b>General Total</b>	<b>(449,571,456)</b>	<b>51,228,846</b>	<b>(22,443,916)</b>	<b>(21,665,748)</b>	<b>(25,574,329)</b>	<b>(468,026,603)</b>

## Note 7 - Other technical provisions, net of reinsurance

The heading Other technical provisions, net of reinsurance exclusively considers the variation of the provision for claim rate deviations. Also see Note 24 with respect to the amount recognised under the account of gains and losses by Business.

## Note 8 - Life branch mathematical provisions, net of reinsurance

The heading "Life Business mathematical provision, net of reinsurance", includes the variation of the Insurer's liabilities related to insurance contracts and investment contracts with profit sharing in the Life Business. Also see Note 24 with respect to the amount recognised under the account of gains and losses by product.

## Note 9 - Profit sharing, net of reinsurance

The heading "Profit sharing, net of reinsurance", refers to the increased liabilities of the Insurer relative to the estimated amounts attributable to insurance policyholders in insurance contracts and investment contracts with profit sharing of the Life Business. Also see Note 24 with respect to the amount recognised under the account of gains and losses by product / Business.

## Note 10 - Net operating costs

Net operating costs are broken down as follows:

	MZN	
	2015	2014
Acquisition cost	(178,988,140)	(160,195,705)
Deferred acquisition costs (variation)	14,511,008	2,310,563
Administrative costs	(193,873,767)	(164,293,621)
Fees and sharing of reinsurance profit	72,069,664	58,764,528
<b>Net operating costs</b>	<b>(286,281,236)</b>	<b>(263,414,234)</b>

For the financial year of 2015, the Acquisition costs, deferred acquisition costs (variation), administrative costs, fees and sharing of reinsurance profit, were broken down as follows:

Net operating costs	2015					
	Acquisition cost		Deferred acquisition costs (variation)	Administrative costs		Fees and sharing of reinsurance profit
	Imputed costs (see Note 17)	Mediation fees		Imputed costs (see Note 17)	Mediation fees	
<i>Life</i>	(12,604,855)	(29,062,866)	0	(38,482,760)	(56.681)	19.265.386
Rents	(2,712,342)	0	0	(8,280,811)	0	0
Capitalisation	(2,051,023)	0	0	(6,261,795)	0	0
Life Risk	(7,841,490)	(29,062,866)	0	(23,940,154)	(56.681)	19.265.386
<i>Non-Life</i>	(48,446,952)	(88,873,468)	14,511,008	(147,909,074)	(7.425.253)	52.804.278
Work accidents	(4,321,441)	(9,077,589)	458,573	(13,193,405)	(1.203.496)	0
Personal accidents and sickness	(11,064,350)	(20,191,961)	8,751,432	(33,779,583)	(54.231)	2.359.748
Fire and Other Damage	(6,223,181)	(10,756,472)	(1,328,764)	(18,999,438)	(878.780)	28.368.543
Motor	(17,760,161)	(36,155,097)	595,785	(54,221,967)	(4.236.358)	0
Marine	(368,865)	(1,392,830)	(13,038)	(1,126,149)	(203.595)	980.572
Aviation	(101,948)	(438,973)	5,579	(311,250)	(62.711)	283.509
Transportation	(1,116,573)	(1,771,119)	126,440	(3,408,908)	(235.681)	6.530.771
Civil Liability	(578,022)	(1,061,489)	146,177	(1,764,708)	(143.447)	596.726
Miscellaneous	(6,912,411)	(8,027,937)	5,768,823	(21,103,666)	(406.955)	13.684.410
<b>Total</b>	<b>(61,051,807)</b>	<b>(117,936,334)</b>	<b>14,511,008</b>	<b>(186,391,834)</b>	<b>(7.481.933)</b>	<b>72.069.664</b>
<b>Total in the summary table</b>	<b>(178,988,140)</b>		<b>14,511,008</b>	<b>(193,873,767)</b>		<b>72,069,664</b>

For the financial year of 2014, the Acquisition costs, deferred acquisition costs (variation), administrative costs, fees and sharing of reinsurance profit, were broken down as follows:

MZN

Net operating costs	2014					
	Acquisition cost		Deferred acquisition costs (variation)	Administrative costs		Fees and sharing of reinsurance profit
	Imputed costs (see Note 17)	Mediation fees		Imputed costs (see Note 17)	Mediation fees	
<i>Life</i>	<i>(10,633,510)</i>	<i>(28,613,820)</i>	-	<i>(33,122,111)</i>	<i>(25.725)</i>	<i>11.353.571</i>
Rents	(3,851,053)	-	-	(11,995,569)	-	-
Capitalisation	(5,927,426)	-	-	(18,463,223)	-	-
Life Risk	(855,031)	(28,613,820)	-	(2,663,319)	(25.725)	11.353.571
<i>Non-Life</i>	<i>(39,951,649)</i>	<i>(80,996,725)</i>	<i>2,310,563</i>	<i>(124,444,606)</i>	<i>(6.701.179)</i>	<i>47.410.958</i>
Work accidents	(3,225,061)	(7,356,826)	(46,197)	(10,045,678)	(943.245)	-
Personal accidents and sickness	(8,429,591)	(15,154,773)	1,824,400	(26,257,168)	(61.524)	1.875.989
Fire and Other Damage	(10,871,949)	(18,009,753)	289,607	(33,864,819)	(875.799)	29.052.405
Motor	(13,355,726)	(32,332,207)	295,421	(41,601,488)	(3.855.767)	-
Marine	(198,464)	(761,160)	193,316	(618,191)	(119.190)	644.101
Aviation	(67,225)	(328,446)	(3,423)	(209,399)	(48.531)	201.595
Transportation	(796,493)	(1,982,191)	19,931	(2,480,979)	(264.661)	5.752.296
Civil Liability	(533,251)	(555,353)	95,710	(1,661,012)	(69.770)	416.415
Miscellaneous	(2,473,890)	(4,516,017)	(358,202)	(7,705,872)	(462.692)	9.468.156
<b>Total</b>	<b>(50,585,160)</b>	<b>(109,610,545)</b>	<b>2,310,563</b>	<b>(157,566,717)</b>	<b>(6.726.904)</b>	<b>58.764.528</b>
<b>Total in the summary table</b>	<b>(160,195,705)</b>		<b>2,310,563</b>	<b>(164,293,621)</b>		<b>58,764,528</b>

## Note 11 - Income

Income by category of financial assets is analysed as follows:

MZN

	2015			2014		
	Allocated	Not allocated	Total	Allocated	Not allocated	Total
<b>Income</b>	<b>423,994,781</b>	<b>10,442,848</b>	<b>434,437,629</b>	<b>367,213,978</b>	<b>10,248,395</b>	<b>377,462,373</b>
<i>Interest income from financial assets not stated at fair value through profit or loss</i>	<i>335,563,149</i>	<i>10,442,848</i>	<i>346,005,997</i>	<i>284,859,033</i>	<i>10,248,395</i>	<i>295,107,428</i>
of assets available for sale	282,241,760	9,044,622	291,286,382	253,717,403	8,831,719	262,549,122
Bonds and other fixed income securities						
Issued by Government and public entities	227,281,483	-	227,281,483	215,875,462	-	215,875,462
Issued by other entities	3,668,702	9,044,622	12,713,325	3,582,344	8,831,719	12,414,062
Other investments	51,291,574	-	51,291,574	34,259,597	-	34,259,597
of loans granted and accounts receivable - Term deposits	53,321,389	1,398,226	54,719,615	31,141,630	1,416,676	32,558,306
<i>Other</i>	<i>88,431,632</i>	<i>-</i>	<i>88,431,632</i>	<i>82,354,945</i>	<i>-</i>	<i>82,354,945</i>
of buildings for own use (rents)	80,610,997	-	80,610,997	80,535,204	-	80,535,204
of financial assets available for sale - Shares	1,525,143	-	1,525,143	1,819,741	-	1,819,741
Smoothing of public issuers' bonds	6,295,492	-	6,295,492	-	-	-



## Note 12 - Financial costs

Financial costs are analysed as follows:

	MZN	
	2015	2014
<i>Non-Life</i>		
Smoothing of premiums paid through the effective interest rate method - fixed yield securities	(9,624,495)	(6,360,270)
Costs imputed to the investment function (see Note 16)	(6,622,597)	(4,595,181)
<b>Total</b>	<b>(16,247,093)</b>	<b>(10,955,451)</b>

## Note 13 - Currency conversion differences

The values for 2015 presented in the heading of Currency conversion differences, under Gains and Losses, refer to currency conversion differences arising from:

	MZN			
Exchange rate fluctuation	Non-Life	Life	Non-Technical	Total
Provisions for direct insurance claims	(8,176,657)	-	-	(8,176,657)
Provisions for assigned reinsurance claims	8,902,042	-	-	8,902,042
Provision for non-acquired direct insurance premiums	(32,965,674)	-	-	(32,965,674)
Deferred acquisition costs	2,747,101	-	-	2,747,101
Provision for non-acquired assigned reinsurance premiums	24,167,710	-	-	24,167,710
Provisions for direct insurance claims	-	(390,771)	-	(390,771)
Provisions for assigned reinsurance claims	-	616,935	-	616,935
Direct insurance mathematical provisions	-	(70,991,365)	-	(70,991,365)
Assigned reinsurance mathematical provisions	-	349,944	-	349,944
Investments	39,183,153	71,896,404	-	111,079,556
Employee benefit liability actuarial gain	-	-	-	0
Receipts for collection	-	-	36,552,740	36,552,740
Claim refunds	-	-	(8,162)	(8,162)
Rebates payable	-	-	(1,475,655)	(1,475,655)
Collections in advance	-	-	(493,978)	(493,978)
Current accounts - reinsurers	-	-	(38,100,812)	(38,100,812)
Current accounts - mediators	-	-	3,231,606	3,231,606
Receivables and payables	-	-	(7,486,325)	(7,486,325)
Accruals and deferrals	-	-	(686,108)	(686,108)
Demand deposits	-	-	(4,521,103)	(4,521,103)
Taxes	-	-	0	0
Current accounts - co-insurance	-	-	(2,793,133)	(2,793,133)
Inventories	-	-	-	-
<b>Total</b>	<b>33,857,675</b>	<b>1,481,148</b>	<b>(15,780,929)</b>	<b>19,557,894</b>

## Details of variations by branch:

MZN

Non-Life Business technical provisions	2015			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
<i>Non-Life</i>				
Work accidents	-	(1,195,384)	-	-
Personal accidents and sickness	(59,988)	681,384	(129,359)	117,401
Fire and Other Damage	(1,221,688)	8,964,116	(10,269,608)	10,465,589
Motor	(3,145,828)	(646,755)	(5,720,111)	0
Marine	(195,069)	99,717	(510,439)	373,667
Aviation	(125,998)	119,698	(484,880)	215,382
Transportation	(346,154)	(258,045)	(1,930,335)	1,596,947
Civil Liability	(2,907,732)	2,298,234	(1,815,149)	1,071,500
Miscellaneous	(174,200)	(1,160,925)	(12,105,792)	10,327,223
<b>Total</b>	<b>(8,176,657)</b>	<b>8,902,042</b>	<b>(32,965,674)</b>	<b>24,167,710</b>

