Seguradora Internacional de Moçambique, S.A.

Annual Report 2019

INDEX

MESSAGE FROM THE CHAIRMAN 3

GOVERNING BODIES 5

KEY INDICATORS 6

OUR HISTORY 7

BOARD OF DIRECTORS REPORT 8

ECONOMIC ENVIRONMENT 9

- International Economy 9
- National Economy 10

OVERVIEW OF THE INSURANCE SECTOR IN MOZAMBIQUE IN 2018 12

KEY EVENTS IN 2019 14

ORGANIZATIONAL STRUCTURE 16

BUSINESS ANALYSIS IN 2019 17

- Gross Written Premiums 17
- Claims 18
- Administrative Costs 18
- Technical Analysis 18
- Net Income 18
- Solvency Ratio 19
- Pensions Fund 19

REINSURANCE 20

ASSET MANAGEMENT 22

EMPLOYEES 23

PROPOSED APPLICATION OF NET INCOME 24

FINANCIAL STATEMENTS IN 2019 25

MESSAGE FROM THE CHAIRMAN

In the 2019 financial year, the results of the main economic and financial indicators of Seguradora Internacional de Moçambique - Impar, were marked by a path of sustainability and growth. In December 2019, the solvency ratio coverage rate was 1,892.2%, an extremely comfortable level which conveys a high degree of solidity to all our customers, business partners and economic agents in general, in their relationship with the Insurer.

Once its path of sustainability and growth had been defined, the Insurer was able to reach, in 2019, historic milestones of extraordinary relevance for the Company, as well as, in general, for the Mozambican insurance market, of which we highlight:

- The increase of its Share Capital to 295 million Meticais, double the previous one, in compliance with Decree no. 39/2018 of 5 July, which was fully carried out in a single financial year, greatly demonstrates the insurer's financial solidity;
- The improvement of control and protection mechanisms for the phenomenon of money laundering and terrorist financing, in the scope of the recent entry into force and implementation of specific legislation for the insurance sector;
- The effective implementation of the Financial Inclusion Policy, with the introduction in the business line of the first Micro Insurance products, namely MicroLife Insurance and MicroFuneral Insurance; and finally, with a particularly special significance,
- The international certification from *AM Best*, with a *Financial Strength Rating "B"* (Good) and Long-Term Issuer Credit rating "bb" with the "Stable" perspective of credit ratings assigned, becoming the first Mozambican Insurer with an international rating and going alongside the previously assigned certifications, particularly the financial rating "AA-" by Global Credit Rating.

Our actions took place in an adverse context in which economic activity continued to show signs of retraction, aggravated by the occurrence of cyclones and tropical storms, floods and drought that hit some areas of the country. *Significantly affecting people and their assets, the regular working of public and private institutions, with the economic effect on business activity enormously impacted. This had a consequent impact on the insurance sector in Mozambique and the insurer Impar was no exception, with very high levels of claims.*

However, as a result of a demanding and prudent management and based on long years of experience in this business, Impar responded as effectively as possible, within the specific circumstances, to the situation that befell its policyholders. As a result of the fact that Impar had agreements duly in place for this type of catastrophic event, it was possible to minimise the impact on its accounts, and the compensation for the damages of a large proportion of its policyholders was restored in an appropriate manner and in a time considered acceptable given the complexity of the process.

In addition, better internal organisation, strong commercial dynamism and the implementation of measures to achieve greater efficiency and operational rigour, reinforced by the continuous partnership relationship and professionalisation of a network of mediators, specifically insurance agents, consultants and brokers, the Insurer managed to increase its processed revenue by 13.7% compared to the previous year and net income was approximately 725 million Meticais, in line with projections.

With the results achieved, the Insurer has maintained its profitability and solvency ratios at appropriate levels, underpinned by careful technical and financial management, ensuring the stability of its employees and fortifying the business with a remarkable quality to its portfolio, from the point of view of risk profile and customer diversification.

This expression of robust results, translated by financial solidity and consequently by notable and recurrent economic and financial ratios, **earned** recognition within the insurance industry where Impar leads the way, as the company with the highest profitability in the industry.

Corporate Social Responsibility and sponsorships were directed towards relevant projects, in the field of Education and Culture, namely with its loyal partnership with the Music Conservatory - *Musiarte* in the training in lyrical singing of "Impar Talents" and in literature, with its support of the Fernando Leite Couto Foundation, in the promotion of the 1st edition of literary works, *"The Universe in a Grain of Sand"* by the renowned writer Mia Couto and *"Tools to Dismount the Night"* by the young writer Japone Arijuane and then in sport, with the 4th edition of the "Impar Walk" and the 3rd edition of the Impar Chess tournament where we have integrated students from special education schools.
With a higher level of standing and priority, the Road Safety Campaign for accident prevention is already in its 10th edition, involving around 15,000 children from thirteen primary schools.

It is our expectation that Mozambique's record of economic growth will become a reality in the coming years, based on the Government's Five Year Programme, the perspective that the agreements with multilateral and bilateral partners are materialised and also the investment decisions already announced and those expected to take place during 2020, in the oil and gas sector and in other areas impacting strongly on the national economy, particularly the energy, minerals and agricultural sectors.

In this context, the insurer Impar has undertaken an outstanding and determined position in its response to the challenges it faces, through the strengthening of its internal technical capacity, its consolidated benchmark position and prestige in the Mozambican insurance market, as well as the networks of now loyal and familiar international commercial partnerships with risk cover of great complexity and dimension.

I would like to express my gratitude and address to all of Seguradora Internacional de Moçambique's employees, a sign of satisfaction with their strong commitment, professionalism and motivation shown in undertaking their duties, which have enabled Impar to continue to merit the trust of its customers and to have been able to achieve the defined objectives as well as to continue to obtain strong results.

I would like take this opportunity to express my gratitude and appreciation to all the Shareholders for their constant guidance and renewed confidence, to the Governing Bodies, the General Meeting and the Supervisory Board, for all their shrewd and competent collaboration in monitoring Seguradora Internacional de Moçambique's management.

With high esteem, to the Governmental Entities and to the Supervisory Body, I would like to express my gratitude for their customary guidance and cooperation for Mozambique's economic development.

Manuel Gamito
Chairman of the Board

Shareholder Structure

Shareholders	Number of Shares	% of Share Capital	Paid-up Capital (Meticais)
BIM - Banco Internacional de Moçambique, S.A.	2,713,896	91.996%	271,389,600
PT Participações, SGPS, S.A.	172,136	5.835%	17,213,600
FDC – Fundação para o Desenvolvimento da Comunidade	61,432	2.082%	6,143,200
Remaining Shareholders	2,536	0.086%	253,600
Total	**2,950,000**	**100%**	**295,000,000**

Governing Bodies

Board of Shareholders' Meeting

President	Teotónio Jaime dos Anjos Comiche
Vice-President	Valdemar Jessen
Secretary	Horácio de Barros Chimene

Board of Directors

President	Manuel Alfredo de Brito Gamito
Vice-President	José Reino da Costa
Director	Rui Manuel Teles Raposo Pinho de Oliveira
Director	Rui Jorge Lourenço Fernandes
Director	João Manuel Rodrigues T. da Cunha Martins
Director	Curratilaine Issufo Abdul Remane
Director	Ricardo David

Supervisory Board

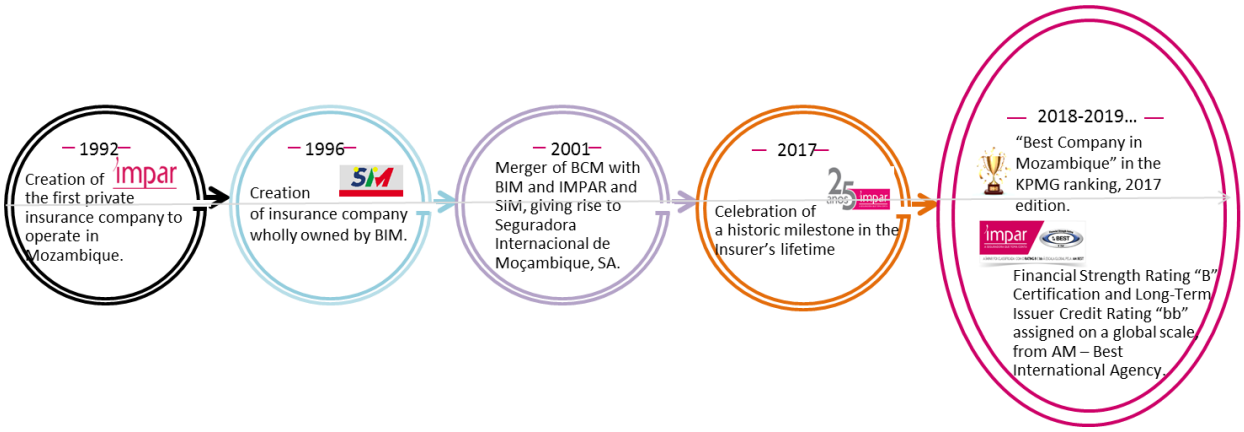
Chairwoman	Esperança Alfredo Samuel Machavela
Member	Daniel Filipe Gabriel Tembe
Member	Eulália Mário Madime
Alternate Member	Umeid Calú

KEY INDICATORS

Millions of Meticais

Key Indicators	2019	2018	Change % 19/18
Income Statement			
Gross Written Premiums	**1,810**	1,646	10.0%
Non-Life	**1,599**	1,407	13.7%
Life	**210**	239	-11.9%
Technical Margin	**1,427**	1,459	-2.2%
Net Income	**726**	821	-11.6%
Balance			
Shareholders Equity	**4,486**	4,305	4.2%
Total Assets	**8,314**	7,342	13.2%
Investments	**6,213**	6,163	0.8%
Efficiency Ratios			
Non-Life claims ratio, net of reinsurance	**35.1%**	26.2%	9.0 pp
Non-Life expense ratio, net of reinsurance	**33.9%**	33.4%	0.4 pp
Non-Life combined ratio, net of reinsurance	**69.0%**	59.6%	9.4 pp
Life net exploration costs / Life investments	**3.4%**	3.4%	0.0 pp
Profitability			
Technical Margin / Premium Revenue	**78.9%**	88.7%	-9.8 pp
Non-Life	**71.3%**	91.0%	-19.7 pp
Life	**136.1%**	75.1%	61.0 pp
Return on Average Equity - ROE	**16.2%**	19.1%	-2.9 pp
Solvability			
Solvency ratio	**1892.2%**	1335.4%	556.8 pp
Equity / Total assets	**54.0%**	58.6%	-4.7 pp
Coverage of technical provisions	**399.8%**	383.5%	16.3 pp
Other Indicators			
Market share	**n/a**	n/a	-
Number of employees	**156**	158	1.9%

OUR HISTORY



Impar is the ground-breaking Insurer in the insurance market in Mozambique, having started its activity immediately after the opening of this area to the private sector in the 1990s, and has therefore been present in the lives of Mozambicans for 27 years.

Today, the brands ***Impar*** and ***Millennium Seguros*** are an unavoidable benchmark in the Mozambican market, and a symbol of our commitment to better serve our customers, with the best product range that ensures the security and protection of their most precious assets.

In 2018, Seguradora Internacional de Moçambique, renewed, for the fifth consecutive year, its rating of AA- (MZ), given by the international rating agency Global Credit Ratings Co., where the quality of its assets, the robustness and soundness of its equity and the work of the management team were determining factors in the sustained implementation of a prudent strategy that has allowed the consolidation of capital and mitigation of risk levels of its operations.

In 2019, Seguradora Internacional de Moçambique was certified by the prestigious U.S. rating company AM Best, with the Financial Strength Rating "B"(Good) and Long-Term Issuer Credit Rating "bb" with the "Stable" perspective of credit ratings assigned, thereby becoming the first Mozambican Insurer with an internationally recognized rating.

Board of Directors Report

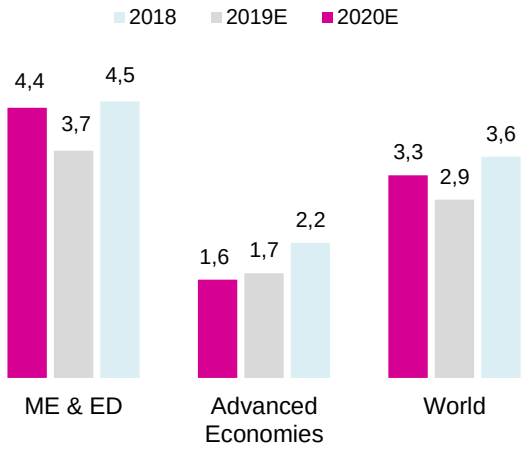
At the close of the 2019 Financial Year, the Board of Directors of Seguradora Internacional de Moçambique, S.A. has the pleasure to present to the Shareholders the Annual Report for the year ended 31 December 2019, which was audited by BDO Limitada.

Economic Environment

International Economy

Global activity was disappointing in 2019, with GDP growing 2.9% below the 3.6% witnessed in 2018, reflecting the deceleration in advanced economies, particularly in the US and the Euro Zone, mainly due to the escalation of trade tensions, with an adverse impact on foreign trade flows, financial and technological investment, bilateral relations, market confidence, and volatility in average commodity prices, particularly oil, which rose 23% y/y, according to data released by the International Energy Agency.

Graph 1. Global economy
Real GDP growth rate, %

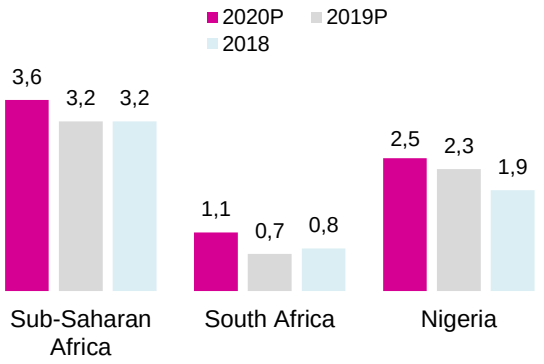


For the current year, the International Monetary Fund (IMF) forecasts a modest recovery in world economic growth (3.3% in 2020, above the 2.9% estimated for 2019), driven by increased private consumption and investment, and improved trade relations between the major economic powers (the US and China).

However, there are still risks that may slow down the global growth driver, namely the adverse effects of Brexit on confidence and volatility in financial markets, geopolitical conflicts (the recent case between the US and Iran), increased protectionism, the emergence of the "coronavirus" epidemic which represents an additional risk to health, security, international tourism, trade, private investment and the business environment.

Sub-Saharan Africa's growth rate remains weak, set to remain at 3.2% in 2019 and to expand to 3.6% in 2020. According to the IMF, growth is expected to be slower in about two thirds of the countries in the region due to complex external conditions, political disturbances in some countries in the region, lower production levels in oil-exporting countries and weaker growth than expected in South Africa.

Graph 2. Sub-Saharan Africa
Real GDP growth rate, %

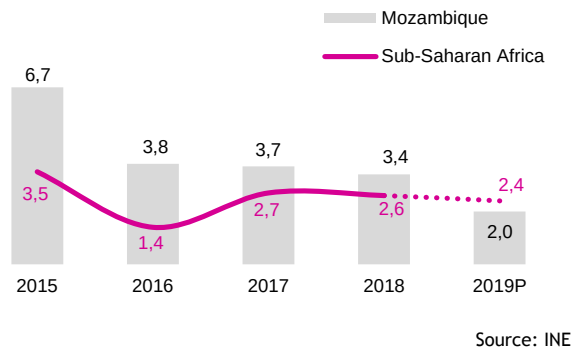


Most countries in the region, including Mozambique, face structural challenges that limit their growth in the medium term, and there is a need to improve public finance management, strengthen resilience to address climate change, diversify the productive base and exports, reduce non-performing loans, implement reforms to promote private investment to stabilise the foreign exchange market, rebuild reserves and control inflation.

National Economy

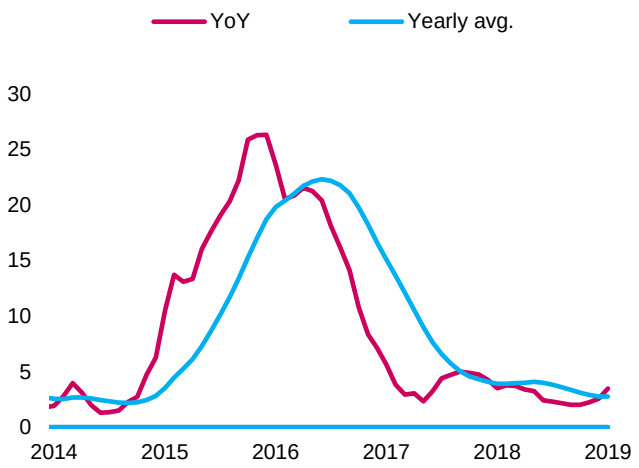
Mozambique has been facing macroeconomic challenges since 2016 that have led the economy to slow to levels below its potential (an average growth rate of 3% over the last five years), particularly the sovereign debt crisis that resulted in the suspension of international donations to support the General State Budget, which led to the adoption of restrictive monetary and fiscal policy measures with the aim of ensuring the stability of financial markets, sustaining exchange rate and inflationary pressures in order to minimise the impact of external turbulence on public accounts, domestic output growth and competitiveness.

Graph 3. Real GDP growth
In percentage



GDP is forecast to grow by 2% in 2019, an historically low level, justified by the devastating effects of natural disasters (cyclones Idai and Kenneth) that affected the central and northern regions of the country, causing the destruction of infrastructure, decrease in the productive capacity of companies, and restrictions on the supply of goods and services. In 2019, there were increased risks in the domestic and international environment with an impact on economic activity, in particular pressure on the deficit and public debt, deterioration of the security environment in Cabo Delgado, reduction in the prices of export goods, especially coal and aluminium, cooling of external capital flows due to trade tensions between the largest economies, with a harmful impact on developing countries.

Graph 4. Mozambique's inflation
In percentage, %



In the third quarter of 2019, economic activity recorded a moderate growth of 2.0%, corresponding to a slowdown of 0.3pp compared to the previous quarter, and 0.4pp in year-on-year terms, resulting from the contraction of the primary sector, especially the extractive industry, and a less dynamic agriculture sector, due to adverse weather conditions and a fall in the price of raw materials on the international market, thereby negatively affecting national production levels. In addition, the lower dynamics of the economy has sustained by a domestic demand which remains repressed, combined with a lower flow of trade and private investment.

Annual inflation continued to slow down, starting in 2017, supported by greater stability of the Metical against the US dollar, prudence of the central bank's monetary policy, lower aggregate demand, and the availability of consumer goods in the market. In year-on-year terms there was a reduction to 3.50%, its lowest level since 2014.

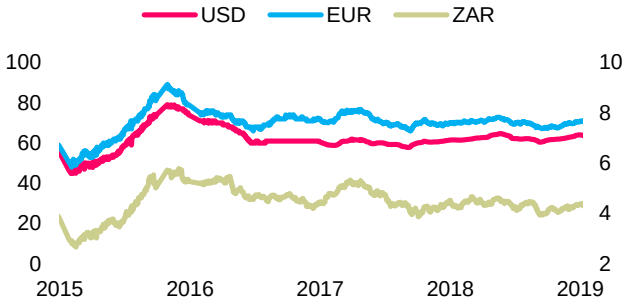
Average inflation followed the same trend at 2.78%, down 1.13pp on the previous year. The accumulated variation shows that the general price level was driven by the food (2.41pp), restaurant and hotels (0.51pp), clothing and footwear (0.20pp), education (0.11pp) and housing (0.10pp) divisions.

The city of Beira recorded the greatest variation in price levels, reaching 4.78%, due to the passage of cyclone Idai, which devastated extensive agricultural areas negatively affecting the supply of goods, and greater demand for construction materials to replace infrastructure.

The short-term outlook points to a slight acceleration of inflation, while remaining stable. According to central bank forecasts, the increase in the price level is explained by the lower domestic supply of food, military tensions in the central and northern areas of the country that condition the mobility of people and goods, and the probability of intense rainfall in the first months of 2020.

At the close of 2019, the Metical remained stable in the domestic foreign exchange market, with the Dollar trading at 61.47 MT, the Euro at 68.89 MT, corresponding to nominal losses of 2%, and the Rand quoted at 4.37 MT, a nominal gain of 2%.

Graph 5. Exchange market
MCI average exchange rates



This behaviour is justified by the greater availability of foreign exchange in the economy, resulting on the one hand from Anadarko's transfer of assets to Total, which allowed the Mozambican State to include capital gains in the public accounts and strengthen international reserves, and on the other hand from the decrease in the average price of oil on the international market, which alleviated pressures on the demand side for foreign currency.

Forecasts point to an appreciation of the Metical in the medium term, supported by increased liquidity in foreign currency resulting from additional disbursements to support reconstruction following natural disasters, greater dynamism in exports, particularly from the mining and agricultural sectors, and greater FDI flows from major Liquefied Natural Gas, Energy, Infrastructure, Transport and Logistics exploration projects.

The favourable trend for inflation favoured the adoption of a less restrictive monetary policy, influencing the decline of interest rates on the Interbank Monetary Market, notwithstanding the prevalence of risks in the national, regional and international environment. The monetary policy interest rate (MIMO) fell 150bp over the year to 12.75%, maintaining the cycle that began in 2017. Similarly, it reduced the PRSF by 220bp to 18%, and the rates of the Deposit Facility (FPD) and the Surrender Facility (FPC) decreased, both from 150bp to 9.75% and 15.75%, respectively. Interest rates on 90-day Treasury Bills have followed the same trend, falling by 263bp, to 11.22% at year-end.

Overview of the Insurance Sector in Mozambique in 2018

In 2018 (the latest comparative annual data available), the volume of direct written insurance in the insurance sector was 13,158.9 million Meticais, representing an increase of 1.0% compared to 2017. This modest growth in total production was considerably influenced by the performance of the Non-Life segments, whose processed revenue was 11,482.7 million Meticais, representing a reduction of 0.2% over the previous year, with the Life segments, with a lower contribution, recording a volume of 1,676.2 million Meticais, representing a growth of about 10.4% over 2017.

In this period, the overall processed revenue of the insurance sector represented around 1.48% of the Gross Domestic Product, which compares with 1.62% in 2017, thus observing a reduction of 0.14pp in the penetration rate of insurance in the national economy.

*Millions of Meticais

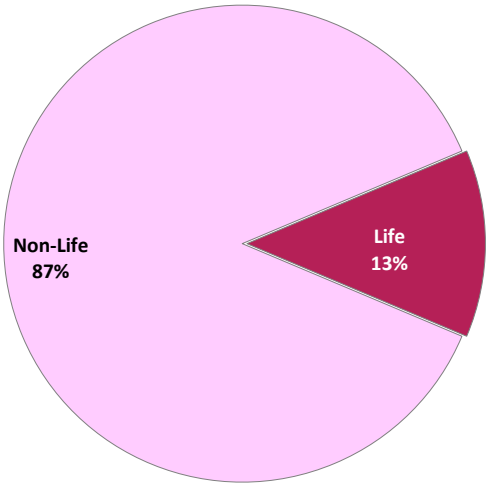
Indicators	2014	2015	2016	2017	2018
Gross Premiums Issued	8,514.1	9,373.9	10,616.8	13,023.4	13,158.9
Gross Domestic Product	548,432.0	592,024.0	689,213.1	804,463.8	887,806.0
Population	25.0	25.7	26.4	27.1	27.9
Insurance Penetration Rate	1.55%	1.58%	1.54%	1.62%	1.48%
Average Annual Inflation Rate	2.6%	3.6%	25.3%	15.1%	3.9%
Number of Insurance Companies	16	18	19	20	21
Insurance Brokers	390	482	586	631	734

Source: ISSM - Annual Report on Insurance Activity in 2018

Regarding market share by segment and in terms of global processed revenue, the Non-Life segment stands out with 87.3% of the insurance portfolio, while the Life segment represents only 12.7%. Seguradora Internacional de Moçambique holds a global market share of 13.7%, with 12.3% in Non-Life and 14.2% in Life.

In terms of net revenue acquired, the Insurer has an overall market share of 12.5% as it has no large Fronting policies in its portfolio.

Market share of Insurer per Segment



SIM presented market shares of:

- **14.2%** Life business
- **12.3%** Non-Life business

Source: Annual Report on Insurance Activity in 2018, ISSM.

In 2018, Non-Life production decreased by 0.2%, contrary to the growth seen in recent years. This reduction in the level of growth was essentially influenced by the negative performance of the fire and allied perils, aviation and motor, which showed negative variations of 19.5%, 15.6%, and 3.2%, respectively.

The motor sector is the most significant of the Non-Life branches, with 29% of the share, followed by personal accidents and health and fire and allied perils, with 26.4% and 19.2%, respectively.

In 2018, the Mozambican insurance market presented a loss ratio of 49.8% in Non-Life, a reduction of 2.4 pp compared to 2017. In the period under review, the personal accidents and health segment presented the highest loss ratio, with 69.6%, while the lowest was recorded in the aviation segment with 6.4%.

In 2018, net income for the financial year stood at 1,479.9 million Meticais in the period under review, compared to a loss of 259.8 million Meticais in 2017. In the period under review, Seguradora Internacional de Moçambique presented a positive net income of 821.1 million Meticais, consolidating its privileged position at the top of the ranking of insurers with the highest net revenue in the market, with nearly 55% of the share, according to the 2018 market report from the Insurance Supervision Institute of Mozambique (ISSM).

At the end of 2018, the Mozambican insurance market reported investments totalling 21,651.2 million Meticais, a reduction of 6.4% compared to 2017.

Buildings represent the most important assets in the global investment portfolio, with a share of nearly 38.5%.

As at 31 December 2018, insurers had accounted for 11,263.6 million Meticais of technical reserves net of reinsurance, of which 8,784.1 million corresponded to the Non-Life segment and 2,479.5 million to the Life segment.

KEY EVENTS IN 2019

In 2019, Seguradora Internacional de Moçambique (IMPAR) was certified with the *Financial Strength Rating "B"* (Good) and *Long-Term Issuer Credit "bb"* with the "Stable" perspective of credit ratings assigned. IMPAR became the first and only Insurer in Mozambique with an international rating, awarded by AM Best, a company founded in 1899, considered one of the largest and most prestigious in the insurance industry, along with Standard & Poor's, Moody's Corporation and Fitch Ratings.

It is worth noting that in 2019, IMPAR increased its Share Capital to 295 million Meticais, double the previous amount. As provided for in Decree No. 39/2018 of 5 July, whose period of adequacy in the insurance industry should be three years from the date of publication of this law, which means that this measure should be complied with, by all insurers, by July 2021, or otherwise their operating licence shall be revoked.

On the business side, 2019 saw the creation of the first Micro Insurance products, namely **MicroSeguro de Vida** (Life MicroInsurance) and **MicroSeguro de Funeral** (Funeral MicroInsurance), and one can also highlight the review of the guarantees for the **Acidentes Pessoais Viagem** (Personal Travel Insurance) and **Seguro Em Paz** (Insurance in Peace) products, meaning that these two products now have an insured amount which is more suited to the needs of our customers.

With regard to advertising campaigns, these have focused mainly on the dissemination of "**Assistência em Viagem**" (Travel Assistance) cover, a product launched in 2018 and which this year had its consolidation as an improvement in Impar's product range in motor insurance cover. We also began a partnership with RM's "**Longo Alcance**" radio programme, with the aim of contributing towards promoting good habits of prudent and safe driving.

We continued with the "**Impar Walk**", now in its 4th Edition, with some new features to its route and raising awareness among participants about the need to promote healthy living habits and communicating the health benefits of doing sport on a regular basis.

In terms of sponsorship of events held in 2019, we must highlight the **Kia Picanto Cup**, in which IMPAR is the official Insurer. This is an event that began in 2019 and will continue in 2020. We also participated, as the official insurer, in the 1st edition of the "**MAPUTO OPEN Golf Tournament**", an event that gathered about 60 players and promoted the introduction of 40 new players to the sport through the Golf Clinic.

In order to contribute to the development of Mozambican culture and literature, Impar entered into a Cultural Sponsorship Agreement with the Fernando Leite Couto Foundation, which covers the 1st edition of two books:

1. "*The Universe in a Grain of Sand*" by Mia Couto;
2. "*Tools to Dismount the Night*" by Japone Arijuane.

Within the scope of the "**IMPAR Talents**" project, in partnership with Musiarte, IMPAR offered a "Christmas Concert" to all employees of the Millennium Bim Group.

Corporate Social Responsibility Policy

As part of our Corporate Social Responsibility programme, we should highlight the assistance to the victims of cyclones Idai and Kenneth, which was given through a donation of essential items. Also, within this context, IMPAR supported the participation of Rádio Moçambique in the conference held in Beira under the theme "Reconstruction following cyclone Idai".

Likewise, we can firmly say that 2019 was a year for the consolidation of partnerships and the development of existing projects, of which we can highlight the following:

Sport

- 3rd Edition of the "**Impar Chess Tournament**", 8 primary schools and 4 special education schools having participated in this edition thereby boosting the inclusion of these children. Impar identifies itself with the playing of this sport among children because it believes that it helps to develop reasoning and concentration, to elaborate strategies, to work on patience and to plan victories. Through the holding of these tournaments, Impar intends to give a boost to the sport becoming more widespread within the country, from schools, where children and young people have demonstrated a great interest and talent for chess.

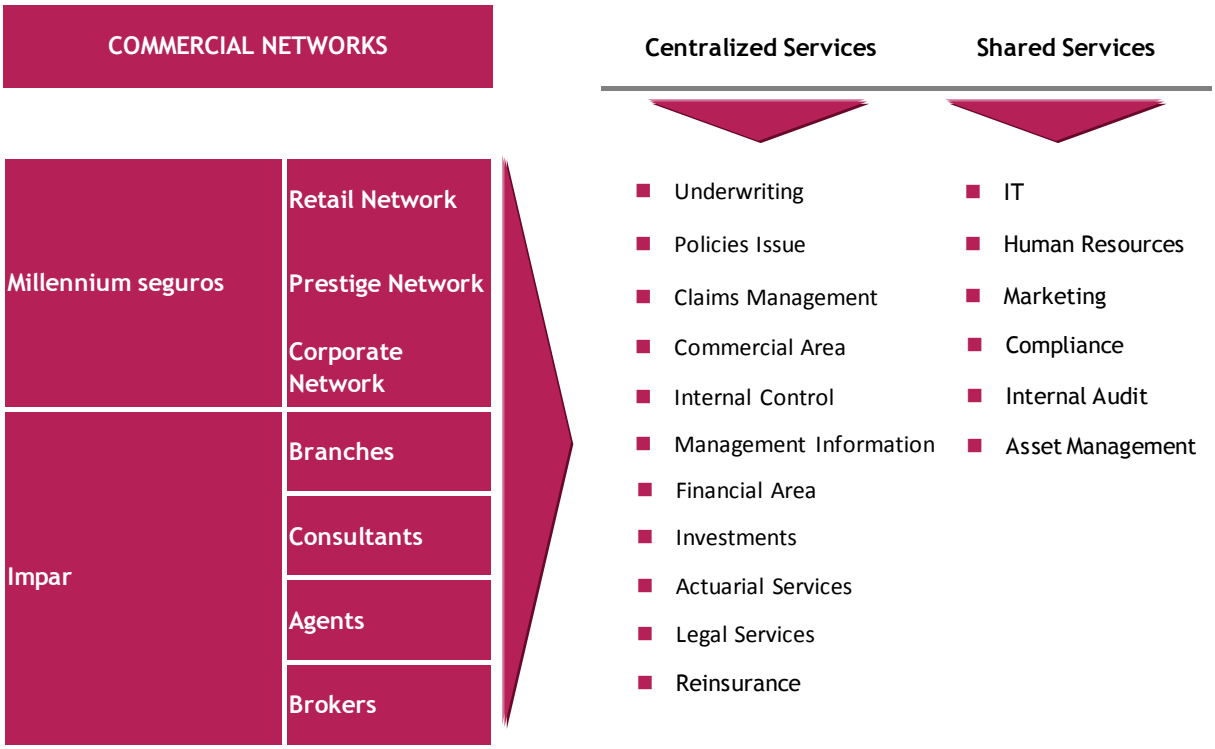
Education and Culture

- 10th edition of the "**Road Safety Campaign**", which involved about 15,000 children from 6 to 12 years of age, from 13 primary schools, 6 in Maputo City and 7 in Xai-Xai City.
- **Joy of Life Niassa**, a program of reading workshops for children; with drawings and mini basketball and training on the topics of malaria, cholera, anti-poaching, pollution and uncontrolled wildfires.

Health

- Sponsorship of the "**HCM Gastro Service**", through the supply of medicines to the hospital unit.

ORGANIZATIONAL STRUCTURE



*With Millennium bim

Business Analysis in 2019

Despite the adverse context characterized by a slow recovery of the national economy and relative stabilization of the main macroeconomic indicators, Seguradora Internacional de Moçambique presented robust results, ending the 2019 financial year with a net income of 725.9 million Meticais, which represents a reduction of 11.6% compared to 2018.

These results achieved in 2019 were generally influenced by the following factors:

Net Income
MZN 725.9 Million

Gross Written Premiums
MZN 1,809.8 Million

Technical Margin
MZN 1,427.1 Million

Solvency Ratio
1,892.2 %

Return on Average Equity - ROE
16.2%

➢ Gross Written Premiums

In 2019, Seguradora Internacional de Moçambique reached a volume of gross written premiums of 1,809.8 million Meticais, an amount that represents a growth of 10.0%, compared to the 1,645.7 million Meticais from the previous year.

Gross Written Premiums	2019	2018
Non-Life	**1,599,426**	**1,40**
Workmen's Compensation	148,184	14
Personal Accident and Health	309,570	24
Fire and Allied Perils	251,315	25
Motor	599,680	57
Marine Hull	90,330	7
Aviation	3,013	
Transports	31,305	2
Third Party Liability	49,525	3
Miscellaneous	116,503	4
Life	**210,404**	**23**
Annuities	0	2
Capitalization	3,743	2
Life Risk	206,662	18
Total	**1,809,830**	**1,64**

In terms of the Life business, in 2019 we recorded a reduction in premiums of 11.9%, significantly influenced by the ring-fencing of the pension fund on 01 June 2018.

In the Non-Life business, the volume of direct insurance premiums in 2019 reached 1,599.4 million Meticais, which represents a growth of 13.7% compared to the previous year's processed revenue. The performance of this segment is explained by the growth recorded in Personal Accident and Health, and Motor, which together represent about 57% of Non-Life production. In addition, we highlight the contribution of the Marine Hull, Civil liability and Miscellaneous businesses.

➢ Claims

(Prior to allocation of expenses)

The **loss ratio**, understood as the ratio between the costs of claims and the respective gross written premiums before allocation of costs, stood at 113.0%, which represents an increase of 87.1 pp compared to 2018. This significant increase in the loss ratio is mainly explained by the impact of cyclone Idai in 2019.

Non-Life Loss Ratio	2019	2018	Change % 19/18
Workmen's Compensation	42.0%	-1.6%	43.6 pp
Personal Accident and Health	37.5%	42.1%	-4.6 pp
Fire and Allied Perils	446.0%	12.6%	433.4 pp
Motor	38.1%	29.5%	8.6 pp
Marine Hull	29.3%	13.1%	16.2 pp
Aviation	0.0%	0.0%	0.0 pp
Transports	18.7%	23.8%	-5.1 pp
Third Party Liability	3.5%	47.2%	-43.7 pp
Miscellaneous	210.7%	66.4%	144.3 pp
Total	**113.0%**	**25.9%**	**87.1 pp**

➢ Administrative Costs

Administrative costs recorded an amount of 390.8 million Meticais, which corresponds to 21.6% of gross premiums, being 5.7% below budget and an increase of 7.0% in relation to the same period in 2018.

Thousands of Meticais

Administrative Costs	2019	2018	Change % 19/18
Staff costs	259,140	222,405	16.5%
External Supplies and Services	128,905	140,803	-8.5%
Other administrative expenses	2,853	2,023	41.0%
Total	**390,898**	**365,231**	**7.0%**

Technical Analysis

The **combined ratio stood at 69.0%,** equivalent to an increase of 9.4 pp from the previous year's figure, which is largely the result of the 9.0 pp increase in the net loss ratio, influenced by the impact of cyclone Idai.

Net Income

Net Income at 31 December 2019 was 725.9 million Meticais, a reduction of about 11.6% compared to the previous year, and a negative deviation of 6.7% from the budget. Excluding the real estate capital gains in both years, the Net Income at 31 December 2019 was 825.3 million Meticais, a reduction of about 8.0% over the same period and a growth of 6.0% over budget.

Return on equity (ROE) stood at 16.2%, compared with 19.1% in 2018. Eliminating the effect of real estate capital gains on equity in both years, the ROE stood at 26.5%, compared with 33.3% in 2018.

Solvency Ratio

At 31 December 2019, Seguradora Internacional de Moçambique presented a solvency ratio of 1,892.2%, notably above the minimum limit required by the supervisory body and which is indicative of the financial strength of the Insurer, thus reflecting a solid capital structure appropriate to the liabilities assumed.

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

Pensions Fund

At 31 December 2019, the value of the assets of the BIM/SIM pension fund, managed by Seguradora Internacional de Moçambique, corresponded to 2,065.5 million Meticais and the liabilities to 2,146.1 million Meticais.

On 31 December 2018, the value of assets of the BIM/SIM pension fund corresponded to 2,127.8 million Meticais and liabilities to 2,096.5 million Meticais.

REINSURANCE

The **Tropical Cyclones** that caused billions of dollars in accidents dominated 2019.
Worldwide, some 820 natural disasters caused total losses of US$150 billion, which is in line with the inflation-adjusted average loss of the past 30 years, according to Munich Re. Only a small portion of the losses (35%) corresponding to about $52 billion were insured, compared to 46% in 2018. This reduction stems from, among other causes, the large scale of flood losses that are mostly uninsured. It should be noted that the portion of the losses is considered to be in line with the average of the last ten years, which shows that a large part of this market segment remain uninsured, especially in emerging countries and developing countries.

Overall, in 2019, nearly 9,000 people lost their lives as a result of natural disasters, compared to 15,000 losses in 2018, resulting in a significant reduction of 40%.

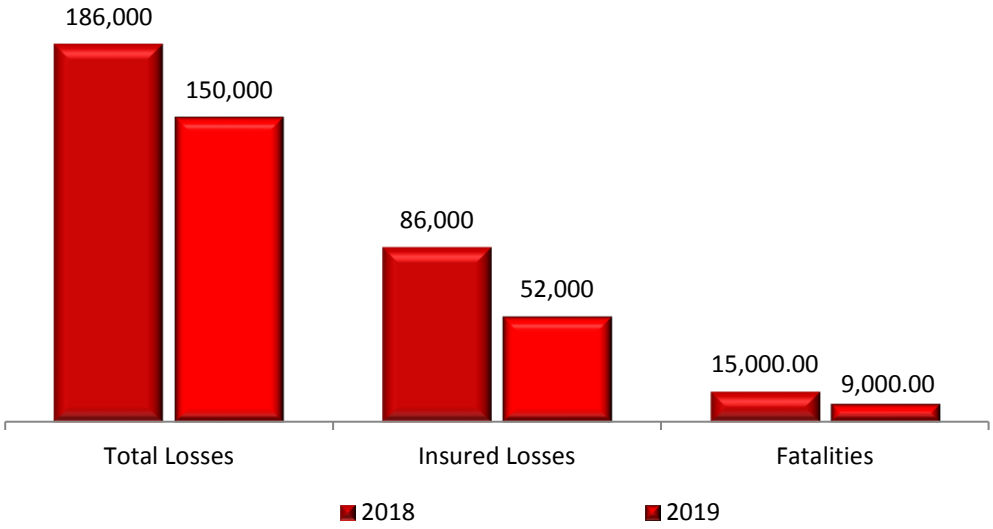


Figure 1: With amounts in millions of USD

Source: Munich Re NatCat Service

Forest fires

Following the record losses of previous years, the fire season in California was less severe. A "wet" winter improved summer drought conditions compared to more recent summers. Overall losses were $1.1 billion and only about $0.8 billion were insured. Despite the smaller losses in 2019, this does not alter the marked long-term trend in fire and forest fire losses in the forest area in the US.

For Munich Re, the forest fire season in Australia was very severe. High temperatures and dry air combined with a large amount of flammable fuel due to a lack of rainfall during the winter, led to a very early start to the forest fire season in September. However, the forest fire season is expected to continue during the months of January and February 2020.

Mozambique

The biggest humanitarian disaster of the year was cyclone Idai that hit Mozambique and neighbouring countries in March 2019, where over 1,000 people lost their lives and hundreds of thousands lost their possessions, according to Munich Re. Idai hit the city of Beira, the capital of Sofala province and the second largest city in Mozambique with about 530,604 inhabitants. With wind speeds of about 170 km/h, the storm destroyed a large number of infrastructures. In addition,

the flooding wave and heavy rainfall caused widespread extension of flooding that spread inland, destroying crops and homes. Total losses reached 2.3 billion dollars.

Source: www.bbc.com

The losses in Mozambique corresponded to about one tenth of the Gross Domestic Product (GDP) and have therefore had a huge impact on the country. Mozambique was hit by another cyclone, Kenneth, only a few weeks later. These extreme consequences clearly show that, particularly in developing countries, human life and economic growth must be better protected. Organizations from the UN, World Bank, and other institutions founded the Insurance Development Forum (IDF) in 2016, which supports insurance solutions for developing countries through the G7 "InsuResilience Global Partnership".

Cyclone Idai put state institutions to the test in the management of natural phenomena as well as insurance companies. This event may also have served to raise awareness among both state and private entities of the need to insure their assets with adequate capital.

For Seguradora Internacional de Moçambique, cyclone Idai was a great challenge for both the institution and its human resources, which had to be deployed to meet the needs and demands of the country, its customers and business partners. It was a time when the Insurer was able to show that it remains a well-endowed institution even in catastrophic events such as this, with robust financial liquidity and adequate reinsurance treaty protection.

ASSET MANAGEMENT

At 31 December 2019, Seguradora Internacional de Moçambique's Investment portfolio amounted to 6,212.6 million Meticais, representing an increase of 0.8% over the previous year. This reduced growth is due to the revaluation of real estate properties in December 2019 which generated unrealized losses of about 100.0 million Meticais.

Through its Investment Committee, the Insurer has established a strategic policy of managing financial assets, responsible for ensuring the mitigation of market risk and liquidity, always taking into account the need for strict compliance with the legislation and regulations issued by the supervisory entity.

Around 24.8% of the investment portfolio is made up of available-for-sale assets, in particular short-term public debt instruments, which account for around 24.2%, and which translate into solid levels of liquidity and portfolio stability.

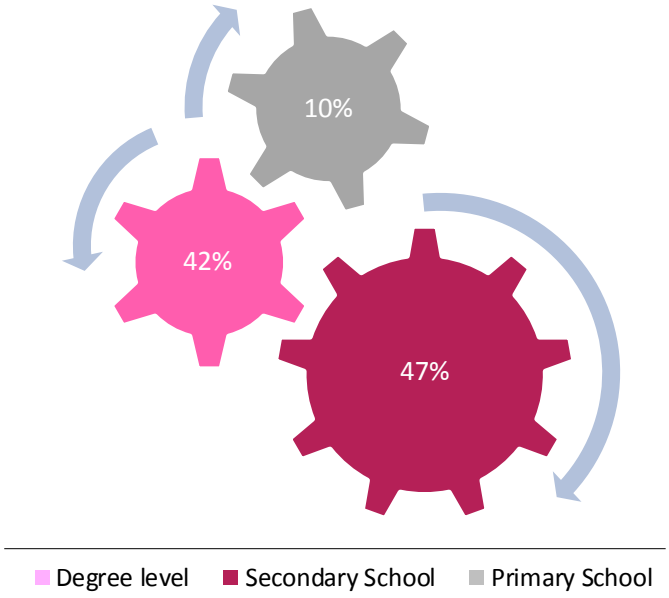
The growth of long-term public debt securities is justified by their attractive returns and the greater confidence and stability of the national economy. On the other hand, we also highlight the property portfolio which remains a significant asset in the portfolio, despite a reduction of around 7% in comparison with the same period of the previous year resulting from the revaluation of property.

The constant reduction in interest rates offered by the market during the year under review had an influence on the deterioration of the rate of return on the Insurer's investment portfolio, which stood at 8.01% in 2019, a reduction of 2.46 p.p. in relation to the same period in 2018..

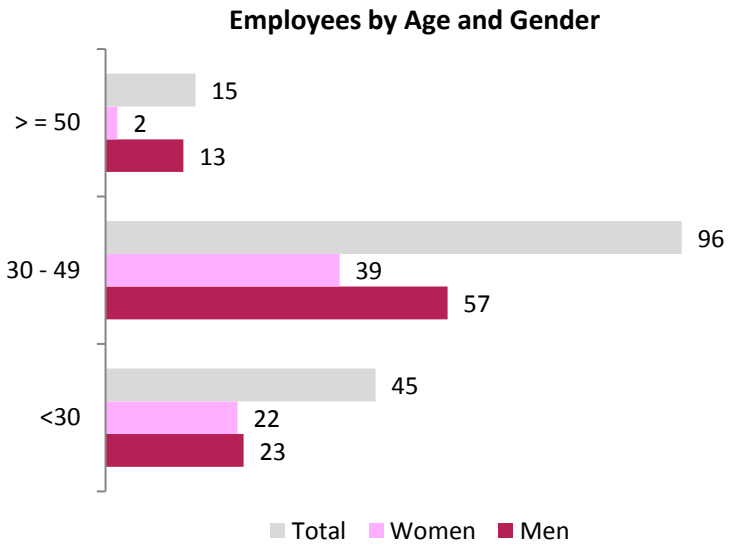
Investment Portfolio	2019	%	2018	%
Held-to-maturity investments	**121,269**	**19.7%**	**766,993**	**12.4%**
Long-term public debt	**1,009,915**	16.3%	555,639	9.0%
Shares	**211,354**	3.4%	211,354	3.4%
Available for sales investments	**1,539,034**	**24.8%**	**1,898,413**	**30.8%**
Long-term public debt	**1,501,708**	24.2%	859,029	13.9%
Debt securities	**0**	0.0%	1,000,000	16.2%
Shares	**37,326**	0.6%	39,384	0.6%
Other investments	**3,452,268**	**55.6%**	**3,499,207**	**56.8%**
Land and buildings	**2,214,327**	35.6%	2,381,366	38.6%
Term Deposits	**1,237,941**	19.9%	1,117,841	18.1%
Total	**6,212,571**	**100.0%**	**6,164,613**	**100.0%**
Deposits and Cash	**104,727**	-	48,270	-

EMPLOYEES

Human capital management, based on the reinforcement of the values of competence, responsibility and professional excellence, constituted the focus of human resources policy at Seguradora Internacional de Moçambique over the course of 2019. Using the synergies generated by the Millennium Bim Academy, and as promoted by the Group's Management, we successfully started the leadership training program for top managers. We also continued with internal retraining and training abroad, in technical-commercial insurance areas and also risk and compliance.



Seguradora Internacional de Moçambique therefore concluded the 2019 financial year with 156 employees, with an average age of 37 years old and an average length of service of 11 years, of which around 60% were men and 40% women.



Proposed Application of Net Income

The net income After tax of Seguradora Internacional de Moçambique, for the financial year ended on 31 December 2019 stood at 725,861,862.53 Meticais.

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 2019 should be applied as follows:

	%	Meticais Amount
Dividends	60.0%	476,096,322.84
Legal Reserve	10.0%	79,349,387.14
Other Reserves	30.0%	238,048,161.42
Distributable Income		**793,493,871.40**
Retained Earnings		-67,632,008.87
Total	**100.0%**	**725,861,862.53**

Under Article 1 of Decree 39/2018, of 5 July, which defines the new minimum levels for Share Capital and Insurance Fund of Insurance operators, we have re-established the allocation of the Legal Reserve thereby complying with the terms of number 1 of article 36 subparagraph b) of Decree-Law 1/2010 of 31 December.

In 2019, as a result of the revaluation of real estate properties allocated to the Insurer, a potential loss was recorded, which affects by net income by 67.6 million Meticais, whose value will be recorded in retained earnings and covered by potential capital appreciation of revaluations of real estate from previous years and thereafter allocated, for the amount of 1,107.3 million Meticais.