## Details of variations by branch:

MZN

Life Business technical provisions	2015			
	Provision for claims		Mathematical provision	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
<i>Life</i>				
Rents	-	-	(992,352)	-
Capitalisation	(390,771)	-	(69,778,685)	-
Life Risk	-	616,935	(220,327)	349,944
<b>Total</b>	<b>(390,771)</b>	<b>616,935</b>	<b>(70,991,365)</b>	<b>349,944</b>

The values for 2014 presented in the heading of Currency conversion differences, under Gains and Losses, refer to currency conversion differences arising from:

MZN

Exchange rate fluctuation	Non-Life	Life	Non-Technical	Total
Provisions for direct insurance claims	(1,406,490)	-	-	(1,406,490)
Provisions for assigned reinsurance claims	1,178,433	-	-	1,178,433
Provision for non-acquired direct insurance premiums	(5,151,366)	-	-	(5,151,366)
Provision for non-acquired assigned reinsurance premiums	4,132,020	-	-	4,132,020
Provisions for direct insurance claims	-	(15,985)	-	(15,985)
Provisions for assigned reinsurance claims	-	225,290	-	225,290
Direct insurance mathematical provisions	-	(18,923,677)	-	(18,923,677)
Assigned reinsurance mathematical provisions	-	31,338	-	31,338
Investments	4,752,240	19,676,555	-	24,428,794
Employee benefit liability actuarial gain	-	-	-	-
Receipts for collection	-	-	10,811,277	10,811,277
Claim refunds	-	-	-	-
Rebates payable	-	-	(367,064)	(367,064)
Collections in advance	-	-	68,268	68,268
Current accounts - reinsurers	-	-	(8,626,540)	(8,626,540)
Current accounts - mediators	-	-	(578,371)	(578,371)
Receivables and payables	-	-	557,658	557,658
Accruals and deferrals	-	-	(862,966)	(862,966)
Demand deposits	-	-	2,944,992	2,944,992
Taxes	-	-	-	-
Current accounts - co-insurance	-	-	(178,210)	(178,210)
Inventories	-	-	-	-
<b>Total</b>	<b>3,504,837</b>	<b>993,520</b>	<b>3,769,046</b>	<b>8,267,403</b>

## Details of variations by branch:

MZN

Non-Life Business technical provisions	2014			
	Provision for claims		Provision for non-acquired premiums	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
<i>Non-Life</i>				
Work accidents	-	(445,094)	-	-
Personal accidents and sickness	(74,842)	194,962	(32,981)	25,253
Fire and Other Damage	(400,310)	2,836,244	(2,027,572)	2,714,439
Motor	(1,089,893)	(298,091)	(1,173,395)	-
Marine	(177,567)	150,388	(29,331)	32,372
Aviation	(36,058)	34,255	(183,094)	103,102
Transportation	(64,140)	(100,718)	(415,920)	335,918
Civil Liability	(113,063)	(19,990)	(502,974)	353,203
Miscellaneous	549,383	(1,173,523)	(786,098)	567,732
<b>Total</b>	<b>(1,406,490)</b>	<b>1,178,433</b>	<b>(5,151,366)</b>	<b>4,132,020</b>

## Details of variations by branch:

MZN

Life Business technical provisions	2014			
	Provision for claims		Mathematical provision	
	Direct insurance	Assigned reinsurance	Direct insurance	Assigned reinsurance
<i>Life</i>				
Rents	-	-	(249,573)	-
Capitalisation	(15,985)	-	(18,618,692)	-
Life Risk	-	225,290	(55,412)	31,338
<b>Total</b>	<b>(15,985)</b>	<b>225,290</b>	<b>(18,923,677)</b>	<b>31,338</b>

The balances of monetary assets/liabilities denominated in foreign currency are revalued to Meticaís at the indicative average exchange rate of Banco de Moçambique at the end of each month. At the end of each financial year, the following exchange rates were recorded:

Exchange rate of the currency	31.12.2015	31.12.2014
USD	45.9	33.6
ZAR	2.94	2.9
EUR	50.04	40.84

#### **Note 14 - Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units**

The value of 52,347 thousand Meticaís, recorded as at 31.12.14, refers to the variation of the fair value of properties allocated to products with 100% profit sharing.

#### **Note 15 - Other provisions (variation)**

The heading "Other provisions (variation)", refers to the variation of the adjustment of receipts for collection. Also see Note 25.

## Note 16 - Imputable costs by nature

The analysis of the costs using a classification based on function, namely acquisition of insurance contracts (acquisition costs and administrative costs), costs of claims and investment costs, is broken down as follows:

MZN

	2015			2014		
	Technical account	Non-technical account	Total	Technical account	Non-technical account	Total
Costs of claims (see Note 6)	27,672,146	-	27,672,146	25,574,329	-	25,574,329
Acquisition costs (see Note 10)	61,051,807	-	61,051,807	50,585,160	-	50,585,160
Administrative costs (see Note 10)	186,391,834	-	186,391,834	157,566,717	-	157,566,717
Investment management costs (see Note 12)	6,622,597	-	6,622,597	4,595,181	-	4,595,181
<b>Total</b>	<b>281,738,384</b>	<b>-</b>	<b>281,738,384</b>	<b>238,321,387</b>	<b>-</b>	<b>238,321,387</b>

The details of imputable costs by nature are presented as follows:

MZN

<b>Imputable costs by nature</b>	<b>2015</b>	<b>2014</b>
<i>Staff costs</i>	<i>168,558,498</i>	<i>148,413,810</i>
Remuneration of the governing bodies	17,900,080	14,856,996
Staff remuneration	134,927,971	121,958,157
Charges on remunerations	5,309,663	4,785,288
Post-employment benefits	4,447,000	3,672,000
Other employees' long term benefits	2,232,671	-
Compulsory insurance	924,847	994,317
Social action costs	335,170	308,240
Other staff costs	2,481,098	1,838,812
<i>External supplies and services</i>	<i>88,856,903</i>	<i>70,153,999</i>
Specialised work	28,474,550	20,680,291
Advertising and promotion	10,295,962	3,630,652
Hire and rental charges	8,566,707	9,686,323
Insurance	10,194,297	9,381,855
Maintenance and repair	5,876,650	5,848,448
Costs related to independent work	5,526,319	4,812,666
Fuel	3,517,026	3,821,650
Communications	3,250,722	2,593,538
Security and surveillance	2,737,387	2,245,337
Travel and hotel	3,507,613	1,655,691
Other	6,909,671	5,797,548
<i>Taxes and rates</i>	<i>2,650,093</i>	<i>829,575</i>
<i>Amortisation/depreciation for the year</i>	<i>16,257,279</i>	<i>15,467,145</i>
Other intangible assets (see Note 23)	5,242,018	6,381,800
Other intangible assets (see Note 22)	11,015,261	9,085,345
<i>Other provisions</i>	<i>-</i>	<i>-</i>
<i>Interest paid</i>	<i>-</i>	<i>-</i>
<i>Specialised Commissions</i>	<i>5,415,610</i>	<i>3,456,858</i>
<b>Total imputable costs by nature</b>	<b>281,738,384</b>	<b>238,321,387</b>

During 2015, Seguradora Internacional de Moçambique had an average of 154 employees (2014: 146 employees), distributed over the professional categories shown in the table below.

Average number of workers by professional category	2015	2014
Executive directors	10	10
Senior management	16	16
Middle management	15	15
Highly qualified professionals	1	1
Qualified professionals	93	85
Semi-qualified professionals	14	14
Other	5	5
<b>Total</b>	<b>154</b>	<b>146</b>

## Note 17 - Cash and cash equivalents and demand deposits

The description of the components of cash and cash equivalents and demand deposits, reconciling the amounts included in the cash flow statement with the corresponding sums reported in the balance sheet, is analysed as follows:

	MZN	
	2015	2014
Cash	-	-
Repayable on demand	31,133,249	93,693,456
Term deposits with maturity of less than 90 days (considered equivalent to cash)	1,860,413,940	1,881,376,359
<b>Total</b>	<b>1,891,547,189</b>	<b>1,975,069,815</b>

## Note 18 - Investments in affiliates, associates and joint ventures

The individual financial statements of Seguradora Internacional de Moçambique include the values of 210,700,000 Meticaís and 650,850 Meticaís, relative to the 20% and 22.84% stakes in Constellation and Beira Nave, respectively, which are stated at acquisition cost, subject to impairment tests.

Summarised financial information of the associates, including the aggregate values of assets, liabilities and net income:

2014									
Company Address	Head office	Percentage Equity Held	Value Effective	Parent Company	Equity	Assets	Subordinated	Net income	Total income
Constellation	Maputo	20.00%	210.700.000	SOGEX, S.A	1.177.488.945	1.516.616.027	339.127.073	2.523.108	-
Beira Nave	Beira	22.84%	650.850	Pescamar, Lda, Sociedade de Pesca de Mariscos	74.648.103	217.540.835	142.892.732	25.749.382	145.805.579
<b>Total</b>	-	-	<b>211.350.850</b>	-	-	-	-	-	-

MZN

2013									
Company Address	Head office	Percentage Equity Held	Value Effective	Parent Company	Equity	Assets	Subordinated	Net income	Total income
Constellation	Maputo	20.00%	210.700.000	SOGEX, S.A	1,251,042,456	1,421,626,413	170,583,957	(2,181,872)	-
Beira Nave	Beira	22.84%	650.850	Pescamar, Lda, Sociedade de Pesca de Mariscos	76,941,191	211,382,201	134,441,010	2,293,088	106,817,545
<b>Total</b>	-	-	<b>211.350.850</b>	-	-	-	-	-	-

## Note 19 - Financial assets available for sale

This heading is broken down as follows:

MZN

2015	Nominal / Acquisition Value	Fair Value Reserve		Profit sharing to be attributed		Other transactions		Book value	Method of measurement
		Positive	Negative	Positive	Negative	Purchase	Sell		
Bonds and other fixed income securities									
Issued by Government and public entities	1,549,177,551	-	-	-	-	540,730,616	-	2,089,908,167	Nominal amount - equivalent to fair value - Level 1
Issued by other entities	175,000,000	-	-	-	-	-	-	175,000,000	
<i>Equities</i>	<i>15,883,363</i>	<i>2,805,198</i>	-	-	-	<i>5,392,531</i>	-	<i>24,081,092</i>	
Cervejas de Moçambique	14,891,141	2,805,198				270,000		17,966,339	Fair value - Mozambique Stock Exchange price - Level 1
BCI	992,222	-	-	-	-	5,122,531	-	6,114,753	Acquisition cost
Other investments	-	-	-	-	-	-	-	-	Nominal amount - equivalent to fair value - Level 1
<b>Balance</b>	<b>1,740,060,914</b>	<b>2,805,198</b>	-	-	-	<b>546,123,147</b>	-	<b>2,288,989,259</b>	