FINANCIAL STATEMENTS IN 2019

Profit and Loss Account

Notes	Profit & Loss Account	Financial Year				Previous year
		Life segment technical account	Non-Life segment technical account	Non-technical account	Total	
2 g); 5	**Earned premium income, net of reinsurance**	**185,980,108**	**1,234,388,623**	**-**	**1,420,368,731**	**1,364,239,431**
	Gross written premiums	210,404,562	1,599,425,856	-	1,809,830,418	1,645,733,984
	Reinsurance premiums ceded	(24,424,454)	(369,557,017)	-	(393,981,471)	(321,178,726)
	Unearned premiums provision (change)	-	37,947,408	-	37,947,408	62,608,325
	Unearned premiums provision, Reinsurers share (change)	-	(33,427,624)	-	(33,427,624)	(22,924,152)
	Commissions from insurance contracts and operations considered for accounting purposes as investment contracts or as services contracts	-	-	-	-	-
6	**Claims costs, net of reinsurance**	**(30,763,051)**	**(462,496,993)**	**-**	**(493,260,044)**	**(416,057,552)**
	Claims paid	(31,702,950)	(438,940,177)	-	(470,643,127)	(581,118,970)
	Gross claims paid	(32,289,589)	(982,991,371)	-	(1,015,280,960)	(763,891,699)
	Reinsurers share	586,639	544,051,194	-	544,637,833	182,772,729
	Claims provision (change)	939,899	(23,556,816)	-	(22,616,917)	165,061,418
	Gross amounts	(1,700,457)	(874,697,530)	-	(876,397,987)	287,429,125
	Reinsurers share	2,640,356	851,140,714	-	853,781,071	(122,367,707)
7	Other technical provisions, net of reinsurance	-	-	-	-	-
8	**Life mathematical provision, net of reinsurance**	**95,217,137**	**-**	**-**	**95,217,137**	**726,335,512**
	Gross amounts	95,627,884	-	-	95,627,884	727,134,435
	Reinsurers share	(410,746)	-	-	(410,746)	(798,923)
9	Profit sharing, net of reinsurance	(32,420,785)	(41,521,517)	-	(73,942,302)	(994,411,715)
2 g); 10	**Net operating expenses**	**(58,074,624)**	**(390,068,380)**	**-**	**(448,143,004)**	**(410,503,195)**
	Acquisition expenses	(37,775,123)	(162,841,520)	-	(200,616,643)	(181,743,883)
	Deferred acquisition expenses (change)	-	(1,068,936)	-	(1,068,936)	(1,964,150)
	Administrative costs	(35,822,227)	(281,624,828)	-	(317,447,055)	(292,758,649)
	Commissions and profit sharing of reinsurance	15,522,726	55,466,904	-	70,989,630	65,963,487
2 c); 11	**Income**	**70,431,356**	**498,643,449**	**3,111,975**	**572,186,780**	**890,311,069**
	Interest from financial assets not carried at fair value through profit and loss	- 59,910,084	- 429,074,297	- 3,110,809	492,095,190	806,556,851
	Interest from financial liabilities not carried at fair value through profit and loss	- -	- -	- -	-	-
	Others	10,521,272	69,569,152	1,166	80,091,590	83,754,218
12	**Financial expenses**	**(116,023)**	**(2,694,620)**	**-**	**(2,810,643)**	**(3,039,591)**
	Interest on financial assets not carried at fair value through profit and loss	- -	- -	- -	-	-
	Interest on financial liabilities not carried at fair value through profit and loss	- -	- -	- -	-	-
	Others	(116,023)	(2,694,620)	-	(2,810,643)	(3,039,591)
	Net gains on the sale of financial Assets and Liabilities not stated at fair value through profit and loss	**-**	**-**	**-**	**-**	**-**
	Of available for sale assets	-	-	-	-	-
	Of Loans and account receivables	-	-	-	-	-
	Of held-to-maturity investments	-	-	-	-	-
	Of financial liabilities stated at amortised cost	-	-	-	-	-
	Of others	-	-	-	-	-
	Net gains on the sale of financial Assets and Liabilities stated at fair value through profit and loss	**-**	**-**	**-**	**-**	**-**
	Net gains on the sale of financial Assets and Liabilities held for trading	-	-	-	-	-
	Net gains on the sale of financial Assets and Liabilities initially recognised at fair value through profit and loss	- -	- -	- -	-	-
13	Exchange rate differences	705,813	2,628,508	914,548	4,248,869	5,068,365
14	**Net gains on the sale of non-financial Assets not classified as non-current assets held for sale and discontinued operation units**	**-**	**(96,962,676)**	**-**	**(96,962,676)**	**(105,457,500)**
	Impairment loss (net of reversals)	-	-	-	-	-
	Of available for sale assets	-	-	-	-	-
	Of loans and accounts receivable stated at amortised cost	-	-	-	-	-
	Of held-to-maturity investments	-	-	-	-	-
	Of others	-	-	-	-	-
	Other technical income/expense, net of reinsurance	-	(310,441)	-	(310,441)	58,954
15	Other provisions (change)	3,316,558	32,564,423	-	35,880,981	25,907,136
	Other income/expense	-	-	(100,372)	(100,372)	6,933,390
	Negative goodwill immediately recognised through profit and loss	-	-	-	-	-
	Profit and loss of associates and joint ventures accounted for through equity method	- -	- -	- -	- -	- -
	Profit and loss on non-current assets (or disposal groups) classified as held for sale	- -	- -	- -	- -	- -
	Income before tax	**234,276,490**	**774,170,375**	**3,926,151**	**1,012,373,016**	**1,089,384,303**
2 i); 27	Income tax for the Financial Year - Current taxes	(73,667,614)	(243,435,798)	(1,234,568)	(318,337,980)	(302,047,281)
2 i); 27	Income tax for the Financial Year - Deferred taxes	-	-	31,826,828	31,826,828	33,746,400
31	**Net income for the Financial Year**	**160,608,876**	**530,734,577**	**34,518,411**	**725,861,863**	**821,083,422**

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

Statement of Comprehensive Income

Seguradora Internacional de Moçambique, SA
Statement of Comprehensive Income at 31 December 2019

Amounts in Meticais

Annex notes	Statement of Comprehensive Income	2019 Financial Year				2018 Financial Year			
		Life Technical	Non-Life Technical	Non-Technical	Total	Life Technical	Non-Life Technical	Non-Technical	Total
31	Net income for the financial year	160,608,876	530,734,577	34,518,411	725,861,864	89,389,276	717,900,195	13,793,951	821,083,423
	Other comprehensive income for the year	(5,381,823)	(3,169,844)	-	(8,551,667)	10,478,123	9,535,793	-	20,013,916
19, 31	Financial assets held for trading	-	(3,568,399)	-	(3,568,399)	-	(10,474,498)	-	(10,474,498)
29	Actuarial deviations	(7,914,446)	-	-	(7,914,446)	15,409,003	-	-	15,409,003
19, 31	Taxes	2,532,623	5,083,388	-	7,616,011	(4,930,880)	3,489	-	(4,927,391)
	Other directly recognised profit/loss on equity	-	(4,684,833)	-	(4,684,833)	-	20,006,802	-	20,006,802
	Total comprehensive income net of taxes	**155,227,053**	**527,564,733**	**34,518,411**	**717,310,197**	**99,867,399**	**727,435,988**	**13,793,951**	**841,097,338**

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

Balance Sheet

Notes	ASSETS	Gross assets	Amortisations and Provisions	Net Assets (December 2019)	Previous Financial Year Net Assets (December 2018 (Restatement))
2 a); 17	**Cash & cash equivalents & on demand deposits**	1,192,451,307		1,192,451,307	1,096,815,839
2 b); 18	Investments in affiliates, associates and joint ventures	211,350,850		211,350,850	211,350,850
	Financial assets held for trading	0		0	0
	Final assets classified in the initial recognition at fair value through profit and loss	0		0	0
2 c); 19	Assets available for sale	1,668,441,054		1,668,441,054	2,158,809,813
2 c); 21	**Loans and account receivables**	150,216,837		150,216,837	62,000,601
	Deposits at cedent companies	0		0	0
	Other Deposits	150,216,837		150,216,837	62,000,601
	Loans granted	0		0	0
	Receivables	0		0	0
	Other receivables	0		0	0
2 c); 20	Held-to-maturity investments	880,507,773		880,507,773	295,244,988
2 e); 22	**Land & buildings**	2,219,932,317	5,605,035	2,214,327,282	2,379,967,160
	Land & buildings held for own use	67,655,924	5,605,035	62,050,889	63,404,010
	Land & buildings held for income	2,152,276,393		2,152,276,393	2,316,563,149
2 f); 23	Other tangible assets	154,342,555	97,145,688	57,196,866	46,099,686
23	Inventories	1,293,220		1,293,220	1,558,220
	Goodwill	0		0	0
2 g); 24	Other intangible assets	103,528,451	70,107,595	33,420,856	39,726,015
2 h); 25	**Reinsurance ceded technical provisions**	1,163,490,090		1,163,490,090	369,697,114
	Unearned premiums provision	66,489,538		66,489,538	97,968,496
	Mathematical provision	-2,806,090		-2,806,090	-2,413,082
	Claims provision	1,099,806,642		1,099,806,642	274,141,699
	Profit sharing provision	0		0	0
	Other technical provisions	0		0	0
2 j); 29	Assets for post-employment benefits and Other long-term benefits	16,040,307		16,040,307	22,286,297
26	**Other receivables for insurance & other operations**	616,756,659	37,361,528	579,395,131	472,886,096
	Accounts payable for direct insurance operations	391,727,885	37,361,528	354,366,357	337,131,660
	Accounts receivable for other reinsurance operations	171,194,060		171,194,060	92,414,173
	Accounts receivable for other operations	53,834,714		53,834,714	43,340,263
2 l); 27	**Tax assets**	97,560,741		97,560,741	97,560,741
	Current tax assets	95,053,905		95,053,905	95,053,905
	Deferred tax assets	2,506,836		2,506,836	2,506,836
28	**Accruals and deferrals**	128,030,455		128,030,455	169,821,281
	Interest receivable	125,799,070		125,799,070	168,797,742
	Other accruals and deferrals	2,231,385		2,231,385	1,023,539
	Other asset items	0		0	0
	Available-for sale non-current assets and discontinued operating units	0		0	0
	Total Assets	**8,603,942,615**	**210,219,845**	**8,393,722,770**	7,423,824,701

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

		December 2019	December 2018 (Restatement)
	Liabilities and Equity	**Financial Year**	**Previous Financial Year**
	LIABILITIES		
2 h); 25	**Technical Provisions**	2,717,450,767	1,976,804,163
	Unearned premiums provision	514,718,731	549,936,736
	Mathematical provision (on life segments)	238,232,327	333,903,514
	Claims provision	1,881,735,706	981,194,270
	For life insurance	26,791,060	25,205,731
	For Workmen's compensation and personal accidents	466,318,306	458,843,106
	For Other business lines	1,388,626,340	497,145,434
	Profit sharing provision	82,764,003	111,769,642
	Claims-rate deviations provision	0	0
	Unexpired risks provision	0	0
	Other technical provisions	0	0
	Financial liabilities of the component Policyholders deposit insurance contracts and operations considered for accounting purposes as investment contracts	0	0
	Other financial liabilities	0	0
	Subordinated debt	0	0
	Deposits received from reinsurers	0	0
	Others	0	0
2 j); 29	**Liabilities for post-employment & other long-term benefits**	14,012,692	12,969,434
30	**Other payables due to direct insurance and other operations**	402,477,815	319,750,153
	Accounts payable for direct insurance operations	146,431,777	186,842,470
	Accounts payable for other reinsurance operations	239,037,118	126,811,437
	Accounts payable for other operations	17,008,921	6,096,246
2 l); 27	**Tax liabilities**	641,197,786	721,997,763
	Current tax liabilities	141,974,533	175,732,568
	Deferred tax liabilities	499,223,253	546,265,195
28	**Accruals and deferrals**	132,364,266	87,717,227
2 m)	Other provisions	0	0
	Other liabilities	0	0
	Liabilities of a group for sale classified as available-for-sale	0	0
	TOTAL LIABILITIES	**3,907,503,326**	**3,119,238,740**
	EQUITY		
2 n); 31	Share capital	295,000,000	147,500,000
	(own shares)	0	0
	Other capital instruments	0	0
	Revaluation reserves	6,727,282	10,295,681
31	For adjustments in the fair value of financial assets	6,727,282	10,295,681
	For revaluation of land & owner-occupied buildings	0	0
	For revaluation of intangible assets	0	0
	For revaluation of other intangible assets	0	0
	For exchange rate differences	0	0
31	**Deferred tax reserve**	-2,152,730	-7,236,118
31	**Other Reserves**	2,353,494,961	2,149,258,977
		0	0
31	Retained Earnings	1,107,288,069	1,183,684,001
31	Net income for the period	725,861,863	821,083,420
	TOTAL EQUITY	**4,486,219,444**	**4,304,585,961**
	TOTAL LIABILITIES AND EQUITY	**8,393,722,770**	**7,423,824,701**

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

Statement of Changes in Equity

Seguradora Internacional de Moçambique
31 December 2019

Amounts in MZN

Annex notes	Statement of changes in equity		Share Capital	Own shares	Other capital instruments		Revaluation reserves	Deferred tax reserves	Other reserves				Retained Earnings	Net income for the period	Future endowment fund	TOTAL
					Supplementary payments	Others	For fair value readjustment of financial Assets		Legal reserve	Statutory reserve	Share premium	Others				
	Balance as at 31 December 2017		**147,500,000**	**-**	**-**	**-**	**20,770,179**	**(7,239,606)**	**147,500,000**	**-**	**8,258,661**	**1,667,844,313**	**1,444,640,733**	**506,981,174**	**-**	**3,936,255,453**
	Errors corrections (IAS 8)															-
	Changes in accounting policies (IAS 8)															-
	Revised opening balance		**147,500,000**	**-**	**-**	**-**	**20,770,179**	**(7,239,606)**	**147,500,000**	**-**	**8,258,661**	**1,667,844,313**	**1,444,640,733**	**506,981,174**	**-**	**3,936,255,453**
31	Increase in reserves due to appropriation of profits	**(1)**										315,177,880	(280,963,534)	(34,214,346)		-
	Net Income for the period	**(2)**												**821,083,420**		**821,083,420**
	Other comprehensive income for the period	**(3)**	**-**	**-**	**-**	**-**	**(10,474,498)**	**3,489**	**-**	**-**	**-**	**10,478,123**	**20,006,802**	**-**		**20,013,916**
19, 31	Net gains from fair value adjustments of available for sale financial assets						(72,371)	3,489								(68,882)
	Other gains/losses directly recognised in equity						(10,402,127)					10,478,123	20,006,802			20,082,798
	Total comprehensive income for the period	**(4) = (2) + (3)**	**-**	**-**	**-**	**-**	**(10,474,498)**	**3,489**	**-**	**-**	**-**	**10,478,123**	**20,006,802**	**821,083,420**		**841,097,336**
	Transactions with equity holders	**(5)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(472,766,828)**		**(472,766,828)**
	Reserves distribution													-		-
31	Dividends distribution													(472,766,828)		(472,766,828)
	Transfers between equity items not included in other lines	**(6)**														
	Net changes in equity	**(1) + (4) + (5) + (6)**	**-**	**-**	**-**	**-**	**(10,474,498)**	**3,489**	**-**	**-**	**-**	**325,656,003**	**(260,956,732)**	**314,102,246**		**368,330,508**
	Balance as at 31 December 2018		**147,500,000**	**-**	**-**	**-**	**10,295,681**	**(7,236,118)**	**147,500,000**	**-**	**8,258,661**	**1,993,500,316**	**1,183,684,001**	**821,083,420**		**4,304,585,961**
	Errors corrections (IAS 8)															-
	Changes in accounting policies (IAS 8)															-
	Revised opening balance		**147,500,000**	**-**	**-**	**-**	**10,295,681**	**(7,236,118)**	**147,500,000**	**-**	**8,258,661**	**1,993,500,316**	**1,183,684,001**	**821,083,420**	**-**	**4,304,585,961**
31	Increase in reserves due to appropriation of profits	**(1)**										357,117,808	(71,711,100)	(285,406,708)		-
	Net Income for the period	**(2)**												**725,861,863**		**725,861,863**
	Other comprehensive income for the period	**(3)**	**-**	**-**	**-**	**-**	**(3,568,399)**	**5,083,388**	**-**	**-**	**-**	**(5,381,823)**	**(4,684,833)**	**-**		**(8,551,667)**
19, 31	Net gains from fair value adjustments of available for sale financial assets						(15,885,588)	5,083,388								(10,802,200)
	Other gains/losses directly recognised in equity						12,317,188					(5,381,823)	(4,684,833)	-		2,250,532
	Total comprehensive income for the period	**(4) = (2) + (3)**	**-**	**-**	**-**	**-**	**(3,568,399)**	**5,083,388**	**-**	**-**	**-**	**(5,381,823)**	**(4,684,833)**	**725,861,863**		**717,310,195**
	Transactions with equity holders	**(5)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(535,676,712)**		**(535,676,712)**
	Reserves distribution													-		-
31	Dividends distribution													(535,676,712)		(535,676,712)
	Transfers between equity items not included in other lines	**(6)**	147,500,000									(147,500,000)				-
	Net changes in equity	**(1) + (4) + (5) + (6)**	**147,500,000**	**-**	**-**	**-**	**(3,568,399)**	**5,083,388**	**-**	**-**	**-**	**204,235,985**	**(76,395,933)**	**(95,221,557)**		**181,633,483**
	Balance as at 31 December 2019		**295,000,000**	**-**	**-**	**-**	**6,727,281**	**(2,152,730)**	**147,500,000**	**-**	**8,258,661**	**2,197,736,301**	**1,107,288,069**	**725,861,863**		**4,486,219,445**

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

Cash Flow Statements

Cash Flow Statements	Financial Year 2019	Financial Year 2018
Cash Flow for Operational Activities		
Net income for the period	821,083,420	821,083,420
Amortisations	23,825,811	23,825,811
Changes in claims provision		
for direct insurance and accepted reinsurance	-287,656,928	-287,656,928
for reinsurance ceded	522,169,373	522,169,373
Changes in Other technical provisions		
for direct insurance and accepted reinsurance	-3,215,538,156	-3,215,538,156
for reinsurance ceded	18,878,823	18,878,823
Changes in doubtful debt provision	-25,907,136	-25,907,136
Changes in provision for other risks and costs	0	0
(Increase)/decrease in debtors		
from direct insurance and accepted reinsurance operations	171,680,496	171,680,496
from reinsurance operations	-66,270,168	-66,270,168
from other operations	-22,062,387	-22,062,387
(Increase)/decrease in creditors		
From direct insurance and accepted reinsurance operations	-29,817,400	-29,817,400
From reinsurance operations	-109,751,842	-109,751,842
State and other public entities	191,003,107	191,003,107
Miscellaneous creditors	3,116,228	3,116,228
Changes in other assets	-43,469,028	-43,469,028
Changes in other liabilities	9,310,795	9,310,795
Interest and similar income	-849,284,745	-849,284,745
Effects of exchange rate differences	5,472,620	5,472,620
Unrealised capital gains from investment properties	105,457,500	105,457,500
Total	**-2,777,759,617**	**-2,777,759,617**
Cash Flow from investment activities		
Acquisition of investments (including term deposits)		
	-391,764,711	-391,764,711
Refunds/divestitures (including reimbursement of	2,420,338,270	2,420,338,270
Term deposits)	-34,183,679	-34,183,679
Acquisitions of tangible and intangible assets	849,284,745	849,284,745
Total	**2,843,674,624**	**2,843,674,624**
Cash Flow for financing activities		
Dividends distributed	-472,766,820	-472,766,820
Share capital increase	0	0
Total	**-472,766,820**	**-472,766,820**
Net change in cash and cash equivalents	-406,851,813	-406,851,813
Effects of exchange rate differences	-5,472,620	-5,472,620
Cash and cash equivalents at the beginning of the period	1,490,744,171	1,903,068,604
Cash and cash equivalents at end of the period	**1,078,419,738**	**1,490,744,171**

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

Notes to Financial Statements

Notes

1 General Information
2 Basis of Presentation of the Financial Statements
3 Main accounting estimates
4 Segmental reporting and allocation of investments
5 Earned premiums net of reinsurance
6 Costs of claims, net of reinsurance
7 Other technical provisions, net of reinsurance
8 Life class mathematical provisions, net of reinsurance
9 Profit sharing, net of reinsurance
10 Net operating costs
11 Income
12 Financial costs
13 Exchange differences
14 Net gains of non-financial assets
15 Other provisions (variation)
16 Imputable costs by nature
17 Cash and cash equivalents and demand deposits
18 Investments in branches, associates and joint ventures
19 Financial assets available for sale
20 Investments held to maturity
21 Loans and accounts receivable
22 Buildings
23 Other tangible assets
24 Other intangible assets
25 Technical provisions, net of assigned reinsurance
26 Other receivables due to insurance and other operations
27 Current and deferred taxes
28 Accruals and deferrals
29 Benefits granted to employees
30 Other payables due to insurance operations and other
31 Share capital, reserves, other reserves, retained earnings for the year
32 Transactions between related parties
33 Business risk management
34 Coverage of the corrected solvency ratio
35 Contingent Assets and Liabilities

Note 1 - General information

Seguradora Internacional de Moçambique, S.A. is an Insurance Company established in Mozambique on September 3rd 1992, having initiated their activities in that same year. Seguradora Internacional de Moçambique, S.A. has as its corporate aim the Life and Non-Life insurance business activity.

For the purpose of the Group's restructuring process in Mozambique, during the financial year of 2001, a merger by incorporation was conducted of Seguradora Internacional de Moçambique, L.L.C (S.A.R.L). (Incorporated Company), into Impar – Companhia de Seguros de Moçambique, L.L.C. (incorporating Company), written in public deed on November 27th 2001, with the termination of the incorporated company. The merger was conducted 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 the same date, the Company altered its corporate name from 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 headquarters at Rua dos Desportistas No 873-879, 5ºA.

Note 2 - Basis for presentation of the Financial Statements and Main Accounting Policies Adopted

- **Basis for presentation**

In accordance with the provisions in the "Plan of accounts for entities qualified to exercise insurance activity", approved by the Ministerial Diploma No 222/2010, of December 17th, from the Ministry of Finance, with entry into force on January 1st 2011, Seguradora Internacional de Moçambique, S.A. adopted the International Financial Reporting Standards (IFRS) in force at the date.

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

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

The preparation of financial statements requires the insurer to make judgements and estimates and use assumptions, which affect the application of accounting policies and amounts for income, expenditure, assets and liabilities. Changes to such assumptions or their difference in relation to reality, may have an impact on the actual estimates and judgements. The areas involving a higher degree of judgement or complexity or where significant assumptions and estimates are used in preparing financial statements are analysed in Note 3.

- **Main accounting policies adopted**

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

a) Cash and cash equivalents

For the purpose of cash flow statements, the cash and cash equivalents headline covers the amounts recorded in the balance sheet with a maturity of less than three months from the reporting date, promptly convertible into cash and with a low risk of alteration of value, which includes cash and disposal assets in credit institutions.

b) Financial assets and liabilities

(i) Recognition

The insurer initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities at the date of origin. All other financial instruments (including regular purchases and sales of financial assets) are recognized on the trade date, which is the date when the insurer becomes part of the contractual provisions of the instrument.

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

(ii) Classification

Financial assets
The insurer classifies its financial assets in one of 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, which are not financial guarantees and loan commitments, as measured at amortised cost or fair value through profits or loss.

(iii) Derecognition

Financial Assets
The insurer derecognizes a financial asset when contractual rights to their cash flows expire or transfers the rights to receive contractual cash flow in a transaction where all risks and benefits of ownership of the financial asset are substantially transferred or when the insurer does not substantially transfer nor retains all the risks and benefits of ownership and does not retain control over the financial asset.

When derecognizing a financial asset, the difference between the book value of the asset (or book value allocated to the part of the derecognized 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 has been recognized in other comprehensive income is recognized in profit or loss. Any interest in transferred financial assets

which qualify for derecognition and are created or retained by the insurer are recognized as a separate asset or liability.

The insurer performs operations where it transfers assets recognized 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 derecognized. Examples of such transactions are the 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 with a guarantee similar to that of sales and repurchase transactions, because the insurer retains all or substantially all risks and benefits of 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 keeps control over the asset, the insurer continues to recognize the asset to the extent of its on-going involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain operations, the insurer continues to have the obligation to manage the transferred financial asset in exchange for fees. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the maintenance agreement if the maintenance fee is more than adequate (asset) or less than adequate (liability) to perform maintenance.

Financial liabilities
The insurer derecognizes a financial liability when it its contractual obligations are met, cancelled or when they expire.

(iv) Compensation

Financial assets and liabilities are compensated and the liquid amount is presented on the financial position statement when, and only when, the insurer has the legal right to offset the amounts and intends to either pay on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenditure are presented on a net basis only when permitted by the IFRS, or for gains and losses arising from a group of similar transactions as in the Insurer’s commercial activity.

(v) Measuring the amortized cost

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

(vi) Measuring fair value

"Fair value" is the price that would be received for the sale of an asset or paid to transfer a liability in a normal transaction between market participants at the date 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 insurer measures the fair value of an instrument using the quoted price in an active market for that instrument. The market is considered active when the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, the insurer uses valuation techniques that maximise the use of relevant observable data and minimise the use of non-observable 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 usually 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 neither highlighted 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 completed.

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 Bank 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 following 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 amount 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 consecutive months (long lasting devaluation);

Or

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

3) Impairment loss should be recognized for all securities which were subjected to impairment loss previously, whenever there is a decline regarding their book value, since their last impairment loss;

4) Furthermore, a qualitative analytical list is prepared based on other impairment indicators, for the purpose of identifying decreases in value that have not been detected through the application of the impairment limits referred to in 1) and2).

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

1) The existence of an event (or events) which have an impact on the estimated amount of 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 impairment loss amount decreases, the previously recognised impairment loss is reversed against profit or loss for the year until the full amount of the acquisition cost if the increase is objectively related to an event, which has occurred following 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 amount 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 impairment loss amount 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 receivable premiums and credit related to bad debt:

The objective of adjustments to the 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 is based on the values of premiums due for collection for over 30 days, to which a margin is applied and calculated for each product, in the case of Life and for each class in the case of Non-Life. This adjustment is presented on 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 amount 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 related 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 valuators 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.

See Note 22.

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:

	Years of Useful Life
Administrative equipment	6 to 10
Machines, devices and tools	6 to 8
IT equipment	6
Interior facilities	8
Transport material	4
Other equipment	3 to 10

For the initial recognition of 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 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:

	Intangible assets generated internally	**Finite useful life?**	**Useful Life**
Software	N	Y	6 years

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

g) Insurance policies

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 written premiums are recorded as income in the corresponding financial year, regardless of the time of their payment or receipt.

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

(ii) Procurement costs

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 unearned premiums

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

(iv) Mathematical Provision for the Life Business Segment

The goal of mathematical provisions for the Life segment is to record the actual value of future liabilities related to the policies issued, and they are calculated based on recognised actuarial methods.

The mathematical provisions accounted for all the contracts issued by the insurer correspond to the estimated actuarial values 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) Claims reserves

The Claims provision 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 Workmen's Compensation class 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 being 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 and seismic phenomena risk, and should be calculated in conformity with the criteria established by the Insurance Supervision Institute of Mozambique (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-earned premiums, premiums payable related 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) Technical provisions for reinsurance ceded

The technical provisions for reinsurance ceded 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 grants 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 comprised 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 29 - 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 financial 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 financial 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 obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of capital instruments are presented in equity as deductions to the income, net of tax.

m) Leases

Provisions are recognised when (i) the insurer has a present obligation, legal or constructive; (ii) it is probable that their payment will be required; and (iii) a reliable estimate can be made of their value. The insurer classifies lease operations as financial leases or operating leases depending on their substance and not in their legal form complying with the criteria set out 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 it is smaller, 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 through the use of 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.

Foreign exchange gains or losses in monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for effective interest and

payments during the year and the amortised cost in foreign currency converted at the rate in force at the end of the year.

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

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

Note 3 – Main accounting estimates and relevant judgements used in the preparation of financial statements

The IAS/IFRS establish a series of accounting procedures and require that the Board of Directors makes 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 valuators, 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.

See Note 22.

b) Technical provisions regarding insurance contracts

Future liabilities arising from insurance contracts with discretionary profit sharing are recorded under the heading of technical provisions. Technical provisions related to traditional life products were determined based on various assumptions, namely mortality, longevity and interest rate, applicable to each cover. 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 from insurance and investment contracts with discretionary profit sharing (capitalisation products) include the (1) mathematical provision, (2) provision for profit sharing, and (3) Claims provision.

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 cover. The provisions are reviewed periodically by the actuary in charge.

Regarding the technical provisions of the Non-Life class, 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.

See Note 25.

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.

See Note 29.

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.

See Note 27.

Note 4 – Segmental reporting and allocation of investments and other assets

The insurer considers the business segment as its main segment. Within the business segment there are also the Life and Non-Life classes of business, and for each class the information will be described by product type (for Life Class) and by sub-classes (in the case of Non-Life Classes). For the Life Class the presented data is divided between Annuity, Capitalization and Life Risk segments. For the Non-Life Classes, the information is detailed by the following sub-classes: Workmen's Compensation, Personal Accident and Health, Fire and Allied Perils, Motor, Miscellaneous and Others (includes Marine Hull, Aviation, and Civil Liability).

Regarding the geographical segment, all contracts are signed in Mozambique; hence there is only one segment.

- **Segmental Reporting**

Report by Business segments – technical earnings, as at December 31st 2019:

MZN

	Life	Non-Life	Total
Earned premiums, direct insurance	210 404 562	1 637 373 264	1 847 777 825
Costs with claims, direct insurance	(33 990 046)	(1 857 688 902)	(1 891 678 948)
Other Technical Costs	63 207 099	(41 521 523)	21 685 575
Technical Margin, direct insurance	239 621 614	(261 837 161)	(22 215 547)
Income on Reinsurance Ceded	(6 085 480)	1 047 674 171	1 041 588 691
Net Technical Margin	233 536 134	785 837 010	1 019 373 144
Operational expenses	(73 597 350)	(445 535 284)	(519 132 634)
Net operational income	159 938 784	340 301 726	500 240 510
Investment income	65 112 467	497 303 488	562 415 954
Others	4 022 371	(64 576 347)	(60 553 975)
Technical Result	**229 073 622**	**773 028 867**	**1 002 102 489**

Report by Life Business segment – technical result, as at December 31st 2019:

MZN

	LIFE			
	Annuities	Capitalization	Life Risk	Total
Earned premiums, direct insurance	0	3 742 956	206 661 605	210 404 562
Costs with claims, direct insurance	0	(1 061 561)	(32 928 485)	(33 990 046)
Other Technical Costs	14 274	(2 682 092)	65 874 916	63 207 099
Technical Margin, direct insurance	14 274	(697)	239 608 037	239 621 614
Income on Reinsurance Ceded	0	0	(6 085 480)	(6 085 480)
Net Technical Margin	14 274	(697)	233 522 557	233 536 134
Operational expenses	(22 264 930)	(4 748 241)	(46 584 179)	(73 597 350)
Net operational income	(22 250 656)	(4 748 938)	186 938 378	159 938 784
Investment income	0	779 128	64 333 339	65 112 467
Others	0	493 428	3 528 943	4 022 371
Technical Result	**(22 250 656)**	**(3 476 382)**	**254 800 660**	**229 073 622**

Report by Non-Life Business segment – technical result, as at December 31st 2019:

	NON-LIFE						
	Workmen's Compensation	Personal Accidents and Health	Fires and Natural Elements	Motor	Miscellaneous	Others	Total
Earned premiums, direct insurance	148 871 508	288 132 384	277 198 082	629 059 622	130 541 250	163 570 417	1 637 373 264
Costs with claims, direct insurance	(65 778 368)	(120 514 119)	(1 151 139 196)	(243 259 396)	(242 328 749)	(34 669 073)	(1 857 688 902)
Other Technical Costs	(1 215 743)	(40 305 780)	0	0	0	0	(41 521 523)
Technical Margin, direct insurance	81 877 397	127 312 485	(873 941 114)	385 800 226	(111 787 498)	128 901 343	(261 837 161)
Income on Reinsurance Ceded	(2 502 398)	(18 800 895)	978 102 013	(11 564 101)	164 008 945	(61 569 393)	1 047 674 171
Net Technical Margin	79 374 999	108 511 590	104 160 899	374 236 125	52 221 447	67 331 951	785 837 010
Operational expenses	(44 223 221)	(78 514 686)	(71 309 972)	(175 917 426)	(26 607 926)	(48 962 053)	(445 535 284)
Net operational income	35 151 778	29 996 903	32 850 927	198 318 699	25 613 521	18 369 897	340 301 726
Investment income	101 840 344	55 940 268	188 293 358	81 474 274	20 453 536	49 301 708	497 303 488
Others	(15 200 119)	(9 817 051)	(21 160 035)	(6 378 637)	(2 908 299)	(9 112 206)	(64 576 347)
Technical Result	**121 792 003**	**76 120 121**	**199 984 250**	**273 414 335**	**43 158 759**	**58 559 400**	**773 028 867**

Report by Business segments – technical result, as at December 31st 2018:

	Life	Non-Life	Total
Earned premiums, direct insurance	238,807,100	1,469,535,209	1,708,342,309
Costs with claims, direct insurance	(98,036,012)	(378,426,562)	(476,462,574)
Other Technical Costs	(217,482,414)	(49,794,875)	(267,277,289)
Technical Margin, direct insurance	(76,711,326)	1,041,313,772	964,602,446
Income on Reinsurance Ceded	(3,487,919)	(215,034,606)	(218,522,525)
Net Technical Margin	(80,199,246)	826,279,166	746,079,920
Operational expenses	(73,916,165)	(402,550,517)	(476,466,681)
Net operational income	(154,115,410)	423,728,649	269,613,239
Investment income	275,197,303	602,783,415	877,980,719
Others	176,873	(82,452,865)	(82,275,993)
Technical Result	**121,258,766**	**944,059,199**	**1,065,317,965**

Report by Life Business segments – technical earnings, as at December 31st 2018:

MZN

	LIFE			
	Annuities	Capitalization	Life Risk	Total
Earned premiums, direct insurance	26,084,233	28,140,952	184,581,914	238,807,100
Costs with claims, direct insurance	(55,433,377)	(28,344,641)	(14,257,995)	(98,036,012)
Other Technical Costs	(39,518,631)	(114,166,407)	(63,797,375)	(217,482,414)
Technical Margin, direct insurance	(68,867,775)	(114,370,096)	106,526,545	(76,711,326)
Income on Reinsurance Ceded	0	0	(3,487,919)	(3,487,919)
Net Technical Margin	(68,867,775)	(114,370,096)	103,038,625	(80,199,246)
Operational expenses	(18,431,897)	(6,126,509)	(49,357,759)	(73,916,165)
Net operational income	(87,299,672)	(120,496,605)	53,680,867	(154,115,410)
Investment income	69,299,519	122,389,575	83,508,210	275,197,303
Others	0	0	176,873	176,873
Technical Result	**(18,000,153)**	**1,892,969**	**137,365,949**	**121,258,766**

Report by Non-Life Business segments –technical earnings, as at December 31st 2018:

MZN

	NON-LIFE						
	Workmen's Compensation	Personal Accidents and Health	Fires and Natural Elements	Motor	Miscellaneous	Others	Total
Earned premiums, direct insurance	142,940,863	264,728,559	240,880,542	598,994,495	83,583,828	138,406,922	1,469,535,209
Costs with claims, direct insurance	(1,134,675)	(106,047,485)	(34,503,881)	(186,129,973)	(27,718,760)	(22,891,787)	(378,426,562)
Other Technical Costs	(792,880)	(49,001,996)	0	0	0	0	(49,794,875)
Technical Margin, direct insurance	141,013,309	109,679,078	206,376,661	412,864,521	55,865,067	115,515,135	1,041,313,772
Income on Reinsurance Ceded	(2,996,154)	(21,997,533)	(99,403,327)	(12,156,971)	(12,661,016)	(65,819,605)	(215,034,606)
Net Technical Margin	138,017,154	87,681,545	106,973,334	400,707,550	43,204,052	49,695,530	826,279,166
Operational expenses	(44,911,428)	(64,365,200)	(68,941,436)	(169,678,400)	(15,707,221)	(38,946,832)	(402,550,517)
Net operational income	93,105,727	23,316,345	38,031,898	231,029,150	27,496,831	10,748,699	423,728,649
Investment income	22,152,022	8,419,649	131,195,167	11,228,804	96,873,487	332,914,286	602,783,415
Others	(7,420,193)	(803,509)	(26,910,939)	23,149,295	(18,433,078)	(52,034,442)	(82,452,865)
Technical Result	**107,837,556**	**30,932,485**	**142,316,126**	**265,407,248**	**105,937,240**	**291,628,543**	**944,059,199**

Report by Business segments – Balance Sheet, as at December 31st 2019:

MZN

Balance Sheet	Life	Non-Life	Total 2019
Cash and cash equivalents and demand deposits	130 522 215	1 061 929 092	1 192 451 307
Investments in affiliates, associates and joint ventures	23 133 843	188 217 007	211 350 850
Assets available for sale	182 622 653	1 485 818 400	1 668 441 054
Loans and receivables	16 442 293	133 774 543	150 216 837
Held-to-maturity investments	96 377 793	784 129 980	880 507 773
Buildings	242 373 755	1 971 953 527	2 214 327 282
Other tangible assets, intangibles and inventories	10 060 302	81 850 641	91 910 943
Technical provisions for reinsurance ceded	3 062 026	1 160 428 067	1 163 490 093
Other receivables and tax assets	67 166 609	546 467 710	613 634 319
Accruals and deferrals	14 013 837	114 016 618	128 030 455
Total assets	**785 775 326**	**7 528 585 587**	**8 314 360 913**
Technical provisions	297 444 173	2 420 006 594	2 717 450 767
Other financial liabilities	0	0	0
Liabilities for post-employment and other long-term benefits	1 533 788	12 478 904	14 012 692
Other payables and tax liabilities	105 550 948	858 762 794	964 313 742
Accruals and deferrals	14 488 203	117 876 062	132 364 266
Other provisions	0	0	0
Total liabilities	**419 017 112**	**3 409 124 355**	**3 828 141 467**

Report by Life Business segments – Balance sheet, as at December 31st 2019:

MZN

Balance Sheet	LIFE			
	Annuities	Capitalization	Life Risk	Total 2019
Cash and cash equivalents and demand deposits	0	16 011 279	114 510 936	130 522 215
Investments in affiliates, associates and joint ventures	0	2 837 850	20 295 993	23 133 843
Assets available for sale	0	22 402 488	160 220 166	182 622 653
Loans and receivables	0	2 016 991	14 425 302	16 442 293
Held-to-maturity investments	0	108 012 692	772 495 081	880 507 773
Buildings	0	29 732 210	212 641 546	242 373 755
Other tangible assets, intangibles and inventories	0	1 234 106	8 826 195	10 060 302
Technical provisions for reinsurance ceded	0	0	3 062 026	3 062 026
Other receivables and tax assets	0	8 239 389	58 927 220	67 166 609
Accruals and deferrals	0	1 719 090	12 294 747	14 013 837
Total assets	**0**	**192 206 095**	**1 377 699 211**	**1 569 905 306**
Technical provisions	0	36 487 748	260 956 425	297 444 173
Other financial liabilities	0	0	0	0
Liabilities for post-employment and other long-term benefits	0	188 151	1 345 637	1 533 788
Other payables and tax liabilities	0	12 948 031	92 602 917	105 550 948
Accruals and deferrals	0	1 777 281	12 710 922	14 488 203
Other provisions	0	0	0	0
Total liabilities	**0**	**51 401 212**	**367 615 901**	**419 017 112**

Report by Non-Life Business segments – Balance sheet, as at December 31st 2019:

MZN

Balance Sheet	Non-Life						
	Workmen's Compensation	Personal Accidents and Health	Fires and Natural Elements	Motor	Miscellaneous	Others	Total 2019
Cash and cash equivalents and demand deposits	216 839 054	119 704 211	402 078 634	174 124 573	43 773 561	105 409 059	1 061 929 092
Investments in affiliates, associates and joint ventures	38 432 696	21 216 453	71 264 680	30 861 953	7 758 455	18 682 771	188 217 007
Assets available for sale	303 394 510	167 486 436	562 576 011	243 629 727	61 246 615	147 485 101	1 485 818 400
Loans and receivables	27 315 897	15 079 515	50 651 108	21 935 019	5 514 293	13 278 710	133 774 543
Held-to-maturity investments	160 114 272	88 389 763	296 895 446	128 573 837	32 322 461	77 834 202	784 129 980
Buildings	402 660 160	222 285 219	746 641 547	323 341 331	81 285 491	195 739 779	1 971 953 527
Other tangible assets, intangibles and inventories	16 713 372	9 226 479	30 991 141	13 421 054	3 373 948	8 124 647	81 850 641
Technical provisions for reinsurance ceded	14 175 396	5 269 348	825 753 266	7 432 986	78 809 120	228 987 953	1 160 428 067
Other receivables and tax assets	111 585 173	61 599 674	206 909 286	89 604 341	22 525 833	54 243 402	546 467 710
Accruals and deferrals	23 281 456	12 852 336	43 170 157	18 695 311	4 699 856	11 317 502	114 016 618
Total assets	**1 314 511 986**	**723 109 433**	**3 236 931 278**	**1 051 620 132**	**341 309 632**	**861 103 126**	**7 528 585 587**
Technical provisions	494 149 699	272 791 264	916 288 058	396 808 617	99 754 595	240 214 361	2 420 006 594
Other financial liabilities	0	0	0	0	0	0	0
Liabilities for post-employment and other long-term benefits	2 548 112	1 406 664	4 724 892	2 046 167	514 390	1 238 679	12 478 904
Other payables and tax liabilities	175 353 810	96 802 624	325 153 698	140 811 384	35 398 885	85 242 394	858 762 794
Accruals and deferrals	24 069 530	13 287 385	44 631 460	19 328 145	4 858 945	11 700 597	117 876 062
Other provisions	0	0	0	0	0	0	0
Total liabilities	**696 121 151**	**384 287 937**	**1 290 798 109**	**558 994 312**	**140 526 814**	**338 396 031**	**3 409 124 355**

Report by Business segments – Balance Sheet, as at December 31st 2018:

MZN

Balance Sheet	Life	Non-Life insurance classes	Total
Cash and cash equivalents and demand deposits	228,734,272	868,081,567	1,096,815,839
Investments in affiliates, associates and joint ventures	44,075,934	167,274,916	211,350,850
Assets available for sale	450,206,657	1,708,603,156	2,158,809,813
Loans and receivables	12,929,848	49,070,753	62,000,601
Held-to-maturity investments	61,571,546	233,673,441	295,244,987
Buildings	496,327,676	1,883,639,483	2,379,967,160
Other tangible assets, intangibles and inventories	18,223,385	69,160,536	87,383,921
Technical provisions for reinsurance ceded	866,858	368,830,259	369,697,117
Other receivables and tax assets	106,500,879	404,187,133	510,688,012
Accruals and deferrals	35,415,195	134,406,086	169,821,281
Total assets	**1,454,852,252**	**5,886,927,329**	**7,341,779,581**
Technical provisions	412,250,485	1,564,553,678	1,976,804,163
Other financial liabilities	0	0	0
Liabilities for post-employment and other long-term benefits	2,704,697	10,264,737	12,969,434
Other payables and tax liabilities	200,140,181	759,562,614	959,702,794
Accruals and deferrals	18,292,894	69,424,332	87,717,227
Other provisions	0	0	0
Total liabilities	**633,388,257**	**2,403,805,361**	**3,037,193,618**

Report by Life Business segments – Balance sheet, as at December 31st 2018:

MZN

Balance Sheet	LIFE			
	Annuities	Capitalization	Life Risk	Total
Cash and cash equivalents and demand deposits	0	18,802,976	209,931,297	228,734,272
Investments in affiliates, associates and joint ventures	0	3,623,238	40,452,696	44,075,934
Assets available for sale	0	37,008,992	413,197,665	450,206,657
Loans and receivables	0	1,062,891	11,866,957	12,929,848
Held-to-maturity investments	0	24,270,452	270,974,535	295,244,987
Buildings	0	40,800,345	455,527,332	496,327,676
Other tangible assets, intangibles and inventories	0	1,498,043	16,725,342	18,223,385
Technical provisions for reinsurance ceded	0	0	866,858	866,858
Other receivables and tax assets	0	8,754,846	97,746,032	106,500,879
Accruals and deferrals	0	2,911,287	32,503,909	35,415,195
Total assets	**0**	**138,733,070**	**1,549,792,623**	**1,688,525,693**
Technical provisions	0	33,888,825	378,361,660	412,250,485
Other financial liabilities	0	0	0	0
Liabilities for post-employment and other long-term benefits	0	222,338	2,482,358	2,704,697
Other payables and tax liabilities	0	16,452,414	183,687,767	200,140,181
Accruals and deferrals	0	1,503,757	16,789,137	18,292,894
Other provisions	0	0	0	0
Total liabilities	**0**	**52,067,335**	**581,320,922**	**633,388,257**

Report by Non-Life Business segments – Balance sheet, as at December 31st 2018:

MZN

Balance Sheet	NON-LIFE						
	Workmen's Compensation	Personal Accidents and Health	Fires and Natural Elements	Motor	Miscellaneous	Others	Total
Cash and cash equivalents and demand deposits	267,506,766	155,141,136	59,213,158	220,847,684	46,853,146	118,519,678	868,081,567
Investments in affiliates, associates and joint ventures	51,547,197	29,894,910	11,410,075	42,556,229	9,028,364	22,838,141	167,274,916
Assets available for sale	526,520,688	305,356,829	116,546,408	434,683,864	92,218,791	233,276,577	1,708,603,156
Loans and receivables	15,121,573	8,769,789	3,347,190	12,484,037	2,648,506	6,699,658	49,070,753
Held-to-maturity investments	72,008,471	41,761,471	15,939,219	59,448,605	12,612,105	31,903,570	233,673,441
Buildings	580,459,631	336,638,837	128,485,901	479,214,664	101,666,063	257,174,388	1,883,639,483
Other tangible assets, intangibles and inventories	21,312,411	12,360,180	4,717,545	17,595,056	3,732,816	9,442,528	69,160,536
Technical provisions for reinsurance ceded	14,419,748	5,268,361	80,061,673	7,175,194	59,035,984	202,869,300	368,830,259
Other receivables and tax assets	124,553,725	72,235,206	27,570,216	102,828,807	21,815,276	55,183,903	404,187,133
Accruals and deferrals	41,418,386	24,020,684	9,168,043	34,194,105	7,254,327	18,350,541	134,406,086
Total assets	**1,714,868,595**	**991,447,402**	**456,459,428**	**1,411,028,245**	**356,865,376**	**956,258,283**	**5,886,927,329**
Technical provisions	482,130,608	279,612,704	106,720,575	398,036,393	84,443,979	213,609,418	1,564,553,678
Other financial liabilities	0	0	0	0	0	0	0
Liabilities for post-employment and other long-term benefits	3,163,167	1,834,485	700,173	2,611,441	554,021	1,401,451	10,264,737
Other payables and tax liabilities	234,065,721	135,746,929	51,810,916	193,239,495	40,996,030	103,703,523	759,562,614
Accruals and deferrals	21,393,702	12,407,325	4,735,539	17,662,169	3,747,054	9,478,544	69,424,332
Other provisions	0	0	0	0	0	0	0
Total liabilities	**740,753,199**	**429,601,443**	**163,967,203**	**611,549,497**	**129,741,083**	**328,192,936**	**2,403,805,361**

- ## Allocation of investments and other assets

Allocation of investments and other assets, as at December 31st 2019:

MZN

Nature of investments and other assets	Life Insurance with profit sharing	Life Insurance without profit sharing	Non-Life	Not Allocated	Total 2019
Cash and cash equivalents and demand deposits	0	0	1,055,840,000	-951,112,693	104,727,307
Investments in affiliates, associates and joint ventures	0	0	0	211,350,850	211,350,850
Assets available for sale	77,811,841	314,385,117	1,757,750,577	8,862,278	2,158,809,813
Loans and receivables	6,597,904	26,657,674	28,745,024	-62,000,601	0
Held-to-maturity investments	0	0	295,244,987	0	295,244,987
Buildings	21,121,258	85,336,742	2,210,105,149	63,404,010	2,379,967,160
Other tangible assets, intangibles and inventories	0	0	0	97,355,080	97,355,080
Technical provisions for reinsurance ceded	171,985	694,873	1,160,428,067	0	1,161,294,925
Other receivables and tax assets	0	0	0	613,634,319	613,634,319
Accruals and deferrals	0	0	0	128,030,455	128,030,455
Total	**105,702,987**	**427,074,407**	**6,508,113,804**	**109,523,699**	**7,150,414,897**

Allocation of investments and other assets, as at December 31st 2018:

MZN

Nature of investments and other assets	Life Insurance without profit sharing	Life Insurance with profit sharing	Non-Life insurance classes	Not Allocated	Total
Cash and cash equivalents and demand deposits	0	0	1,055,840,000	40,975,839	1,096,815,839
Investments in affiliates, associates and joint ventures	0	0	0	211,350,850	211,350,850
Assets available for sale	165,363,941	226,833,017	1,757,750,577	8,862,278	2,158,809,813
Loans and receivables	14,021,713	19,233,864	28,745,024	0	62,000,601
Held-to-maturity investments	0	0	295,244,987	0	295,244,987
Buildings	44,886,413	61,571,587	2,210,105,149	63,404,010	2,379,967,160
Other tangible assets, intangibles and inventories	0	0	0	87,383,921	87,383,921
Technical provisions for reinsurance ceded	365,498	501,360	368,830,259	0	369,697,117
Other receivables and tax assets	0	0	0	510,688,012	510,688,012
Accruals and deferrals	0	0	0	169,821,281	169,821,281
Total	**224,637,565**	**308,139,828**	**5,716,515,996**	**1,092,486,192**	**7,341,779,581**

Note 5 - Earned premiums as net from reinsurance

The earned premiums as net from reinsurance are analysed as follows:

MZN

	2019	2018
Gross written premiums	1,809,830,418	1,645,733,984
Reinsurance premiums ceded	(393,981,471)	(321,178,727)
Reinsurance net premiums	1,415,848,946	1,324,555,258
Variation of unearned premiums	37,947,408	62,608,324
Variation of unearned premiums from reinsurance ceded	(33,427,624)	(22,924,152)
Net variation of non-earned premiums	4,519,784	39,684,172
Earned premiums, net reinsurance	**1,420,368,730**	**1,364,239,430**

The breakdown of the heading is analysed as follows:

MZN

	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Gross written premiums:	***1,809,830,418***	***(393,981,471)***	***1,415,848,946***	***1,645,733,984***	***(321,178,727)***	***1,324,555,258***
Life	*210,404,562*	*(24,424,454)*	*185,980,107*	*238,807,100*	*(23,291,040)*	*215,516,060*
Annuities	0	0	0	26,084,233	0	26,084,233
Capitalization	3,742,956	0	3,742,956	28,140,952	0	28,140,952
Life Risk	206,661,605	(24,424,454)	182,237,151	184,581,914	(23,291,040)	161,290,874
Non-Life	*1,599,425,856*	*(369,557,017)*	*1,229,868,839*	*1,406,926,884*	*(297,887,686)*	*1,109,039,198*
Workmen's Compensation	148,184,449	(2,258,046)	145,926,403	148,677,439	(2,585,034)	146,092,405
Personal accidents and health	286,451,277	(19,465,582)	266,985,695	220,110,706	(22,249,660)	197,861,047
Fire and other damages	251,314,697	(177,138,286)	74,176,411	254,052,180	(172,749,871)	81,302,309
Motor	622,798,874	(15,664,378)	607,134,496	600,723,813	(13,534,099)	587,189,714
Marine Hull	90,329,961	(64,354,084)	25,975,877	72,157,397	(53,915,971)	18,241,425
Aerial	3,013,334	(1,241,798)	1,771,536	4,342,914	(1,750,573)	2,592,341
Transport	31,305,415	(20,610,150)	10,695,265	28,944,676	(22,481,787)	6,462,889
Civil liability	49,525,261	(28,527,636)	20,997,625	35,031,029	(17,659,098)	17,371,931
Miscellaneous	116,502,589	(40,297,058)	76,205,531	42,886,731	9,038,407	51,925,138
Variation of unearned premiums:	***37,947,408***	***(33,427,624)***	***4,519,784***	***62,608,324***	***(22,924,152)***	***39,684,172***
Life	*0*	*0*	*0*	*0*	*0*	*0*
Non-Life	*37,947,408*	*(33,427,624)*	*4,519,784*	*62,608,324*	*(22,924,152)*	*39,684,172*
Workmen's Compensation	687,059	0	687,059	(5,736,576)	(49,633)	(5,786,209)
Personal accidents and health	1,681,107	18,743	1,699,850	44,617,852	(2,745,764)	41,872,088
Fire and other damages	25,883,386	(27,163,619)	(1,280,233)	(13,171,637)	14,819,706	1,648,069
Motor	6,260,748	257,750	6,518,499	(1,729,318)	1,377,128	(352,191)
Marine Hull	(6,070,639)	4,055,776	(2,014,863)	(1,674)	(417,674)	(419,348)
Aerial	1,025,658	(362,208)	663,450	(16,904)	1,742	(15,162)
Transport	1,988,448	(1,942,344)	46,105	(433,650)	625,481	191,831
Civil liability	(7,547,021)	4,687,887	(2,859,134)	(1,616,866)	449,290	(1,167,575)
Miscellaneous	14,038,661	(12,979,611)	1,059,051	40,697,097	(36,984,429)	3,712,668
Earned premiums:	***1,847,777,825***	***(427,409,096)***	***1,420,368,730***	***1,708,342,309***	***(344,102,879)***	***1,364,239,430***
Life	*210,404,562*	*(24,424,454)*	*185,980,107*	*238,807,100*	*(23,291,040)*	*215,516,060*
Non-Life	*1,637,373,264*	*(402,984,642)*	*1,234,388,622*	*1,469,535,209*	*(320,811,839)*	*1,148,723,370*
Workmen's Compensation	148,871,508	(2,258,046)	146,613,462	142,940,863	(2,634,667)	140,306,197
Personal accidents and health	288,132,384	(19,446,840)	268,685,545	264,728,559	(24,995,424)	239,733,135
Fire and other damages	277,198,082	(204,301,905)	72,896,178	240,880,542	(157,930,164)	82,950,378
Motor	629,059,622	(15,406,628)	613,652,995	598,994,495	(12,156,971)	586,837,523
Marine Hull	84,259,322	(60,298,308)	23,961,014	72,155,722	(54,333,645)	17,822,077
Aerial	4,038,992	(1,604,005)	2,434,986	4,326,010	(1,748,831)	2,577,179
Transport	33,293,863	(22,552,494)	10,741,369	28,511,026	(21,856,306)	6,654,720
Civil liability	41,978,240	(23,839,749)	18,138,492	33,414,163	(17,209,808)	16,204,356
Miscellaneous	130,541,250	(53,276,668)	77,264,582	83,583,828	(27,946,022)	55,637,806

Note 6 – Costs with claims, net reinsurance

This heading is broken down as follows:

MZN

	2019	2018
Claims paid		
Gross Claims paid	(986,653,277)	(734,844,864)
Reinsurers share	544,637,833	182,772,728
Changes in claims provision		
Gross Claims paid	(876,397,987)	287,429,124
Reinsurers share	853,781,071	(122,367,708)
Total claims before imputed costs	(464,632,361)	(387,010,719)
Claims cost (Imputed)	(28,627,683)	(29,046,834)
Total	**(493,260,044)**	**(416,057,553)**