MZN

2014	Nominal / Acquisition Value	Fair Value Reserve		Profit sharing to be attributed		Other transactions		Book value	Method of measurement
		Positive	Negative	Positive	Negative	Purchase	Sell		
Bonds and other fixed income securities									
Issued by Government and public entities	1,549,177,551	-	-	-	-	-	-	1,549,177,551	Nominal amount - equivalent to fair value - Level 1
Issued by other entities	175,000,000	-	-	-	-	-	-	175,000,000	
<i>Equities</i>	<i>13,865,827</i>	<i>2,498,165</i>	<i>1,683,205</i>	-	-	<i>1,202,576</i>	-	<i>15,883,363</i>	
Cervejas de Moçambique	12,873,605	2,498,165	1,683,205			1,202,576	-	14,891,141	Fair value - Mozambique Stock Exchange price - Level 1
BCI	992,222	-	-	-	-	-	-	992,222	Acquisition cost
Other investments	-	-	-	-	-	-	-	-	Nominal amount - equivalent to fair value - Level 1
<b>Balance</b>	<b>1,738,043,378</b>	<b>2,498,165</b>	<b>1,683,205</b>	-	-	<b>1,202,576</b>	-	<b>1,740,060,914</b>	

Pursuant to IFRS 7, financial assets classified upon initial recognition as available for sale may be stated at fair value according to one of the following levels:

- *Level 1 – Fair value determined directly with reference to an active official market.*
- *Level 2 – Fair value determined using valuation techniques based on observable prices in tradable current markets for the same financial instrument.*
- *Level 3 – Fair value determined using valuation techniques not based on observable prices in tradable current markets for the same financial instrument.*

## Note 20 - Loans and accounts receivable

This heading is broken down as follows:

	MZN	
	2015	2014
Term Deposits in MZN - Capital	8,500,023	2,500,026
Term Deposits in USD - Capital	316,256,361	220,357,615
Term Deposits in EUR - Capital	24,453,734	29,417,745
Term Deposits in ZAR - Capital	5,862,360	8,325,900
<b>Total</b>	<b>355,072,479</b>	<b>260,601,286</b>

The term deposits in MZN allocated to Life Business, all of which are at Banco Internacional de Moçambique, throughout the financial year offer interest rates of 8.75%, having increased to 9.5% in December (2014: 8.5%) and have maturities between 14 and 34 days (2014: 17 and 39 days).

In turn, the term deposits in MZN allocated to Non-Life Business, at Banco Internacional de Moçambique and Banco Comercial e de Investimento & Standard Bank, offer interest rates between 6.85% and 9.85% (2014: 8.5%) and have maturities between 12 and 365 days (2014: 12 to 365 days).

Regarding the term deposits in USD, EUR and ZAR, at Banco Internacional de Moçambique and Banco Comercial e de Investimento & Standard Bank, they offer interest rates between 0.65% and 2% (2014: 0.2% and 2%) for USD, between 0.04% and 0.5% (2014: 0.2% and 0.6%) for EUR, between 3.5% and 7.52% (2014: 2.2% and 6.8%) for ZAR. Concerning maturities, the term deposits in USD have maturities between 8 and 365 days (2014: 15 and 365), in EUR between 27 and 365 days (2014: 15 and 365), and in ZAR between 49 and 365 days (2014: 31 and 365 dias).

## Note 21 - Buildings

Seguradora Internacional de Moçambique has income-generating and buildings and buildings for own use, which are recognised at fair value.

In 2015, we only recorded reintegrations in the category of buildings for own use, according to the table below:

							MZN
	Value as at 31.12.2014	Additions		Reductions		Revaluation against profit or loss	Value as at 31.12.15
		Acquisitions	Improvements	Amortisations	Disposals and write- offs		
Buildings	1,506,701,605	-	-	816,986	-	-	1,505,884,619
Income-generating	1,465,882,805	-	-	-	-	-	1,465,882,805
For own use	40,818,800	-	-	816,986	-	-	40,001,814

During 2014, in order to determine the fair value of the income-generating properties, the Insurer used a suitable entity specialised in the valuation of property, CPU Intervalor.

It is important to note that in addition to revaluation against profit or loss, the Insurer purchased and carried out improvements to property.

The movements which occurred in income-generating buildings during 2014 are as follows:

							MZN
	Value as at 31.12.13	Additions		Reductions		Revaluation against profit or loss	Value as at 31.12.2014
		Acquisitions	Improvements	Amortisations	Disposals and write- offs		
Buildings	1.295.306.325	88.030.357	71.771.558	753.157	-	52.346.522	1.506.701.605
Income-generating	1.294.583.585	47.181.140	71.771.558	-	-	52.346.522*	1.465.882.805
For own use	722.740	40.849.217	-	753.157	-	-	40.818.800

\*Refers to properties allocated to products with 100% profit sharing.

The income derived from income-generating building rents are as follows:

MZN						
	2015			2014		
	Life	Non-Life	Closing Balance	Life	Non-Life	Closing Balance
Property rents (see Note 11)	80.610.997	-	80.610.997	80.535.204	-	80.535.204



The direct operating costs of income-generating buildings are as follows:

MZN

	2015			2014		
	Life	Non-Life	Closing Balance	Life	Non-Life	Closing Balance
Repair, maintenance and other expenses	26,957	-	26,957	240,043	-	240,043

## Note 22 - Other tangible assets

The other tangible assets of Seguradora Internacional de Moçambique are stated at cost minus the respective accumulated depreciation and impairment losses.

Their respective evolution was as follows:

MZN

	Balance as at 31.12.14			Increases	Reductions	Depreciation		Balance as at 31.12.15		
	Gross value	Depreciation	Net book value	Acquisitions	Transfers & Write-offs	Adjustments	Additions	Gross value	Depreciation	Net book value
Office equipment	5,672,127	3,479,099	2,193,028	861,682	85,238	0	530,221	6,448,571	4,009,320	2,439,251
Machines, appliances and tools	3,276,326	3,061,906	214,420	50,403	0	0	47,346	3,326,729	3,109,252	217,477
Computer equipment	12,203,606	9,181,682	3,021,924	1,028,737	1,197	3,448	1,440,192	13,231,146	10,625,322	2,605,824
Interior installations	3,131,854	3,131,854	0	3,637,914	0	0	203,985	6,769,767	3,335,838	3,433,929
Transport material	38,428,555	22,870,647	15,557,908	16,569,469	0	(48,125)	6,717,996	54,998,023	29,540,518	25,457,506
Other tangible assets	10,138,182	5,029,857	5,108,326	1,193,688	79,607	(29,853)	1,307,073	11,252,264	6,307,078	4,945,187
<b>Total Other tangible assets</b>	<b>72,850,649</b>	<b>46,755,044</b>	<b>26,095,606</b>	<b>23,341,894</b>	<b>166,041</b>	<b>(74,530)</b>	<b>10,246,814</b>	<b>96,026,501</b>	<b>56,927,328</b>	<b>39,099,174</b>
<b>Inventories</b>	<b>1,581,796</b>	<b>-</b>	<b>1,581,796</b>	<b>-</b>	<b>37,234</b>	<b>-</b>	<b>-</b>	<b>1,544,562</b>	<b>-</b>	<b>1,544,562</b>

MZN

	Balance as at 31.12.13			Increases	Reductions	Depreciation		Balance as at 31.12.14		
	Gross value	Depreciation	Net book value	Acquisitions	Transfers & Write-offs	Gross value	Depreciation	Net book value	Acquisitions	Net book value
Office equipment	5,807,453	3,131,596	2,675,858	107,197	242,524	(171,926)	519,429	5,672,127	3,479,099	2,193,028
Machines, appliances and tools	3,389,624	3,062,086	327,538	14,566	127,864	(71,655)	71,476	3,276,326	3,061,906	214,420
Computer equipment	12,225,647	7,825,866	4,399,782	246,463	268,504	(197,305)	1,553,121	12,203,606	9,181,682	3,021,924
Interior installations	3,131,854	2,925,107	206,746	-	-	-	206,746	3,131,854	3,131,854	-
Transport material	34,933,721	21,481,620	13,452,101	7,391,788	3,896,954	(3,890,709)	5,279,736	38,428,555	22,870,647	15,557,908
Other tangible assets	6,903,800	4,017,497	2,886,303	3,283,411	49,029	(39,323)	1,051,683	10,138,182	5,029,857	5,108,326
<b>Total Other tangible assets</b>	<b>66,392,099</b>	<b>42,443,772</b>	<b>23,948,328</b>	<b>11,043,425</b>	<b>4,584,875</b>	<b>(4,370,917)</b>	<b>8,682,190</b>	<b>72,850,649</b>	<b>46,755,044</b>	<b>26,095,606</b>
<b>Inventories</b>	<b>1,804,594</b>	<b>-</b>	<b>1,804,594</b>		<b>222,798</b>	<b>-</b>	<b>-</b>	<b>1,581,796</b>	<b>-</b>	<b>1,581,796</b>

## Note 23 - Other intangible assets

The other intangible assets of Seguradora Internacional de Moçambique are stated at cost minus the respective accumulated depreciation and impairment losses.

Their respective evolution was as follows:

	Balance as at 31.12.14			Increases	Reductions		Amortisations		Balance as at 31.12.15		
	Gross value	Amortisations	Net book value	Acquisitions	Transfers & Write-offs	Disposals	Adjustments	Additions	Gross value	Amortisations	Net book value
Computer applications	71,813,685	40,792,434	31,021,251	2,441,135	566,131	-	-	5,238,156	73,688,690	46,030,590	27,658,100
<b>Total</b>	<b>71,813,685</b>	<b>40,792,434</b>	<b>31,021,251</b>	<b>2,441,135</b>	<b>566,131</b>	<b>-</b>	<b>-</b>	<b>5,238,156</b>	<b>73,688,690</b>	<b>46,030,590</b>	<b>27,658,100</b>

MZN

	Balance as at 31.12.13			Increases	Reductions		Amortisations		Balance as at 31.12.14		
	Gross value	Amortisations	Net book value	Acquisitions	Transfers & Write-offs	Disposals	Adjustments	Additions	Gross value	Amortisations	Net book value
Computer applications	54,969,082	34,410,634	20,558,447	16,844,604	-	-	-	6,381,800	71,813,685	40,792,434	31,021,251
<b>Total</b>	<b>54,969,082</b>	<b>34,410,634</b>	<b>20,558,447</b>	<b>16,844,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,381,800</b>	<b>71,813,685</b>	<b>40,792,434</b>	<b>31,021,251</b>

MZN

## Note 24 - Technical provisions, net of assigned reinsurance

This heading is broken down as follows:

Technical provisions, net of assigned reinsurance	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
Provision for non-acquired premiums	751,794,475	135,501,889	616,292,585	557,972,888	44,357,386	513,615,502
Life branch mathematical provision	2,429,504,517	292,703	2,429,211,814	2,265,898,651	137,001	2,265,761,650
<i>Provision for claims</i>	455,654,585	39,335,758	416,318,827	436,912,923	42,585,677	394,327,246
Of the Life branch	60,035,434	2,532,277	57,503,158	47,354,268	2,710,555	44,643,713
Of Non-Life branches	395,619,151	36,803,481	358,815,670	389,558,655	39,875,122	349,683,533
Provision for profit sharing	849,055,122	-	849,055,122	776,325,806	-	776,325,806
Provision for claim rate deviations	2,760,896	-	2,760,896	1,733,774	-	1,733,774
Provision for risks underway	-	-	-	-	-	-
<b>Total</b>	<b>4,488,769,596</b>	<b>175,130,350</b>	<b>4,313,639,246</b>	<b>4,038,844,042</b>	<b>87,080,063</b>	<b>3,951,763,978</b>

MZN

The provisions for non-acquired premiums are analyzed as follows:

MZN

Provision for non-acquired premiums	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<i>Non-Life</i>						
Work accidents	14,682,651	-	14,682,651	12,121,845	-	12,121,845
Personal accidents and sickness	377,584,039	411,620	377,172,419	303,149,470	240,459	302,909,011
Fire and Other Damage	38,417,410	22,242,323	16,175,088	27,069,058	15,185,280	11,883,778
Motor	184,940,328	1	184,940,327	170,163,222	1	170,163,221
Marine	1,189,820	1,137,198	52,622	892,860	872,472	20,388
Aviation	1,773,569	1,031,194	742,375	1,444,425	846,717	597,708
Transportation	6,096,399	4,342,956	1,753,443	4,109,048	3,142,603	966,445
Civil Liability	5,127,764	1,598,835	3,528,928	5,543,296	2,949,123	2,594,173
Miscellaneous	121,982,495	104,737,763	17,244,732	33,479,664	21,120,730	12,358,934
<b>Total</b>	<b>751,794,475</b>	<b>135,501,889</b>	<b>616,292,585</b>	<b>557,972,888</b>	<b>44,357,385</b>	<b>513,615,503</b>

The mathematical provisions of the Life Business are analyzed as follows:

MZN

Mathematical provision	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<i>Life</i>						
Rents	1,014,498,675	-	1,014,498,675	1,018,254,228	-	1,018,254,228
Capitalisation	1,084,110,086	-	1,084,110,086	972,823,151	-	972,823,151
Life Risk	330,895,756	292,703	330,603,053	274,821,272	137,001	274,684,271
<b>Total</b>	<b>2,429,504,517</b>	<b>292,703</b>	<b>2,429,211,814</b>	<b>2,265,898,651</b>	<b>137,001</b>	<b>2,265,761,650</b>

MZN

	Movement of the mathematical provision during 2015					
	Provision at the beginning of the year	Application of the provision for profit sharing	Adjustments	Variation of the year - see P&L Account	Exchange rate variation	Provision at the end of the year
<i>Life</i>						
Rents	1,028,696,126	-	-	(3,755,553)	-	1,024,940,573
Capitalisation	962,381,253	-	-	42,275,728	69,011,207	1,073,668,188
Life Risk	274,821,272	-	-	54,094,326	1,980,158	330,895,756
<b>Total</b>	<b>2,265,898,651</b>	<b>0</b>	<b>0</b>	<b>92,614,502</b>	<b>70,991,365</b>	<b>2,429,504,517</b>

	Movement of the mathematical provision during 2014					
	Provision at the beginning of the year	Application of the provision for profit sharing	Adjustments	Variation of the year - see P&L Account	Exchange rate variation	Provision at the end of the year
<i>Life</i>						
Rents	1,020,775,654	10,441,989	(16,985,467)	14,463,950	-	1,028,696,126
Capitalisation	834,498,718	9,527,896	-	99,928,965	18,425,674	962,381,253
Life Risk	236,731,481	-	-	37,591,788	498,003	274,821,272
<b>Total</b>	<b>2,092,005,853</b>	<b>19,969,885</b>	<b>(16,985,467)</b>	<b>151,984,703</b>	<b>18,923,677</b>	<b>2,265,898,651</b>

The provision for claims are analyzed as follows:

Provision for claims	MZN					
	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<i>Life</i>						
Rents	2,752,368	-	2,752,368	2,193,264	-	2,193,264
Capitalisation	140,665	-	140,665	-	-	-
Life Risk	57,142,402	2,532,277	54,610,125	45,161,003	2,710,555	42,450,448
<i>Non-Life</i>						
Work accidents	78,691,416	1,038,307	77,653,109	74,460,145	4,193,684	70,266,461
Personal accidents and sickness	14,353,174	2,565,137	11,788,037	23,628,442	1,866,756	21,761,686
Fire and Other Damage	25,554,547	28,471,194	(2,916,647)	18,588,136	14,374,167	4,213,969
Motor	230,667,559	3,853,648	226,813,911	236,814,081	5,459,419	231,354,662
Marine	4,642	(100,552)	105,194	1,690,680	1,680,838	9,842
Aviation	470,187	446,678	23,509	344,189	326,980	17,209
Transportation	2,929,996	1,060,327	1,869,669	6,169,274	5,081,585	1,087,689
Civil Liability	1,765,051	848,279	916,772	4,868,425	4,959,014	(90,589)
Miscellaneous	41,182,579	(1,379,537)	42,562,116	22,995,283	1,932,680	21,062,603
<b>Total</b>	<b>455,654,585</b>	<b>39,335,758</b>	<b>416,318,827</b>	<b>436,912,922</b>	<b>42,585,678</b>	<b>394,327,244</b>

The provision for profit sharing is analyzed as follows:

Provision for profit sharing	MZN					
	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<i>Life</i>						
Provision attributable						
Rents	489,005,202	-	489,005,202	489,005,202	-	489,005,202
Capitalisation	180,548,765	-	180,548,765	178,973,725	-	178,973,725
Provision attributed						
Rents	42,694,224	-	42,694,224	20,477,158	-	20,477,158
Capitalisation	71,320,127	-	71,320,127	31,440,586	-	31,440,586
Life Risk	30,654,398	-	30,654,398	19,700,745	-	19,700,745
<i>Non-Life</i>						
Provision attributed						
Work accidents	869,948	-	869,948	881,859	-	881,859
Personal accidents and sickness	33,962,459	-	33,962,459	35,846,531	-	35,846,531
<b>Total</b>	<b>849,055,122</b>	<b>-</b>	<b>849,055,122</b>	<b>776,325,806</b>	<b>-</b>	<b>776,325,806</b>

MZN

	Movement of the provision for profit sharing during 2015						
	Provision at the beginning of the year	Distribution	Application in the mathematical provision	Pension premium clearing	Adjustments	Cost of profit sharing – see P&L Account	Provision at the end of the year
<i>Life</i>							
Provision attributable	667,978,927	-	-	-	-	1,575,040	669,553,967
Provision attributed	71,618,489	(19,700,745)	(37,575,946)	-	-	130,326,951	144,668,749
<i>Subtotal</i>	739,597,416	(19,700,745)	(37,575,946)	-	-	131,901,991	814,222,716
<i>Non-Life</i>							
Provision attributable	-	-	-	-	-	-	-
Provision attributed	36,728,390	(34,632,325)	-	-	-	32,736,341	34,832,406
<i>Subtotal</i>	36,728,390	(34,632,325)	-	-	-	32,736,341	34,832,406
<b>Total</b>	<b>776,325,806</b>	<b>(54,333,070)</b>	<b>(37,575,946)</b>	<b>-</b>	<b>-</b>	<b>164,638,332</b>	<b>849,055,122</b>

MZN

	Movement of the provision for profit sharing during 2014						
	Provision at the beginning of the year	Distribution	Application in the mathematical provision	Pension premium clearing	Adjustments	Cost of profit sharing – see P&L Account	Provision at the end of the year
<i>Life</i>							
Provision attributable	615,632,405	-	-	-	-	52,346,522	667,978,927
Provision attributed	47,388,106	(61,044,278)	(19,969,885)	-	-	105,244,546	71,618,489
<i>Subtotal</i>	663,020,511	(61,044,278)	(19,969,885)	-	-	157,591,068	739,597,416
<i>Non-Life</i>							
Provision attributable	-	-	-	-	-	-	-
Provision attributed	28,408,947	(25,510,231)	-	-	-	33,829,674	36,728,390
<i>Subtotal</i>	28,408,947	(25,510,231)	-	-	-	33,829,674	36,728,390
<b>Total</b>	<b>691,429,458</b>	<b>(86,554,509)</b>	<b>(19,969,885)</b>	<b>-</b>	<b>-</b>	<b>191,420,742</b>	<b>776,325,806</b>

The provision for claim rate deviations is analyzed as follows:

MZN

Provision for claim rate deviations	2015			2014		
	Direct insurance and accepted reinsurance	Assigned reinsurance	Net	Direct insurance and accepted reinsurance	Assigned reinsurance	Net
<i>Non-Life</i>						
Fire and Other Damage	2,760,896	-	2,760,896	1,733,774	-	1,733,774
<b>Total</b>	<b>2,760,896</b>	<b>-</b>	<b>2,760,896</b>	<b>1,733,774</b>	<b>-</b>	<b>1,733,774</b>

MZN

	Movement of the provision for claim rate deviations				
	Provision as at 31.12.13	Variation of the 2014 financial year - see P&L Account	Provision as at 31.12.14	Variation of the 2015 financial year - see P&L Account	Provision as at 31.12.15
<i>Non-Life</i> Fire and Other Damage	771,568	962,207	1,733,774	1,027,122	2,760,896
<b>Total</b>	<b>771,568</b>	<b>962,207</b>	<b>1,733,774</b>	<b>1,027,122</b>	<b>2,760,896</b>

## Note 25 - Other receivables due to insurance and other operations

This heading is broken down as follows:

MZN

	2015	2014
Accounts receivable due to direct insurance operations		
Insurance policyholders	324,149,795	244,745,677
Co-insurers	20,789,633	2,148,706
Insurance mediators	6,155,361	4,123,886
	351,094,789	251,018,269
Adjustment of premium receipts for collection	(44,058,373)	(26,311,929)
	307,036,416	224,706,340
Accounts receivable due to reinsurance operations		
Other reinsurers	5,617,323	10,054,319
Accounts receivable due to other operations		
Other debtors	27,010,508	24,333,694
<b>Total</b>	<b>339,664,247</b>	<b>259,094,353</b>

The breakdown of the adjustment account shows the following evolution:

MZN

	Balance as at 31.12.13	Charges	Uses	Balance as at 31.12.14	Charges	Uses	Balance as at 31.12.15
Adjustment of premium receipts for collection	28,995,345	-	2,683,416	26,311,929	17,746,444	-	44,058,373
<b>Total</b>	<b>28,995,345</b>	<b>-</b>	<b>2,683,416</b>	<b>26,311,929</b>	<b>17,746,444</b>	<b>-</b>	<b>44,058,373</b>

## Note 26 - Current taxes and deferred taxes

The recognized deferred tax assets and liabilities may be analyzed as follows

	MZN	
	2015	2014
Income tax receivable		
Estimated income tax	-	-
Payments on account	-	-
Withholdings	-	-
Other Taxes	-	-
Current tax assets	-	-
Seniority bonus	2,506,836	2,506,836
Deferred tax assets	2,506,836	2,506,836
<b>Tax assets</b>	<b>2,506,836</b>	<b>2,506,836</b>
Income tax payable		
Estimated income tax	105,340,179	83,003,859
Payments on account	(68,520,000)	(74,727,000)
Withholdings	(19,763,788)	(21,296,581)
Other taxes		
Stamp duty	12,504,555	14,710,920
Supervision rate	2,140,423	3,953,280
Other	2,464,081	3,938,336
Current income tax liabilities	34,165,450	9,582,814
Unrealised investment gains (equity)	1,622,589	1,228,939
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	5,594,880	5,594,880
Unrealised/realised gains recognised under retained earnings at the transition date (investment properties and term deposits)	11,989,139	11,989,139
Deferred income tax liabilities	19,206,608	18,812,958
<b>Tax liabilities</b>	<b>53,372,057</b>	<b>28,395,772</b>

The movement of deferred tax was recognized as follows:

	MZN			
	2015		2014	
	Recognised through profit or loss	Recognised in the fair value reserve	Recognised through profit or loss	Recognised in the fair value reserve
Unrealised investment gains (equity)	-	393,650	-	(2,764)
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	-	-	-	-
<b>Deferred tax assets/(liabilities)</b>	<b>-</b>	<b>393,650</b>	<b>-</b>	<b>(2,764)</b>



Income tax is analyzed as follows:

	MZN	
	2015	2014
Current tax	194,587,369	165,376,642
Deferred tax	-	-
<b>Total tax recognised through profit or loss</b>	<b>194,587,369</b>	<b>165,376,642</b>

The effective tax rate expected by Seguradora Internacional de Moçambique for the year is approximately 26.79% (2013: 26.28%), lower than the theoretical nominal rate of 32%. This difference essentially arises from the impact of taxation withheld at source on income from securities listed for trading on the stock exchange (20%). The reconciliation of the tax rate is as follows:

	2015		2014	
	Tax	Yield	Tax	Yield
IRPC on pre-tax profit	232,466,105	32%	201,401,319	32%
Tax adjustments - value of tax:				
Impact of non-deductible costs	1,548,165		(711,289)	
Deduction of income from securities listed for trading on the stock exchange taxed at source	(104,731,698)		(93,743,778)	
Deduction of the fair value variation of properties allocated to portfolios without profit sharing (investment properties)				
IRPC on income from securities listed for trading on the stock exchange (taxed at source - already paid)	65,304,797	20%	58,430,390	10%
Deferred tax liability relative to the fair value variation of properties allocated to portfolios without profit sharing (investment properties)			-	
<b>Income tax for the year</b>	<b>194,587,369</b>	<b>26.79%</b>	<b>165,376,642</b>	<b>26.28%</b>

The self-settlement tax returns of the Insurer are subject to inspection and possible adjustment by the Tax Authorities for a period of five years. However, the Board of Directors of Seguradora Internacional de Moçambique is confident that there will not be any significant corrections to the income tax recorded in the financial statements.

## Note 27 - Accruals and deferrals

This heading is broken down as follows:

	MZN	
	2015	2014
Accruals and deferrals receivable		
Interest receivable	44,266,733	44,752,888
Other accruals and deferrals	1,736,710	1,463,917
	<b>46,003,443</b>	<b>46,216,805</b>
Accruals and deferrals payable		
Remunerations and charges payable	9,846,432	4,842,813
Other accruals and deferrals	46,318,245	36,564,632
	<b>56,164,677</b>	<b>41,407,445</b>

## Note 28 - Benefits granted to employees

This heading is broken down as follows:

	Thousand MZN	
	2015	2014
Assets due to post-employment benefits and other long term benefits	-	284
Liabilities due to post-employment benefits and other long term benefits		
Post-employment benefits	-	-
Seniority bonus	9,414	7,584
	9,414	7,300

- *Post-employment benefits*

Seguradora Internacional de Moçambique attributes its employees hired until 31 December 2011 a supplementary retirement pension for which it maintains capitalization insurance, managed in-house by the actual company, which covers the respective liabilities.

However, for Employees recruited before 1 November 2002, the time of service of the employee is considered as of this date, excluding Employees transferred from the former SIM - Seguradora Internacional de Moçambique, S.A., who benefit from the supplementary retirement pension from the date of their recruitment. This situation is due to the fact that the Employees began to be entitled to this benefit as of 1 November 2002, after the review of Seguradora Internacional de Moçambique's Collective Contract.

The actuarial valuation of the liabilities related to supplementary retirement pensions is carried out annually, with the last one dated 31.12.15.

The number of participants covered by the benefit plan is distributed as follows:

Number of participants	2015	2014
Assets	110	114
Retired and pensioners	-	-

The comparative analysis of the actuarial assumptions is analyzed as follows:

	2015	2014
Discount rate	8.00%	7.50%
Increase in future compensation levels	6.50%	6.00%
Expected yield rate of the fund	8.00%	7.50%
Mortality table:		
Men	PF60/64	PF60/64
Women	PF60/64	PF60/64
Actuarial method	Projected Unit Credit	Projected Unit Credit

The assets and liabilities recognized in the balance sheet are as follows:

Thousand MZN		
	2014	2014
	Pension Plans	Pension Plans
Liabilities related to beneficiaries*	(70,533)	(52,650)
Fair value of the assets**	67,369	52,934
<b>Net book value</b>	<b>(3,164)</b>	<b>284</b>

\* Liabilities recognized in SIM's Balance Sheet under the heading "Life branch mathematical provisions"

\*\* Assets recognized in Seguradora Internacional de Moçambique's Balance Sheet under the heading "Assets available for sale" and "Cash and cash equivalents and demand deposits"

The increase of the liabilities is analyzed as follows:

Thousand MZN		
	2015	2014
Liabilities as at 1 January	52,650	42,076
Current service cost	4,468	3,784
Interest costs	4,092	3,250
Payments made (lump-sum)	-	(1,322)
Actuarial (gains)/losses of the liabilities	4,222	4,862
Rotations in the group	5,101	-
<b>Liabilities as at 31 December</b>	<b>70,533</b>	<b>52,650</b>

The values recognized as costs/income are as follows:

Thousand MZN		
	2015	2014
Current service cost (see Note 16)	4,468	3,784
Interest costs	4,092	3,250
Expected yield of the fund	(4,114)	(3,362)

The variation of the assets which finance the liabilities is analyzed as follows:

Thousand MZN		
	2015	2014
Balance on 1 January	52.934	43.492
Contributions of the Company	4.654	7.588
Benefits paid	-	(1.322)
Expected yield of the fund	4.114	3.362
Actuarial gains/(losses) of the assets	566	(186)
TT assoc. rotations in the group	5.101	-
<b>Balance on 31 December</b>	<b>67.369</b>	<b>52.934</b>

The actuarial gains and losses are analyzed as follows:

	Thousand MZN	
	2015	2014
Actuarial (gains)/losses of the liabilities	4,222	4,862
Actuarial (gains)/losses of the assets	(566)	186

The evolution of the Employee benefits and fair value of the assets is analyzed as follows:

	Thousand MZN				
	2015	2014	2013	2012	2011
Liabilities related to benefits	(70,533)	(52,650)	(42,076)	(37,628)	(30,661)
Fair value of the assets	67,369	52,934	43,492	38,676	30,661
<b>Net book value</b>	<b>(3,164)</b>	<b>284</b>	<b>1,416</b>	<b>1,048</b>	<b>-</b>

The assets are broken down as follows:

	Thousand MZN	
	2015	2014
Fixed income securities	64,322	49,000
Demand Deposits	3,047	3,934
<b>Total</b>	<b>67,369</b>	<b>52,934</b>

- *Other long term benefits - seniority bonus*

The seniority bonus is attributed to Seguradora Internacional de Moçambique's Employees according to the years of service provided, whereby they are paid 1, 2 and 3 salaries upon reaching 15, 20 and 30 years of service, respectively. The present value of the seniority bonuses are accrued at the end of each year, with the provision recognized in the Balance Sheet moved against staff costs, which includes the cost of current services, the cost of interest and actuarial gains/losses.

	Thousand MZN	
	2015	2014
Seniority bonus	9,414	7,584

## Note 29 - Other payables due to insurance and other operations

This heading is broken down as follows:

	MZN	
	2015	2014
Accounts payable due to direct insurance operations		
Insurance policyholders	25,475,993	18,710,327
Co-insurers	41,626,669	28,669,512
Insurance mediators	21,540,310	7,606,325
	88,642,971	54,986,164
Accounts payable due to reinsurance operations		
Other reinsurers	135,046,639	154,256,012
	135,046,639	154,256,012
Accounts payable due to other operations		
Other creditors	24,936,694	42,905,500
Other payables - Group companies (BIM)	-9,413,931	-7,583,525
	15,522,763	35,321,975
<b>Total</b>	<b>239,212,373</b>	<b>244,564,152</b>

## Nota 30 - Share capital, reserves, other reserves, retained earnings and net income for the year

The Share Capital of Seguradora Internacional de Moçambique, as at 31 December 2015, of the value of 147,500,000 Meticaís, represented by 1,475,000 shares with a nominal value of 100 Meticaís each, is fully underwritten and paid-up.

	MZN	
	2015	2014
Nr. shares as at 1 January	1,475,000	1,475,000
Nr. shares as at 31 December	1,475,000	1,475,000

In 2014, the shareholder structure of Seguradora Internacional de Moçambique, S.A. was maintained.

	MZN	
	Number of shares	Percentage holding
BIM - Banco Internacional de Moçambique, S.A.	1,326,232	89.91%
PT Participações, SGPS, S.A.	86,068	5.84%
FDC – Fundação para o Desenvolvimento da Comunidade	30,716	2.08%
TDM – Telecomunicações de Moçambique	30,716	2.08%
Remaining shareholders	1,268	0.09%
<b>Total</b>	<b>1,475,000</b>	<b>100.00%</b>

The appropriation of the net income for 2014 was carried out as follows:

MZN	
Appropriation of the Net Income for the Year	2014
Net income for the year	464,002,482
<i>Appropriation:</i>	
Legal Reserve Fund	-
Free Reserves	185,600,993
Retained earnings	-
Dividends	278,401,489

Based on the distributed dividends, referred to above, and considering that Seguradora Internacional de Moçambique's share capital was, up to the date of the distribution of the net income, represented by 1,475,000 shares, this corresponds to total dividends per share of 188.75 Meticaís.

The table below presents the details of the dividends paid, in 2014, to each shareholder:

MZN		
Shareholder	% Share Capital	Dividends
Millennium bim	89.91%	250,322,009
PT Participações, SGPS, S.A.	5.84%	16,245,057
FDC	2.08%	5,797,546
TDM	2.08%	5,797,546
Remaining Shareholders	0.09%	239,331
Total	100.00%	278,401,489

Description of the nature and purpose of each reserve of the equity:

#### Revaluation Reserves

Revaluation reserves through adjustments in the fair value of financial assets include the potential capital gains and losses of the portfolio of investments available for sale, net of impairment through profit or loss for the year and/or in previous years. Also see Note 20.

#### Deferred Tax Reserves

Deferred taxes, calculated on the temporary differences between the book values of the assets and liabilities and their tax base, are recognized through profit or loss, except when related to items that are not recognized directly under equity, in which case they are also stated against equity, under this heading. Deferred taxes recognized in equity arising from the revaluation of investments available for sale are subsequently recognized through profit or loss at the time when the gains or losses which led to them are recognized.

#### Other Reserves

Includes the Free Reserves, which arise from positive net income, and are neither necessary to endow the legal reserve nor cover retained losses and are not distributed to the shareholders and, additionally, the Legal Reserve, which can only be used to cover accumulated losses or to increase the share capital. Under the terms of the Mozambican legislation in force, the legal reserve is composed of the following minimum percentages of the profit for each financial year:

- (i) 20% until the value of this reserve represents half the minimum capital established under the terms of article 15 of the Legal System for Insurance;
- (ii) 10% as of the time when the value referred to in the subparagraph above has been achieved, until this reserve represents a value equal to the share capital.

Details of the heading "Other reserves":

	MZN	
	2015	2014
Legal reserve	147,500,000	147,500,000
Free reserve	1,187,053,482	1,004,824,490
Issue premium	8,258,661	8,258,661
<b>Total</b>	<b>1,342,812,143</b>	<b>1,160,583,151</b>

Net income for the year

Earnings per share stood at 361 Meticaís for 2015, compared with 315 Meticaís for 2014, having increased by 14.6%, due to the increase of net income for the year.