For the financial year of 2019, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Businesses were broken down as follows:

MZN

	2019					
	Claims paid		Changes in claims provision		Claims cost (Imputed)	Total
	Gross Claims paid	Reinsurers share	Gross Claims paid	Reinsurers share		
Life	*(28 972 960)*	*586 639*	*(1 700 457)*	*2 640 356*	*(3 316 629)*	*(30 763 051)*
Annuities	0	0	0	0	0	0
Capitalization	(690 535)	0	(22 097)	0	(348 929)	(1 061 561)
Life Risk	(28 282 425)	586 639	(1 678 360)	2 640 356	(2 967 700)	(29 701 489)
Non-Life	*(957,680,317)*	*544,051,194*	*(874,697,531)*	*851,140,715*	*(25,311,054)*	*(462,496,993)*
Workmen's Compensation	(50,357,621)	0	(11,930,313)	(244,352)	(3,490,434)	(66,022,720)
Personal accidents and health	(111,831,427)	228,636	(4,318,369)	(57,513)	(4,364,323)	(120,342,996)
Fire and other damages	(345,765,261)	359,490,772	(802,754,666)	795,602,049	(2,619,269)	3,953,625
Motor	(225,437,381)	0	(2,987,981)	(0)	(14,834,034)	(243,259,396)
Marine Hull	(11,067,477)	11,067,389	(16,067,627)	16,980,267	(930)	911,622
Aerial	0	0	0	0	(31)	(31)
Transport	(4,191,045)	3,449,241	(1,594,029)	2,416,831	(322)	80,675
Civil liability	(375,840)	0	(1,371,261)	1,171,486	(510)	(576,125)
Miscellaneous	(208,654,265)	169,815,156	(33,673,284)	35,271,947	(1,200)	(37,241,646)
Overall Total	**(986,653,277)**	**544,637,833**	**(876,397,987)**	**853,781,071**	**(28,627,683)**	**(493,260,044)**

For the financial year of 2018, the Costs of Claims and Variations of the Technical Provisions of the Life and Non-Life Businesses were broken down as follows:

MZN

	2018					
	Claims paid		Changes in claims provision		Claims cost (Imputed – See Note 16)	Total
	Gross Claims paid	Reinsurers share	Gross Claims paid	Reinsurers share		
Life	*(139,130,774)*	*14,024,232*	*44,460,315*	*(4,886,318)*	*(3,365,554)*	*(88,898,099)*
Annuities	(55,481,447)	0	1,288,002	0	(1,239,931)	(55,433,377)
Capitalization	(27,517,991)	0	(472,357)	0	(354,292)	(28,344,641)
Life Risk	(56,131,335)	14,024,232	43,644,671	(4,886,318)	(1,771,331)	(5,120,081)
Non-Life	*(595,714,091)*	*168,748,497*	*242,968,809*	*(117,481,390)*	*(25,681,280)*	*(327,159,455)*
Workmen's Compensation	(51,909,382)	0	54,316,602	(382,627)	(3,541,895)	(1,517,302)
Personal accidents and health	(95,920,080)	77,518	(5,699,608)	(2,722,772)	(4,427,797)	(108,692,740)
Fire and other damages	(34,921,246)	31,096,553	3,074,888	(1,639,409)	(2,657,523)	(5,046,738)
Motor	(246,261,286)	0	75,183,959	0	(15,052,647)	(186,129,973)
Marine Hull	(81,939,788)	81,939,170	81,939,788	(81,939,170)	(558)	(558)
Aerial	0	0	0	0	(34)	(34)
Transport	(22,220,955)	21,469,001	15,850,455	(15,818,820)	(224)	(720,543)
Civil liability	(17,032,003)	16,218,083	511,803	20,300	(271)	(282,089)
Miscellaneous	(45,509,351)	17,948,172	17,790,922	(14,998,890)	(332)	(24,769,479)
Overall Total	**(734,844,864)**	**182,772,728**	**287,429,124**	**(122,367,708)**	**(29,046,834)**	**(416,057,553)**

Note 7 – Other technical provisions, net of reinsurance

The "Other technical provisions, net of reinsurance", exclusively considers the variation of the provision for claim rate deviations. Also see Note 25 with respect to the amount recognised under the account of gains and losses by Business.

Note 8 – Life mathematical provision, 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 25 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 related to the estimated amounts attributable to insurance policyholders in insurance contracts and investment contracts with profit sharing of the Life business. Also see Note 25 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

	2019	2018
Acquisition expenses	(200 616 643)	(181,743,883)
Deferred acquisition expenses (changes)	(1 068 936)	(1,964,150)
Administrative costs	(317 447 055)	(292,758,649)
Commissions and profit sharing of reinsurance	70 989 629	65,963,487
Total	**(448 143 005)**	**(410,503,195)**

For the financial year of 2019, the Acquisition costs, deferred acquisition costs (changes), Administrative costs and fees and sharing of reinsurance profit, were broken down as follows:

MZN

Net operating costs	2019					
	Acquisition expenses		Deferred acquisition expenses (changes)	Administrative costs		Commissions and profit sharing of reinsurance
	Imputed costs (see note 14)	Mediation fees		Imputed costs (see note 14)	Mediation fees	
Life	*(12 781 390)*	*(24 873 931)*	*0*	*(35 822 227)*	*(119 802)*	*15 522 726*
Annuities	(4 401 876)	0	0	(17 863 054)	0	0
Capitalization	(4 110 987)	0	0	(637 253)	0	0
Life Risk	(4 268 527)	(24 873 931)	0	(17 321 919)	(119 802)	15 522 726
Non-Life	*(67 103 259)*	*(95 858 062)*	*(1 068 936)*	*(272 308 714)*	(9 196 313)	*55 466 904*
Workmen's Compensation	(6 217 018)	(10 882 799)	(604 959)	(25 229 001)	(1 289 444)	0
Personal accidents and health	(12 987 901)	(13 219 633)	585 602	(52 705 616)	(187 138)	474 821
Fire and other damages	(10 543 806)	(14 800 245)	(1 938 044)	(42 787 342)	(1 240 535)	27 311 096
Motor	(25 159 318)	(42 158 437)	(2 446 027)	(102 097 895)	(4 055 749)	3 842 526
Marine Hull	(3 789 757)	(5 953 858)	1 113 410	(15 379 041)	(876 331)	2 017 305
Aerial	(126 423)	(410 716)	(203 373)	(513 032)	(58 674)	155 225
Transport	(1 313 406)	(2 368 819)	(194 759)	(5 329 873)	(329 567)	5 421 387
Civil liability	(2 077 812)	(3 514 699)	1 194 639	(8 431 876)	(398 087)	4 046 033
Miscellaneous	(4 887 819)	(2 548 857)	1 424 574	(19 835 036)	(760 788)	12 198 511
Total	**(79 884 649)**	**(120 731 993)**	**(1 068 936)**	**(308 130 941)**	**(9 316 114)**	**70 989 629**
	(200 616 643)		**(1 068 936)**	**(317 447 055)**		**70 989 629**

For the financial year of 2018, the Acquisition costs, deferred acquisition costs (changes), Administrative costs and fees and sharing of reinsurance profit, were broken down as follows:

MZN

Net operating costs	2018					
	Acquisition expenses		Deferred acquisition expenses (changes)	Administrative costs		Commissions and profit sharing of reinsurance
	Imputed costs (see note 16)	Mediation fees		Imputed costs (see note 16)	Mediation fees	
Life	*(10,835,075)*	*(21,828,870)*	*0*	*(41,155,133)*	*(97,087)*	*11,453,361*
Annuities	0	0	0	(18,431,897)	0	0
Capitalization	(1,276,802)	0	0	(4,849,708)	0	0
Life Risk	(9,558,273)	(21,828,870)	0	(17,873,529)	(97,087)	11,453,361
Non-Life	*(63,834,611)*	*(85,245,327)*	*(1,964,149)*	*(242,464,580)*	(9,041,849)	*54,510,126*
Workmen's Compensation	(6,745,743)	(11,859,647)	959,694	(25,622,520)	(1,643,212)	21,140
Personal accidents and health	(10,948,313)	(10,655,296)	(976,026)	(41,585,249)	(200,316)	5,643,146
Fire and other damages	(11,526,770)	(12,389,830)	34,012	(43,782,414)	(1,276,434)	29,069,694
Motor	(26,294,313)	(40,065,270)	956,563	(99,874,339)	(4,401,041)	0
Marine Hull	(3,273,901)	(3,434,010)	19,504	(12,435,339)	(480,791)	1,028,956
Aerial	(197,045)	(600,350)	6,888	(748,442)	(85,764)	203,154
Transport	(1,313,268)	(1,714,138)	69,814	(4,988,218)	(234,357)	5,133,678
Civil liability	(1,589,416)	(1,752,814)	114,717	(6,037,118)	(272,783)	1,074,634
Miscellaneous	(1,945,842)	(2,773,972)	(3,149,315)	(7,390,941)	(447,151)	12,335,725
Total	**(74,669,686)**	**(107,074,197)**	**(1,964,149)**	**(283,619,713)**	**(9,138,936)**	**65,963,487**
Total according to summary map	**(181,743,883)**		**(1,964,149)**	**(292,758,649)**		**65,963,487**

Note 11 – Income

Income by category of financial assets is analysed as follows:

MZN

	2019			2018		
	Allocated	Not Allocated	Total	Allocated	Not Allocated	Total
Income	**569 075 971**	**3 110 809**	**572 186 780**	**883,082,466**	**7,228,603**	**890,311,069**
Interest income from financial assets not valued at fair value by means of profit and loss	*488 984 380*	*3 110 809*	*492 095 189*	*799,328,248*	*7,228,603*	*806,556,851*
of Assets available for sale	472 876 908	1 942 175	474 819 083	748,816,205	2,232,760	751,048,965
Bonds and other fixed income securities						
Issued by public entities	340 960 241	1 173 136	342 133 377	88,802,575	0	88,802,575
Issued by other issuers	131 916 667	0	131 916 667	192,799,167	863,147	193,662,314
Other investments	0	769 039	769 039	467,214,463	1,369,613	468,584,076
of granted loans and accounts receivable - Term deposits	16 107 472	1 168 634	17 276 106	50,512,043	4,995,843	55,507,886
Others	*80 091 591*	*0*	*80 091 591*	*83,754,218*	*0*	*83,754,218*
of Buildings held for income (Annuities)	72 748 440	0	72 748 440	80,367,366	0	80,367,366
of Assets available for sale - Shares	3 493 777	0	3 493 777	1,889,793	0	1,889,793
Smoothing of publicly issued bonds	3 849 373	0	3 849 373	1,497,059	0	1,497,059

Note 12 – Financial costs

Financial costs are analysed as follows:

MZN

	2019	2018
Non-Life		
Smoothing of premium paid through the effective interest rate method – Fixed yield securities	(763,238)	(1,318,152)
Costs imputed to Investments (see note 17)	(2,047,406)	(1,721,439)
Total	**(2,810,643)**	**(3,039,591)**

Note 13 – Currency conversion differences

The amounts for 2019 presented under the heading Currency conversion differences, under Profit and Loss, refer to currency conversion differences arising from:

MZN

Currency fluctuation 2018	Non-Life	Life	Non-Technical	Total
Direct insurance claims provision	25,300,579			25,300,579
Reinsurance ceded claims provision	(21,712,373)			(21,712,373)
Direct insurance unearned premiums provision	(1,744,389)			(1,744,389)
Deferred acquisition expenses	83,923			83,923
Reinsurance ceded unearned premiums provision	1,948,666			1,948,666
Profit share provision	(6)			(6)
Direct insurance claims provision		115,127		115,127
Reinsurance ceded claims provision		(52,179)		(52,179)
Direct insurance mathematical provision		43,303		43,303
Reinsurance ceded mathematical provision		17,738		17,738
Investments	(1,247,893)	581,824	0	(666,069)
Employee benefit liability actuarial gains		0		0
Receipts for collection			893 972	893 972
Claim refunds			105	105
Reversal payable			44 385	44 385
Collection in advance			16 547	16 547
Current accounts - reinsurance			(4 916 803)	(4 916 803)
Current accounts - mediators			2 382 638	2 382 638
Receivables and payables			897 406	897 406
Accruals and deferrals			768 054	768 054
On demand deposits			1 017 655	1 017 655
Taxes			0	0
Current accounts - co-insurance			(189 410)	(189 410)
Inventories			0	0
Settlement				
Total	**2 628 508**	**705 813**	**914 548**	**4 248 869**

Details of variations per Line of business:

MZN

Non-Life technical provisions	2019			
	Claims provision		Unearned premiums provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
Non-Life				
Workmen's Compensation	0	(0)	0	0
Personal accidents and health	(4,762)	5,588	(35,173)	34,169
Fire and other damages	27,736,095	(24,577,431)	(1,727,389)	1,830,594
Motor	20,115	0	(73,190)	42
Marine Hull	711,153	(696,777)	133,018	67,515
Aerial	0	0	(45,734)	18,651
Transport	(54,496)	58,264	(79,996)	68,653
Civil liability	3,911	(11,918)	440,759	(379,054)
Miscellaneous	(3,111,436)	3,509,902	(356,683)	308,097
Total	**25,300,579**	**(21,712,373)**	**(1,744,389)**	**1,948,666**

MZN

Life technical provisions	2019			
	Claims provision		Mathematical provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
Life				
Annuities	0	0	(14,274)	0
Capitalization	44,520	0	60,747	0
Life Risk	70,607	(52,179)	(3,169)	17,738
Total	**115,127**	**(52,179)**	**43,303**	**17,738**

The amounts for 2018 presented under the heading Currency conversion differences, under Profit and Loss, refer to currency conversion differences arising from:

Currency fluctuation	Non-Life	Life	Non-Technical	Total
Direct insurance claims provision	(11,079,647)			(11,079,647)
Reinsurance ceded claims provision	11,638,329			11,638,329
Direct insurance unearned premiums provision	(3,107,542)			(3,107,542)
Deferred acquisition expenses	176,873			176,873
Reinsurance ceded unearned premiums provision	4,872,848			4,872,848
Profit share provision	(9)			(9)
Direct insurance claims provision		(212,318)		(212,318)
Reinsurance ceded claims provision		255,923		255,923
Direct insurance mathematical provision		(5,967,402)		(5,967,402)
Reinsurance ceded mathematical provision		(37,272)		(37,272)
Investments	2,180,339	1,424,491	0	3,604,830
Employee benefit liability actuarial gains		0		0
Receipts for collection			3,984,583	3,984,583
Claim refunds			46	46
Reversal payable			196,533	196,533
Collection in advance			(95,432)	(95,432)
Current accounts - reinsurance			5,345,147	5,345,147
Current accounts - mediators			(123,121)	(123,121)
Receivables and payables			927,398	927,398
Accruals and deferrals			(169,500)	(169,500)
On demand deposits			(5,472,620)	(5,472,620)
Taxes			0	0
Current accounts - co-insurance			330,717	330,717
Inventories			0	0
Total	**4,681,190**	**(4,536,577)**	**4,923,752**	**5,068,365**

Details of variations per Line of business:

MZN

Non-Life technical provisions	2018			
	Claims provision		Unearned premiums provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
Non-Life				
Workmen's Compensation	0	513,861	0	0
Personal accidents and health	0	69,192	(53,786)	2,937,107
Fire and other damages	(276,211)	326,643	(32,239)	(438,389)
Motor	(86,748)	231,093	(159,092)	1
Marine Hull	(9,439,019)	9,439,020	(378,571)	391,257
Aerial	0	23,842	(101,214)	42,454
Transport	(508,665)	501,861	(194,804)	167,151
Civil liability	(4,582)	(31,958)	(79,041)	18,645
Miscellaneous	(764,422)	564,776	(2,108,795)	1,754,622
Total	**(11,079,647)**	**11,638,329**	**(3,107,542)**	**4,872,848**

MZN

Technical Provisions for Life Business	2018			
	Claims provision		Mathematical provision	
	Direct insurance	Reinsurance ceded	Direct insurance	Reinsurance ceded
Life				
Annuities	0	0	(79,524)	0
Capitalization	(6,632)	0	(5,870,222)	0
Life Risk	(205,686)	255,923	(17,656)	(37,272)
Total	**(212,318)**	**255,923**	**(5,967,402)**	**(37,272)**

The balances of monetary assets/liabilities denominated in foreign currency are revalued to Meticais at the indicative average exchange rate of the Central Bank of Mozambique at the end of each month. At the end of each financial year, the following exchange rates were recorded

Currency exchange rate	31.12.2019	31.12.2018
USD	61.47	61.47
ZAR	4.37	4.28
EUR	68.89	70.25

Note 14 – Net gains on the sale of non-financial assets not classified as non-current assets held for sale and discontinued operation

The negative amount of MZN 99,458,837, recorded as of 31 December 2019, refers to the variation of the fair value of properties allocated to portfolios without participation in the results.

The negative amount of MZN 105,457,500, recorded as of 31 December 2018, refers to the variation of the fair value of properties allocated to portfolios without participation in the results.

Note 15 – Other provisions (variation)

The heading "Other provisions (variation)", refers to the variation of the adjustment of receipts for collection. Also see Note 28.

Segment	2019	2018
Non-Life		
Workmen's Compensation	4,635,398	-3,482,558
Personal accidents and health	1,132,983	635,135
Fire and other damages	15,620,413	-5,048,308
Motor	9,549,540	25,108,642
Marine Hull	458,073	57,448
Aerial	8,716	563
Transport	401,585	2,971,120
Civil liability	-338,206	334,429
Miscellaneous	1,095,921	-2,311,981
Life	3,316,558	7,642,645
Grand Total	**35,880,981**	**25,907,136**

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

	2019			2018		
	Technical account	Non-technical account	Total	Technical account	Non-technical account	Total
Claims cost (see Note 7)	28 627 683	0	28 627 683	29,046,834	0	29,046,834
Acquisition expenses (see Note 6)	79,884,649	0	75 930 696	74,669,686	0	74,669,686
Administrative costs (see Note 6)	308 130 941	0	308 130 941	283,619,713	0	283,619,713
Investment management fees (see Note 8)	2 047 406	0	2 047 406	1,721,439	0	1,721,439
Totals	**418 690 679**	**0**	**418 690 679**	**389,057,672**	**0**	**389,057,672**

Note: The amount for acquisition expenses in 2019 includes pension fund management costs amounting to MZN 3,953,953.

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

MZN

Imputable costs by nature	2019	2018
Staff costs	*259,140,289*	*222,405,375*
Governing bodies remuneration	65,572,015	47,729,953
Staff remuneration	169,272,136	157,377,810
Charges on remuneration	7,380,397	7,120,861
Post-employment benefits	2,838,211	-1,407,000
Other employees' long-term benefits	2,567,266	2,855,949
Compulsory insurance	1,335,682	1,401,045
Social action expenses	6,659,436	4,758,941
Other Staff costs	3,515,146	2,567,817
External supplies and services	*128,905,034*	*140,803,300*
Specialised work	58,046,392	59,850,117
Advertising and marketing	14,271,299	18,266,159
Annuities and rents	7,339,268	8,530,234
Insurance	9,203,451	8,787,316
Maintenance and repairs	11,241,237	11,053,040
Independent work expenses	5,148,819	5,171,094
Fuel	4,863,507	4,708,853
Communications	4,694,562	4,897,879
Security and surveillance	5,062,140	4,936,109
Representation expenses	1,391,257	4,411,992
Others	7,643,101	10,190,507
Taxes and fees	*1,803,577*	*1,801,018*
Amortisation/depreciation for the period	*27,792,367*	*23,825,811*
Intangible assets (see Note 21)	8,468,271	5,901,726
Tangible assets (see Note 20)	19,324,096	17,924,085
Other provisions	*0*	*0*
Interest expenses	*0*	*0*
Commissions	*1,049,412*	*222,168*
Total Imputable costs by nature	**418,690,679**	**389,057,672**

Over the course of 2019, Seguradora Internacional de Moçambique had an average of 156 employees (2018: 158 employees), distributed over the professional categories shown in the table below:

Average number of employees by professional category	2019	2018
Executive management	11	11
Senior management	16	16
Middle management	15	15
Highly qualified professionals	1	1
Qualified professionals	94	96
Semi-qualified professionals	14	14
Others	5	5
Total	**156**	**158**

Note 17 – Cash and cash equivalents and on demand deposits

The description of the components of cash and cash equivalents and on 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

	2019	2018
Cash	0	0
On demand deposits	104 727 307	40,975,839
Term deposits with maturity below 90 days	1 087 724 000	1,055,840,000
Total	**1 192 451 307**	**1,096,815,839**

Note 18 – Investments in affiliates, associates and joint ventures

The individual financial statements of Seguradora Internacional de Moçambique include the amounts of 210,700,000 Meticais and 650,850 Meticais, related to the 20% and 22.84% stakes in Constellation and in 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:

MZN

2018									
Liability Company Address	Head Office	Percentage Equity held	Value of the Stake	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210 700 000	SOGEX, S.A	2 000 549 032	2 611 015 343	610 466 311	-6 526 001	2 625 854
Beira Nave	Beira	22.84%	650 850	Pescamar, Lda, Sociedade de Pesca de Mariscos	61 675 162	285 651 993	223 976 831	20 473 635	203 396 991
Total	**-**	**-**	**211,350,850**	**-**	**2,041,750,559**	**2,902,753,652**	**861,003,093**	**-33,140,976**	**297,582,980**

Note: Data from Constellation for the period of 2017.

MZN

2017									
Liability Company Address	Head Office	Percentage Equity held	Value of the Stake	Parent company	Equity	Assets	Liabilities	Net income	Total income
Constellation	Maputo	20.00%	210,700,000	SOGEX, S.A	2,000,549,032	2,611,015,343	610,466,311	-6,526,001	2,625,854
Beira Nave	Beira	22.84%	650,850	Pescamar, Lda, Sociedade de Pesca de Mariscos	41,201,527	291,738,309	250,536,782	-26,614,975	294,957,126
Total	**-**	**-**	**211,350,850**	**-**	**2,041,750,559**	**2,902,753,652**	**861,003,093**	**-33,140,976**	**297,582,980**

Note 19 – Financial assets available for sale

This heading is broken down as follows:

2019	Nominal/Acquisition Value	Fair Value Reserve		Attributable Profit Sharing		Other Operations		Book value	Measurement method
		Positive	Negative	Positive	Negative	Purchase	Sale		
Bonds and other fixed income securities									
Issued by public entities	1 119 422 299	*3 510 101*	*0*			*4 998 728 154*	*4 490 545 387*	1 631 115 167	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	1 000 000 000	*0*				*0*	*1 000 000 000*	0	
Shares	*39 387 514*	*21 581 822*	*34 880 700*	*0*	*0*	*11 240 876*	*3 626*	*37 325 886*	
Cervejas de Moçambique	33 269 135	*21 581 822*	*34 880 700*			*11 240 876*	*0*	31 211 133	Fair value - Mozambique stock exchange price – Level 1
BCI	6 114 753							6 114 753	Acquisition cost
CEPHEUS	3 626					*0*	*3 626*	0	Acquisition cost
Other investments	0							0	Nominal amount - equivalent to fair value – Level 1
Balance	**2 158 809 813**	**12 707 566**	**6 829 619**	**0**	**0**	**136 402 271**	**1 415 889 350**	**1 668 441 054**	

MZN

2018	Nominal/Acquisition Value	Fair Value Reserve		Attributable Profit Sharing		Other Operations		Book value	Measurement method
		Positive	Negative	Positive	Negative	Purchase	Sale		
Bonds and other fixed income securities									
Issued by public entities	2,393,978,842	*4,398,545*				*130,671,788*	*1,409,626,876*	1,119,422,299	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	1,006,262,474	*0*				*0*	*6,262,474*	1,000,000,000	
Shares	*32,177,629*	*8,309,021*	*6,829,619*	*0*	*0*	*5,730,484*	*0*	*39,387,514*	
Cervejas de Moçambique	26,062,876	*8,309,021*	*6,829,619*			*5,726,857*	*0*	33,269,135	Fair value - Mozambique stock exchange price – Level 1
BCI	6,114,753							6,114,753	Acquisition cost
CEPHEUS	0					*3,626*		3,626	Acquisition cost
Other investments	0							0	Nominal amount - equivalent to fair value – Level 1
Balance	**3,432,418,945**	**12,707,566**	**6,829,619**	**0**	**0**	**136,402,271**	**1,415,889,350**	**2,158,809,813**	

Note 20 – Held-to-maturity investments

This heading is broken down as follows:

2019	Nominal/Acquisition Value	Fair Value Reserve		Attributable Profit Sharing		Other Operations		Book value	Measurement method
		Positive	Negative	Positive	Negative	Purchase	Sale		
Bonds and other fixed income securities									
Issued by public entities	295 244 987	12 022 512	614 352	0	0	881 122 125	307 267 500	880 507 773	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	0	0	0	0	0	0	0	0	
Balance	**295 244 987**	**12 022 512**	**614 352**	**0**	**0**	**881 122 125**	**307 267 500**	**880 507 773**	

2018	Nominal/Acquisition Value	Fair Value Reserve		Attributable Profit Sharing		Other Operations		Book value	Measurement method
		Positive	Negative	Positive	Negative	Purchase	Sale		
Bonds and other fixed income securities									
Issued by public entities	282,451,352	12,793,636	0	0	0	0	0	295,244,987	Nominal amount - equivalent to fair value – Level 1
Issued by other issuers	0	0	0	0	0	0	0	0	
Balance	**282,451,352**	**12,793,636**	**0**	**0**	**0**	**0**	**0**	**295,244,987**	

Note 21 – Loans and receivables

This heading is broken down as follows:

MZN

	2019	2018
Term deposits in MZN - Capital	93 605 154	21,831,154
Term deposits in USD - Capital	51 057 412	38,671,447
Term deposits in EUR - Capital	0	0
Term deposits in ZAR - Capital	5 554 270	1,498,000
Total	**150 216 837**	**62,000,601**

The Term deposits in MZN allocated to the Non-Life business, all of which are at Banco Internacional de Moçambique, over the year have offered interest rates of 4.25% and 8.75% and have maturities between 268 and 315 days.