## Note 31 - Transactions between related parties

The parent company of the Group to which Seguradora Internacional de Moçambique belongs is BIM – Banco Internacional de Moçambique, S.A, which holds 89.91% of the share capital of Seguradora Internacional de Moçambique, S.A. Banco Internacional de Moçambique is controlled by BCP – Banco Comercial Português, S.A., which holds 66.69% of its share capital.

The value of the remunerations of the Board of Directors is analyzed as follows:

	MZN	
	2015	2014
Remunerations	17,900,080	14,856,996
<b>Total</b>	<b>17,900,080</b>	<b>14,856,996</b>

The transactions with related parties during 2015 are analyzed as follows:

MZN

<b>Balance sheet</b>	<b>Millennium bim</b>	<b>Ocidental Seguros</b>	<b>Beira Nave</b>	<b>Constellation</b>	<b>Post-employment benefits - BIM/SIM</b>	<b>Total</b>
Cash and cash equivalents and demand deposits	1,540,764,250	-	-	-	350,782,937	1,891,547,186
Investments in affiliates, associates and joint ventures	-	-	650,850	210,700,000	-	211,350,850
Financial assets available for sale	124,500,000	-	-	-	1,083,139,647	1,207,639,647
Other Deposits	117,623,297	-	-	-	228,655,171	346,278,468
Income-generating buildings	-	-	-	-	1,413,649,805	1,413,649,805
Other debtors	721,194	-	-	21,300,000	-	22,021,194
Interest receivable	9,106,564	-	-	2,249,602	20,173,229	31,529,396
<b>Total assets</b>	<b>1,792,715,305</b>	<b>-</b>	<b>650,850</b>	<b>234,249,602</b>	<b>3,096,400,789</b>	<b>5,124,016,546</b>
Life branch mathematical provision	-	-	-	-	(2,003,061,852)	(2,003,061,852)
Provision for claims	8,685,258	-	-	-	(2,893,032)	5,792,226
Provision for profit sharing	(62,547,205)	-	-	-	(779,598,669)	(842,145,874)
Accounts payable due to direct insurance operations	(4,976,186)	-	-	-	-	(4,976,186)
Accounts payable due to other operations	-	(1,608,120)	-	-	-	(1,608,120)
<b>Total Liabilities</b>	<b>(58,838,133)</b>	<b>(1,608,120)</b>	<b>-</b>	<b>-</b>	<b>(2,785,553,553)</b>	<b>(2,845,999,805)</b>
<b>Dividends distributed</b>	<b>250,322,009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>250,322,009</b>

MZN

<b>Profit and loss account</b>	<b>Millennium bim</b>	<b>Ocidental Seguros</b>	<b>Beira Nave</b>	<b>Constellation</b>	<b>Post-employment benefits - BIM/SIM</b>	<b>Total</b>
Acquired premiums, net of reinsurance	(108,958,483)	-	-	-	(46,315,051)	(155,273,533)
Cost of claims, net of reinsurance	53,143,524	-	-	-	158,859,905	212,003,429
Life branch mathematical provisions, net of reinsurance	-	-	-	-	95,621,749	95,621,749
Profit sharing, net of reinsurance	63,390,738	-	-	-	99,672,554	163,063,292
Net operating costs	57,913,939	2,005,587	-	-	-	59,919,526
Investment income	(9,044,622)	-	-	(744,085)	(182,337,574)	(192,126,281)
Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units	-	-	-	-	-	-
Other income	-	-	(312,091)	-	-	(312,091)
<b>Total income/ costs</b>	<b>56,445,096</b>	<b>2,005,587</b>	<b>(312,091)</b>	<b>(744,085)</b>	<b>125,501,584</b>	<b>182,896,091</b>



The transactions with related parties during 2014 are analyzed as follows:

MZN

<b>Balance sheet</b>	<b>Millennium bim</b>	<b>Ocidental Seguros</b>	<b>Beira Nave</b>	<b>Constellation</b>	<b>Post-employment benefits - BIM/SIM</b>	<b>Total</b>
Cash and cash equivalents and demand deposits	1,578,515,364	-	-	-	239,739,400	1,818,254,764
Investments in affiliates, associates and joint ventures	-	-	650,850	210,700,000	-	211,350,850
Financial assets available for sale	175,000,000	-	-	-	669,396,227	844,396,227
Other Deposits	83,618,566	-	-	-	176,982,694	260,601,260
Income-generating buildings	-	-	-	-	1,413,649,805	1,413,649,805
Accounts receivable due to direct insurance operations	(266,382)	-	-	18,300,000	-	18,033,618
Interest receivable	7,857,373	-	-	1,505,518	25,795,925	35,158,816
<b>Total assets</b>	<b>1,844,724,921</b>	<b>-</b>	<b>650,850</b>	<b>230,505,518</b>	<b>2,525,564,051</b>	<b>4,601,445,340</b>
Life branch mathematical provision	-	-	-	-	-	-
Provision for claims	7,202,827	-	-	-	(1,907,963,146)	(1,907,963,146)
Provision for profit sharing	(54,333,070)	-	-	-	(2,193,264)	5,009,563
Accounts payable due to direct insurance operations	(4,788,505)	-	-	-	(718,653,750)	(772,986,820)
Accounts payable due to other operations	-	(390,736)	-	-	-	(4,788,505)
<b>Total Liabilities</b>	<b>(51,918,748)</b>	<b>(390,736)</b>	<b>-</b>	<b>-</b>	<b>(2,628,810,160)</b>	<b>(2,681,119,644)</b>
<b>Dividends distributed</b>	<b>239,537,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239,537,714</b>

MZN

<b>Profit and loss account</b>	<b>Millennium bim</b>	<b>Ocidental Seguros</b>	<b>Beira Nave</b>	<b>Constellation</b>	<b>Post-employment benefits - BIM/SIM</b>	<b>Total</b>
Acquired premiums, net of reinsurance	(90,022,919)	-	-	-	(167,752,120)	(257,775,039)
Cost of claims, net of reinsurance	33,563,220	-	-	-	128,522,432	162,085,652
Life branch mathematical provisions, net of reinsurance	-	-	-	-	121,504,135	121,504,135
Profit sharing, net of reinsurance	53,530,420	-	-	-	137,890,323	191,420,743
Net operating costs	49,025,860	1,935,112	-	-	-	50,960,972
Investment income	(204,492,130)	-	-	(850,677)	(169,363,898)	(374,706,705)
Net gains of non-financial assets which are not classified as non-current assets held for sale and discontinued operating units	-	-	-	-	-	-
Other income	-	-	(249,879)	-	-	(249,879)
<b>Total income/costs</b>	<b>(158,395,549)</b>	<b>1,935,112</b>	<b>(249,879)</b>	<b>(850,677)</b>	<b>50,800,872</b>	<b>(106,760,121)</b>

## Note 32 - Business risk management

Sound risk management is one of the key pillars underlying a strategy of profitable and sustainable growth, and therefore an important competence at Seguradora Internacional de Moçambique, SA. As part of its governance, the Insurer has adopted a risk management organizational structure, based on the structure enforced at the Millennium bim Group. Its primary objective is the development and

implementation of a risk management structure that enables ensuring and achieving an appropriate balance between risk and return, so as to secure and preserve the trust and confidence of the customers, shareholders, regulators and other stakeholders. The risk management structure is inherent at all levels within the Insurer.

The main risks are the following:

Specific insurance risk	Investment risk	Operating risk
Specific risk of the Non-Life Business	Credit risk	Event risk
Specific risk of the Life Business	Market risk	Business risk
	Liquidity risk	
	Exchange Rate Risk	

## 1) Specific Insurance Risk

Due to the particular nature of insurance activity, part of the subscription risk is transferred from the insured party to the insurer. While for the insured party, this risk may be random and therefore unpredictable, one of the main duties of an insurer is to aggregate these individual risks into portfolios where the costs of claims and their potential variations may be analysed and modelled. The Insurers defines premiums, reserves and capital requirements (solvency) based on the perception of the average cost of claims and how this figure may vary. The analysis, monitoring and estimation of these costs are essential activities in the management of insurance risk. The uncertainty inherent to future expenditure and to the redemption/annulment rates are also part of insurance risk, in view of their potential impact on claims and provisioning requirements.

Specific insurance risk covers all risks inherent to the insurance business, with the exception of those which are covered under investment risk or operating risk.

Non-Life insurance is subject to insurance risk through the uncertainty relative to claims. In particular for health insurance, the uncertainty of costs is also related to variations in medical costs. Invalidity rates may also be included in the risk of longevity when the products are for life, such as occupational accident pensions and some health policies.

The table below presents the sensitivity analysis of the fair value of the capital to alterations of financial and non-financial factors. The fair value of the capital is defined as the difference between the fair value of the assets and liabilities.

Sensitivity analysis	MZN	
	Impact on pre-tax profit 31.12.15	Impact on pre-tax profit 31.12.14
Operating costs - 10%	28,628,124	26,341,423
Cost of claims + 5%	(24,260,247)	(23,401,330)

## *Insurance risk management*

Seguradora Internacional de Moçambique manages the specific risk of insurance through a combination of policies regarding subscription (underwriting), pricing, provisioning and reinsurance.

The Actuarial Department is responsible for the assessment and management of specific insurance risk in the context of the policies and guidelines defined at the level of the Millennium Bim Group. The Department regularly analyses and approves the adjustment of the premiums and technical provisions. It should also be noted that the management of specific risk is carried out together with other risks, including ensuring the adequacy of assets to liabilities. Hence, other departments, such as Reinsurance and Investments are also involved in the process.

### *Subscription policies*

Subscription policies are part of the overall risk management policies. These policies are defined and reviewed in coordination with the Actuarial Department, taking account the historical data on recorded losses. A large and varied number of performance indicators and statistical analyses are used for this purpose, in order to improve the subscription rules, improve the experience in terms of losses and/or ensure the adequate adjustment of prices.

### *Pricing*

Seguradora Internacional de Moçambique aims to define premiums which enable suitable profit after coverage of the costs of claims (and other costs) and the cost of the capital. The prices are tested using appropriate techniques and performance indicators for the portfolio.

The factors that are taken into consideration in the definition of the prices of insurance contracts vary according to the type of product and benefits offered, but in general, include the following:

- The estimated costs of claims and other benefits payable to the insured parties and their timings;
- The level of uncertainty associated to the costs;
- Other costs associated to the marketing of each product, such as distribution, marketing, policy management and claim management costs;
- Capital market conditions and inflation;
- Yield objectives;
- Insurance market conditions, namely the price of similar products offered by the competition.

### *Provisioning*

The adequacy of the liabilities is reviewed annually, whereby any changes considered necessary are immediately recognized and recorded. The liabilities adequacy test is defined in order to provide assurance to the Insurer's management that there are sufficient assets or provisions to meet the recorded liabilities.

### *Reinsurance*

When appropriate, the Insurer concludes reinsurance treaties so as to limit its exposure to risk. Reinsurance may be undertaken on an individual policy basis (optional reinsurance), namely when the coverage level required by the insured party exceeds the internal subscription limits, or based on the portfolio (reinsurance through treaty), where the individual exposures of the insured parties are within the internal limits, but where there is an unacceptable risk of accumulation of claims, namely

due to climate-related phenomena (natural disasters). The events noted above are directly related to atmospheric conditions as well as actual human activity. The selection of the reinsurers is mainly based on criteria related to the price and management of the credit risk of the counterpart.

The principal objective of reinsurance is the mitigation of the impact of major earthquakes/seismic activity, storms or floods, large individual claims where the limits of the indemnities are high and the impact of multiple claims triggered by a single event.

The maximum exposure to risk by event after reinsurance and deductive items is summarized as follows:

Line of Business	USD
	Capacity of the Treaty
Fire	24,400,000
Works and Assembly	26,400,000
Electronic Equipment	6,200,000
Machinery Breakdown	6,200,000
Theft	275,000
Cash in the Safe	400,000
Cash in Transit	275,000
Transport	1,500,000
Marine Hull	400,000
General Civil Liability	3,000,000
Motor - Civil Liability	250,000
Motor - Own Damage	400,000
Personal Accidents	1,000,000
Workman's Compensation	7,000,000

The risk of claims in the Non-Life Business refers to the uncertainty of effective losses arising from the Non-Life branches. The necessary time to know and pay the claims is an important factor to take into account in the constitution of provisions. Short term claims, such as those arising from motor/material damage insurance and multirisk insurance, are generally communicated and paid within a brief period of time. The settlement of long term claims, such as those relative to bodily injury, may take years to be closed.

These claims, due to the nature of the losses, imply that it is more difficult to obtain information about the event and the necessary medical treatment tends to be lengthier. Furthermore, the analysis of long term losses is more difficult, and implies more detailed work, where the estimates of future payments are more subject to uncertainty.

In general, Seguradora Internacional de Moçambique constitutes provisions for claims by product, coverage and year of the event, and constitutes a provision for claims that have already occurred but have not yet been communicated.

The combined ratio is represented by the sum of the ratio of expenses. The ratio of expenses results from the division of the general expenses imputable to the branch (administrative costs, amortization, depreciation, fees and remuneration of the network, etc.) by the acquired premiums. The claim ratio results from the division of the costs of claims by the acquired premiums.

The combined ratio is as follows:

	Claim Ratio		Expense Ratio		Combined Ratio	
	2015	2014	2015	2014	2015	2014
<i>Non-Life</i>	<b>29%</b>	33%	<b>23%</b>	22%	<b>52%</b>	54%
Work accidents	<b>19%</b>	17%	<b>22%</b>	20%	<b>41%</b>	37%
Personal accidents and sickness	<b>26%</b>	35%	<b>25%</b>	20%	<b>51%</b>	55%
Fire and Other Damage	<b>9%</b>	0%	<b>18%</b>	56%	<b>28%</b>	55%
Motor	<b>33%</b>	40%	<b>21%</b>	20%	<b>54%</b>	59%
Miscellaneous	<b>48%</b>	46%	<b>33%</b>	12%	<b>81%</b>	58%
Other	<b>14%</b>	3%	<b>24%</b>	16%	<b>37%</b>	19%

### *Longevity and mortality risks*

Longevity risk occurs when an unexpected decrease in the mortality rates leads to increases of claims that are higher than those expected in products such as life-long annuities. Longevity risk is managed through the pricing, the subscription policy and a regular review of the mortality tables used to define premiums and constitute provisions. When the conclusion is reached that longevity is above that assumed in the mortality tables, supplementary provisions are created and the premiums are adjusted accordingly.

Mortality risk covers the uncertainty of effective losses arising from the insured people living longer than that expected, and is most relevant, for example, in renewable annual temporary insurance. In view of the continuous increase in the life expectancy of the insured population, the mortality risk in terms of the present portfolio is not significant at this stage. However, mortality risk may become significant in the event of epidemic diseases or in the event of a large number of deaths following a sequence of disasters, such as industrial accidents or terrorist attacks. Mortality risk is mitigated not only through the subscription policy and regular review of the mortality tables, but also through reinsurance treaties to protect the withholding.

The main actuarial assumptions used in the calculation of the value of the mathematical reserves for occupational accidents are as follows:

Mortality tables	Redeemable pensions	Non-redeemable pensions
Men	RF	RF
Women/widow	Portuguese 1930/31	Portuguese 1930/31
Orphans	Swiss 1901/1910	Swiss 1901/1910
Discount rate	3.25%	3.25%
Management costs	2.00%	2.00%

### *Invalidity Risk*

Invalidity risk covers the uncertainty of effective losses due to the occurrence of invalidity rates higher than those expected, and may be more relevant, for example, in portfolios of health, personal accidents, occupational accidents and life risk insurance.

The incidence of this risk, as well as the recovery rates are influenced by various factors such as the economic environment, government intervention, medical progresses, in addition to the criteria used in the assessment of invalidity. This risk is managed through a regular review of the historical pattern of claims and expected future trends, as well as through the adjustment of prices, provisions and subscription policies, whenever justified. Seguradora Internacional de Moçambique also mitigates invalidity risk through the adoption of medical questionnaires that are appropriate and adjusted, and suitable reinsurance coverage.

Development of the Provision for Claims relative to claims occurred in Financial Years and their Readjustment (Corrections):

MZN				
2015	Provision for claims as at 31.12.14 (1)	Costs of claims (*) values paid during the year (2)	Provision for claims as at 31.12.15 (3)	Readjustment (3)+(2)-(1)
Work accidents	(74,460,145)	13,605,519	(68,393,283)	7,538,657
Personal accidents and sickness	(23,628,442)	11,086,950	(15,013,294)	2,471,803
Fire and Other Damage	(18,588,136)	858,056	(13,522,165)	(4,207,915)
Motor	(236,814,081)	61,966,028	(130,052,272)	(44,795,782)
Marine	(1,690,680)	0	(4,642)	(1,686,037)
Aviation	(344,189)	0	(470,187)	125,998
Transportation	(6,169,274)	4,047,257	(3,507,308)	1,385,291
Civil Liability	(4,868,425)	9,653,531	(2,744,787)	7,529,893
Miscellaneous	(22,995,283)	6,461,399	(21,104,378)	4,570,494
<b>Total Non-Life Business</b>	<b>(389,558,655)</b>	<b>107,678,742</b>	<b>(254,812,316)</b>	<b>(27,067,598)</b>

MZN				
2014	Provision for claims as at 31.12.13 (1)	Costs of claims (*) values paid during the year (2)	Provision for claims as at 31.12.14 (3)	Readjustment (3)+(2)-(1)
Work accidents	(59,635,444)	10,064,166	(53,256,671)	3,685,393
Personal accidents and sickness	(17,889,419)	10,719,598	(7,543,275)	373,454
Fire and Other Damage	(25,702,068)	18,827,735	(10,290,095)	3,415,762
Motor	(229,400,472)	68,035,577	(145,750,497)	(15,614,398)
Marine	(1,503,438)	-	(1,690,680)	187,242
Aviation	(308,131)	-	(344,189)	36,058
Transportation	(5,308,670)	7,823,688	(2,907,513)	5,422,531
Civil Liability	(8,629,436)	363,005	(782,964)	(7,483,467)
Miscellaneous	(29,530,172)	9,519,958	(7,590,724)	(12,419,490)
<b>Total Non-Life Business</b>	<b>(377,907,250)</b>	<b>125,353,727</b>	<b>(230,156,608)</b>	<b>(22,396,915)</b>

The additional information by business line is as follows:

MZN				
2015	Values paid - instalments (1)	Values paid - imputed claims management costs (2)	Variation of the provision for claims (3)	Costs of claims (4)=(1)+(2)+(3)
Work accidents	(13,590,939)	(3,459,018)	(4,231,271)	(21,281,228)
Personal accidents and sickness	(59,390,527)	(3,631,969)	7,871,525	(55,150,971)
Fire and Other Damage	(4,619,169)	(2,594,264)	(6,927,495)	(14,140,929)
Motor	(175,013,845)	(14,700,828)	6,387,616	(183,327,057)
Marine	-	-	1,686,037	1,686,037
Aviation	-	-	(125,998)	(125,998)
Transportation	(7,420,259)	-	3,242,044	(4,178,215)
Civil Liability	(9,653,531)	-	3,103,374	(6,550,157)
Miscellaneous	(10,773,203)	-	(18,218,050)	(28,991,252)
<b>Total Non-Life Business</b>	<b>(280,461,473)</b>	<b>(24,386,079)</b>	<b>(7,212,217)</b>	<b>(312,059,769)</b>

MZN				
2014	Values paid - instalments (1)	Values paid - imputed claims management costs (2)	Variation of the provision for claims (3)	Costs of claims (4)=(1)+(2)+(3)
Work accidents	(10,063,364)	(3,099,919)	(14,824,701)	(27,987,984)
Personal accidents and sickness	(70,953,976)	(3,254,915)	(4,634,547)	(78,843,438)
Fire and Other Damage	(25,653,372)	(2,324,939)	7,646,731	(20,331,580)
Motor	(159,478,500)	(13,949,634)	(6,559,628)	(179,987,762)
Marine	-	-	-	-
Aviation	-	-	-	-
Transportation	(9,812,645)	-	(806,139)	(10,618,784)
Civil Liability	(1,035,689)	-	3,874,075	2,838,386
Miscellaneous	(18,495,900)	-	5,985,506	(12,510,394)
<b>Total Non-Life Business</b>	<b>(295,493,446)</b>	<b>(22,629,407)</b>	<b>(9,318,703)</b>	<b>(327,441,556)</b>

The additional information by business line is as follows:

MZN					
2015	Gross premiums issued	Gross acquired premiums	Gross cost of claims	Gross operating costs	Reinsurance balance
Work accidents	127,601,204	124,581,823	(21,281,228)	(27,337,358)	4,283,178
Personal accidents and sickness	304,937,899	221,855,175	(55,150,971)	(56,325,652)	6,840,904
Fire and Other Damage	183,754,774	182,282,366	(14,140,929)	(37,325,420)	77,621,690
Motor	546,176,996	534,757,110	(183,327,057)	(110,894,246)	4,410,110
Marine	10,891,651	10,962,353	1,686,037	(3,026,570)	9,512,485
Aviation	3,010,279	2,998,820	(125,998)	(828,494)	853,784
Transportation	32,969,564	32,736,492	(4,178,215)	(6,381,032)	12,826,285
Civil Liability	17,067,530	18,971,459	(6,550,157)	(3,311,201)	4,333,033
Miscellaneous	204,106,004	120,509,180	(28,991,252)	(29,966,664)	43,222,488
<b>Total Non-Life Business</b>	<b>1,430,515,900</b>	<b>1,249,654,778</b>	<b>(312,059,769)</b>	<b>(275,396,638)</b>	<b>163,903,957</b>

MZN					
2014	Gross premiums issued	Gross acquired premiums	Gross cost of claims	Gross operating costs	Reinsurance balance
Work accidents	111,760,246	110,428,431	(27,987,984)	(21,617,007)	(7,889,703)
Personal accidents and sickness	273,342,643	233,591,023	(78,843,438)	(48,078,656)	5,669,333
Fire and Other Damage	376,753,125	374,995,586	(20,331,580)	(63,332,712)	268,491,669
Motor	481,598,963	465,923,420	(179,987,762)	(90,849,766)	3,910,663
Marine	6,877,504	5,882,912	-	(1,503,688)	3,614,500
Aviation	2,329,603	2,324,138	-	(657,023)	814,637
Transportation	27,601,409	27,704,818	(10,618,784)	(5,504,393)	3,746,384
Civil Liability	18,479,107	17,782,075	2,838,386	(2,723,677)	10,199,309
Miscellaneous	85,729,422	88,069,321	(12,510,394)	(15,516,673)	39,903,286
<b>Total Non-Life Business</b>	<b>1,384,472,022</b>	<b>1,326,701,724</b>	<b>(327,441,556)</b>	<b>(249,783,595)</b>	<b>328,460,078</b>

### Solvency Requirements

The solvency margin is calculated in accordance with Decree number 30/2011 of 11 August, and is determined based on the statutory financial statements.