Regarding the Term deposits in USD and ZAR, which are all held at Banco Internacional de Moçambique, these offer interest rates varying between 2.00% and 2.75% for USD, between 3.09% and 4.00% for ZAR. Regarding maturities, the Term deposits in foreign currency have long maturities, between 84 and 304 days.

Note 22 – Buildings

Seguradora Internacional de Moçambique has buildings for income generation and for its own use, which are recognized at fair value.

In 2019, in order to determine the fair value of the income-generating properties, the insurer used the following suitable entities specialised in the valuation of property:

- Colliers International, Lda.

MZN

	Value as of 31.12.2018	Increases		Reductions		Revaluation per balancing item	Value as of 31.12.2019
		Acquisitions	Improvements	Amortisations	Disposals and write-offs		
Buildings	2,379,967,160	0	0	1,353,121	64,827,920	-99,458,837	2,214,327,282
Held for income	2,316,563,149	0	0	0	64,827,920	-99,458,837	2,152,276,393
For own use	63,404,010	0	0	1,353,121	0	0	62,050,889

In 2018, in order to determine the fair value of the income-generating properties, the insurer used the following suitable entities specialised in the valuation of property:

- Colliers International, Lda.;
- CPU Consultores Moçambique, Lda.;

MZN

MZN

	Value as of 31.12.2017	Increases		Reductions		Revaluation per balancing item	Value as of 31.12.2018
		Acquisitions	Improvements	Amortisations	Disposals and write-offs		
Buildings	3 192 786 582	0	0	1 725 861	705 636 061	-105 457 500	2 379 967 160
Held for income	3 127 656 710	0	0	0	705 636 061	-105 457 500	2 316 563 149
For own use	65 129 872	0	0	1 725 861	0	0	63 404 010

Income derived from income-generating buildings rents are as follows:

MZN

	2019			2018		
	Life	Non-Life	Final Balance	Life	Non-Life	Final Balance
Property rents (see note 7)	5,318,406	67,430,034	72,748,440	10,401,579	69,965,787	80,367,366

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

MZN

	2019			2018		
	Life	Non-Life	Final Balance	Life	Non-Life	Final Balance
Repairs, maintenance and other expenses	0	523,473	523,473	0	1,399,449	0

Note 23 – 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 on 31.12.2018			Increases	Reductions	Depreciations		Balance on 31.12.2019		
	Gross value	Depreciations	Net value	Acquisitions	Transfers & Write-offs	Adjustments	Additions	Gross value	Depreciations	Net value
Office equipment	13,539,477	6,758,305	6,781,172	581,290	0	0	1,060,986	14,120,767	7,819,291	6,301,476
Machines, appliances and tools	3,447,614	3,270,682	176,931	88,546	0	0	50,896	3,536,159	3,321,579	214,581
IT Equipment	19,274,306	13,667,550	5,606,756	9,990,918	0	0	1,590,552	29,265,224	15,258,102	14,007,123
Internal facilities	6,769,768	5,518,587	1,251,181	0	0	0	727,583	6,769,768	6,246,170	523,598
Transport material	76,165,903	47,024,612	29,141,291	3,619,350	7,748,337	(7,748,337)	13,223,228	72,036,916	52,499,503	19,537,413
Other tangible assets	13,825,669	10,683,314	3,142,355	14,788,051	0	0	1,317,730	28,613,720	12,001,044	16,612,676
Total Other tangible assets	**133,022,736**	**86,923,051**	**46,099,686**	**29,068,155**	**7,748,337**	**(7,748,337)**	**17,970,974**	**154,342,554**	**97,145,688**	**57,196,867**
Inventories	**1,558,220**	**0**	**1,558,220**	**0**	**265,000**	**0**	**0**	**1,293,220**	**0**	**1,293,220**

MZN

	Balance on 31.12.2017			Increases	Reductions	Depreciations		Balance on 31.12.2018		
	Gross value	Depreciations	Net value	Acquisitions	Transfers & Write-offs	Adjustments	Additions	Gross value	Depreciations	Net value
Office equipment	12,428,110	5,764,310	6,663,800	1,143,967	32,600	(23,587)	1,017,582	13,539,477	6,758,305	6,781,172
Machines, appliances and tools	3,412,361	3,214,167	198,194	35,253	0	0	56,516	3,447,614	3,270,682	176,931
IT Equipment	17,413,225	12,876,233	4,536,991	1,896,916	35,834	(35,834)	827,151	19,274,306	13,667,550	5,606,756
Internal facilities	6,769,768	4,791,004	1,978,763	0	0	0	727,583	6,769,768	5,518,587	1,251,181
Transport material	63,951,789	36,344,122	27,607,668	14,340,668	2,126,554	(2,126,554)	12,807,045	76,165,903	47,024,612	29,141,291
Other tangible assets	14,399,704	9,548,227	4,851,477	289,195	863,230	0	1,135,088	13,825,669	10,683,314	3,142,355
Total Other tangible assets	**118,374,955**	**72,538,063**	**45,836,894**	**17,705,999**	**3,058,219**	**(2,185,976)**	**16,570,964**	**133,022,736**	**86,923,051**	**46,099,686**
Inventories	**1,558,220**	**0**	**1,558,220**	**0**	**0**	**0**	**0**	**1,558,220**	**0**	**1,558,220**

Note 24 – Other intangible assets

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

Their respective evolution was as follows:

MZN

	Balance on 31.12.2018			Increases	Reductions		Amortisations		Balance on 31.12.2019		
	Gross value	Amortisations	Net value	Acquisitions	Transfers & Write-offs	Divestments	Adjustments	Additions	Gross value	Amortisations	Net value
Software	101,365,339	61,639,323	39,726,015	2,163,112		0	0	8,468,271	103,528,451	70,107,595	33,420,856
Total	**101,365.339**	**61,639,323**	**39,726,015**	**2,163,112**	**0**	**0**	**0**	**8,468,271**	**103,528,451**	**70,107,595**	**33,420,856**

MZN

	Balance on 31.12.2017			Increases	Reductions		Amortisations		Balance on 31.12.2018		
	Gross value	Amortisations	Net value	Acquisitions	Transfers & Write-offs	Divestments	Adjustments	Additions	Gross value	Amortisations	Net value
Software	84,024,428	55.737,597	28,286,831	17,340,910		0	0	5.901,726	101,365.339	61,639,323	39,726,015
Total	**84,024,428**	**55.737,597**	**28,286,831**	**17,340,910**	**0**	**0**	**0**	**5.901,726**	**101,365.339**	**61,639,323**	**39,726,015**

Note 25 – Technical Provisions, net of reinsurance ceded

This heading is broken down as follows:

MZN

Technical Provisions, net of reinsurance ceded	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Unearned premiums provision	514,718,731	66,489,541	448,229,190	549,936,740	97,968,499	451,968,240
Life mathematical provision	238,232,327	(2,806,090)	241,038,417	333,903,514	(2,413,082)	336,316,596
Claims provision	1,881,735,706	1,099,806,642	781,929,064	981,194,270	274,141,699	707,052,571
Of Life business	26,791,060	5,868,116	20,922,945	25,205,731	3,279,939	21,925,791
Of Non-Life business	1,854,944,646	1,093,938,526	761,006,120	955,988,539	270,861,760	685,126,780
Profit share provision	82,764,003	0	82,764,003	111,769,642	0	111,769,642
Claims-rate deviation provision	0	0	0	0	0	0
Unexpired risks provision	0	0	0	0	0	0
Total	**2,717,450,767**	**1,163,490,093**	**1,553,960,674**	**1,976,804,166**	**369,697,117**	**1,607,107,049**

The provisions for unearned premiums are analysed as follows:

MZN

Unearned premiums provision	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Non-Life						
Workmen's Compensation	22,323,580	0	22,323,580	22,405,681	0	22,405,681
Personal accidents and health	204,779,305	2,096,141	202,683,163	207,015,789	2,043,230	204,972,560
Fire and other damages	59,026,288	35,350,717	23,675,571	81,326,856	60,683,742	20,643,114
Motor	183,813,813	1,634,920	182,178,892	187,561,882	1,377,128	186,184,754
Marine Hull	7,926,259	6,436,481	1,489,778	3,118,830	2,313,190	805,640
Aerial	1,586,909	765,249	821,660	2,370,848	1,108,806	1,262,042
Transport	4,301,616	3,021,184	1,280,432	6,015,708	4,894,875	1,120,833
Civil liability	12,796,197	7,667,194	5,129,003	6,874,772	3,358,361	3,516,411
Miscellaneous	18,164,764	9,517,655	8,647,109	33,246,374	22,189,168	11,057,206
Total	**514,718,731**	**66,489,541**	**448,229,190**	**549,936,740**	**97,968,499**	**451,968,240**

The mathematical provisions of the Life business are analysed as follows:

MZN

Mathematical provision	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Life						
Annuities	0	0	0	0	0	0
Capitalization	36,299,368	0	36,299,368	33,678,023	0	33,678,023
Life Risk	201,932,959	(2,806,090)	204,739,049	300,225,492	(2,413,082)	302,638,573
Total	**238,232,327**	**(2,806,090)**	**241,038,417**	**333,903,514**	**(2,413,082)**	**336,316,596**

MZN

	Mathematical Provision movement during 2019					
	Provision at the start of the period	Application of the Profit-sharing provision	Adjustments	Changes in the period – according to P&L account	Exchange rate	Provision at the end of the period
Life						
Annuities	(0)	0	0	0	0	(0)
Capitalization	33,678,023	0	0	2,693,132	(71,786)	36,299,368
Life Risk	300,225,492	0	0	(98,321,015)	28,483	201,932,960
Total	**333,903,514**	**0**	**0**	**(95,627,884)**	**(43,303)**	**238,232,327**

MZN

	Mathematical Provision movement during 2018					
	Provision at the start of the period	Application of the Profit-sharing provision	Adjustments	Changes in the period – according to P&L account	Exchange rate	Provision at the end of the period
Life						
Annuities	1,076,102,411	0	(635,179,662)	(440,922,749)	0	(0)
Capitalization	1,296,555,710	288,116,888	(1,260,076,499)	(296,726,794)	5,808,718	33,678,023
Life Risk	289,551,701	0	0	10,515,108	158,684	300,225,492
Total	**2,662,209,821**	**288,116,888**	**(1,895,256,162)**	**(727,134,435)**	**5,967,402**	**333,903,514**

The provision for claims is analysed as follows:

MZN

Claims provision	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Life						
Annuities	0	0	0	0	0	0
Capitalization	188,380	0	188,380	210,803	0	210,803
Life Risk	26,602,680	5,868,116	20,734,564	24,994,928	3,279,939	21,714,989
Non-Life						
Workmen's Compensation	470,610,376	14,175,396	456,434,980	458,932,048	14,419,748	444,512,300
Personal accidents and health	26,076,756	3,173,206	22,903,550	21,953,665	3,225,131	18,728,534
Fire and other damages	857,261,770	790,402,549	66,859,221	25,393,722	19,377,931	6,015,791
Motor	212,994,805	5,798,066	207,196,739	210,474,511	5,798,066	204,676,445
Marine Hull	194,344,656	194,345,186	(530)	178,986,412	178,076,072	910,341
Aerial	250,000	598,198	(348,198)	250,000	598,198	(348,198)
Transport	13,320,319	11,962,705	1,357,614	11,671,793	9,487,611	2,184,183
Civil liability	5,688,405	4,191,756	1,496,649	4,321,055	3,032,188	1,288,867
Miscellaneous	74,397,559	69,291,465	5,106,094	44,005,333	36,846,816	7,158,517
Total	**1,881,735,706**	**1,099,806,642**	**781,929,064**	**981,194,270**	**274,141,699**	**707,052,571**

The provision for profit sharing is analysed as follows:

MZN

Profit share provision	2019			2018		
	Direct insurance and accepted reinsurance	Reinsurance ceded	Net	Direct insurance and accepted reinsurance	Reinsurance ceded	Net
Life						
Attributable provision						
Annuities	0	0	0	0	0	0
Capitalization	0	0	0	0	0	0
Life Risk	0	0	0	0	0	0
Attributed provision						
Annuities	0	0	0	0	0	0
Capitalization	0	0	0	0	0	0
Life Risk	32,420,785	0	32,420,785	53,141,240	0	53,141,240
Non-Life						
Attributed provision						
Workmen's Compensation	1,215,743	0	1,215,743	792,880	0	792,880
Personal accidents and health	41,935,203	0	41,935,203	50,643,250	0	50,643,250
Miscellaneous	7,192,272	0	7,192,272	7,192,272	0	7,192,272
	0	0	0			
Total	**82,764,003**	**0**	**82,764,003**	**111,769,642**	**0**	**111,769,642**

MZN

	Profit Sharing Provision movement during 2019						
	Provision at the start of the period	Distribution	Application in the mathematical provision	Reduction to pensions increase	Adjustments	Changes in the period – according to P&L account	Provision at the end of the period
Life							
Attributable provision	0	0	0	0	0	0	0
Attributed provision	53,141,240	(53,141,240)	0	0	0	32,420,785	32,420,785
Subtotal	53,141,240	(53,141,240)	0	0	0	32,420,785	*32,420,786*
Non-Life							
Attributable provision	0	0	0	0	0	0	0
Attributed provision	58,628,402	(49,806,707)	0	0	0	41,521,523	50,343,218
Subtotal	58,628,402	(49,806,707)	0	0	0	41,521,523	*50,343,218*
Total	**111,769,642**	**(102,947,947)**	**0**	**0**	**0**	**73,942,308**	**82,764,003**

MZN

	Profit Sharing Provision movement during 2018						
	Provision at the start of the period	Distribution	Application in the mathematical provision	Pension premium clearing	Adjustments	Cost of profit sharing - according to P&L account	Provision at the end of the period
Life							
Attributable provision	524,819,634	0	0	0	(524,819,634)	0	0
Attributed provision	347,032,179	(950,390,900)	(288,116,888)	0	0	944,616,849	53,141,240
Subtotal	871,851,813	(950,390,900)	(288,116,888)	0	(524,819,634)	944,616,849	*53,141,240*
Non-Life							
Attributable provision	0	0	0	0	0	0	0
Attributed provision	69,448,707	(60,615,180)	0	0	0	49,794,875	58,628,402
Subtotal	69,448,707	(60,615,180)	0	0	0	49,794,875	*58,628,402*
Total	**941,300,520**	**(1,011,006,080)**	**(288,116,888)**	**0**	**(524,819,634)**	**994,411,724**	**111,769,642**

Note 26 – Other receivables due to insurance and other operations

This heading is broken down as follows:

MZN

	2019	2018
Accounts receivable for direct reinsurance operations		
Insurance policyholders	242 271 315	291 110 763
Insurance brokers	9 202 798	16 125 466
Co-insurers	140 253 772	103 137 940
	391 727 885	410 374 169
Adjustment of premiums receivable	(37 361 528)	(73 242 509)
	354 366 357	337 131 660
Accounts receivable for reinsurance operations		
Other reinsurers	171 194 060	92 414 173
Accounts receivable for other operations		
Other debtors	53 834 714	43 340 263
Total	**579 395 131**	**472 886 096**

In 2018 we carried out the restatement of the heading accounts receivable for direct insurance operations in order to disclose the net values.

The breakdown of the adjustment account shows the following evolution:

MZN

	Balance on 31.12.2017	Allocation	Use	Balance on 31.12.2018	Allocation	Use	Balance on 31.12.2019
Adjustment of premiums receivable	99,149,644	52,541,416	78,448,552	73,242,509	35,343,803	71,224,784	37,361,528
Total	**99,149,644**	**52,541,416**	**78,448,552**	**73,242,509**	**35,343,803**	**71,224,784**	**37,361,528**

Note 27 – Taxes

Income tax is analysed as follows:

MZN

	2019	2018
Current tax		
Standard rate on taxable income	249,850,009	207,152,106
Withholding rate on public debt interest	68,487,970	94,895,174
	318,337,979	302,047,280
Deferred tax		
Standard rate on revaluation of real estate properties	(31,826,828)	(33,746,400)
	(31,826,828)	(33,746,400)
Total tax recognised in the P&L Account	**286,511,152**	**268,300,880**

The effective tax rate forecast by Seguradora Internacional de Moçambique for the year is approximately 31.44% (2018: 27.73%), 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:

MZN

	2019	2018
Pre-Tax Income	**1,012,373,014**	**1,089,384,300**
IRPC on pre-tax income	323,959,365	348,602,976
Tax adjustments:		
Impact of non-deductible costs	3,742,641	3,801,246
Deduction of income from securities listed for trading on the Stock Exchange taxed at source *	(109,678,824)	(178,998,516)
Deduction of Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	31,826,828	33,746,400
IRPC on income from securities listed for trading on the stock exchange	68,487,970	94,895,174
Income tax for the period	**318,337,979**	**302,047,280**
Effective tax rate	**31.44%**	**27.73%**

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.

The recognised Tax assets and liabilities may be analysed as follows:

MZN

	2019	2018
Income tax receivable		
Estimated income tax	95,053,905	95,053,905
Payments on account	0	0
Retention	0	0
Other Taxes	0	0
Current tax assets	**95,053,905**	**95,053,905**
Seniority bonus	2,506,836	2,506,836
Deferred tax assets	**2,506,836**	**2,506,836**
Tax assets	**97,560,741**	**97,560,741**
Income tax payable		
Estimated income tax	249,850,009	207,180,586
Payments on account	(110,148,000)	(5,256,000)
Retention	(48,505,785)	(69,500,143)
Other Taxes		
Stamp duty	7,748,019	9,467,012
Supervision fee	2,215,890	1,914,820
Others	26,468,464	31,954,774
Current tax liabilities	**127,628,597**	**175,761,049**
Unrealised investment gains (equity)	2,152,730	7,236,118
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	474,879,899	514,305,830
Realised gains recognised under retained earnings at the transition date (investment properties and term deposits)	11,989,139	11,989,139
Actuarial deviations arising from the liabilities of SIM pension fund	10,201,486	12,734,109
Deferred tax liabilities	**499,223,254**	**546,265,196**
Tax liabilities	**626,851,851**	**722,026,245**

The current tax asset relates to the IRPC recoverable for the 2017 financial year.

The reconciliation of the IRPC payable or receivable is as follows:

MZN

	2019	2018
IRPC for previous financial years		
Initial Balance	37,370,538	(118,996,298)
IRPC for previous financial year paid	(132,424,443)	0
IRPC for previous financial years received	0	23,942,393
IRPC Balance - previous financial year payable/receivable	**(95,053,905)**	**(95,053,905)**
IRPC for the financial year		
Allocation for the financial year	249,850,009	207,180,586
Advance tax	(110,148,000)	(5,256,000)
Withholding taxes	(48,505,785)	(69,500,143)
Estimated Withholding Rate (without accrual of interest)	0	0
IRPC for the year - payable/receivable	**91,196,224**	**132,424,443**
Total IRPC payable/receivable	**(3,857,681)**	**37,370,538**

Reconciliation of the deferred tax liabilities is as follows:

MZN

	2019		2018	
	Recognised in the P&L account	Recognised in the Fair Value Reserve	Recognised in the P&L account	Recognised in the Fair Value Reserve
Initial Deferred Tax Balance	**520,673,807**	**25,591,388**	**553,980,769**	**20,416,565**
Seniority bonus				
Unrealised investment gains (equity)		(5,083,388)		243,944
Fair value variation of properties allocated to portfolios without profit sharing (investment properties)	(31,826,828)		(33,306,962)	
Realised gains recognised under retained earnings at the transition date (investment properties and term deposits)	(7,599,104)			
Actuarial deviations arising from the liabilities of SIM pension fund		(2,532,623)		4,930,880
Variation/Use of Deferred Tax in the period	**(39,425,932)**	**(7,616,011)**	**(33,306,962)**	**5,174,824**
Final Deferred Tax Balance	**481,247,876**	**17,975,378**	**520,673,807**	**25,591,388**
	499,223,253		**546,265,196**	

Note 28 – Accruals and Deferrals

This heading is broken down as follows:

MZN

	2019	2018
Accruals and Deferrals receivable		
Interest receivable	125,799,070	168,797,742
Other accruals and deferrals	2,231,385	1,023,539
	128,030,455	**169,821,281**
Accruals and deferrals payable		
Remuneration and charges payable	566	101,260
Other accruals and deferrals	132,363,700	87,615,966
	132,364,266	**87,717,227**

Note 29 – Benefits granted to employees

This heading is broken down as follows:

Thousand MZN

	2019	2018
Assets for Post-employment benefits and Other long-term benefits	16,040	22,286
Liabilities for Post-employment benefits and Other long-term benefits		
Post-employment benefits	0	0
Seniority bonus	14,013	12,969
	14,013	12,969

- *Post-employment benefits*

Seguradora Internacional de Moçambique has attributed its Employees hired before 31 December 2011 a supplementary retirement pension for which it maintains capitalisation 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, following 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 December 2019.

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

Number of participants	2019	2018
Active	92	95
Retirees and pensioners	0	0

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

	2019	2018
Discount rate	8.50%	10.00%
Salary growth rate	4.50%	5.50%
Expected yield rate of the fund	8.50%	10.00%
Pension growth rate		
Mortality table:		
Men	SA 85 – 90	SA 85 - 90
Women	SA 85 – 90	SA 85 - 90
Actuarial method	Projected Unit Credit	Projected Unit Credit

The assets and liabilities recognised in the Balance sheet are as follows:

Thousand MZN

	2019			2018		
	Pension Plans	Other benefits	Total	Pension Plans	Other benefits	Total
Liabilities related to benefits*	(72 963)	(14 013)	(86 975)	(81,208)	(12,969)	(94,177)
Fair value of the assets**	89 002	0	89 002	103,493	0	103,493
Net amount	**16 040**	**(14 013)**	**2 027**	**22,286**	**(12,969)**	**9,316**

* Liabilities recognised in SIM's balance sheet under the heading "Life mathematical provisions"

** Assets recognised in Seguradora Internacional de Moçambique's Balance sheet under the heading "Assets available for sale" and "Cash & cash equivalents & on demand deposits"

The increase of the liabilities is analysed as follows:

Thousand MZN

	2019	2018
Liabilities as of 1 January	81 208	77,072
Current service cost	4 516	3,951
Interest cost	7 023	9,904
Benefits paid by the Fund or the Group	0	0
Actuarial (gains)/ losses	6 675	(7,813)
Group rotations	(26 459)	(1,907)
Liabilities as of 31 December	**72 963**	**81,208**

The amounts recognised as costs/income are as follows:

Thousand MZN

	2019	2018
Current service cost	4 516	3,951
Interest cost	7 023	9,904
Expected yield rate of the fund	(9 282)	(9,904)
Cost for the financial year	**2 257**	**3,951**

The variation of the assets which finance the liabilities as analysed as follows:

Thousand MZN

	2019	2018
Balance on 1 January	103 493	95,792
Company's contributions	4 507	5,470
Benefits paid by the fund	(26 459)	(1,907)
Expected yield rate of the fund	9 282	9,904
Actuarial (gains)/ losses of the assets	(1 820)	(5,766)
TT assoc. rotations in the group	0	0
Balance on 31 December	**89 002**	**103,493**

The actuarial gains and losses are analysed as follows:

Thousand MZN

	2019	2018
Actuarial (gains)/ losses at the start of the period	(9 577)	(7,530)
Actuarial (gains)/ losses of the liabilities	6 675	(7,813)
Actuarial (gains)/ losses of the assets	1 820	5,766
Actuarial (gains)/ losses at the end of the period	**(1 081)**	**(9,577)**

The evolution of the employee benefits and fair value of the assets is analysed as follows:

Thousand MZN

	2019	2018	2017	2016	2015
Liabilities related to benefits	(72 963)	(81,208)	(77,072)	(84,040)	(70,534)
Fair value of the assets	89 002	103,493	95,792	71,287	67,369
Net value	**16 040**	**22,286**	**18,720**	**(12,753)**	**(3,165)**

The assets are broken down as follows:

Thousand MZN

	2019	2018
Fixed income securities	81 873	95,204
On demand deposits	7 129	8,290
Total	**89 002**	**103,493**

- *Other long-term benefits – Seniority bonus*

The Seniority bonus is attributed to Seguradora Internacional de Moçambique 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 current amount of the seniority bonuses is accrued at the end of each year, with the provision recognised 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

	2019	2018
Seniority bonus	14,013	12,969

Note 30 – Other creditors for insurance operations and other operations

This section contains the following items:

MZN

	2019	2018
Accounts payable for direct insurance operations		
Policyholders	14,293,178	18,141,822
insurance intermediaries	36,268,919	68,136,377
Co-insurers	95,869,680	100,564,271
	146,431,777	186,842,470
Accounts payable for reinsurance operations		
Other reinsurers	239,037,118	126,811,437
	239,037,118	126,811,437
Accounts payable for other operations		
Other creditors	17,008,921	6,096,246
Other creditors-Group companies (BIM)	0	0
	17,008,921	6,096,246
Total	**402,477,815**	**319,750,153**

In 2018 we carried out the restatement of the heading accounts receivable for direct insurance operations in order to disclose the net values.

Note 31 – Capital, reserves, other reserves, Retained Earnings and Net income for the period

The Share Capital of Seguradora Internacional de Moçambique, as at 31st December 2019, for the amount of 295,000,000 MZN, represented by 2,950,000 shares with a nominal value of 100 MZN, is fully under-written and paid up.

	2019	2018
Nr. of shares as at 1st January	1,475,000	1,475,000
Increase in paid-in capital	1,475,000	0
Nr. of shares as at 31st December	2,950,000	1,475,000

In 2019 under notice no. 1, of August 2018 from the ISSM, which approves the list of minimum amounts of share capital for entities qualified to operate in the insurance sector, SIM increased its share capital through the incorporation of free reserves, with the shareholder structure of Seguradora Internacional de Moçambique, S.A now becoming as follows:

	2019		2018	
	No. of shares	Holding percentage	No. of shares	Holding percentage
BIM - Banco Internacional de Moçambique, S.A.	2 713 896	92.00%	1 356 948	92.00%
PT Participações, SGPS, S.A.	172 136	5.84%	86 068	5.84%
FDC – Fundação para o Desenvolvimento da Comunidade	61 432	2.08%	30 716	2.08%
Remaining Shareholders	2 536	0.09%	1 268	0.09%
Total	2 950 000	100.00%	1 475 000	100.00%

Net income for 2018 was appropriated as follows:

MZN

Net Income Appropriation	2018
Net income for the period	821,083,419.95
Appropriation:	
Legal Reserve Fund	0
Free Reserves	357,117,807.98
Retained Earnings	-71,711,100.00
Dividends	535,676,711.97

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 net income, represented by 1,475,000 shares, this corresponds to a total dividend per share of 363.17 MZN.

The table below presents the details of the dividends paid, in 2019 (related to the 2018 incomes), to each shareholder:

MZN

	2019		2018	
Shareholder	% Share Capital	Dividends	% Share Capital	Dividends
BIM - Banco Internacional de Moçambique, S.A	92.00%	492,803,690	92.00%	434,928,811
PT Participações, SGPS, S.A	5.84%	31,257,372	5.84%	27,586,505
FDC- Fundação para o Desenvolvimento da Comunidade	2.08%	11,155,150	2.08%	9,845,089
Remaining Shareholders	0.09%	460,500	0.09%	406,419
Total	100.00%	535,676,712	100.00%	472,766,824

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 acknowledged in incomes of the year and /or in previous years. Also see Notes 19 and 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 recognised through profit or loss, except when related to items that are not recognised directly under equity, in which case they are also stated against equity, under this heading. 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 generated them are recognised.

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 based on the following minimum percentages of the profit assessed in each financial year:

(i) 20% until the amount of this reserve represents half of the minimum capital established under the terms of article 15 of the Legal Framework for Insurance;

(ii) 10% as of the time when the amount referred to in the subparagraph above has been achieved, until this reserve represents an amount equal to the share capital.

Details of the heading "Other Reserves":

MZN

	2019	2018
Legal reserve	147,500,000	147,500,000
Free reserve	2,197,736,301	1,993,500,316
Issue premium	8,258,661	8,258,661
Total	**2,353,494,961**	**2,149,258,977**

Net income for the year

Income per share stood at 246 Meticais in 2019, compared with 557 Meticais in 2018, having decreased by 56%, due to the increase of SIM's Capital Share through the legal imposition in 2019.

Note 32 – 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 92% 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 remuneration amount for the Board of Directors is analysed as follows:

MZN

	2019	2018
Remunerations	65,572,015	47,729,953
Total	**65,572,015**	**47,729,953**

Transactions with related parties during 2019 are analysed as follows:

MZN

Balance	Millennium BIM	Ocidental Seguros	Beira nave	Constellation	Post-employment benefits – BIM	Total
Cash and its equivalents and on demand deposits	1,203,917,686	0	0	0	0	1,203,917,686
Investments in affiliates, associates and joint ventures	0	0	650,850	210,700,000	0	211,350,850
Financial assets available for sale	0	0	0	0	0	0
Held to maturity investments	0	0	0	0	0	0
Other Deposits	117,374,350	0	0	0	0	117,374,350
Buildings held for income	0	0	0	0	0	0
Other debtors	9,467,189	0	0	21,300,000	0	30,767,189
Interest receivable	0	0	0	5,325,759	0	5,325,759
Total assets	**1,330,759,225**	**0**	**650,850**	**237,325,759**	**0**	**1,568,735,834**
Life mathematical provision	0	0	0	0	0	0
Claims reserve	(4,198,916)	0	0	0	0	(4,198,916)
Profit sharing provision	(82,764,003)	0	0	0	0	(82,764,003)
Accounts payable for direct insurance operations	(4,486,807)	0	0	0	0	(4,486,807)
Accounts payable for other operations	0	(2,418,907)	0	0	0	(2,418,907)
Total Liabilities	**(91,449,726)**	**(2,418,907)**	**0**	**0**	**0**	**(93,868,633)**
Dividends distributed	**492,803,690**	**0**	**0**	**0**	**0**	**492,803,690**

MZN

Profit & Loss Account	Millennium BIM	Ocidental Seguros	Beira nave	Constellation	Post-employment benefits –BIM	Total
Earned premiums, net of reinsurance	(172,739,072)	0	0	0	0	(172,739,072)
Claims costs, net of reinsurance	43,517,002	0	0	0	0	43,517,002
Life mathematical provision, net of reinsurance	0	0	0	0	0	0
Profit sharing, net of reinsurance	73,942,308	0	0	0	0	73,942,308
Net operating expenses	49,392,103	1,476,713				50,868,817
Investment income	(216,790,003)	0	0	(769,039)	0	(217,559,043)
Net gains on the sale of assets not classified as non-current assets held for sale and discontinued operation	0	0	0	0	0	0
Other Income	0	0	(353,118)	0	0	(353,118)
Total Income/expenses	**(222,677,661)**	**1,476,713**	**(353,118)**	**(769,039)**	**0**	**(222,323,105)**

Transactions with related parties during 2018 are analysed as follows:

MZN

Balance sheet	Millennium BIM	Ocidental Seguros	Beira nave	Constellation	Post-employment benefits – BIM	Total
Cash & cash equivalents & on demand deposits	1,086,940,358	0	0	0	0	1,086,940,358
Investments in affiliates, associates and joint ventures	0	0	650,850	210,700,000	0	211,350,850
Financial assets available for sale	1,000,000,000	0	0	0	0	1,000,000,000
Financial Assets held to maturity	0	0	0	0	0	0
Other Deposits	62,000,601	0	0	0	0	62,000,601
Buildings held for income	0	0	0	0	0	0
Other debtors	0	0	0	21,300,000	0	21,300,000
Interest receivable	0	0	0	4,556,720	0	4,556,720
Total Assets	**2,148,940,959**	**0**	**650,850**	**236,556,720**	**0**	**2,386,148,529**
Life mathematical provision	0	0	0	0	0	0
Claims Reserves	(3,688,283)	0	0	0	0	(3,688,283)
Profit sharing provision	(111,769,642)	0	0	0	0	(111,769,642)
Accounts payable for direct insurance operations	(6,097,467)	0	0	0	0	(6,097,467)
Accounts payable for other operations	0	(1,973,328)	0	0	0	(1,973,328)
Total Liabilities	**(121,555,392)**	**(1,973,328)**	**0**	**0**	**0**	**(123,528,721)**
Dividends Distributed	**434,928,811**	**0**	**0**	**0**	**0**	**434,928,811**

MZN

Profit & Loss Account	Millennium BIM	Ocidental Seguros	Beira nave	Constellation	Post-employment benefits –BIM	Total
Earned premium, net of reinsurance	(121,612,863)	0	0	0	(187,263)	(121,800,126)
Claims costs, net of reinsurance	95,700,510	0	0	0	79,306,390	175,006,899
Life mathematical provision, net of reinsurance	0	0	0	0	(719,038,576)	(719,038,576)
Profit sharing, net of reinsurance	102,936,116	0	0	0	872,755,814	975,691,929
Net operating expenses	43,234,172	1,626,942				44,861,114
Investment income	(192,625,000)	0	0	(769,228)	(191,793,755)	(385,187,983)
Net gains on the sale of non-financial assets not classified as non-current assets held for sale and discontinued operation	0	0	0	0	0	0
Other income	0	0	(447,683)	0	0	(447,683)
Total Income/expenses	**(72,367,066)**	**1,626,942**	**(447,683)**	**(769,228)**	**41,042,609**	**(30,914,427)**

Note 33 – Business risk management

A healthy risk management is one of the key pillars to a strategy of profitable and sustainable growth, and therefore an important competence at Seguradora Internacional de Moçambique, SA. As part of its governance it has adopted a risk management organisational structure, based on the structure enforced at the Millennium bim Group. The 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	Operational 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. Insurers define 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 related 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 analyses 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.

MZN

Sensitivity Analyses	Impact on pre-tax income 31.12.2019	Impact on pre-tax income 31.12.2018
Operating expenses- 10%	44,814,300	41,050,319
Claims cost+ 5%	(24,663,002)	(20,802,878)

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 Board 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 into 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 cover 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 competitors.

Provisioning

The adequacy of the liabilities is reviewed annually, whereby any changes considered necessary are immediately recognised 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 level of cover 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 main 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 summarised as follows:

MZN

Line	Capacity of the Treaty
Fire and Allied Perils	1 437 500 000
Construction and Erection all Risks	1 906 250 000
Electronic Equipment	387 500 000
Machinery breakdown	387 500 000
Theft	17 187 500
Cash in the safe	25 000 000
Cash in transit	17 187 500
Transport	93 750 000
Marine Hull	25 000 000
General Civil Liability	312 500 000
Motor Civil Liability	125 000 000
Motor - Own damage	18 750 000
Personal Accidents	31 250 000
Workmen’s Compensation	187 500 000

The risk of claims in the Non-Life Business refers to the uncertainty of effective losses arising from the Non-Life class of businesses. 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 multi-risk insurance, are generally communicated and

paid within a brief period of time. The settlement of long-term claims, such as those related 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, cover and year of the event, and constitutes a Claims provision that has already occurred but has not been communicated yet.

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

The combined ratio is as follows:

	Loss ratio		Expense ratio		Combined ratio	
	2019	2018	**2019**	2018	**2019**	2018
Non-Life	***37%***	*28%*	***32%***	*30%*	**69%**	59%
Workmen's Compensation	**45%**	1%	**30%**	32%	**75%**	33%
Personal Accident and Health	**45%**	45%	**29%**	24%	**74%**	70%
Fire and Allied Perils	**-5%**	6%	**60%**	48%	**55%**	54%
Motor	**40%**	32%	**28%**	29%	**68%**	61%
Miscellaneous	**48%**	45%	**19%**	6%	**67%**	51%
Others	**1%**	2%	**68%**	73%	**68%**	75%

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 Workmen's Compensation are as follows:

Mortality Table	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 fee	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, Workmen's Compensation 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, as well as 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 cover.

Development of the Claims provision related to claims occurred in Financial Years and their Readjustment (Corrections):

MZN

	Claims provision as of 31/12/2018 (1)	Claims cost, amounts (*) paid during the period (2)	Claims provision as of 31/12/2019 (3)	Readjustment (3) +(2)-(1)
Workmen's Compensation	(21,953,665)	50,357,621	(446,379,503)	474,783,459
Personal Accident and Health	(25,393,722)	15,808,039	(15,094,348)	5,508,665
Fire and Allied Perils	(210,474,511)	6,575,431	(15,121,437)	(188,777,643)
Motor	(178,986,412)	77,668,933	(68,993,743)	(32,323,736)
Maritime	(250,000)	11,067,477	(167,064,225)	177,881,702
Aviation	(11,671,793)	0	(250,000)	(11,421,793)
Transport	(4,321,055)	938,371	(3,593,369)	210,684
Civil liability	(44,005,333)	11,594	(3,222,120)	(40,771,619)
Miscellaneous	0	11,911,329	(30,999,365)	42,910,694
Total Non-Life Business	**(497,056,491)**	**174,338,795**	**(750,718,110)**	**428,000,413**

2018	Claims provision as of 31/12/2017 (1)	Claims cost, amounts paid during the period (2)	Claims provision as of 31/12/2018 (3)	Readjustment (3) + (2) - (1)
Workmen's Compensation	(514,449,052)	51,909,382	(436,883,504)	(25,656,166)
Personal Accident and Health	(24,607,972)	7,537,135	(15,539,916)	(1,530,921)
Fire and Allied Perils	(28,192,398)	29,829,849	(7,894,023)	9,531,473
Motor	(284,009,411)	76,561,883	(67,263,994)	(140,183,534)
Maritime	(251,487,182)	81,939,788	(178,986,412)	9,439,019
Aviation	(250,000)	0	(250,000)	0
Transport	(27,013,584)	19,081,881	(7,566,602)	(365,100)
Civil liability	(4,828,275)	866,320	(3,386,155)	(575,800)
Miscellaneous	(61,031,833)	18,298,706	(42,011,057)	(722,070)
Total Non-Life Business	**(1,195,869,707)**	**286,024,945**	**(759,781,663)**	**(150,063,099)**

The additional information by line of business is as follows:

MZN

	Amounts paid – instalments (1)	Amounts paid - imputed claims management expenses (2)	Changes in claims provision (3)	Claims cost (4) = (1) +(2) +(3)
Workmen's Compensation	(50,357,621)	(3,541,895)	(11,930,313)	(65,829,829)
Personal Accident and Health	(111,831,427)	(4,427,797)	(4,323,131)	(120,582,355)
Fire and Allied Perils	(345,765,261)	(2,657,523)	(775,018,571)	(1,123,441,355)
Motor	(225,437,381)	(15,052,647)	(2,967,866)	(243,457,894)
Marine Hull	(11,067,477)	(558)	(15,356,474)	(26,424,509)
Aviation	0	(34)	0	(34)
Transport	(4,191,045)	(224)	(1,648,525)	(5,839,795)
Civil liability	(375,840)	(271)	(1,367,350)	(1,743,461)
Miscellaneous	(208,654,265)	(332)	(36,784,720)	(245,439,317)
Total Non-Life Business	**(957,680,317)**	**(25,681,280)**	**(849,396,951)**	**(1,832,758,548)**

2018	Amounts paid – instalments (1)	Amounts paid - imputed claims management expenses (2)	Changes in claims provision (3)	Claims cost (4) = (1) +(2) +(3)
Workmen's Compensation	(51,909,382)	(3,541,895)	54,316,602	(1,134,675)
Personal Accident and Health	(95,920,080)	(4,427,797)	(5,699,608)	(106,047,485)
Fire and Allied Perils	(34,921,246)	(2,657,523)	2,798,676	(34,780,092)
Motor	(246,261,286)	(15,052,647)	75,097,211	(186,216,722)
Marine Hull	(81,939,788)	(558)	72,500,769	(9,439,577)
Aviation	0	(34)	0	(34)
Transport	(22,220,955)	(224)	15,341,790	(6,879,389)
Civil liability	(17,032,003)	(271)	507,220	(16,525,053)
Miscellaneous	(45,509,351)	(332)	17,026,500	(28,483,182)
Total Non-Life Business	**(595,714,091)**	**(25,681,280)**	**231,889,162**	**(389,506,209)**

The additional information by line of business is as follows:

MZN

2019	Gross written premiums	Gross earned premiums	Gross claims cost	Gross operating expenses	Reinsurance balance
Workmen's Compensation	148,184,449	148,871,508	(65,829,829)	(44,911,428)	2,502,398
Personal Accident and Health	286,451,277	288,132,384	(120,582,355)	(64,365,200)	18,761,139
Fire and Allied Perils	251,314,697	277,198,082	(1,123,441,355)	(68,941,436)	(955,355,175)
Motor	622,798,874	629,059,622	(243,457,894)	(169,678,400)	11,564,060
Marine Hull	90,329,961	84,259,322	(26,424,509)	(19,604,537)	30,862,609
Aviation	3,013,334	4,038,992	(34)	(1,624,713)	1,430,130
Transport	31,305,415	33,293,863	(5,839,795)	(8,180,168)	11,138,119
Civil liability	49,525,261	41,978,240	(1,743,461)	(9,537,414)	19,013,202
Miscellaneous	116,502,589	130,541,250	(245,439,317)	(15,707,221)	(167,826,944)
Total Non-Life Business	**1,599,425,856**	**1,637,373,264**	**(1,832,758,548)**	**(402,550,517)**	**(1,027,910,464)**

2018	Gross written premiums	Gross earned premiums	Gross claims cost	Gross operating expenses	Reinsurance balance
Workmen's Compensation	148,677,439	142,940,863	(1,134,675)	(44,911,428)	2,482,293
Personal Accident and Health	220,110,706	264,728,559	(106,047,485)	(64,365,200)	18,991,234
Fire and Allied Perils	254,052,180	240,868,008	(34,780,092)	(68,941,436)	99,515,073
Motor	600,723,813	598,994,495	(186,216,722)	(169,678,400)	11,925,878
Marine Hull	72,157,397	72,155,722	(9,439,577)	(19,604,537)	43,474,413
Aviation	4,342,914	4,326,010	(34)	(1,624,713)	1,479,381
Transport	28,944,676	28,511,026	(6,879,389)	(8,180,168)	10,403,435
Civil liability	35,031,029	33,414,163	(16,525,053)	(9,537,414)	(89,896)
Miscellaneous	42,886,731	83,583,828	(28,483,182)	(15,707,221)	10,341,619
Total Non-Life Business	**1,406,926,884**	**1,469,522,675**	**(389,506,209)**	**(402,550,517)**	**198,523,429**

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. performs the monthly monitoring of its solvency level, for which it has defined a minimum objective of 200% of the legal requirement.

In Note 34 we can see 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 or somehow not fulfil those 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, but regarding these, the insurer makes sure that all reinsurance arrangements are placed in highly credit- worthy institutions.

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

MZN

	2019		2018	
	Amount	%	Amount	%
Investments in branches and associates	*211 350 850*	*3%*	*211,350,850*	*3%*
Financial assets held-to-maturity	880 507 773	14%	295,244,987	5%
Bonds and other fixed income securities	880 507 773	14%	295,244,987	5%
From public debt	880 507 773	14%	295,244,987	5%
From other issuers	0	0%	0	0%
Variable yield securities – Shares	0	0%	0	0%
Financial assets available for sale	*1 668 441 054*	*26%*	*2,158,809,813*	*34%*
Bonds and other VAT (IVA) refund securities	1 631 115 167	25%	2,119,422,299	33%
From public debt	1 631 115 167	25%	1,119,422,299	18%
From other issuers	0	0%	1,000,000,000	16%
Variable yield securities – Shares	37 325 886	1%	39,387,514	1%
Loans and account receivables	*150 216 837*	*2%*	*62,000,601*	*1%*
Term deposits	150 216 837	2%	62,000,601	1%
Cash and cash equivalents and on demand deposits				
On demand deposits and term deposits with maturity below 90 days	1 192 451 307	19%	1,096,815,839	17%
Buildings	*2 214 327 282*	*34%*	*2,379,967,160*	*37%*
Buildings held for income	*2 152 276 393*		*2,316,563,149*	
Buildings held for own use	*62 050 889*		*63,404,010*	
Interest receivable	*125 799 070*	*2%*	*168,797,742*	*3%*
Total	**6 443 094 173**	**100%**	**6,372,986,992**	**100%**

The table below shows the investment portfolio amounts divided by type of asset.

MZN

	2019		2018	
	Amount	%	Amount	%
Bonds and other fixed income securities	880 507 773	14%	295,244,987	5%
Bonds and other tax refund certificates	1 631 115 167	25%	2,119,422,299	33%
Variable yield securities – Shares	248 676 736	4%	250,738,364	4%
Term deposits and on demand deposits	1 342 668 144	21%	1,158,816,441	18%
Buildings	2 214 327 282	34%	2,379,967,160	37%
Interest receivable	125 799 070	2%	168,797,742	3%
Total	**6 443 094 173**	**100%**	**6,372,986,992**	**100%**

One of the objectives of the investment policy of the insurer is the mitigation of 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 sector type:

MZN

	2019		2018	
	Amount	%	Amount	%
Public Debt	1 631 115 167	100%	1,119,422,299	53%
Financial institutions	0	0%	1,000,000,000	47%
Communications	0	0%	0	0%
Total	**1 631 115 167**	**100%**	**2,119,422,299**	**100%**

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

MZN

	2019		2018	
	Amount	%	Amount	%
Real Estate	210 700 000	85%	210,700,000	84%
Consumable goods	31 211 133	13%	33,272,761	13%
Financial	6 114 753	2%	6,114,753	2%
Naval	650 850	0%	650,850	0%
Total	**248 676 736**	**100%**	**250,738,364**	**100%**

The table below shows the credit quality (rating) of the issuers of all the obligations and deposits in Credit Institutions (based on external ratings):

MZN

		2019		2018	
Notes		Amount	%	Amount	%
i)	Public Debt	1 631 115 167	100%	1,119,422,299	53%
ii)	National Corporate Bonds	0	0%	1,000,000,000	47%
iii)	Foreign corporate Bonds	0	0%	0	0%
	Total	**1 631 115 167**	**100%**	**2,119,422,299**	**100%**

MZN

		2019		2018	
		Amount	%	Amount	%
	Deposits in Credit Institutions				
iv)	Term Deposits	150 216 836.65	8%	62,000,601.38	4%
iv)	On demand deposits and term deposits with maturity below 90 days	1 192 451 307.36	61%	1,096,815,839.31	66%
iv)	Other debtors for insurance operations and other operations	611 127 483.72	31%	508,181,176.01	30%
	Total	**1 953 795 627.73**	**100%**	**1,666,997,616.70**	**100%**

Notes:

i. Public debt - fruit of external shocks which the economy of the country is exposed to and the fall in prices of the main export materials had an impact on the performance of the national economy which led to a downward revision of growth prospects. In terms of sovereign debt, the country was attributed a "CCC" rating according to an assessment made by Standard & Poor's. Meanwhile, for issuing in local currency, a Stable rating was attributed, which means S&P maintains the country in a B- rating for long term issuing and B for short term issuing.

ii. In Mozambique we do 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 bonds issuer: Without rating.

iii. The largest percentage of term deposits are short term, equivalent to cash instruments and are hosted in credit institutions authorized to operate in Mozambique. Deposits are held at Millennium bim, BCI, Standard Bank and Mozabanco and these entities do not have a rating.

iv.

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 insuring compliance with the legislation and regulations of the supervisory entity.

The analyses which underlie the 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 December 2019 and 2018 the provisional cash-flows (not discounted) of the financial instruments, according to their respective contractual maturity, present the following details:

MZN

2019	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed income securities (includes accrued interest)				880 507 773		0	880 507 773
Bonds and other value added tax (IVA) refund certificates (includes accrued interest)	493 212 349	119 556 886	888 938 946	129 406 987		125 799 070	1 756 914 238
Variable yield securities – Shares						248 676 736	248 676 736
Term deposits	1 064 724 000	43 401 584	129 815 253			104 727 307	1 342 668 144
Buildings held for income						2 214 327 282	2 214 327 282
Total	**1 557 936 349**	**162 958 469**	**1 018 754 199**	**1 009 914 760**	**0**	**2 693 530 396**	**6 443 094 173**

2018	Maturity					Without maturity	Total
	<1 month	1-3 months	3-12 months	1-5 years	> 5 years		
Bonds and other fixed income securities (includes accrued interest)			297,127,001				297,127,001
Bonds and other value added tax (IVA) refund certificates (includes accrued interest)			1,113,869,835	129,778,319		1,029,791,667	2,273,439,820
Variable yield securities – Shares						255,295,084	255,295,084
Term deposits	1,099,220,820	25,840,507	42,096,600				1,167,157,927
Buildings held for income						2,379,967,160	2,379,967,160
Total	**1,099,220,820**	**25,840,507**	**1,453,093,436**	**129,778,319**	**0**	**3,665,053,911**	**6,372,986,992**

b) Exchange rate risk

Exchange rate risk arises from possible changes in the Exchange rate of the reference currency of the insurer which is the Metical.

The balance sheet of Seguradora Internacional de Moçambique has the following Exchange rate exposure:

	2019		2018		Change	
	USD	Exchange Value MZN	USD	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	13,493,573	835,719,193	8,837,971	543,270,060	4,655,602	292,449,133
Liabilities in foreign currency	(17,205,291)	(951,289,376)	(7,401,716)	(454,918,375)	(9,803,576)	(496,371,000)
Net balance in foreign currency	(3,711,719)	(115,570,183)	1,436,255	88,351,684	(5,147,973)	(203,921,867)

	2019		2018		Change	
	ZAR	Exchange Value MZN	ZAR	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	109,960,077	480,530,937	32,150,478	137,609,447	77,809,599	342,921,490
Liabilities in foreign currency	(112,516,858)	(492,389,109)	(30,821,286)	(131,915,103)	(81,695,572)	(360,474,007)
Net balance in foreign currency	(2,556,781)	(11,858,173)	1,329,192	5,694,344	(3,885,974)	(17,552,517)

	2019		2018		Change	
	EUR	Exchange Value MZN	EUR	Exchange Value MZN	USD	Exchange Value MZN
Assets in foreign currency	1,333,292	91,850,514	775,552	54,482,493	557,741	37,368,021
Liabilities in foreign currency	(2,005,627)	(132,887,930)	(1,074,988)	(75,527,300)	(930,639)	(57,360,629)
Net balance in foreign currency	(672,335)	(41,037,416)	(299,437)	(21,044,807)	(372,898)	(19,992,608)

3) Operational risk

Any 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, Seguradora Internacional de Moçambique has defined, amongst others, policies/procedures on matters of business continuity, IT security, procurement, money laundering, internal control and combat of fraud.

Note 34 – Coverage of the corrected solvency ratio

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.

MZN

	2019	2018	2018/2017
Capital	295 000 000	147,500,000	100.0%
Reserves	2 358 069 513	2,152,318,540	11.2%
Retained Earnings	1 107 288 069	1,183,684,001	
Net income for the year net of dividends	249 765 540	328,433,368	-38.8%
Deductible items	(39 726 015)	(39,726,015)	0.0%
Available solvency ratio	3 970 397 106	3,772,209,894	5.5%
Required Non- life solvency ratio	153 305 803	222,599,177	-51.2%
Required Life solvency ratio	59 000 000	59,868,337	-0.5%
Solvency ratio surplus/(insufficiency)	**3 758 091 303**	**3,489,742,380**	**8.1%**
Coverage	**1870.1%**	**1335.4%**	**43.9%**

Note 35 – Contingent Assets and liabilities

The value of the Bank Guarantees of the insurer is broken down as follows:

MZN

	2019	2018
Bank Guarantees	24,101,059	14,181,585
Total	**24,101,059**	**14,181,585**

Note 36 – Off balance sheet

The value of assets and liabilities of the pension fund managed by the insurer is broken down as follows:

Millions of MZN

Assets/Liabilities	Balance at 31-12-2019	Balance at 31-12-2018	Balance at 01-06-2018
Assets	2 065.5	2,127.8	2,045.1
Liabilities	2 146.1	2,096.5	1,964.0
Coverage (%)	**96.2%**	**101.5%**	**104.1%**

* The Pension Fund ring-fencing was only concluded on 01-06-2018, Therefore, as at 31-12-2017 the Assets and Liabilities of the Pension Fund were included in SIM accounts.