Seguradora Internacional de Moçambique, S.A. ensures the monthly monitoring of the solvency level, for which it has defined a minimum objective of 200% of the legal requirement.

Note 33 indicates the solvency levels of Seguradora Internacional de Moçambique.



## 2) Investment Risk

Investment risk is composed of three types of risk: Credit, Market and Liquidity.

### a) Credit risk

Credit risk is defined as the risk arising from the incapacity of an issuer to comply, fully or partially, with the contracted terms.

In the context of Seguradora Internacional de Moçambique, this risk is essentially relevant in its financial investment portfolios, through our exposure to bonds, in which we have invested for the benefit of both our policyholders and our shareholders. This risk is managed through the implementation of a credit policy which contains a series of principles, rules, guidelines and procedures for the effect of identification, measurement and reporting.

Seguradora Internacional de Moçambique is also exposed to credit risk through the reinsurance treaties, although relative to these, the Insurer ensures that all reinsurance arrangements are placed in highly credit-worthy institutions.

The table below indicates the values of the investment portfolio divided by category and type of asset.

	2015		2014	
	Value	%	Value	%
<i>Investments in affiliates and associates</i>	211,350,850	4%	211,350,850	4%
<i>Financial assets available for sale</i>	2,288,989,259	30%	1,740,060,915	30%
Bonds and other fixed income securities	2,264,908,167	30%	1,724,177,551	30%
Of public debt	2,089,908,167	27%	1,549,177,551	27%
Issued by other entities	175,000,000	3%	175,000,000	3%
Variable yield securities - Shares	24,081,092	0%	15,883,363	0%
<i>Loans and accounts receivable</i>	355,072,479	5%	260,601,286	5%
Term deposits	355,072,479		260,601,286	
<i>Cash and cash equivalents and demand deposits</i>				
Demand deposits and term deposits with maturity of less than 90 days	1,891,547,189	34%	1,975,069,815	34%
<i>Buildings</i>	1,505,884,619	26%	1,506,701,605	26%
Income-generating buildings	1,465,882,805		1,465,882,805	
Buildings for own use	40,001,814		40,818,800	
<i>Interest receivable</i>	44,266,733	1%	44,752,888	1%
<b>Total</b>	<b>6,297,111,129</b>	<b>100%</b>	<b>5,738,537,359</b>	<b>100%</b>

The table below indicates the values of the investment portfolio divided by type of asset.

	2015		2014	
	Value	%	Value	%
Bonds and other fixed income securities	2,264,908,167	36%	1,724,177,551	30%
Variable yield securities - Shares	235,431,942	4%	227,234,213	4%
Term deposits and demand deposits	2,246,619,668	36%	2,235,671,101	39%
Real estate properties	1,505,884,619	24%	1,506,701,605	26%
Interest receivable	44,266,733	1%	44,752,888	1%
<b>Total</b>	<b>6,297,111,129</b>	<b>100%</b>	<b>5,738,537,359</b>	<b>100%</b>

One of the objectives of the Insurer's investment policy is the mitigation of the underlying credit risk through diversification of the portfolio, by sector, market and country.

The bonds held by Seguradora Internacional de Moçambique may be broken down by type of sector:

	2015		2014	
	Value	%	Value	%
Public debt	2,089,908,167	92%	1,549,177,551	90%
Financial institutions	175,000,000	8%	175,000,000	10%
Communications	-	0%	-	0%
<b>Total</b>	<b>2,264,908,167</b>	<b>100%</b>	<b>1,724,177,551</b>	<b>100%</b>

The shares held by Seguradora Internacional de Moçambique may be broken down by type of sector:

	2015		2014	
	Value	%	Value	%
Real estate	210,700,000	89%	210,700,000	93%
Consumables	17,966,340	8%	14,891,141	7%
Investment	6,114,752	3%	992,222	0%
Naval	650,850	0%	650,850	0%
<b>Total</b>	<b>235,431,942</b>	<b>100%</b>	<b>227,234,213</b>	<b>100%</b>

The table below shows the credit-worthiness (rating) of the issuers of all the bonds and deposits at credit institutions (based on external ratings):

Notes		2015		2014	
		Value	%	Value	%
i)	Public debt	2,089,908,167	92%	1,549,177,551	90%
ii)	National corporate bonds	175,000,000	8%	175,000,000	10%
iii)	Foreign corporate bonds	-	0%	-	0%
	<b>Total</b>	<b>2,264,908,167</b>	<b>100%</b>	<b>1,724,177,551</b>	<b>100%</b>

Notes		2015		2014	
		Value	%	Value	%
iii)	Deposits from credit institutions	355,072,479	16%	260,601,286	12%
iii)	Term deposits	1,891,547,189	84%	1,975,069,815	88%
	<b>Total</b>	<b>2,246,619,668</b>	<b>100%</b>	<b>2,235,671,101</b>	<b>100%</b>

Notes:

- Public debt – external shocks that the economy of Mozambique is exposed to and the fall in the price of the main export commodities had an impact on the performance of the national economy which led to a downward revision of growth prospects. In terms of sovereign debt, Mozambique was attributed a "B-" rating according to the assessment of Standard & Poor's.
- Mozambique does not have a liquid and structured capital market. Transactions are made based on private placement via financial intermediaries which coincide with the actual financial institutions, therefore, we do not have brokers, and events are disclosed formally on the Stock Exchange.

- Millennium bim in the capacity of issuer of the bonds: Without rating.
- iii. Of the total deposits in credit institutions, approximately 99.6% are kept under custody at Millennium bim. The remaining amount is kept under custody at Standard Bank and BCI, with 0.1% and 0.3%, respectively. These entities do not have a rating.

### **b) Market Risk**

The investment department is responsible for ensuring the mitigation of market risk through the following actions:

- Analysis of the impact of the increase or disposal of the portfolio of short, medium and long term financial assets.
- Definition of product diversification strategies which lead to solutions of added value.
- Quarterly monitoring and revaluation of the assets comprising the Insurer's portfolios, through the mark-to-market methodology.
- Monitoring and ensuring compliance with the legislation and regulations of the supervisory entity.

The analyses which underlie decision-taking in this area are:

Cash flow gap analysis; Interest rate sensitivity analysis; Duration; Earnings at risk and Value at risk.

### **c) Liquidity risk**

As at 31.12.15 and 2014, the forecast cash flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

2015	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed yield securities (includes accrued interest)	-	-	332,500,000	1,932,408,167	-	-	2,264,908,167
Variable yield securities - Shares	-	-	-	-	-	235,431,942	235,431,942
Term and demand deposits (includes accrued interest)	75,400,005	1,860,413,940	355,072,456	-	-	-	2,290,886,401
Income-generating buildings	-	-	-	-	-	1,505,884,619	1,505,884,619
<b>Total</b>	<b>75,400,005</b>	<b>1,860,413,940</b>	<b>687,572,456</b>	<b>1,932,408,167</b>	<b>-</b>	<b>1,741,316,561</b>	<b>6,297,111,129</b>

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2014	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed yield securities (includes accrued interest)	10,351,358	13,977,377	817,342,745	927,258,959	-		1,768,930,439
Variable yield securities - Shares	-	-	-	-	-	227,234,213	227,234,213
Term and demand deposits (includes accrued interest)	894,243,000	1,207,490,974	40,243,671	-	-	-	2,141,977,645
Income-generating buildings	-	-	-	-	-	1,506,701,605	1,506,701,605
<b>Total</b>	<b>904,594,358</b>	<b>1,221,468,351</b>	<b>857,586,416</b>	<b>927,258,959</b>	<b>-</b>	<b>1,733,935,819</b>	<b>5,644,843,902</b>

### b) Exchange Rate Risk

Exchange rate risk arises from possible changes in the exchange rate of the reference local currency.

Seguradora Internacional de Moçambique's balance sheet shows the following exchange rate exposure:

	MZN	
	2015	2014
Assets in foreign currency	711,638,636	530,922,753
Liabilities in foreign currency	(607,168,544)	(463,704,840)
Net balance in foreign currency	104,470,092	67,217,913

### 3) Operating Risk

All institutions, including financial institutions, are subject to operating risk as a consequence of the uncertainty inherent to the business and decision-making process. For reporting and monitoring purposes, operating risk can be divided into two categories, event risk and business risk.

Event risk includes the risk of losses arises from the nonexistence or failure of internal processes, people and systems or due to external events. This definition of event risk includes legal and compliance risk, but excludes strategic and reputation risk.

Business risk is the risk of "being in the business" and includes the risk of losses due to changes in the structural and/or competitive environment. The nature of this risk is essentially external, although, even so, it may be mitigated by good management practices.

Concerning operating risk, the Insurer has defined, amongst others, policies/procedures on matters of business continuity, IT security, procurement, money laundering, internal control and combat of fraud.

### Note 33 - Coverage of the corrected solvency margin

Seguradora Internacional de Moçambique is subject to the solvency requirements defined by Decree number 30/2011, issued by the Council of Ministers. The solvency requirements are determined in accordance with the financial statements, which are prepared pursuant to the rules of the Insurance Supervision Institute of Mozambique.

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	2015	2014	2015/2014
Share capital	147,500,000	147,500,000	0.0%
Reserves	1,351,254,734	1,164,423,584	16.0%
Retained earnings	11,889,120	11,889,120	
Net income for the year net of dividends	212,747,683	185,600,993	14.6%
Deductible items	(27,658,100)	(31,021,251)	-10.8%
Disposable solvency margin	1,695,733,437	1,478,392,445	14.7%
Required Non-Life solvency margin	247,550,541	242,983,957	1.9%
Required Life solvency margin	125,000,012	115,167,936	8.5%
<b>Solvency margin surplus/(deficit)</b>	<b>1,323,182,884</b>	<b>1,120,240,552</b>	<b>18.1%</b>
<b>Coverage</b>	<b>455.2%</b>	<b>412.8%</b>	<b>42.4%</b>

### Note 34 - Contingent assets and liabilities

Based on article 62 of the Corporate Income Tax Code, of the legal regime in force until December 2013, the Management believes that the income received from financial instruments listed on the Stock Exchange of Mozambique are subject to taxation at source at a rate of 10%, hence a request was addressed to the Mozambican Tax Authority, at the end of the month of December 2011, for the reimbursement of the excess tax paid relative to the financial years of 2008, 2009 and 2010, of the value of 53,265 thousand Meticaís ( $32\% - 10\% = 22\%$ ). In January 2016, we received the order from the Mozambican Tax Authority, rejecting the request for reimbursement and at present, the appeal to the tax court is being prepared. The respective amount will be recognised in the accounts of Seguradora Internacional de Moçambique, S.A., as soon as the proceedings comes to a conclusion.