Note 37 – Events post-balance sheet date

Although, at 31 December 2019, one of the associates recorded a shortage in their contribution for the amount of 96.68 million MZN, the situation was regularized on 13 February 2020.

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TO THE SHAREHOLDERS OF SIM – SEGURADORA INTERNACIONAL DE MOÇAMBIQUE

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of SIM – Seguradora Internacional de Moçambique ("the insurer") presented on pages 25 to 96, which consist of the balance sheet as at 31 December 2019, (which show assets totalling 8 393 722 770 MZN and equity totalling 4 486 219 444 MZN including a net income of 725 861 864 MZN) the statements of income and comprehensive income, changes in equity and cash flow for the financial year ended on that date, as well as the notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, these attached financial Statements present, in an appropriate form, in all material aspects, the financial position of SIM – Seguradora Internacional de Moçambique, S.A as at 31 December 2019, and its financial performance and cash flow for the financial year ended on that date, in accordance with the Insurance Supervision Institute of Mozambique (ISSM) Standards.

Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISAs) and other ethical and technical guiding principles of the Mozambican Accountants and Auditors association (OCAM). Our responsibilities under the terms of these standards are described in the *Responsibilities of the auditor for the audit of the Financial Statements* section in our report.

We are independent of the insurer in accordance with the *Code of Ethics for professional Accountants of the international Federation of accountants* (IESBA Code) and we have complied with other ethical responsibilities, pursuant to this code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

BDO Lda, a Mozambican limited liability company, is a member of BDO International Limited, a UK private company limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand of the BDO network and of each member firm.
Nuit 400068038, limited company, share capital of 70000 USD registration 12019 in Maputo commercial registry offices permit for auditing activities and accounts certification by order of 27/10/99 of vice-minister of planning and finance. Registered at OCAM as no.02/ SAC/ OCAM/ 2012.

Other information different from the financial statements and the audit report on this

The directors have been responsible for other information. The other information consists of the information included in the annual Report but it does not include the financial statements and our audit report on them.

Our opinion on the financial statements does not cover the other information and we do not express any form of reliability assurance on it.

As part of our audit of the financial statements, it has been our responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or if it in any other manner appears to contain material distortions. If, based on our work, we conclude that there is material distortion in this other information; we are obliged to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Governance Officers in relation to the financial statements

The directors have been responsible for the preparation and appropriate presentation of the financial statements in accordance with the Insurance Supervision Institute of Mozambique (ISSM) standards, and for a pertinent internal control system for the preparation and presentation of financial statements in a manner free of material distortions, due to fraud or error.

In the preparation of the financial statements, the directors are responsible for appraising the capacity of the insurer to continue to operate according to the going concern principle, disclosing, as applicable, issues related to the going concern principle and use the going concern principle, unless the directors intend to undertake the dissolution of the insurer and cease operations, or have no other alternative but to do so.

The governance officers are responsible for supervising the company's financial reporting process.

Responsibility of the Auditors for the Audit of the Financial Statements

Our objectives are to obtain reliability assurance on whether the financial statements as a whole are free of material distortions, due to fraud or error, and issue an audit report which includes our opinion. Reliability assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material distortion when it exists. Distortions may arise from fraud or error and are considered material if, individually or as a whole, they could reasonably influence the economic decisions of the users taken based on the financial statements.

As part of an audit pursuant to the ISAs, we have exercised professional judgment and maintained professional scepticism throughout the audit and also:

- We have identified and assessed the risks of material distortions of the financial statements, due to fraud or error, we have designed and implemented audit procedures which tackle these risks and obtained audit evidence that is sufficient and appropriate to substantiate our opinion. The risk of not detecting a material distortion arising from fraud is higher than arising from error, as fraud may involve collusion, falsification, intentional omissions, false declaration or the derogation of internal control.
- We have obtained relevant comprehension of the material control for the audit, in order to design audit procedures that are appropriate under the circumstances, but not to express an opinion on the efficacy of the insurer's internal control.
- We have appraised the adequacy of the accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the directors.
- We have concluded on the adequacy of the directors' use of the going concern principle and, based on the audit evidence obtained, whether there is a material uncertainty related to events or conditions that might raise significant doubts on the insurer's capacity to continue to operate in accordance with the going concern principle. If we conclude that there is material uncertainty, we are obliged to draw attention in the auditor's report to the related disclosures in the financial statements or, in the event that these disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events and conditions might imply that the insurer is no longer operating in accordance with the going concern principle that time.
- We have appraised the general presentation, the structure and the content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in order to obtain an appropriate presentation.

We have communicated with the directors on, among other issues, the planned scope, and the time limit of the audit and the significant findings of the audit, including any significant flaws in the internal control that we have detected during our audit.

BDO MOÇAMBIQUE, LDA
Certified Auditors Firm, no. 02/SAC/OCAM/2012), represented by:

(Illegible Signature) B D O (Stamp)

Engagement Partner: Abdul Satar A. Hamid
Certified Auditor: 01/CA/OCAM/2012)

Maputo, 16th March 2020

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AOS
ACCIONISTAS DA SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, SA

RELATÓRIO DO AUDITOR INDEPENDENTE

Opinião

Auditámos as demonstrações financeiras da SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, SA, ("a seguradora"), constantes das páginas 25 a 96, que compreendem o balanço em 31 de Dezembro de 2019 (que evidencia um total activos de MZN 8 393 722 770 e um total de capital próprio de MZN 4 486 219 444, incluindo um resultado líquido de MZN 725 861 864), a demonstração dos resultados e outro rendimento integral, a demonstração das alterações no capital próprio, a demonstração dos fluxos de caixa relativas ao período findo naquela data e as notas anexas às demonstrações financeiras que incluem um resumo das políticas contabilísticas significativas.

Em nossa opinião, as demonstrações financeiras anexas apresentam de forma verdadeira e apropriada, em todos os aspectos materiais, a posição financeira da SIM - SEGURADORA INTERNACIONAL DE MOÇAMBIQUE, SA em 31 de Dezembro de 2019 e o seu desempenho financeiro e fluxos de caixa relativos ao período findo naquela data, de acordo com as Normas emanadas pelo Instituto de Supervisão de Seguros de Moçambique.

Base para a opinião

Realizámos a nossa auditoria de acordo com as Normas Internacionais de Auditoria (ISA) e demais normas e orientações técnicas e éticas da Ordem dos Contabilistas e Auditores de Moçambique (OCAM). As nossas responsabilidades nos termos dessas normas estão descritas na secção *Responsabilidades do Auditor pela Auditoria das Demonstrações Financeiras* deste relatório.

Somos independentes da Sociedade de acordo com os requisitos do Código de Ética do IESBA, e cumprimos as restantes responsabilidades éticas previstas neste código. Estamos convictos que a prova de auditoria que obtivemos é suficiente e apropriada para proporcionar uma base para a nossa opinião.

Informação distinta das demonstrações financeiras e do relatório de auditoria sobre as mesmas

A Administração é responsável pela outra informação. A outra informação compreende as informações incluídas no relatório anual, mas não inclui as demonstrações financeiras e o nosso relatório de auditoria sobre as mesmas.

A nossa opinião sobre as demonstrações financeiras não cobre a outra informação e não expressamos qualquer tipo de garantia de fiabilidade sobre essa outra informação.

BDO Lda., uma empresa de responsabilidade limitada moçambicana, e membro da BDO International Limited, uma empresa inglesa limitada por garantia, e faz parte da rede internacional de Firmas Independentes BDO. BDO é a marca da rede BDO e de cada uma das suas firmas membros.
NUIT 400358008. Sociedade por quotas. Capital social USD 70000 Matrícula 12019 no Conservatória do Registo Comercial de Maputo. Autorização para actividades de Auditoria e Certificação de Contas por despacho de 27/10/99 do Vice-Ministro de Plano e Finanças. Inscrita na OCAM com nº 02/SAC/OCAM/2012.

No âmbito da auditoria das demonstrações financeiras, a nossa responsabilidade é fazer uma leitura da outra informação e, em consequência, considerar se essa outra informação é materialmente inconsistente com as demonstrações financeiras, com o conhecimento que obtivemos durante a auditoria ou se aparenta estar materialmente distorcida. Se, com base no trabalho efectuado, concluirmos que existe uma distorção material nesta outra informação, exige-se que relatemos sobre esse facto. Não temos nada a relatar sobre este facto.

Responsabilidades da administração e dos encarregados da governação pelas demonstrações financeiras

A Administração é responsável pela preparação e apresentação apropriada das demonstrações financeiras de acordo com as Normas emanadas pelo Instituto de Supervisão de Seguros de Moçambique e pelo controlo interno que ela determine ser necessário para permitir a preparação de demonstrações financeiras isentas de distorção material devido a fraude ou erro.

Quando prepara as demonstrações financeiras, a Administração é responsável por avaliar a capacidade de se manter em continuidade, divulgando, quando aplicável, as matérias relativas à continuidade e usando o pressuposto da continuidade a menos que a Administração tenha a intenção de liquidar a Sociedade ou cessar as operações, ou não tenha alternativa realista senão fazê-lo.

Os encarregados da governação são responsáveis pela supervisão do processo de relato financeiro da Sociedade.

Responsabilidades do auditor pela auditoria das demonstrações financeiras

Os nossos objectivos consistem em obter segurança razoável sobre se as demonstrações financeiras como um todo estão isentas de distorção material, devido a fraude ou a erro, e em emitir um relatório onde conste a nossa opinião. Segurança razoável é um nível elevado de segurança mas não é uma garantia de que uma auditoria executada de acordo com as ISA detectará sempre uma distorção material quando exista. As distorções podem ter origem em fraude ou erro e são consideradas materiais se, isoladas ou conjuntamente, se possa razoavelmente esperar que influenciem decisões económicas dos utilizadores, tomadas na base dessas demonstrações financeiras.

Como parte de uma auditoria de acordo com as ISA, fazemos julgamentos profissionais e mantemos cepticismo profissional durante a auditoria, e também:

- Identificamos e avaliamos os riscos de distorção material das demonstrações financeiras, devido a fraude ou a erro, concebemos e executamos procedimentos de auditoria que respondam a esses riscos, e obtemos a prova de auditoria que seja suficiente e apropriada para proporcionar uma base para a nossa opinião. O risco de não detectar uma distorção material devido a fraude é maior do que o risco para uma distorção devido a erro dado que a fraude pode

envolver conluio, falsificação, omissões intencionais, falsas declarações ou sobreposição ao controlo interno.

- Obtemos uma compreensão do controlo interno relevante para a auditoria com o objectivo de conceber procedimentos de auditoria que sejam apropriados nas circunstâncias, mas não para expressar uma opinião sobre a eficácia do controlo interno da entidade.
- Avaliamos a adequação das políticas contabilísticas usadas e a razoabilidade das estimativas contabilísticas e respectivas divulgações feitas pela Administração.
- Concluímos sobre a apropriação no uso, pela Administração, do pressuposto da continuidade e, com base na prova de auditoria obtida, se existe uma incerteza material relacionada com acontecimentos ou condições que possam pôr em dúvida a capacidade da entidade em continuar as suas operações. Se concluirmos que existe uma incerteza material, devemos chamar a atenção no nosso relatório para as divulgações relacionadas incluídas nas demonstrações financeiras ou, caso essas divulgações não sejam adequadas, modificar a nossa opinião. As nossas conclusões são baseadas na prova de auditoria obtida até à data do nosso relatório. Porém, futuros acontecimentos ou condições podem provocar que a entidade descontinue as operações.
- Avaliamos a apresentação, estrutura e conteúdo global das demonstrações financeiras, incluindo as divulgações, e se essas demonstrações financeiras representam as transacções e acontecimentos subjacentes de forma a alcançar uma apresentação apropriada.

Comunicamos à Administração, entre outros assuntos, o âmbito e o calendário planeado da auditoria, e as matérias relevantes de auditoria incluindo qualquer deficiência de controlo interno identificado durante a auditoria.

BDO (MOÇAMBIQUE), LDA
Sociedade de Auditores Certificados, nº 02/SAC/OCAM/2012, representada por:

Abdul Satar Hamid BDO

Engagement Partner: Abdul Satar A. Hamid
Auditor Certificado: 01/CA/OCAM/2012

Maputo, 16 de Março de 2020

Seguradora Internacional de Moçambique, S.A

OPINION OF THE SUPERVISORY BOARD

Dear Company Shareholders,

Pursuant to legal and statuary dispositions, the Supervisory Board hereby submits to the shareholders the report of the supervisory action exercised at Seguradora Internacional de Moçambique, as well as opinion on the Financial Statements, balance sheet, cash flow statement, Statement of changes in equity, and notes related to the year ended as at 31 December 2019.

In compliance with its duties, the supervisory board has held meetings throughout the year with the frequency required by law and has supervised the Insurer's business activity, essentially through the appraisal of the Monthly Financial Statements and respective Management information, through participation in the meetings of the Board of Directors and the contact maintained with the members of the Board of Directors and Senior Management, and through the information collected by the Insurer's management information systems, seeking to assess the development of its business.

The year under review was marked by factors significantly affecting the insurer's business environment, and it is particularly worth mentioning the natural disasters (cyclones Idai and Kenneth). Nevertheless, the macroeconomic environment was relatively stable in terms of the appreciation of the Metical, general level of prices and inflation.

The Supervisory board has appraised with particular care the evolution of the following indicators:

- *The decrease by 40% of the financial profit compared to the last period, although this rate decreases to 21% when the pension fund effect is excluded;*
- *Direct insurance and accepted reinsurance premiums, which stood at a total of 1,646 million Meticais in 2018 to 1,810 million Meticais recorded in 2019, i.e. an increase of about 10%;*
- *The reinsurance premiums ceded paid which also increased from 321 million Meticais in 2018 to 394 million Meticais in 2019 representing an increase of 23%;*
- *The technical margin with a slight decrease of 2% compared to 2018;*

- *The Non-life gross loss ratio prior to allocation of costs significantly increased in 87.1 pp compared to 2018, from 25.9 % to 113 %. This increase was chiefly due to the impact of cyclone Idai;*

- *The heading "Profit sharing, net of reinsurance" which had a decrease of 93%, from 994 million Meticais in 2018 to 74 million Meticais in 2019;*

- *Administrative costs which increased by 7% - from 365 million Meticais in 2018 to 391 million Meticais in 2019;*

- *The non-life combined ratio net of reinsurance prior to allocation of costs (reinsurance claims net ratio and reinsurance expenses net ratio) which increased by 9pp from 59.6% in 2018 to 69 % in 2019;*

- *The net profit which decreased in 12% compared to 2018 from 821 million Meticais in 2018 to 726 million Meticais in 2019. While this is not a significant impact, the decrease of this profit was also due to the increase of the tax burden recorded by the insurer for the ring-fencing of the pension funds which had previously provided tax benefits;*

- *The profitability ratio (Technical margin / Processed revenue) stood at 78.9%, a decrease of 9.8 pp compared to the same period in 2018;*

- *The solvency ratio as at the end of 2019 was 1,892.2% compared to 1,335.4 in 2018, showing an increase of 556.8 pp.*

The supervisory board also appraised the 2019 Management report and Accounts as well as the financial Statements audited by External Auditor and its opinion, which indicate:

- *That the **Balance Sheet** of Seguradora Internacional de Moçambique, S.A., as at 31 December 2019 correctly reflects its financial situation showing assets totalling 8,298,668,865 Meticais, liabilities totalling 3,812,449,421 Meticais and an equity of 4,486,219,444 Meticais;*

- *That the **Income Statement** reflects the business results of Seguradora Internacional de Moçambique, S.A., corresponding to a profit of 725,861,862.53 Meticais;*

- *That the **Cash Flow Statement** shows that the cash flows of operating, investment and financing activities increased from 1,097 million Meticais at the beginning of the year to 1,192 million Meticais at the end of the year;*

- *That the **Statement of Changes in Equity** demonstrates that total equity reached at the end of 2019 the amount of 4,486 million Meticais compared to 4,305 million recorded in 2018; and*

- *That the **Comprehensive Income Statement** presents a comprehensive income of 717 million Meticais in 2019 compared to 841 million Meticais presented in 2018.*

As a result of verification carried out and information obtained, the Supervisory Board:

- *Is of the opinion that the Balance Sheet, Income Statement, Cash Flow Statement and Statement of Changes in Equity comply with the statutory provisions and agree with the adopted valuation criteria, reflecting, in their opinion, the true financial situation of the company as at 31 December 2019, as well as the result of the business and cash flows during the financial year of 2019;*

- *It is our opinion that the General Meeting should approve the Management Report of the Board of Directors and the Financial Statements of Seguradora Internacional de Moçambique, S.A. related to the financial year ended on 31 December 2019.*

Maputo, 14th February 2020

The Supervisory Board

(Illegible Signature)
Esperança Alfredo Samuel Machavela – Chairwoman

(Illegible Signature)
Daniel Filipe Gabriel Tembe – Member

(Illegible Signature)
Eulália Mário Madime – Member

(Illegible Signature)
Umeid Calú - Alternate member

Opinion SB _SIM 2019 Report and Accounts 14022020

Seguradora Internacional de Moçambique, S.A

OPINION OF THE SUPERVISORY BOARD

Dear Company shareholders,

Pursuant to legal and statuary dispositions, the supervisory board hereby submits the opinion about the appropriation of profits relative to the year ended as at 31 December 2019.

The Board of Auditors analysed the proposal relative to the distribution of Net Income, of the value of 725,861,862.53 Meticais, without the tax net loss of 67,632,008.87 Meticais from the revaluation of real state process held in 2019.

Due to SIM's financial situation, namely for the equity adequacy and for the solvency margin, as well as the natural expectation of the shareholders of being remunerated for the capital invested in SIM. The proposal is, therefore, deemed appropriate.

As a result of our analysis, the board of auditors is of the opinion that the general meeting should approve the proposed distribution of net income as follows:

Description	%	AMOUNT (MZN)
Dividends	60	476,096,322.84
To the legal reserve	10	79,349,387.14
To the free reserve	30	238,048,161.42
Distributable income		793,493,871.40
Impact on retained earnings		**67,632,008.87**
NET INCOME	100	**725,861,862.53**

Maputo, 14th February 2020

The Supervisory Board

(Illegible Signature)
Esperança Alfredo Samuel Machavela – The chairman

(Illegible Signature)
Daniel Filipe Gabriel Tembe – Member

(Illegible Signature)
Eulália Mário Madime – Member

(Illegible Signature)
Umeid Calú - Alternate member

Opinion SB _SIM 2019 Income

Seguradora Internacional de Moçambique, S.A.

PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas,

De acordo com as disposições legais e estatutárias, o Conselho Fiscal apresenta o relatório sobre a acção fiscalizadora exercida na Seguradora Internacional de Moçambique, S.A., assim como o parecer sobre o Balanço, as Demonstrações de Resultados, a Demonstração dos Fluxos de Caixa, a Demonstração de Variações no Capital Próprio e as respectivas Notas relativos ao exercício findo em 31 de Dezembro de 2019.

No cumprimento das suas funções, o Conselho Fiscal reuniu ao longo do ano com a regularidade exigida por lei e acompanhou a actividade da Seguradora, fundamentalmente através da apreciação das Demonstrações Financeiras Trimestrais e respectivas Informações de Gestão, através da participação nas reuniões do Conselho de Administração e através das informações colhidas dos sistemas de informação de gestão da Seguradora, procurando avaliar a evolução da actividade.

O ano em análise foi marcado por alguns factores que afectaram significativamente o ambiente do negócio da seguradora, sendo de destacar os desastres naturais (ciclones IDAI e Kenneth), não obstante o ambiente macroeconómico tenha sido relativamente estável quanto à valorização do metical, nível geral de preços e inflação.

O Conselho Fiscal apreciou, com particular atenção, a evolução dos seguintes indicadores:

- *Proveitos Financeiros com diminuição de 40% comparativamente ao período anterior, embora esta taxa reduza para 21% quando se exclui o efeito do Fundo de Pensões;*
- *Prémios de seguro directo e resseguro aceite, de 1.646 milhões de Meticais registado em 2018 para 1.810 milhões de Meticais em 2019, ou seja, uma subida de cerca de 10%;*
- *Prémios de resseguro cedido pagos que também cresceram de 321 milhões de Meticais em 2018 para 394 milhões de Meticais em 2019, representando um crescimento na ordem dos 23%;*
- *Margem Técnica com uma ligeira descida de 2% face ao ano de 2018;*
- *Taxa de sinistralidade bruta Não Vida antes de imputação de custos que registou um aumento significativo de 87,1pp comparativamente ao exercício de 2018 passando de 25,9% para 113%. Este aumento foi justificado principalmente pelo impacto do ciclone IDAI;*
- *Rúbrica de "Participação nos Resultados, líquidas de resseguro" que teve uma descida em 93% passando de 994 milhões de Meticais em 2018 para 74 milhões de Meticais em 2019;*

Parecer CF_SIM 2019 Relatório e Contas 14022020

- *Custos administrativos que aumentaram em 7% - de 365 milhões de Meticais de 2018 para 391 milhões de Meticais em 2019;*

- *Rácio combinado não vida líquido de resseguro antes de imputação de custos (rácio de sinistralidade líquido de resseguro e rácio de despesas líquido de resseguro) que registou um aumento de cerca de 9pp passando de 59,6% em 2018 para 69% em 2019;*

- *Resultado líquido que diminuiu em 12% relativamente a 2018 tendo passado de 821 milhões de Meticais em 2018 para 726 milhões de Meticais em 2019. Embora o impacto não seja significativo, a descida deste resultado também deveu-se à subida da carga fiscal que a seguradora teve pela autonomização do fundo de pensões que antes proporcionava benefícios fiscais;*

- *Rácio de Rentabilidade (Margem Técnica / Receita Processada) que situou-se em 78,9%, significando uma descida de 9,8 pp comparativamente a igual período de 2018;*

- *Rácio de Solvência que no final do ano 2019 foi de 1.892,2% contra 1.335,4% de 2018, significando uma subida de 556,8 pp.*

O Conselho Fiscal apreciou ainda o Relatório de Gestão e Contas de 2019, bem como as Demonstrações Financeiras auditadas pelo Auditor Externo e o seu Parecer, as quais evidenciam:

- *Que o **Balanço** da Seguradora Internacional de Moçambique, S.A., à data de 31 de Dezembro de 2019, reflecte correctamente a sua situação financeira evidenciando um activo líquido total de 8.298.668.865 Meticais, passivo total de 3.812.449.421 Meticais e Capital Próprio de 4.486.219.444 Meticais;*

- *Que a **Demonstração de Resultados** espelha o resultado da actividade da Seguradora Internacional de Moçambique, S.A. no exercício no valor de 725.861.862,53 Meticais;*

- *Que a **Demonstração dos Fluxos de Caixa** evidencia que os fluxos de caixa das actividades operacionais, de investimento e de financiamento, passaram de 1.097 milhões de Meticais no início do ano para 1.192 milhões de Meticais no final do ano;*

- *Que a **Demonstração de Alterações nos Fundos Próprios** espelha que o total do Capital Próprio atingiu no final do ano de 2019 o montante de 4.486 milhões de Meticais contra 4.305 milhões de Meticais registado em 2018; e*

- *Que a **Demonstração de Rendimento Integral** apresenta um rendimento integral de 717 milhões de meticais em 2019 contra 841 milhões de meticais apresentado em 2018.*

Seguradora Internacional de Moçambique, S.A.

Como resultado das verificações efectuadas e informações obtidas dos órgãos de gestão, o Conselho Fiscal:

- *É de opinião que o Balanço, as Demonstrações de Resultados, a Demonstração dos Fluxos de Caixa e a Demonstração de Variações do Capital Próprio satisfazem as disposições estatutárias e concorda com os critérios valorimétricos adoptados, reflectindo de forma verdadeira, a situação financeira da Sociedade em 31 de Dezembro de 2019, bem como o resultado da actividade e os fluxos de caixa durante o exercício de 2019;*

- *É de parecer que a Assembleia Geral aprove o Relatório e Contas da Seguradora Internacional de Moçambique, S.A., referentes ao exercício findo em 31 de Dezembro de 2019.*

Maputo, 14 de Fevereiro de 2020

O Conselho Fiscal

Esperança Alfredo Samuel Machavela - Presidente

Daniel Filipe Gabriel Tembe – Vogal

Eulália Mário Madime - Vogal

Umeid Calú – Vogal Suplente

Seguradora Internacional de Moçambique, S.A.

PARECER DO CONSELHO FISCAL

Exmos. Senhores Accionistas,

De acordo com as disposições legais e estatutárias, o Conselho Fiscal apresenta o parecer sobre a proposta de aplicação dos resultados relativos ao exercício findo em 31 de Dezembro de 2019.

O Conselho Fiscal analisou a proposta relativa à distribuição do Resultado Líquido no montante de 725.861.862,53 Meticais, sem o efeito da menos-valia líquida de impostos de 67.632.008,87 Meticais decorrente do processo de reavaliação de imóveis realizado no exercício de 2019.

Dada a situação financeira da SIM, nomeadamente pela adequação dos capitais próprios e da margem de solvência, assim como a natural expectativa dos accionistas verem remunerados os capitais por si investidos na SIM, a proposta apresentada afigura-se adequada.

Como resultado da análise efectuada, o Conselho Fiscal é de parecer que a Assembleia Geral aprove a proposta de Distribuição de Resultados do seguinte modo:

DESCRIÇÃO	%	VALOR (MZN)
Dividendos	60%	476.096.322,84
Reserva Legal	10%	79.349.387,14
Reservas Livres	30%	238.048.161,42
Resultado Distribuível		**793.493.871,40**
Impacto nos Resultados Transitados		**- 67.632.008,87**
RESULTADO LÍQUIDO DO EXERCÍCIO	**100%**	**725.861.862,53**

Maputo, 14 de Fevereiro de 2020

O Conselho Fiscal

Esperança Alfredo Samuel Machavela - Presidente

Daniel Filipe Gabriel Tembe – Vogal

Eulália Mário Madime – Vogal

Umeid Calú – Vogal Suplente

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